

## **Spirit Announces Record FY20 Financial Results & Fast Start to FY21 Trading**

- **FY20 revenue up 100% to \$34.9M, marking a transformative year for Spirit.**
- **Underlying EBITDA\* up 88% on FY19 to \$3.73M, at the upper end of guidance range.**
- **B2B revenue growth of 147% to \$28.9M on FY19 and total recurring revenue up 48% to \$23.5M on FY19.**
- **Fast start to new year in FY21 with July new sales (TCV) up 165% month on month from June FY20 to July FY21, with \$2.3M of new sales added in July (TCV), bolstered by recent VPD acquisition and organic demand for Spirit products.**
- **Strong pipeline of acquisitions in negotiation and due diligence stages.**

Spirit Telecom (ASX.STI) has today lodged its Appendix 4E (Audited) Full Year Financial Results for the financial year ended 30 June 2020 (FY20), showing a transformative year of growth and demonstrating a fast start to its sales for July FY21.

For the full year of FY20, Spirit reported revenue growth of 100% to \$34.9M, driven by organic growth, seven completed acquisitions and a well-tuned integration process. As a result of Spirit's strategy to create a "one stop shop" within the Spirit X Digital Platform to meet the IT and telecommunications needs of Australian business, Spirit's revenue mix has shifted dramatically over the past year, with the B2B segment now representing 90% of revenue. Importantly total recurring revenue increased to 68% of the portfolio across FY20.

Underlying EBITDA\* was \$3.73M - at the upper end of the guided range – and up 88% on the previous year. Net loss after tax was \$1.5M for FY20 – after investing in an aggressive acquisition and organic growth strategy to create scale, size and product depth. In FY20 an important decision was made to invest in the Spirit X Digital platform and advertising spots to grow leads, sales channel and brand nationally.

As a result of these investments in FY20, Spirit's July trading update shows that FY21 has started strongly, with new sales of \$2.3M (total contract value TCV) added during July, up from \$0.9M, representing a 165% increase month on month from June bolstered by the acquisition of VPD Group (completed on 1 July) which contributed \$1.3M in TCV.

Spirit has also signed 21 new Resellers & Spirit Solution Partners nationally in July to sell its products using the Digital Spirit X sales platform that saw 12,000 unique leads and searches in H2 20.

Mr Sol Lukatsky, Managing Director of Spirit Telecom said of the result: "FY20 has been a year of phenomenal growth and transformation. The July trading update shows we're off with a fast start to FY21, and we continue to pursue an aggressive growth agenda both organically and via a range of acquisition options."

“Having completed seven acquisitions, including material acquisitions such as VPD and Trident over the past 12 months, we’ve assembled and integrated the product suite and service delivery model that’s enabled us to become a truly modern Telco and challenge the major IT & Telco providers head on. We will continue to invest in growing the Spirit brand nationally and are committed to not only meeting but exceeding the needs of Australian businesses when it comes to their IT and Telco needs, with Spirit’s customer-focused approach.”

“In FY21 our priority is to bring our entire Cloud and IT offering onto our digital sales platform, Spirit X, and expand our wholesale dealer network – creating an even stronger engine for organic growth. We’ll continue with our disciplined M&A strategy, to find right-price, right-fit businesses that support the expansion strategy, as well as continuing to focus on integration and optimising growth synergies.”

\*Underlying EBITDA excludes business acquisition & integration costs, share based payments & restructuring costs.

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**This announcement is authorised for release to the market by the Board of Directors of Spirit Telecom Limited.**

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