

ASX RELEASE

3 April 2019

SPIRIT TELECOM ANNOUNCES ACQUISITION OF LINKONE GROUP & COMPLETES CAPITAL RAISE OF \$4.2MILLION

Highlights

- Acquisition of 100% of the LinkOne Group of Companies ("LinkOne"), including Anttel Communications Group Pty Ltd, LinkOne Pty Ltd, Ignite Broadband Pty Ltd and Wells Research Pty Ltd, for \$5.7 million
- Immediate geographic expansion into target markets of Brisbane and Sydney - will allow launch of Spirit's high speed B2B data services (Sky Speed range).
- Strategically compelling network acquisition, which will allow multi-site B2B data deals to be sold.
- Increases Towers / Points-of-Presence (PoP's) by c.40%
- Adds 25 reseller partners to allow expanded service distribution of Spirit high speed B2B Services.
- Scales Spirit's B2B lead generation capabilities across Sydney and Brisbane.
- Access to LinkOne Group's established network of over 570 clients
- Financially compelling transaction providing ~60% EBITDA uplift
- Implied transaction multiple of circa 5x EV/EBITDA of \$1.1 million
- Committed vendors taking 30% in scrip and joining the Spirit team
- The acquisition will be funded via a placement of \$4.2 million (at \$0.12c) and vendor scrip (at \$0.13c), 70% escrowed for 12 months.

Acquisition of LinkOne

Spirit has entered into an agreement to acquire 100% of LinkOne for upfront consideration of A\$5.7 million comprising:

- 70% of consideration paid in cash on completion (\$4.0 million)
- 30% of consideration paid in scrip (\$1.7 million issued at \$0.13)

The acquisition of LinkOne is expected to be highly earnings accretive and will add significant value to Spirit. Established in 2008, LinkOne's network commenced construction in 2015. LinkOne is a wholesale licensed telecommunications carrier operating a predominantly Fixed Wireless network.

Highlights of the business include:

- 570 customers, with business customers accounting for circa 90% of revenue
- 44 PoPs, including: 25 in Brisbane, 9 in Sydney and 10 in Melbourne
- Network infrastructure utilises complimentary hardware and co-located Australian data centres

The acquisition of LinkOne is expected to enhance Spirit's existing channel partner offering through expanding its presence in Brisbane and Sydney, together with providing a strong platform for ongoing expansion of the Spirit network.

Spirit's Managing Director, Geoff Neate said, "The acquisition of LinkOne brings to Spirit an instant accretive expansion into Brisbane and Sydney and is geographically complimentary in Melbourne. This is an exciting acquisition that has been over 6 months in the making and brings a growing business, managed by a smart team, into Spirit's stable. This is Spirit's third network expansion acquisition and will contribute to Spirit's growth. CEO Todd Maunder will join the Spirit team, focused on network expansion and acquisition and will bring another level of thinking and innovation to Spirit."

LinkOne CEO, Todd Maunder said, "This is an opportunity to take LinkOne to a new level. The synergies between our respective networks enable an immediate upside for our partners. LinkOne's developed technology places the combined group at the forefront of wholesale enablement with automated service qualification. I am extremely proud of what the LinkOne team has achieved and we look forward to joining Spirit's dynamic team."

The acquisition represents a multiple of circa 5x EV / EBITDA for the 12 months to 31 December 2018. Of the scrip consideration, 70% will be escrowed for 12 months from date of issue.

Capital Raising

To support the acquisition, Spirit has received firm commitments to raise A\$4.2 million, before costs, through the issue of 35 million Spirit Telecom Shares at \$0.12 per share ("Placement").

The Placement was completed with the support of new and existing institutional, professional and sophisticated investors. The Placement shares will be issued under Spirit's capacity under ASX Listing Rule 7.1 and Listing Rule 7.1A.

In addition, Spirit will offer all existing eligible investors the opportunity to subscribe for new shares up to a maximum of 125,000 shares (maximum of A\$15,000 per investor) under a Share Purchase Plan (SPP). The SPP will be capped at A\$1.0 million with a record date of 2nd April 2019 and subject to Spirit's discretion to scale back applications.

Spirit expects the LinkOne acquisition to close in late April 2019, subject to the satisfaction of customary closing conditions.

The scrip element of the acquisition will be funded via the issue of approximately 13.1 million Spirit Telecom Shares at \$0.13, which represents 30% of the purchase price.

The Company will utilise all of their capacity under Listing Rule 7.1 for the acquisition shares and part of the placement shares, being 36,756,173 shares. The remaining placement shares of approximately 11,320,750 will be issued under Listing Rule 7.1A.

About Spirit

Spirit Telecom Limited is a modern telecommunications provider of superfast Internet access and telephony services that listed on ASX 26 June 2016.

A fast-growing niche Telecommunications Carriage Service Provider, Spirit is focused on supplying fibre based broadband services to multi-dwelling user locations including residential, business, student accommodation, community housing and business parks.

Spirit was voted as being Australia's fastest Internet Service Provider (ISP) for 2015 by PCMag.com. With 10-year brand awareness, Spirit prides itself on delivering real service to its Australian residential and commercial customers and provides customers with the highest quality product.

Spirit has a history of successfully acquiring and integrating complimentary companies, including Voxcom (2012), My Telecom (2015), Phone Name Marketing (2016) and World Without Wires (2017)

For more information, please visit www.spirit.com.au

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APPENDIX

Offer Timetables

The indicative Placement timetable of key dates is set out below

Event	Date
Trading Halt lifted and Placement announcement	10:00am Wednesday, 3 April 2019
Settlement (New Shares under the Offer) ¹	Wednesday, 10 April 2019
Allotment and Issue of New Shares under the Offer	Thursday, 11 April 2019
Normal trading commences (New Shares)	Friday, 12 April 2019

Note: The timetable above is indicative only and subject to change. Zip reserves the right to amend any or all of these events, dates and times, without notice, subject to the Corporations Act 2001 (Cth) (**Corporations Act**), the ASX Listing Rules and other applicable laws

1. Settlement of 2.5 million shares will occur following completion and allotment of approximately 13.1 million shares related to the acquisition.

The indicative SPP timetable of key dates is set out below

Event	Date
Record date for shareholders to participate in SPP	7:00pm (Sydney time) on Tuesday, 2 April 2019
Dispatch SPP documents to shareholders	Wednesday, 10 April 2019
SPP offer opens	9:00am (Sydney time) on Monday, 15 April 2019
Closing date for SPP	5:00pm (Sydney time) on Thursday, 2 May 2019
Scaleback policy announced (if applicable)	Friday, 3 May 2019 – Monday, 6 May 2019
Settlement of Shares under SPP	Wednesday, 8 May 2019
Allotment of Shares under SPP	Thursday, 9 May 2019
Expected quotation on the ASX and normal trading of Shares under SPP commences	Friday, 10 May 2019
Dispatch of allotment confirmations/holding statements for New Shares	On or around Monday, 13 May 2019

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