

Spirit Completes Acquisition of Nexgen Group

Spirit Technology Solutions (ASX:STI) is pleased to announce that it has completed the acquisition of the Nexgen Group (comprising the Nexgen and Business Telecom businesses). The Nexgen acquisition brings over five thousand new clients, and one hundred new sales people to Spirit to drive organic growth, complementary products, scale and is expected to generate \$36.0M in combined revenue with 80% of this as recurring revenue.

Highlights:

- **Over 5,500 Data & Voice business customers with 4,000 being contracted or recurring (80%)**
- **Average contract term is 4.5 years with no customer concentration.**
- **+100 sales team members instantly join Spirit to sell the existing Nexgen products and cross sell Spirit's Internet, Cloud, Voice, Mobiles and Cyber Security.**
- **Nexgen is tracking to a forecast FY21 EBITDA in the range of \$7.2M - \$7.6M, the implied multiple is 6.5x with the completion payment (including a deferred component of \$10M) capped at \$50M excluding any agreed Milestone Incentives available based on performance target for FY22 and FY23.**

Nexgen sells a range of high growth Data, Security & Voice products including; PSTN, ISDN, SIP (VoIP and hybrid VoIP), DSL, NBN and Fibre and hosted (UCaaS) offerings:

- **Data:** business internet plans (including ADSL 2+, midband, NBN and high-speed fibre).
- **Voice:** local, national, international and calls to mobile, Nexgen provides a broad range of equipment and software technologies that facilitate communications across multiple modes and from multiple locations and/or devices.
- **Mobile:** vendor independent mobile plans from a large number of service providers.

The acquisition will add critical mass to Spirit in Australia's largest Telco and IT market (NSW). These companies are highly complementary to Spirit's Telco & IT services business.

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This announcement is authorised for release to the market by the Board of Directors of Spirit Technology Solutions Limited. For all media enquiries regarding this announcement please contact:

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