

SPIRIT ANNOUNCES COMPLETION OF ACQUISITION OF TRIDENT & NEPTUNE GROUP

Spirit Telecom Limited ("Spirit" ASX:STI) is pleased to announce that it has completed the acquisition of the Trident & Neptune Group ("TBG").

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.**

The acquisition of TBG will see Spirit create a new business division, Trident IT Solutions. 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."

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For and on Behalf of the Board of Directors and for all media enquiries regarding this announcement please contact:

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