**25 August 2021**

# FY21 Results – Record Growth & Profit

Spirit Technology Solutions (ASX:ST1) has today lodged its Appendix 4E (Audited) Full Year Financial Results for the financial year ended 30 June 2021 (FY21), delivering record growth and profitability.

- **Underlying Net Profit Before Tax (NPBT)[5] of $4.5M up 1010% YoY**
- **Statutory Net Profit Before Tax (NPBT) of $1.34M up 166% YoY**
- **Underlying EBITDA[4] of $11.5M up 209%**
- **Year on Year revenue[1] of $104.5M up 200%**
- **Sales Total Contract Value for Q4 FY21 was a record $31.8M (TCV combines recurring & non-recurring contracted sales).**

Driven by strong performances across new business sales in the mid-corporate markets and SMB market, Spirit has recorded FY21 revenues of $104.5M and moved from consecutive years of losses to profitability in FY21. Over the last year, the company has been rebuilt and repositioned from being a small Internet Service Provider to a full-service technology company with a national brand – *Do IT with Spirit*. These financial results demonstrate execution to strategy, with scale building and profitable margins flowing from the effective integration of acquisitions and bundling of services. The year sets up Spirit to drive growth by positioning the company further into the mid and corporate markets across FY22-FY23.

| Underlying Financial Performance | FY21 $'000 | FY20 $'000 | Change $'000 | Change % |
|---|---|---|---|---|
| Revenue & Other Income [1] | 104,469 | 34,874 | 69,595 ↑ | 200% ↑ |
| Gross Profit | 51,566 | 21,728 | 29,838 ↑ | 137% ↑ |
| Underlying EBITDA [4] | 11,508 | 3,727 | 7,781 ↑ | 209% ↑ |
| Underlying EBIT [4] | 5,141 | (128) | 5,269 ↑ | 4116% ↑ |
| Underlying Net Profit Before Tax [5] | 4,533 | (498) | 5,031 ↑ | 1010% ↑ |

| Statutory Financial Performance | FY21 $'000 | FY20 $'000 | Change $'000 | Change % |
|---|---|---|---|---|
| Revenue & Other Income [1] | 104,469 | 34,874 | 69,595 ↑ | 200% ↑ |
| Gross Profit | 51,566 | 21,728 | 29,838 ↑ | 137% ↑ |
| EBITDA [2] | 8,619 | 2,182 | 6,437 ↑ | 295% ↑ |
| EBIT [3] | 1,953 | (1,673) | 3,626 ↑ | 217% ↑ |
| Net Profit Before Tax | 1,345 | (2,043) | 3,388 ↑ | 166% ↑ |
| Net Profit After Tax | 1,157 | (1,515) | 2,672 ↑ | 176% ↑ |

Speaking to the FY21 results and transformation, Managing Director, Sol Lukatsky, said: "The past 12 months has seen Spirit move from being a small ISP to a national fully integrated technology provider for businesses across Australia. Our growth strategy is paying off, we have seen strong and growing demand for our product set across Data, Cyber, Managed Services and Voice. Of the 13 most recent acquisitions, Spirit has successfully integrated 10 of 13 companies into the standard operating environment. In FY21 Spirit trebled both Revenue and Underlying EBITDA and we are increasingly seeing this momentum carry us into larger contract success in the mid and corporate markets."

"Looking forward we see FY22-FY23 in two parts. Firstly, Spirit sits in the desirable position to participate actively in further industry consolidation across either of the IT & Telco markets. We are seeing structural change with the merger of IT & Telco product requirements demanded by our customers. In terms of the immediate horizon, we're clearly in a highly disruptive period with major capital cities in extended lockdowns. As we have seen from the FY21 results, the Spirit operating model is in a strong position, but the existing environment remains challenging for the SMB market and will restrict opportunities in the short term."

**Asset Divestment Update**

The consumer asset divestment process continues to track well. Multiple bids have been received with the due diligence process well advanced. Spirit will update the market once the due diligence process is completed.

During the process, a group of potential acquirers of the consumer assets have enquired about the possible sale of additional infrastructure assets which Spirit may consider non-core. The Spirit Board is considering these requests and has appointed an advisor to review its options.

**– ENDS –**

1. Revenue refers to sales revenue and other income
2. 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.
3. EBIT is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and represents the profit under AAS adjusted for interest and tax.
4. Underlying EBITDA and EBIT adjusts the Statutory financial metrics to exclude business acquisition & integration costs, net fair value loss on remeasurement of contingent consideration on business combinations, business restructuring costs and share-based payments.
5. Underlying Net Profit Before Tax, also adjusts depreciation & amortisation to exclude the impact of amortisation of customer relationships.

**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:**

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