

Spirit announces major network expansion in NSW and acquisition of Sydney based cloud & managed IT services business, Cloud Business Technology

In the last 12 months, Spirit has embarked on a significant repositioning to become Australia's leading provider of Internet and IT services to small and medium businesses (SMBs). Today we announce the major expansion of our network coverage across Sydney and the acquisition of Cloud BT which will bolster the cloud based, security managed services offering that will run over the expanded Spirit fixed wireless network.

Highlights of Cloud Business Technology acquisition:

- Spirit Telecom (STI) has advanced its growth plans into Sydney and NSW with the acquisition of established managed IT service business, Cloud Business Technology.
- The Cloud BT product offering of Cloud and Security services has significant product cross sell opportunity into the expanding Spirit IT&T customer base nationally.
- Acquisition provides growth and expansion of Internet, Cloud and managed IT services in Sydney and regional NSW markets
- Strong managed service capability, particularly in cloud & security products for SMBs – Spirit's fastest growing product set.
- A physical NSW managed IT presence enhances opportunities for existing Spirit Managed WiFi and Managed Services to reach new and existing clients across NSW.
- Annual incremental revenue of \$1.3 million.

NSW Data network expansion:

- Sydney network expansion of approx 2,000 km of 50Mbps -100Mbps coverage across Sydney metropolitan area potentially reaching a further 2.5 million people and more than 50% of Sydney's populated areas.
- 200km² of high speed 1Gbps coverage.
- 33 network-ready (lit) buildings with minimum speeds of 100Mbps.

Spirit's Managing Director, Sol Lukatsky, said "Spirit is well on its way to being the leading provider of Internet and IT services to small and medium sized businesses across Australia. Through this acquisition of Cloud BT and network expansion, Spirit can offer high speed coverage in key business districts in Sydney and NSW. With our expanded Sydney network launched, and the Cloud Business Technology acquisition in Sydney, Spirit can now deliver the full range of Spirit's IT services which means that more SMBs can access our high-speed, fixed-wireless Sky Internet, cloud, security and bundled IT services and products across NSW. Additionally, we continue to pursue further complementary acquisitions in the Telco and MSP segments and expect to update the market shortly."

JJ Fiasson, Cloud BT's CEO said "We have strong IP and experience in delivering cloud-based solutions for businesses. Through our integration with Spirit we can offer more products to the market and help more SMBs on the Spirit high speed network across NSW – a benefit to both our customer bases."

Acquisition of Cloud Business Technology

- Established in 2008 in Sydney and specialises in security, cloud solutions, IT consulting and outsourcing
- \$1.3 million revenue (FY19)
- Strong managed service capability, particularly in cloud products – Spirit's fastest growing product set
- Acquisition represents multiple of circa 3.4 times forecast EBITDA of \$205k for FY20
- The \$700,000 acquisition is expected to complete on 1 February 2020 and is subject to normal closing conditions. Consideration is 80% cash and 20% scrip. The script will be priced at the 30-day Volume Weighted Average Price (VWAP) in Spirit Shares prior to completion date, with the script escrowed for 12 months from completion.

The Company will utilise its capacity under ASX Listing Rule 7.1 for the script.

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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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About Spirit

Spirit is an integrated IT&T Service Provider for small to medium-sized businesses (SMBs). It enables the new economy by deploying Sky-Speed Internet through the air, along with Managed IT Services, ensuring thousands of Australian businesses can work, communicate and connect without disruption.

The ASX listed (ST1) company owns its own advanced fixed wireless network, delivering symmetrical speeds of up to 1Gbps for businesses – that's over 16 times quicker than the national average. It's the Internet that Australian businesses deserve.

Spirit is built on an ethos of being different to be better. Its independent fixed wireless network is designed to supplement its range of cloud solutions, Managed IT and unified communications services, which means they are perfectly poised to be the complete IT solution for SMBs in their quest for growth.

Spirit provides industry-leading IT&T services and is continually expanding to meet demand, both organically and through acquisitions, which have recently included Phoenix Austec, Arinda IT, Building Connect, LinkOne Group, Voxcom, My Telecom, Phone Names and World Without Wires. With these businesses on board, Spirit can take SMBs to the cloud and back, powered by its Sky-Speed Internet.

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

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