

16 July 2024

## Trading update as Spirit achieves strongest Q4 in its history with \$42M in contract wins and renewals

*Strong sales finish in a turnaround year lays the foundations for FY25 growth*

- **Cyber Security has a record June and Q4 FY24**
  - Intalock achieved a record \$7M<sup>3</sup> in revenue in June up 55% on the prior corresponding period (pcp) and full year revenue of \$42m<sup>3</sup> up 24% on the pcp
  - Intalock had the largest ever TCV<sup>2</sup> sales quarter with \$19.4M sold
  - Infotrust achieved its target acquisition EBITDA<sup>1</sup> of \$4.4M for FY24
- **Communication and Collaboration rebounds with best June sales of \$5.4m in TCV<sup>2</sup>**
- **Managed Services achieves first positive uEBITDA<sup>1</sup> in June after a two-year restructuring program**
- **Spirit reports preliminary unaudited Group revenue to exceed \$125m and preliminary unaudited Group uEBITDA<sup>1</sup> to exceed \$1.6m**
- **Spirit set for growth in FY25 following the strong finish to FY24 with pipeline of opportunities set to grow**
- **Total annual recurring revenue now in excess of \$70m per annum.**

The Group expects to provide FY25 guidance in early August 2024.

Spirit Technology Solutions Limited (ASX:ST1) (Spirit), a leading provider of secure digital transformation and secure work environments provides the following trading update.

The Group achieved its strongest sales quarter in its history, with \$42 million in TCV wins and renewals during the period. The Group now has more than \$70m in annual recurring revenue.

Spirit Managing Director and CEO Julian Challingsworth said: "We are excited to report our strongest quarter in terms of total contract value as well as our largest contracts to date with a number of major clients including our first significant combined Cyber and Managed Services contracts. After a challenging year focused on stabilising and restructuring Managed Services, these wins show Spirit commences FY25 with significant momentum and a strong base to grow our new market offerings."

### Cyber Security

Spirit's cyber-first strategy contributed positively to the quarterly results with Intalock achieving a record \$7 million in revenue in June up 55% on the pcp.

The business also recorded its largest ever quarter in terms of Total Contract Value (TCV<sup>2</sup>) with \$19.4 million in sales which included a number of significant multiyear cyber managed services deals that will be delivered from the Security Operations Centre in Brisbane to serve the Australian market.

The Infotrust business, which Spirit completed the acquisition of in April 2024, also achieved its target acquisition EBITDA<sup>1</sup> of \$4.4 million with the Group expecting strong demand for its services continuing into FY25.

The integration of Intalock and Infotrust is well progressed with integration of the brand and employees already completed on 1 July 2024. The integrated business will enable Spirit to provide the combined cyber security capabilities to its 1,500+ customers. Spirit will continue to report on a Cyber division, but will cease differentiating Intalock and Infotrust as a result of the integration.

### Communication and Collaboration

After a challenging H1 which was significantly impacted by low business confidence, the Communication and Collaboration segment achieved its best-ever June sales month.

The business signed \$5.4 million of TCV<sup>2</sup>, secured over 380 new customers, whilst more than 120 customers signed 5-year renewal contracts.

### Managed Services

The Managed Services segment achieved its first profitable month in June following a two-year restructuring program and recorded TCV<sup>2</sup> of \$5 million in new contracts and renewals in the quarter.

A significant uplift in customer satisfaction has been recorded across the business unit as a result of the implementation of the ServiceNow customer support solution.

### Preliminary unaudited financial results for FY24

Spirit also reports its preliminary unaudited financial results for the twelve months ended 30 June 2024 (FY24).

The strong finish to FY24 follows a challenging year for Spirit with strong headwinds in the Communication and Collaboration segment which was impacted by a significant slowdown in business spend, linked to multiple interest rate raises and a lack of small business confidence. This combined with delays in the Managed Services restructuring program led to a disappointing result for FY24.

Preliminary unaudited Group revenue for FY24 to exceed \$125 million (\$127 million pcp) while preliminary unaudited Group uEBITDA<sup>1</sup> to exceed \$1.6 (\$5.2 million pcp) and a statutory loss of \$9.6m - \$11m reduced from a loss of \$11.4m in the pcp.

Spirit Group (FY24 unaudited)	FY24		FY24	FY23
	H1	H2	Full Year	
Revenue	\$57m	~\$68m	~\$125m	\$127m
uEBITDA <sup>1</sup>	\$0.2m	~\$1.4m	~\$1.6m	\$5.2m

The Company plans to release its financial results (Appendix 4E) on Friday 23<sup>rd</sup> of August.

### Outlook

The strong finish to FY24, with a number of significant wins for Spirit's combined solutions, sets the Group up for growth in FY25.

The Group's strategy of selling combined Cyber Security and Managed Services is also supporting growth in FY25 and will enable strong organic growth over a three-year strategic horizon, with the pipeline of opportunities expected to grow.

Spirit expects continued improvement in Managed Services in FY25 with the business unit expected to deliver a modest uEBITDA<sup>1</sup> for the first time.

1 EBITDA is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and represents the profit/(loss) under AAS adjusted for depreciation, amortisation, interest and tax. Underlying EBITDA or uEBITDA is EBITDA adjusted to exclude share-based payments, gain/(loss) on divestment of non-core assets, acquisition & divestment costs, restructuring & integration costs, other restructuring items, net fair value loss on remeasurement of contingent consideration on business combinations and impairment of non-current assets.

2 TCV is an acronym for Total Contract Value and means the total value of the contract that will become revenue over the life of the contract.

3 Preliminary unaudited results.

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

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About Spirit Technology Solutions:

Spirit Technology Solutions is an ASX listed provider to Australian businesses of innovative secure managed services, cyber security and collaboration and communications platforms.

We are building the secure digital workplace for Australian businesses. Our mission is to "Make our customers secure, sustainable and scalable, while living our team values"