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'Hostech's Key Deal'

Hostech's key deal

Rachael Bolton

Hostech will purchase four information technology and telecommunications businesses in a deal that will add more than $60 million of annualised revenue to its books.

The company announced its intentions in a release to the Australian Securities Exchange yesterday, and said it would seek shareholder approval to buy national IT service provider Anittel and regional providers, Accord Technologies, AXXIS, and Aspirence.

Hostech will pay a total consideration for all four companies of $6.9 million in cash and $6.75 million in shares as well as adopt $3.4 million in debt through a convertible note.

The company, backed by venture capital firm Flaxton Hunter,said the acquisitions were a major strategic milestone and built on its acquisition-led growth strategy and came on the tail of similar purchases last year.

The latest purchases would be funded via a $10 million drawdown on Flaxton Hunter capital under the terms of the convertible note deed poll entered into in April last year.

Flaxton Hunter said it had committed 50 million of its options to shareholders of the acquirees and returned another 52.5 million options to Hostech to be used as part of a shares and options incentive scheme for employees and executives.

Hostech chairman Campbell Corfe said the purchases would help the company expand into the SMB market. Terms of the proposed sale would include the addition of two Anittel founders, Mark Stead and Peter Kazacos, to the Hostech board.

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