

Transformational Growth & Demonstrated Execution Q4 & FY20

- **Total H2 20 Spirit revenue grew 133% Year on Year.**
- **H2 20 revenue grew 80% to \$22.4M on H1 20.**
- **Total B2B revenue growth: H2 20 up 105% to \$19.4M on H1 20 and up 205% on H2 19.**
- **Spirit grew revenues by 14% from Q3 20 to Q4 20 (excludes revenue from recently acquired VPD Group completed on 1 July), demonstrates the resilience of the recurring revenue streams and acquisition integration skills executed during the COVID-19 period.**
- **Recurring revenue base from B2B customers continues to strengthen - up 82% to \$10.7M on H2 19.**
- **The unaudited FY20 Underlying EBITDA* range is expected to reach \$3.5M-\$3.8M.**
- **Healthy balance sheet with \$14M of cash and available debt as of June 30 (VPD settled 1 July with \$6.0M drawdown).**

Spirit Telecom Limited (ASX: STI) is pleased to provide a trading update for Q4 & H2 FY20*, demonstrating continued strong growth despite the COVID-19 pandemic and associated economic downturn. Quarterly revenue is up 133% year on year to \$11.9M, up from \$5.1M in Q4 2019 demonstrating the transformation of Spirit over the past 12 months which has seen the company complete eight acquisitions while concurrently driving organic growth. In a sign of organic growth and business strength the Trident Technology Solutions business which has seasonal highs during the Nov-Jan months generated circa \$2.2M in revenue in June (up 17% on May 2020 and 24% on April 2020).

Revenue for the quarter ending 30 June 2020 (Q4 FY20) was \$11.9M – up 14% on the previous quarter (\$10.5M Q3 FY20), demonstrating the resilience of the business and value of its recurring revenue streams, customer demand for the Spirit products, contribution from acquisition strategy and skilled acquisition integration. The Q4 result does not include revenue from VPD Group, which was acquired effective 1 July 2020 (Q1 FY21).

B2B revenue, reflecting Spirit's focus on the SMB and Essential Services market for H2 was \$19.4M, and now accounts for 90% of Spirit's revenue. B2B revenue is up 105% to \$19.4M on H1 20 and is up 205% on H2 19. B2B sales are up 16% year on year in Q4, while B2B Recurring/Contracted revenue growth is up 82% to \$10.7M on H2 19.

Spirit has forecast an unaudited Underlying EBITDA range of \$3.5M-\$3.8M for FY20.

The Spirit X Digital Sales platform continues to be an effective driver of lead generation and source of organic growth. During H2 FY20 over 12,000 unique address qualifications went through the platform. During the quarter, the NBN Enterprise Ethernet (NBN EE) range was added to the platform, expanding the market opportunity for Spirit X to cover 80% of Australian business premises.

During the quarter, Spirit launched its first national advertising campaign. This campaign has contributed to record high levels of visitors to the Spirit website, as lead generation conversion rates show continual improvement. The campaign which includes outdoor, online, and traditional media slots across Sky News, Fox Footy, Channel 9, AFR.com and Triple M, has provided an opportunity to take advantage of historically low media buy rates.

Managing Director, Sol Lukatsky said: "Over the course of the past year Spirit has evolved to become a Modern Telco, from solely being focused on high-speed internet to now providing a complete offering across Telco, Internet, Cloud, IT managed services and Cyber Security. Our proven ability to identify right-fit acquisition targets, pay fair value and importantly integrate these skilfully and quickly – coupled with our expertise in sales and marketing - has been integral to our growth."

"These acquisitions have enabled us to create a truly contemporary and customer relevant Telco & IT company for Australian businesses - who are tired of the major Telco's excuses. Our ability then to bundle the telco and IT products that a business needs and provide outstanding customer service resonates with our target clients and has underpinned our organic growth during COVID. With the added expansion of our network of the Spirit Solution Partners nationally reselling our products, following our most recent acquisition of VPD, we enter FY21 with a solid platform for further growth organically and via a healthy pipeline of acquisition options."

*FY20 Revenue and Underlying EBITDA figures are unaudited. Underlying EBITDA excludes ongoing acquisition costs, business restructuring costs and share based payments.

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This announcement is authorised for release to the market by the Board of Directors of Spirit Telecom Limited. For all media enquiries regarding this announcement please contact:

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