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## Spirit Q3 FY22 Trading update – revenue at \$35.3M

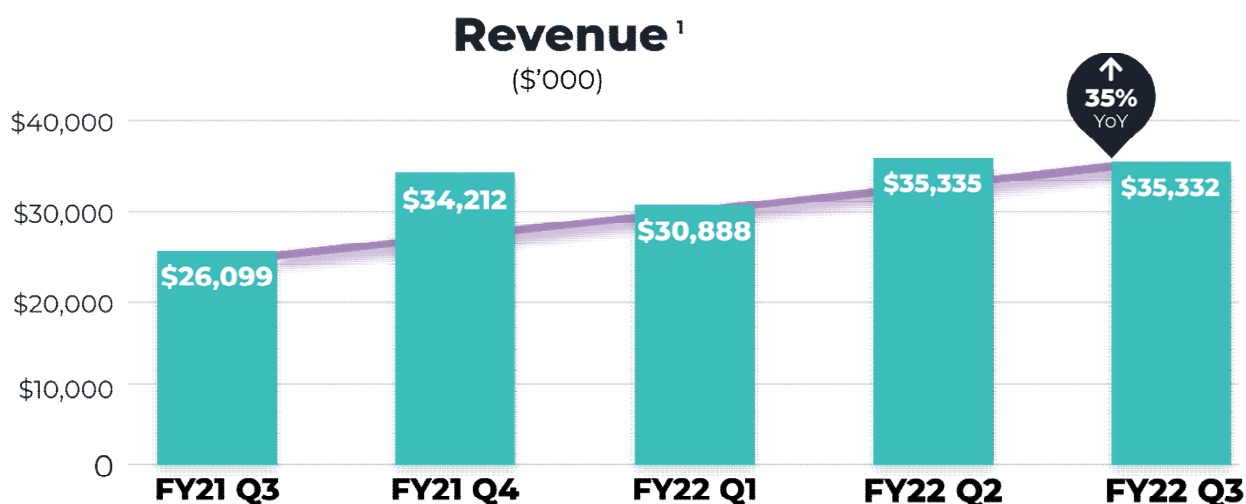
Spirit Technology Solutions (“Spirit” ASX:STI) is pleased to provide a trading update to the market for Q3 FY22.

Spirit delivered total revenue<sup>1</sup> for Q3 FY22 of \$35.3M – up 35% YoY. The quarter includes the full delivery of the Schools hardware programs in January. Spirit continues to see recovery in the SMB market from the Nexgen business. Additionally, demand for Cyber Solutions is extremely positive with cyber software sales and consulting services growing organically. The Cyber Solutions business known as Intalock is now the fastest growing part of the Spirit group.

The Q3 quarter is typically the slowest period for delivery of services due to the January holiday period. The revenue result was delivered after the divestment of the Consumer business in Q2 for \$5.1M. The consumer business previously contributed revenue of circa \$200K per month.

Sol Lukatsky, Group Managing Director, commenting on the quarter, “It was solid revenue performance during Q3 with demand for our SMB and Cyber products rebounding. Whilst we are seeing growing demand in the market for our services, we also continue to see significant supply side restraints, in particular accessing IT&T skills to meet demand. Labour supply side pressure and wage inflation will continue until borders are open and there is an intake of skilled migration.”

	FY21 Q3 \$'000	FY21 Q4 \$'000	FY22 Q1 \$'000	FY22 Q2 \$'000	FY22 Q3 \$'000
Revenue <sup>1</sup>	26,099	34,212	30,888	35,335	35,332



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

### **Synergy and Cost Saving update**

As part of a focus on margins, costs and customer experience the Spirit IT&T and Trident operations have been merged. Julie Riggs has been appointed as Spirit IT&T CEO (of the merged business), targeting mid-market businesses. The Spirit brand will offer a comprehensive range of telco services including data, voice, cloud solutions and managed services to mid-market businesses with employees in the range of 100-500.

To improve margins across this business, prices were raised (5%-15%) in March across the MSP business, which will deliver increased revenue over the next 12 months. Additionally, we have identified and implemented cost savings from rationalisation of the business units. We continue to seek rationalisation savings and additional expense reductions will be identified over the next few months and the market will be advised accordingly.

Sol Lukatsky, Group Managing Director of Spirit said *"I'm excited to have promoted Julie into the new role, we now have a more defined business structure with specific product and target markets, which will enable Spirit to focus on product cross-sell and market share expansion. In Julie, we have a commercially savvy and pragmatic leader at the helm. Julie has more than 25 years of senior experience in the IT industry. Before joining Spirit, Julie was General Manager at IBM Global Technology Services Aus/NZ, and prior to that, was CFO at IBM NZ."*

### **Fixed Wireless Infrastructure Divestment Update**

The process continues to progress with the preferred buyer with due diligence now completed. Spirit expects to provide an update over the coming weeks. As previously advised, there is no final decision to sell the assets and a transaction may not eventuate.

**– ENDS –**

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

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