

Spirit acquires large Managed Services Providers - Trident & Neptune Group (“TBG”) and enters new high growth verticals offering Cloud, Security and IT solutions.

Highlights and key terms of the Trident & Neptune Group acquisition:

- **Trident and Neptune generate combined FY19 revenues of \$34M.**
- **Management estimated EBITDA, including synergies of approximately \$1.8M - \$2M for FY21.**
- **Total purchase price of up to \$6.9M (which includes an earnout component) paid as a combination of cash & Spirit equity being a split of 75% Cash and 25% Spirit shares if hurdles are met over CY20 and FY21.**
- **Transaction EBITDA multiple range of 3.8x to 4.6x (earn-out structure dependant).**
- **Further upside in additional revenues by cross selling the Spirit high speed data network into TBG client base.**
- **Cash component will be paid from a mix of cash reserves and the existing CBA debt facility.**
- **30% of the total consideration has been agreed to be applied to an earn-out structure in equal proportion based upon EBITDA performance over CY20 & FY21. The earnout consideration is to be split in the same proportion of cash (75%) and Spirit equity (25%).**
- **On completion, Spirit will issue the completion shares at a deemed issue price of \$0.20 (20 cents) per share, with the shares escrowed for 12 months from completion date. The earn-out component will be issued at a 30-day Volume Weighted Average Price (VWAP) at the relevant time. The Company will utilise its capacity under ASX Listing Rule 7.1 for the completion shares.**

Spirit Telecom Limited (“Spirit” ASX:STI) is pleased to announce that it has acquired its largest and most strategically critical acquisition to date by acquiring Trident Business Group, including, Trident Computer Services (Trident) and Neptune Managed Services (Neptune), an established managed IT services and security business. This highly strategic move will see Spirit create a new business division, Trident IT Solutions.

Following the TBG acquisition and Cloud Based Technology acquisition announced on the 28th January 2020, Spirit will have a combined turnover run rate of circa \$60M that delivers a strong integrated sales opportunity across High Speed Data, Security, Cloud and IT services.



Spirit's new division will focus on delivering custom designed cloud-based IT & Internet solutions for high growth verticals such as Schools, Hospitals, Aged Care and Medium sized businesses. These types of clients are moving through a major generational technology change as they migrate to the cloud and require high speed Internet and specialised IT services which Spirit can now provide nationally.

Spirit's Managing Director, Sol Lukatsky, said "This is a transformational period for Spirit and through the acquisition of these businesses, Spirit will build and strengthen cloud, security, data and managed IT services capabilities whilst providing entry into target growth verticals including Schools, Health (hospitals) and Aged Care. The existing Spirit IT&T division will continue to focus on the SMB sector with the new Trident IT Solutions Division targeting higher value complex segments."

Spirit is also pleased to announce that Katie Bentley, CEO of Trident will be appointed as CEO of Trident IT Solutions. Geoff Bentley, the current Neptune CEO will also take on the role as Spirit's Chief Sales Officer. Both roles will be responsible for the national expansion of this business unit and revenue growth in key target markets. Katie Bentley, CEO of Trident said "It is a really exciting time to be joining Spirit, and I am ecstatic to be joining in the capacity of CEO of Trident IT Solutions. Bringing the two businesses together opens doors for both of our organisations– Spirit's strength in fixed-wireless Internet and breadth of managed IT services means that we can now create market-leading IT solutions for businesses right across Australia."

Spirit's Chairman, James Joughin said "This transaction continues to demonstrate our acquisition cadence, with two transactions already completed in early 2020. I'm additionally pleased that we continue to pay fair value for assets we acquire. I welcome the Trident team to the Spirit organisation."

Completion is subject to normal closing conditions, expected to occur on Monday, 17 February 2020.

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

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