

Spirit Technology Solutions Ltd (ASX:STI)

If you do business, do IT with Spirit

Record Growth & Integration Milestones

Market Update | May 2021

If you do business, do IT with Spirit

Agenda:

1. Trading Update

- Record growth continues
- High demand for Spirit Products & Services
- Organic growth via bundles & average contract size increasing materially

2. Integration Update

- Major milestones achieved on integrating acquisitions into Spirit operational model

3. National Marketing Campaign – If you do business, do IT with Spirit

- National advertising of Spirit brand
- Record new business lead flow coming through Spirit

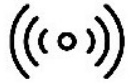
4. Nexgen Update

- Cross selling IT, Voice, & Cyber services

5. Outlook and Growth into Q4 & Q1 22

Spirit's Sales & Operating Model

Products & Services



High speed
internet



Security



Cloud



Mobile



Voice



Managed
services

Markets



SMBs



Essential
Services



Corp
& Govt



Distribution



Direct



Retail



Wholesale



Reseller



White Label



Spirit X



Online

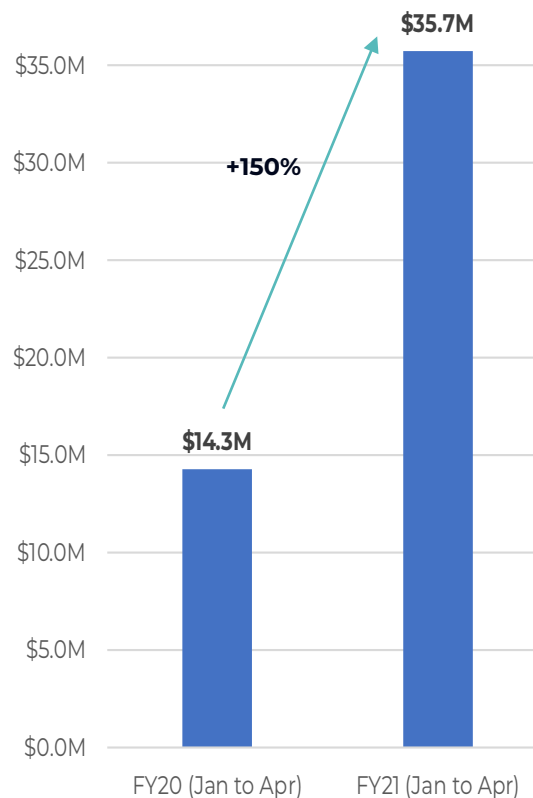
Digital

Recurring and S&P Revenue up 150% Year on Year (YoY)

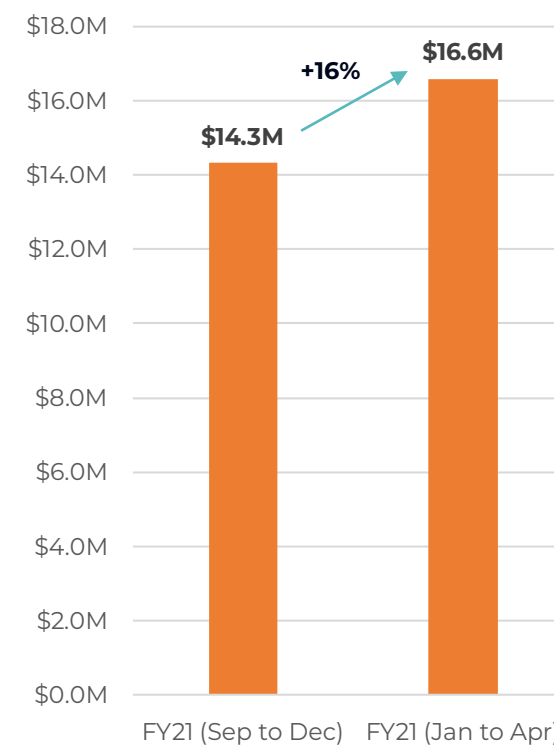
Very strong growth again in FY21* - achieved off a record Sep-Dec FY21

- Recurring and S&P revenue at \$35.7M, up 150% YoY
- Recurring revenue up 94% YoY to \$16.6M and Solutions and Projects (S&P**) revenue up 224% YoY to \$19.1M
- Recurring revenue up 16% to \$16.6M (Jan-April / 4 months)
- Strong Jan-April total revenue up 8% coming off a seasonally high Sep-Dec FY21 - into a traditional B2B holiday period (January & Easter holidays)
- Organic growth: 30% of deals exceed \$250,000 in Total Contract Value (TCV) with 17% exceeding \$500,000 (mid market & bundles)
- TCV on Recurring Sales up 145% YoY to \$11.9M
- 10 consecutive quarters of recurring revenue growth (to Mar '21)
- In April Spirit generated 1596 inbound sales leads up 75% on March
- Nexgen had a record new sales month in April
- Services Pending Delivery at \$10.4M and IT Services & Technology Sales at \$6.1M
- Healthy balance sheet with \$23M of cash and available debt as of 30 April 2021

Recurring and S&P Revenue
+150% YoY



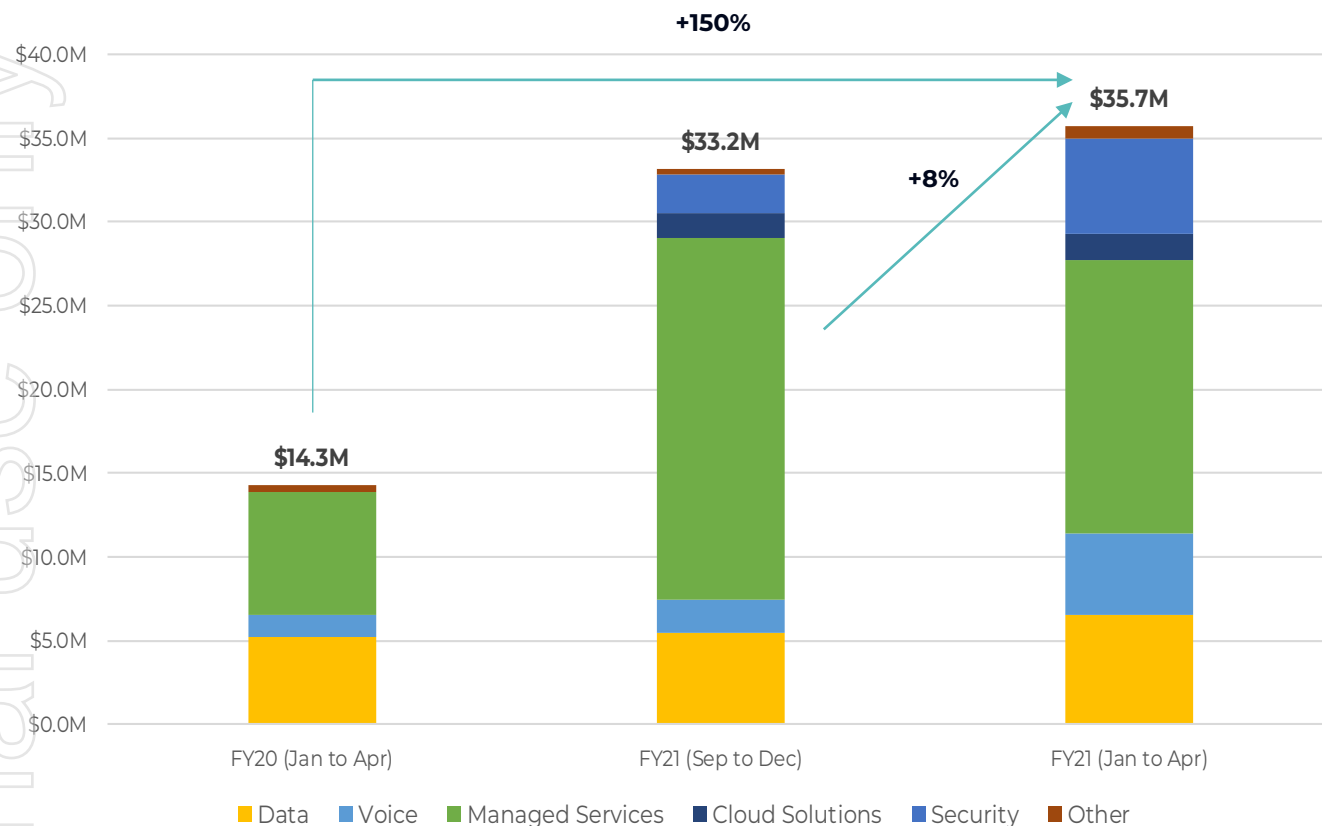
Recurring Revenue
+16%



* Refers to the period from January to April FY21. YoY analysis comparative period is from Jan to April FY20

** S&P Revenue = Solutions & Projects Revenue. Project revenue includes government infrastructure projects.

Recurring and S&P Revenue up 150% YoY



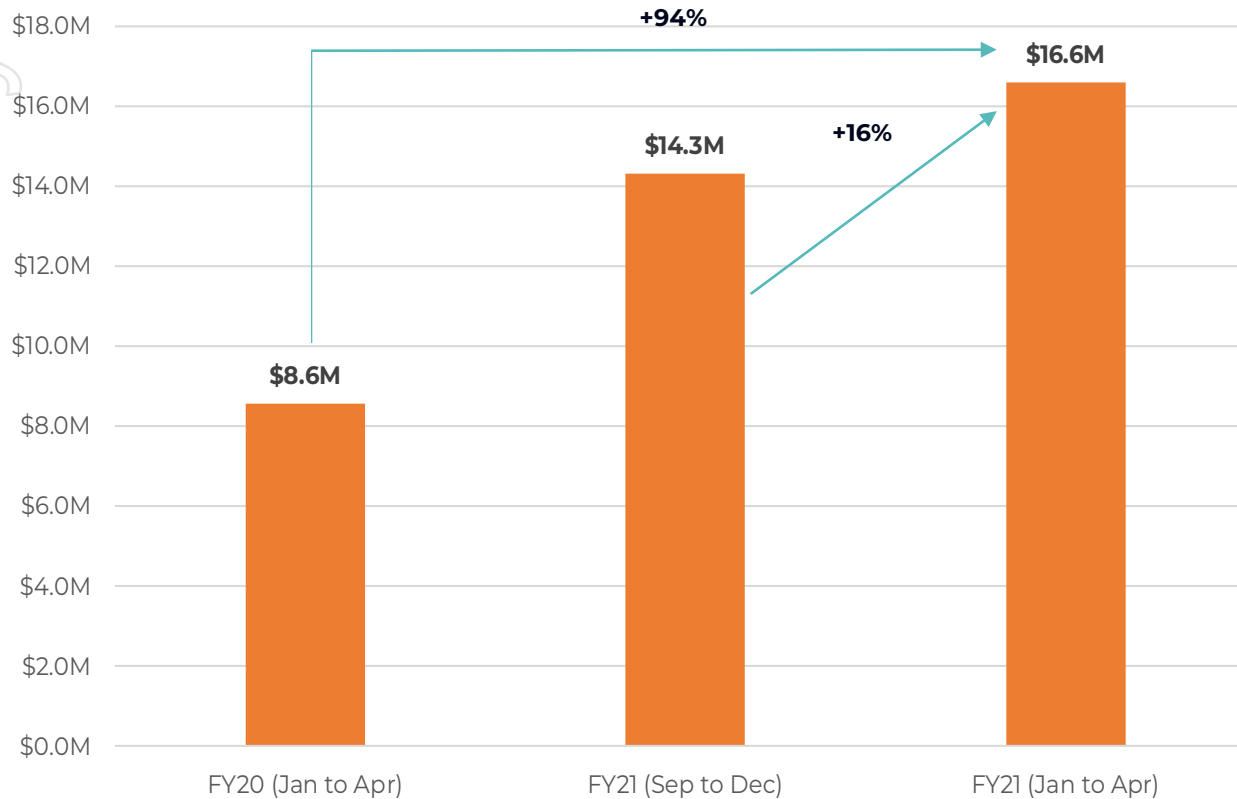
FY21* Recurring and S&P revenue to \$35.7M

- Total recurring and S&P revenue at \$35.7M, up 150% YoY
- Jan-April revenue up 8% on prior 4 months (Sep-Dec) during a seasonally slow B2B period.
- Recurring revenue up 94% YoY to \$16.6M
- S&P revenue up 224% YoY to \$19.1M
- Sept to Dec '20 S&P revenue uplifted by school infrastructure renewal project revenue (part of Managed Services)

* Refers to the period from January to April FY21. Year on year analysis comparative period is from January to April FY20.

** S&P Revenue = Solutions & Projects Revenue. Project revenue includes government infrastructure projects.

Recurring Revenue up 94% YoY

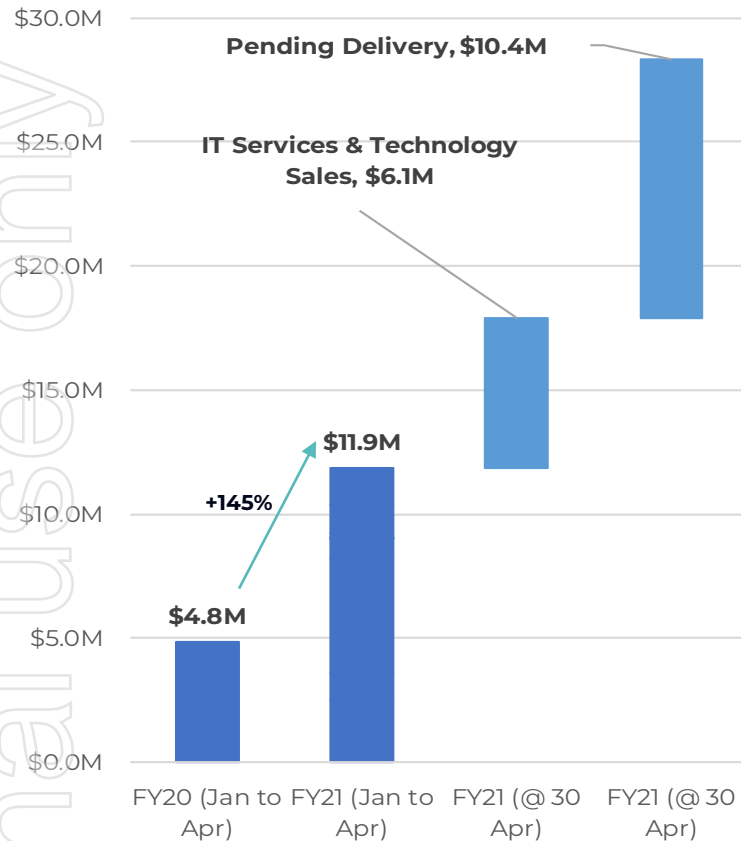


FY21* Recurring revenue to \$16.6M

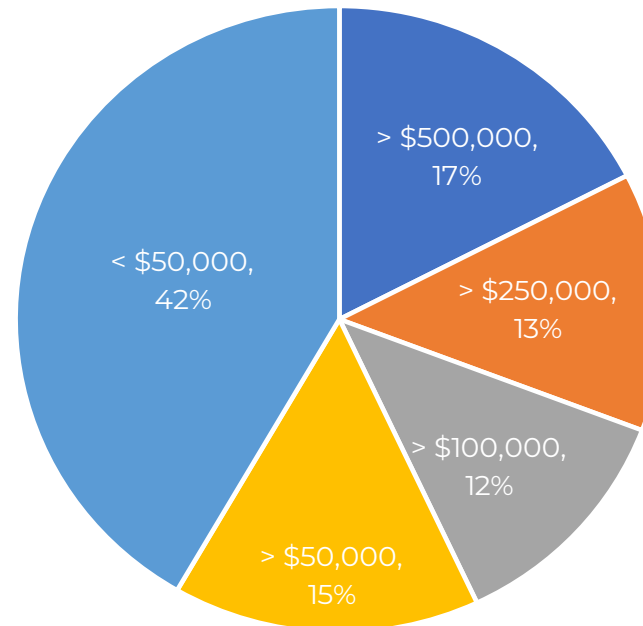
- Recurring revenue up 94% YoY to \$16.6M and 16% to the previous 4 months (Sept to Dec '20)
- 10 consecutive growth quarters (Dec '18 to Mar '20)

* Refers to the period from Jan to April FY21. YoY analysis comparative period is from Jan to April FY20

Total Contract Value* up 145% YoY



FY21 TCV Deal Size Distribution



FY21 Jan to April TCV Growth to \$11.9M

- TCV on Recurring Sales up 145% YoY to \$11.9M
- Services Pending Delivery at \$10.4M and IT Services & Technology Sales at \$6.1M
- 30% of deals exceed \$250,000 in TCV with 17% exceeding \$500,000

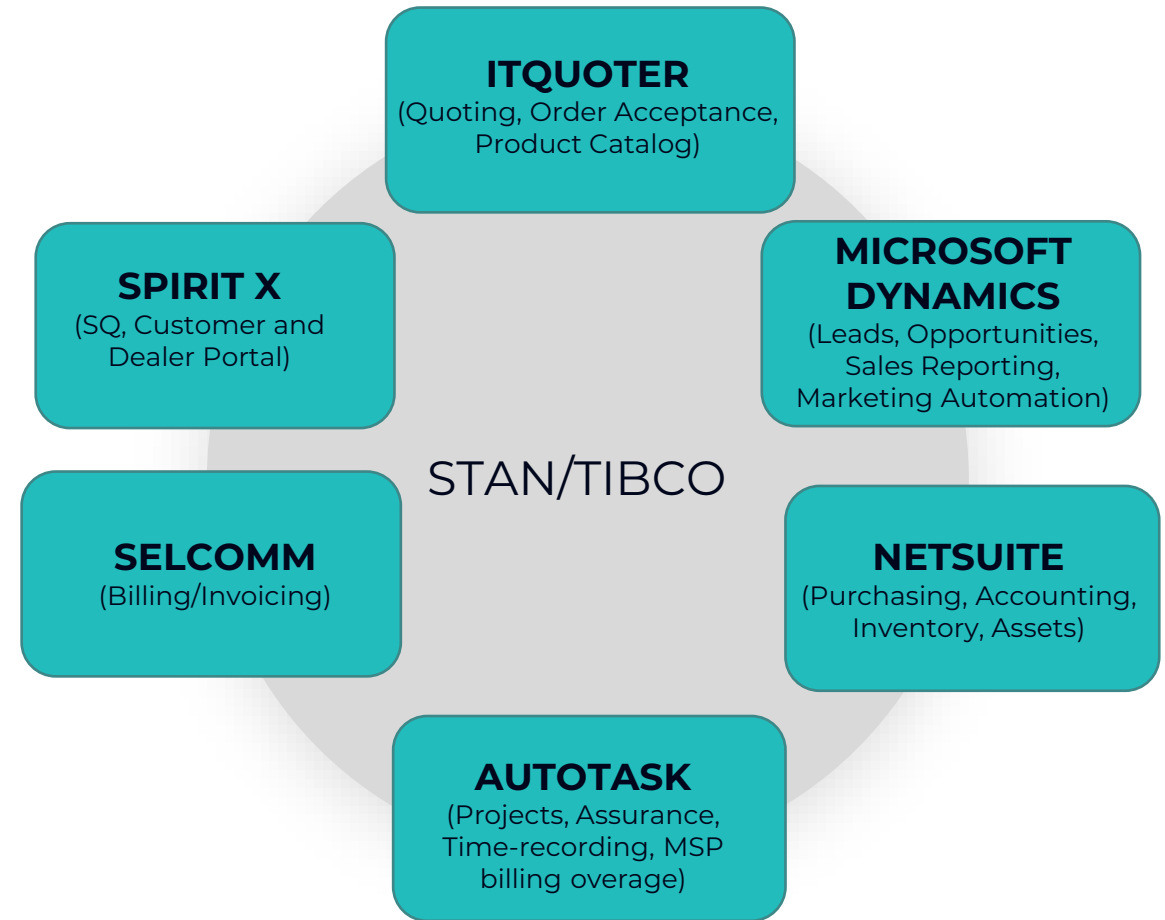
* Total Contract Value (TCV) = Value of monthly recurring revenue on sale multiplied by months of the contract

Integration Milestones Achieved



- 35 of 45 systems across 13 acquisitions have been decommissioned.
- 29 of 45 scheduled integration events complete.
 - ✓ 5 events completed in Q3 FY21.
 - ✓ 8 to complete in Q4 FY21.
- Averaging 2 major system and brands exiting per month.
- 8 of 13 companies have completely integrated: people, systems, process and brand.
- By June 30th, 10 of 13 Companies will be completely integrated with only Reliance and the recent purchases of Intalock and Nexgen remaining.
- We have a target of completing the integration plan for a given company within 6-9 months of its acquisition and are meeting that target.

Spirit's Standard Operating Environment (SoE)



National Brand Campaign

South-eastern Freeway

Yarra Blvd Overpass

Burnley VIC 3121



> In April Spirit generated 1596 inbound sales leads up 75% on March



National Brand Campaign

Sydney Airport

T2 & T3 Departures

Mascot NSW 2020



National Brand Campaign

George Street
Overpass

Sydney NSW 2000



Spirit & Nexgen Update

National scale *driving* organic growth.



Pro-Forma revenue
>\$140M per annum



**> 10,500 B2B
customers nationally**



**140 Spirit & Nexgen
Sales People**



>350 resellers



National advertising:
TV, Digital, Sky News,
Airport Media, Foxtel,
& Billboards



**Competitive advantage
across Telco & IT**
products = TECHO
demand driven growth



Winning **larger
accounts accounts**
nationally via combined
IT & Telco products



**Recurring revenues
at circa \$65M-\$70M**

Organic Sales Growth via Nexgen & Spirit in H2 FY21

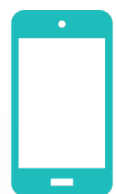


140 x Spirit & Nexgen Sales People selling nationally



NEXGEN & SPIRIT CROSS SELL TO SMB

Nexgen will begin to sell the Spirit IT & Cyber products in Q4 21-Q1 22



SPIRIT MOBILES PRODUCT

The Spirit mobiles product will be sold via the Nexgen sales channel



LiveCall & LivePBX LAUNCHED

Nexgen will connect the Spirit Voice products into their existing hardware phone systems (70% gross margin)



> 10,500 Spirit B2B Spirit customers nationally may only have 1 service – convert to 2-3 services

Segment 1

Voice only



Segment 2

Internet only



Segment 3

IT Only



Segment 4

Voice & Data Only

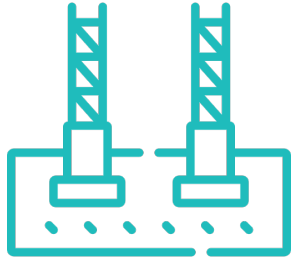


Spirit IT&T bundle

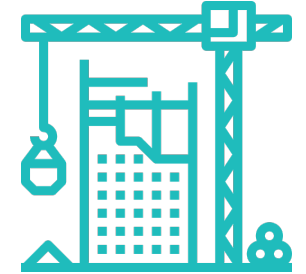
- One Price
- One Bill
- One Contract
- One Account Manager

Achieving Organic Revenue Growth

FY21: Foundation Building



- Acquisitions
- SoE
- Brand/team integrations
- Boost Investor Profile
- Built Spirit X & Online shop
- Built Product portfolio
- National expansion
- Construct a unified brand



FY21-22: Organic Revenue Growth



- Synergise objectives across the group
- Mid market expansion
- Expand SMB distribution through Nexgen salesforce
- Divestment of non-core assets (consumer)

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