

18 October 2021

## Spirit divests consumer assets for \$5.1M to focus on modern digital workplaces

- **Spirit has entered into a binding sale agreement for its non-core consumer assets with DGtek Pty Ltd for \$5.1M.**
- **Capital returning to be used to accelerate organic growth and acquisitions with significant IT&T structural change occurring in all workplaces.**

Spirit Technology Solutions ("Spirit" ASX:STI) has today announced it has entered into a binding agreement for the sale of its non-core consumer residential Internet business with Melbourne based broadband and telecommunications provider DGtek Pty Ltd (DGtek) for a transaction value of \$5.1M.

Under the agreement, DGtek will acquire the consumer business including the customer base and relevant infrastructure assets.

The transaction would see Spirit record a book value profit of circa \$2.5M\* from the divestment.

The divestment is in line with Spirit's strategy to focus on being a leading and fully integrated technology provider of modern digital workplaces to the business market, from SMB to corporates. The consumer internet business is not critical to future operations and represents less than 2% of Spirit's revenue.

Commenting on the agreement, Managing Director Sol Lukatsky said, "The sale of Spirit's non-core consumer business will enable us to focus on our strategy in the business market segment given the structural IT&T changes occurring with the way people work. Following a rapid period of growth, we are now a large, integrated IT and telecommunications provider for businesses across Australia and we see an opportunity to move the revenue mix towards mid-level and larger corporates. These markets are more profitable and attract larger and longer contract sizes. DGtek is an experienced private full-fibre optic network provider who shares our view on the importance of affordable and ultra-fast internet."

DGtek's CEO David Klizhov said "DGtek is very excited to acquire Spirit's Consumer Business, which increases our footprint to c. 35,000 ready-to-connect premises. The transaction will accelerate the rollout of our full fibre network across Australia, firmly establishing DGtek as a large FTTP operator."

### Fixed wireless towers divestment

Spirit is also exploring the potential divestment of its fixed wireless towers and is considering several non-binding proposals which it has received. Given the material nature of this type of divestment, the Spirit Board is considering these proposals and has not yet formed a final view on the divestment of these towers.

### Capital returns to capture structural changes in workplaces

Spirit is well positioned to capitalise on the ongoing structural changes occurring to the modern workplace in terms of cyber risk, remote worker needs, demand for data, cloud and shortage of IT skills being seen by all companies through its one-stop-shop for Telco and IT offering.

**Market Update**

Spirit expects to update the market on Q1 FY22 performance on Thursday, 21<sup>st</sup> October 2021.

**– ENDS –**

\*Subject to final audit and asset value allocation review.

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

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