

Spirit achieves record growth in H1 21 & Q2 21 across all financial and customer KPI's

Spirit Technology Solutions ("Spirit" ASX:STI) is pleased to provide an update to the market for the first half of financial year 2021.

Record growth in Q2 21 & H1 21 across all key financial indicators (unaudited):

- **Total revenue for the half was \$42.7M, up 243% year on year (YoY).**
- **Total revenue for the quarter was \$27.1M, up 338% year on year (YoY) and 73% on Q1 21.**
- **Q2 21 recurring revenue up 116% YoY to \$11.5M and S&P** revenue up 1,768% YoY to \$15.6M.**
- **H1 21 Underlying EBITDA* in the range of \$4.1M - \$4.4M (H1 20 was \$1.6M).**
- **Positive Operating Cashflow for H1 21 of \$4.3M.**
- **Significant demand with Total Contract Value (TCV) sales up 303% YoY to \$14.1M, with pending installations at \$15.1M and IT Services & Technology Sales at \$6.6M as of 31 December 2020.**
- **Organic sales growth continues with several large contract wins across Corporate, Education and Health verticals.**
- **Healthy balance sheet with \$23.3M of cash and available debt as of 31 December 2020.**
- **Acquisition integrations ahead of schedule.**

Sol Lukatsky, Managing Director, commented on the results: "We have had an exceptional first half for FY 21. Our record growth has continued as businesses seek to modernise their IT & Telco systems. We're now building scale and taking significant market share across SMB, Essential Services and Corporate segments. Spirit's comprehensive product range spanning Cloud, Voice, Data, Managed Services and Cybersecurity is now being integrated into one offering and is in high demand. We are seeing a structural change with business customers who prefer a bundled IT&T offering rather than having multiple disjointed providers."

During H1 21 Spirit's revenue grew 243% to \$42.7M when compared with the prior corresponding period (H1 20 = \$12.5M). Recurring revenue increased 99% to \$21.1M in the first half of the year. Demand for the Spirit products continued to be very strong, with sales increasing materially with TCV at \$23.1M for the half. TCV for Q2 21 was \$14.1M, up 303% from \$3.5M in Q2 20.

Due to the strong revenue growth, it is expected that Underlying EBITDA* will be in the range of \$4.1M - \$4.4M for H1 21 (H1 20 was \$1.6M). Additionally, cashflow from operating activities was positive for the six months to 31 December 2020 at \$4.3M. Spirit's Balance Sheet is also in a very strong position with cash and debt of \$23.3M.

Mr Lukatsky continued "The integration of Spirit's acquired businesses into a bundled offering is proceeding at speed, is ahead of schedule and already showing significant commercial results – as seen in our Q2 21 numbers. We are still expecting additional upside as the operating model matures in the market in H2 21. The results are also pleasing as we are both growing and investing simultaneously. Spirit is deploying capital to automate our operational model, with significant resources allocated to Finance Systems, Spirit X, increasing channel sales partners and the Spirit brand nationally."

Finally, the company continues to assess acquisition opportunities in both the Telco and IT segments.

N.b. All results provided on an unaudited basis.

*Underlying EBITDA excludes business acquisition & integration costs, Share based payments & Restructuring costs.

**S&P refers to Solutions & Projects Revenue.

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

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