
SPIRIT COMPLETES ACQUISITION OF THREE NSW IT & TELCO COMPANIES

Spirit Telecom Limited (ASX:STI) is pleased to announce that it has completed the acquisition of the three IT Managed Service providers.

Highlights

- Immediate geographic expansion with the acquisition of three IT Managed Service providers across Sydney Metro & Central NSW – accelerating the growth of Spirit Solution Partners network.
- The three businesses bring strong Sales, IP, Products, IT Engineering skills and generate \$12.0M in combined revenue with >60% of this recurring revenue which represents cash EBITDA of \$2.5M for FY20 (21% EBITDA margin).
- EBITDA multiples for new acquisitions of between x3.0-x3.5. Upfront payment of \$5.7M cash and \$2.6M Spirit equity. Total deal value \$10.4M including potential incentive amounts (the earn-outs). All vendors remain with Spirit and become Spirit Solution Partners.

The three companies acquired include:

1. Reliance IT, a Cloud Managed Services Provider based in Central NSW and one of the largest providers of IT services in regional NSW;
2. Beachhead Group, a Sydney based IT Managed Services Provider, specialising in Cloud and Infrastructure deployment to businesses and private schools; and
3. Altitude IT, a Sydney based IT Managed Services Provider with a diverse base of recurring revenue across the commercial & industrial sectors.

The three acquisitions result in immediate geographic expansion, accelerating the growth of Spirit Solution Partners network. These companies are highly complementary to Spirit's IT services business, providing Managed Services, Voice, Cyber-Security and Cloud-Based solutions.

The three businesses generate \$12M revenue combined. Approximately 60% of this revenue is recurring, reflecting the established base of B2B customers and long-term contracts across the three businesses. The acquisitions will add a forecast \$2.5M of accretive EBITDA in FY21.

Spirit's Managing Director, Sol Lukatsky, said "These acquisitions are consistent with our strategy to bring in right-fit, right price, high-margin IT & Telco services businesses. Additionally, these transactions give us a much deeper presence in Sydney and Central NSW immediately."

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This announcement is authorised for release to the market by the Board of Directors of Spirit Telecom Limited. For all media enquiries regarding this announcement please contact:

Sol Lukatsky
Managing Director
03 8554 1320 or soll@spirit.com.au

For more information, please visit www.spirit.com.au
Business Address: Level 2, 19-25 Raglan Street, South Melbourne VIC 3205