

15 April 2020

SPIRIT RAISES \$9.2M IN PLACEMENT TO INSTITUTIONAL INVESTORS AND EXPANDS CBA DEBT FACILITY to \$10.9M TO PURSUE ACQUISITIONS

- **Successfully raises \$9.2M in a strongly supported capital raising, which comprises an unconditional placement of approximately \$8.662M to professional and sophisticated Investors and Conditional Placement to Directors, Founders and Employees of approximately \$0.5M (subject to shareholder approval).**
- **CBA has also expanded the Spirit debt facility based on business performance to \$10.9M, with the capital to be deployed to acquisitions (+\$0.9M in Feb 20 + \$2M in March 20).**
- **Six new Institutional / Funds Managers joined the register in the round with additional support from existing Institutional Investors.**
- **New capital will be used to drive the accelerated acquisition strategy and growth of the Spirit X digital platform.**
- **Two potential acquisitions are in advanced due diligence and legal review.**
- **Spirit also announced strong Q3 20 results with revenues up 69% to \$10.3M from Q2 and recurring revenue up to \$6.3M (Quarterly business update on ASX 14 April).**

Spirit Telecom (ASX:STI), a Telecommunications & IT company focused on High-Speed Internet from its own fixed wireless network and IT services provider for the education, aged care, hospital and SMB sectors, is pleased to announce it has raised \$9.2M million in a strongly supported placement to institutional and sophisticated investors. The company has also confirmed its debt facility is now \$10.9M million, with CBA expanding its facility by \$2.9M over the past 2 months (in tranches of \$0.9M million and \$2 million respectively).

The additional capital provides Spirit with the funds to accelerate its M&A strategy. The company currently has two potential acquisitions in advanced due diligence and term sheet stage. The funds will also be used to expand Spirit X – the company's telco digital sales platform which generated 3200 service qualifications in its first 3 months of operation across Q3 20.

Over the past 12 months Spirit Telecom has completed seven (7) acquisitions, which has allowed it to solidify its position as a leading provider of High-Speed Internet & IT / MSP Services to SMBs and essential industries such as Hospitals, Schools, Aged Care and Government. It announced to the market on 14 April that it had seen revenues grow to \$10.3M in Q3 up 69% on Q2 20 and up 150% on Q3 19. Additionally, Solutions and Projects revenue is up: \$3.3M to \$4.0M in Q3 20.

Spirit says the current COVID-19 environment provides a unique opportunity to drive an accelerated growth agenda via M&A, as asset prices in Telco and IT/MSP services companies become more attractive.

Sol Lukatsky, Managing Director of Spirit Telecom said: “Over the past 12 months we have transformed the company from being a fixed wireless provider to a fully integrated Telco & IT services company which provides High-Speed Internet, IT Services, Cloud, Security and Voice Products. We are now a leader in bundling these products into one service and one bill. We have been effective in cross-selling, delivering growth in recurring revenue with a sticky customer base in SMB and essential industries. This puts us in a strong and defensive position, in an uncertain economic environment – with 74% of our revenues being contracted and recurring.”

“With all four of our 2019 acquisitions now integrated and having proven the effectiveness of this approach in the Q3 20 results, we have a unique opportunity now to acquire profitable businesses at lower multiples. We will continue to seek out opportunities that complement our strategy in terms enabling expansion of our service offering and geographic footprint in both Telco and IT/MSP Services.”

Placement

New shares under the Placement will be issued in two tranches Placement of approximately 83.3 million new ordinary fully paid shares (“Offer Securities”) at A\$0.11 per security (“Offer Price”) to raise up to A\$9.2 million (“the Offer”):

- **Tranche 1 (T1 Shares)** – Unconditional placement of 78.8m shares issued utilizing Spirit’s placement capacity under Listing Rule 7.1 (44.644m shares) and 7.1A (34.109m shares). The Company is not utilizing the temporary ASX facility of additional 10% capacity under Listing Rule 7.1.
- **Tranche 2 (T2 Shares)** – Conditional placement of 4.545m shares

Directors, Founders and Management are expected to participate in Tranche 2 of the Placement, subject to the approval of the Company’s shareholders.

The Issue Price of A\$0.11 represents a:

- 21.4% discount to last close of A\$0.140
- 19.3% discount to 5-day VWAP of A\$0.136 (as at 8 April 2020)

New shares issued under the Capital Raising will rank equally with existing Spirit shares.

Shaw and Partners Limited is acting as lead manager to the Capital Raising.

Indicative timetable

An indicative timetable for the Capital Raising is provided below:

Spirit trading halt (“Trading Halt”)	Thursday, 9 April 2020
Trading Halt lifted and Placement announcement	Wednesday, 15 April 2020
Unconditional Settlement (T1 Shares under the Offer)	Friday, 17 April 2020
Allotment and Issue of T1 Shares under the Offer	Monday, 20 April 2020
Normal trading commences (T1 Shares)	Tuesday, 21 April 2020
Company EGM to be held (for T2 Share approval)	Thursday, 28 May 2020
Conditional Settlement (T2 Shares)	Friday, 29 May 2020

Allotment and Issue of T2 Shares under the Offer (subject to shareholder approval)	Monday, 1 June 2020
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Normal trading commences of T2 Shares (subject to shareholder approval)	Tuesday, 2 June 2020
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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:

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