29 November 2021

2021 AGM Chairman's Address

Spirit Technology Solutions ("Spirit" ASX:ST1) provides a copy of the Chairman's Address, which will be delivered at the Company's Annual General Meeting today.

ADDRESS BY THE CHAIRMAN, JAMES JOUGHIN

Shareholders and guests, I would like to welcome you to the 2021 Annual General Meeting of Spirit Technology Solutions Ltd. Thank you all for attending via the webinar today.

Firstly, I wish to acknowledge the Wurundjeri People who are the traditional owners of this land and pay respect to the Elders both past and present of the Kulin Nation. I extend that respect to other indigenous Australians who are present.

Prior to our Managing Director, Sol Lukatsky presenting a business update I would like to make a few general comments:

FY21 Results:

The FY21 year was a difficult year throughout the world, and we have seen people and businesses challenged in many ways we might not have imagined. In Australia we have observed various State extended lockdowns which constrained business and individuals. At Spirit this meant we had a stop /start interrupted approach to some of our operations. However, I am proud of the adaption to these difficult circumstances by our management team and the resilience of all of staff and the Board would like to express its thanks to all the team for their efforts.

Despite the above, FY21 continued to be an expansionary period with several acquisitions and integrations of systems and processes. We identified and completed 6 strategic acquisitions so that we could complete our goal of being a "one stop shop" for the modern-day business. The two prominent acquisitions included the cyber security business of Intalock and the data and voice business of Nexgen business.

As a result, from all of the acquisitions and organic growth, our revenue and other income increased by 200% and underlying EBITDA increased by 209% over the year - which was an outstanding and pleasing result. It now permits Spirit to become a major participant in the provision of telco and IT services to SME's, SMB's and Corporates.

As we know, Telecommunications services and IT services have become linked as businesses need both services to fulfil its operating needs. Following the acquisition of Nexgen and Intalock, the Spirit business model offers the full solution for the modern-day business to communicate with its staff and customers whilst also protecting the company's data and infrastructure. Subsequently, we have observed the take up of many services by the same customer whether, voice, internet, mobiles, managed services or cyber security. We can now truly provide the "one stop shop" for the customer - which is the preferred model for many businesses - where they seek one bill and one point of contact.

Outlook:

We, as with many other businesses, have been impacted by business closures as a result of COVID. It was very disappointing for us to have a record June 2021 revenue and subsequently to close some of our business which meant sales and installations were impeded in the first quarter of FY22. Our sales team had significant momentum in June 2021 only to be hampered by the lockdowns. Consequently, we experienced a lower than anticipated revenue in the first quarter but since then, we have experienced strong pent-up demand for our services. We believe that there might be an over budget recoupment of revenue to make up the subdued first quarter however we will need a further quarter of results to provide shareholders with an informed view.

We also continue to monitor macro factors such as wage inflation and labour shortages. Demand for our products and services remains strong, but we are not immune from costs pressures and supply side challenges such as labour shortages and chip manufacturing delays which impact hardware deployments in large IT&T projects.

Our firm objective in the near term is to extract further revenue and cost synergies arising from the opportunity of providing additional products and services to our existing customers. We are driving and measuring our success from the number of services we provide to a customer.

Conclusion:

I am pleased to report that we have a sound strategy that is producing the results that we expected. I am confident as the year progresses; shareholders will appreciate the benefits of the integrated telco and IT services model.

– ENDS –

This announcement is authorised for release to the market by the Board of Directors of Spirit Technology Solutions Ltd.

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