

21 October 2021

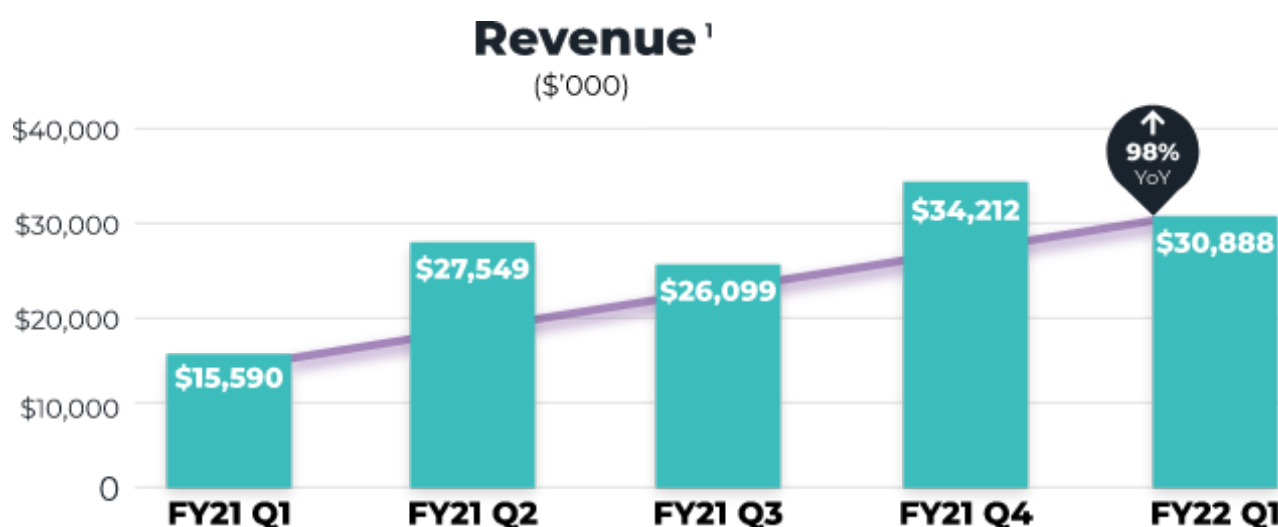
## Spirit Q1 FY 22 – Resilient Revenues of \$30.9M & Balance Sheet Strength

- Q1 FY22 revenues<sup>1</sup> of \$30.9M up 98% YoY
- Positive Underlying EBITDA<sup>2</sup> of \$2.0M achieved during lockdowns and seasonally slower quarter. In addition to the \$2.0M, Spirit received \$0.7M in NSW JobSaver payments due to lockdowns, which has been excluded from this market update
- As at 20 October 2021, Spirit had cash of \$12.3M and \$7.0M available in its CBA debt facility (\$19.3M in available capital to access).
- Additionally, \$5.1M of capital is being returned from the consumer asset divestment to be used to fund acquisitions, drive organic growth or to meet deferred acquisition payments.
- Structural changes impacting businesses and employee experience accelerating out of COVID driving demand for digital workplace solutions: Cloud, MSP, Data and Cyber services.
- In October, Spirit is already seeing the SMB market recover, with pent up sales demand expected to come through Q2 and across FY22 H2.

Spirit Technology Solutions ("Spirit" ASX:STI) today provides a positive Q1 FY22 update with unaudited Revenue of \$30.9M and Underlying EBITDA of \$2.0M. The Q1 period is a seasonally slower period compared to Q2 & Q4. Additionally, the result was achieved during three months of lockdowns which stretched across Sydney, Melbourne and Brisbane which constrained the ability of the group to fully execute on required installations across three capital cities.

With lockdowns lifting nationally and SMB's seeing demand from a consumer driven stimulus, Spirit is expecting a quick recovery for demand across its entire SMB product range.

|                      | FY21 Q1<br>\$'000 | FY21 Q2<br>\$'000 | FY21 Q3<br>\$'000 | FY21 Q4<br>\$'000 | FY22 Q1<br>\$'000 |
|----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Revenue <sup>1</sup> | 15,590            | 27,549            | 26,099            | 34,212            | 30,888            |



Commenting on the period, Managing Director Sol Lukatsky said, "In one of the most difficult markets we have seen in generations and with lockdowns across Sydney and Melbourne, the Q1 result shows the strength and health of the business. We only really saw a short, sharp impact to our SMB new sales and installations in the period. Spirit is well positioned to capitalise on the ongoing structural changes occurring to the modern workplace in terms of cyber risk, remote worker needs, demand for data, cloud and shortage of IT skills being seen by all companies through its one-stop-shop for Telco and IT offering. We are more confident in the strategy than ever having experienced such a drastic closing of two large markets and still being able to generate revenues of \$30.9M in the quarter coupled with a very strong balance sheet. With October already showing a return to new sales demand of previous periods we continue to be very confident in H2."

Q1 FY22 also resulted in Spirit continuing its integration and transformation program with another two previous acquisitions (Trident and Altitude) completing all brand, system and people changes to unite within the company with one more lined up for Q2. This will leave the two recent acquisitions to complete in the second half.

In terms of providing FY22 guidance, although market conditions are gradually returning to a normalised state with re-openings, provision of accurate FY22 guidance remains difficult. In addition, Spirit is in the process of divesting non-core assets. Given these multiple moving variables, Spirit will update the market once we have experienced a more consistent quarter out of lockdowns and the finalisation of divestments. The Spirit product and customer diversification as well as structural changes occurring in workplaces puts the business in a position to navigate these challenges and take advantage of market opportunities.

**- ENDS -**

<sup>1</sup> Revenue refers to Recurring and Solutions & Projects revenue. Project revenue includes government grant infrastructure revenue. FY22 Q1 numbers are presented on an unaudited basis.

<sup>2</sup> EBITDA is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and represents the profit under AAS adjusted for depreciation, amortisation, interest and tax. Underlying EBITDA adjusts EBITDA to exclude business acquisition, divestment & integration costs, net fair value gain/(loss) on remeasurement of contingent consideration on business combinations and share-based payments.

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

**For all media enquiries regarding this announcement, please contact:**

Sol Lukatsky  
Managing Director  
03 8554 1320 or [soll@spirit.com.au](mailto:soll@spirit.com.au)

For more information, please visit [www.spirit.com.au](http://www.spirit.com.au)

Business Address: Level 2, 19-25 Raglan Street, South Melbourne VIC 3205