3 December 2020



Spirit Completes Acquisition of Intalock

Spirit Technology Solutions ("Spirit" ASX:STI) is pleased to announce that it has completed the acquisition of Intalock, a Managed Cyber Security Service business.

Highlights:

- Acquisition of Intalock, one of Australia's leading cyber security services businesses with a market leading and sophisticated full Security Operations Centre (SOC) for \$15.0M upfront consideration.
- Allows Spirit to cross sell and deliver highly secure bundled Cyber Security Services with Data,
 Cloud and Voice.
- Comprehensive Cyber Security offering, with blue chip customer portfolio across Corporate and Government – in line with Spirit's market expansion strategy for FY21 into Corporate markets.
- Intalock generated revenue of \$23.6M and normalised EBITDA of \$2.3M in FY20.
- Upfront consideration of \$15.0M paid as a combination of cash (85%) and Spirit equity (15%)
 with a deferred consideration component. An additional earn-out consideration component
 is also available for out-performance in FY22 capped to maximum total transaction value of
 \$22.5M.
- Transaction EBITDA multiple of x6.5.
- Cash component will be paid from cash reserves and CBA debt facility.

The acquisition positions Spirit to take a greater share of the Corporate and Government markets in line with its expansionary vision as Spirit Technology Solutions, and growth strategy for FY21.

Founded in 2010, Intalock is one of Australia's leading Managed Cyber Security Services firms, which offers a full range of advisory, technical services, software licensing and managed services and a market leading Security Operations Centre (SOC) providing 24/7 monitoring, technical services and support.

After an extensive market review of assets in the Cyber Security space - Intalock was chosen as the foundational asset for Spirit to enter the Corporate & Government segments. Intalock will be used two ways, firstly as entry into a new segment and secondly, its range of Cyber products and services will be sold into the existing Spirit portfolio. The Cyber Security range of services will complete the Spirit range of IT & Telco bundled products (mobiles to be launched in Q3).

Cyber Security Services are now a fundamental risk management requirement for any organisation and is a critical defence mechanism for all our existing and future customers across their IT infrastructure and software layers. Cyber Security bundled with our range of Data, Cloud and Voice services is the modern product range Spirit is becoming a leader in. The Intalock acquisition brings a highly sophisticated Cyber Security offering. A number of esteemed Cyber Security leaders from Intalock will join Spirit, along with a blue chip customer base under the Spirit umbrella. It propels Spirit into a new segment of the market and positions us as a credible contender for market share in the enterprise and government segment and enhances the Cyber Security offering for our existing customers." said Sol Lukatsky, Spirit Technology Solutions Managing Director.

This announcement is authorised for release to the market by the Board of Directors of Spirit Technology Solutions Ltd.

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 <u>www.spirit.com.au</u> Business Address: Level 2, 19-25 Raglan Street, South Melbourne VIC 3205