

24 August 2020

The Manager
Market Announcements Office
Australian Securities Exchange Limited
20 Bridge Street
Sydney NSW 2000

ELECTRONIC LODGEMENT

Dear Sir / Madam

Financial Results for the full year ended 30 June 2020

In accordance with the Listing Rules, I attach the following for immediate release to the market:

1. Appendix 4E; and
2. FY20 Annual Report including Directors' Report (including Remuneration Report), Operating and Financial Review for the full year ended 30 June 2020, and Financial Report.

Managing Director & CEO, Michael Simmons and CFO, Darryl Inns, will host an investor call starting at 11.00 a.m. (AEST). The call will be webcast live at [Uniti FY20 Results investor call webcast](#).

These documents have been authorised for release by the Board of Directors.



Ashe-lee Jegathesan
Company Secretary

APPENDIX 4E

Final Report

1. COMPANY DETAILS

Name of entity: Uniti Group Limited
 ABN: 73 158 957 889
 Reporting period: For the year ended 30 June 2020
 Previous period: For the year ended 30 June 2019

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

				\$'000
Revenues from ordinary activities	▲ up	306%	to	58,216
Profit from ordinary activities after tax attributable to the owners of Uniti Group Limited	▲ up	218%	to	15,921
Profit for the year attributable to the owners of Uniti Group Limited	▲ up	218%	to	15,921

Dividends	Amount per security (cents)	Franked amount per security (cents)
Interim dividend	Nil	Nil
Final dividend	Nil	Nil

Review of Operations

The statutory profit for the consolidated entity after providing for income tax amounted to \$15.9 million (30 June 2019: Loss of \$13.5 million).

The statutory profit includes significant items consisting of \$5.2 million acquisition costs incurred as part of the acquisition of 1300 Australia Pty Ltd, LBNCo Pty Ltd and OPENetworks Pty Ltd, \$4.6 million share-based expenses relating to shares and options issued during the year, \$0.7 million restructure costs incurred as part of group reorganisation activity and the recognition of a tax benefit of \$7.3 million.

After adjusting for the significant items the profit after tax for the consolidated entity for the year was \$21.7 million compared to the prior corresponding period loss after tax of \$7.0 million.

The Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) after adjusting for the significant items for the year was \$26.5 million compared to negative \$0.9 million for the prior corresponding period. Please refer to the reconciliation of reported to underlying results in the operating & financial review section of the FY20 Annual Report.

The growth in the operating businesses and the transactions undertaken has resulted in the Group trading profitably, with strong cash flow for the financial year, with the group well positioned for further growth in the 2021 financial year.

The Group has a clear strategy for organic growth combined with earnings accretive growth through acquisition centred around a three pillars segmentation of markets/products being retail services, fibre network construction and operation and the provision of specialty telecommunications products and services.

In line with this strategy, the Company completed the acquisition of LBNCo, OPENetworks and 1300 Australia in FY20. The transactions were highly earnings accretive and were a significant contributor to the current earnings of the Group.

The Group has a strong balance sheet, ownership of infrastructure businesses, more diverse products and services and a pipeline of acquisition targets such that Directors are highly confident the Group can capitalise on the work undertaken to date and continue to grow earnings in the future.

APPENDIX 4E

Final Report

3. NET TANGIBLE ASSETS

	Reporting period (cents)	Previous period (cents)
Net tangible assets per ordinary security	49.8	3.4

4. CONTROL GAINED OVER ENTITIES

Name of entity:	Control gained:
LBNCo Holdings Pty Ltd	1 October 2019
LBNCo InterCo Pty Ltd	1 October 2019
LBNCo BidCo Pty Ltd	1 October 2019
LBN Co Pty Ltd	1 October 2019
Service Elements Pty Ltd	1 October 2019
Link Us Pty Ltd	1 October 2019
Capital Fibre Networks Pty Ltd	1 October 2019
OPENetworks Pty Ltd	1 November 2019
1300 Holdings Pty Ltd	16 December 2019
1300 Australia Pty Ltd	16 December 2019
Alpha Phone Words Pty Ltd	16 December 2019

\$'000

Aggregate contribution of the above entities to the reporting entity's profit from ordinary activities before income tax during the period was a profit of:	20,135
Aggregate Profit from ordinary activities before income tax of the controlled entities if owned for the whole of the previous period was a profit of:	7,262

5. LOSS OF CONTROL OVER ENTITIES

Not applicable.

6. DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

Not applicable

7. AUDIT QUALIFICATION OR REVIEW

The financial statements have been audited and an unqualified opinion has been issued.

8. ATTACHMENTS

The Annual Report of Uniti Group Limited for the year ended 30 June 2020 is attached.

9. SIGNED



Graeme Barclay, Chairman
24 August 2020



ANNUAL REPORT 2020



ABOUT THIS REPORT

The Annual Report 2020 is a summary of Uniti's operations, activities and financial position for the 12 month period to 30 June 2020.

Uniti Group Limited is the parent company of the Uniti group of companies. In this report, unless otherwise stated, references to "Uniti", "the Group", "the Company", "we", "our" and "us" refer to Uniti Group Limited and its controlled entities.

In this report, references to the financial year refer to the period 1 July to 30 June unless otherwise stated. All dollar figures are expressed in Australian dollars, unless otherwise stated.

Our Corporate Governance Statement, detailing our compliance with the ASX Corporate Governance Council's "Corporate Governance Principles & Recommendations – 4th Edition" can be found online at our website via <http://unitigrouplimited.com>.

REPORT OBJECTIVES

This report meets our governance and compliance requirements and has been written to provide shareholders and interested parties with clear, easy to understand information on the Company and its performance in FY20.

ADDITIONAL INFORMATION

This report can also be found online via www.unitigrouplimited.com

KEY DATES

Financial Year End
30 June 2020

Annual General Meeting
22 October 2020

Please refer to our website for further detail:
www.unitigrouplimited.com

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HIGHLIGHTS OF A TRANSFORMATIONAL YEAR

Underlying EBITDA at

\$26.5M

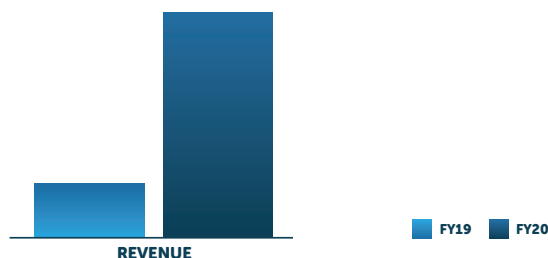
from \$(0.9)M in FY19



Revenue increased by

306%

to \$58.2M



Operating cashflow increased to

\$21.6M

from \$0.3M in FY19



EBITDA exit run rate¹ of

\$41M



**3 TRANSFORMATIONAL
ACQUISITIONS**

3 PILLARS ESTABLISHED

**EXPERIENCED, HIGH CALIBRE
EXECUTIVE TEAM EMBEDDED**

ENTERED ASX300

**UPGRADED EARNINGS
GUIDANCE 3 TIMES**

**PROPOSED ACQUISITION OF
OPTICOMM LIMITED (ASX: OPC)
WELL PROGRESSED**

(1) Represents annualised June exit run-rate EBITDA less any acquisition and restructure costs and share based payments.

CHAIRMAN'S LETTER

To all our valued shareholders,

I am very pleased to report that in this last year we have been successful in executing on our strategy to build businesses that are profitable and scalable in each of our declared "three pillars" of strategic growth, each of which operates as a separate business unit ('BU') - Wholesale & Infrastructure, Specialty Services and Consumer & Business Enablement.

Our focus over the last 12 months has been to continue to build on the momentum of FY19, aggressively pursuing growth and generating positive returns for shareholders. We have achieved this through organic growth as well as through acquisitions, and the success our executive team has achieved in seamlessly integrating these acquisitions.

In the first half of FY20 we completed three significant acquisitions, which have transformed the financial performance of Uniti (as outlined in the table below). The acquisitions of LBNCo and OPENetworks have allowed Uniti to successfully establish its private fibre infrastructure business operating wholesale access services across a large, growing national footprint of connected premises. The acquisition of 1300 Australia has considerably bolstered the scale and earnings performance of the Specialty Services BU and further diversified Uniti's revenue and cashflow sources.

In the second half of FY20, Uniti did not make any new acquisitions and focused on business integration and profitable organic growth. Pleasingly, through this focused attention from our executive team, and despite the challenges of the COVID-19 pandemic, Uniti has continued to perform above expectations across each BU, resulting in two upgrades to the original FY20 underlying proforma earnings guidance announced in December 2019.

At the core of Uniti's philosophy is a commitment to deliver on our purpose of "giving customers the best connection possible" by delivering high quality, diversified telecommunications products and services in order to produce strong and growing returns for our shareholders. The Uniti Board is confident that we are well placed to build a stronger, larger, more profitable and diversified business, with a market capitalisation expected to be eligible for S&P ASX200 Index inclusion once the acquisition of OPC completes.

FY20 has been a terrific year for Uniti, with the transition from a loss-making, fledgling newly listed company with underlying EBITDA of \$(0.9) million in FY19 to a group of substance and capability generating underlying EBITDA in FY20 of \$26.5 million. We enter the new financial year with \$189.2 million of cash, an EBITDA run rate of \$41 million⁽¹⁾ (prior to the OPC acquisition) and a pipeline of potential acquisition targets that are on strategy.

Uniti's recently announced acquisition of OptiComm Limited ('OPC'), which at the date of this report remains subject to OPC's shareholders voting in favour of the proposed scheme of arrangement, accelerates our strategy in private fibre infrastructure ownership and will deliver the next phase of growth for Uniti's shareholders. Shareholders can expect to benefit from the significant value creation of this transformational transaction and from the combined scale and capabilities that the acquisition will deliver to Uniti. This transaction is not expected to complete until early October 2020, assuming the various outstanding customary conditions are satisfied.

These achievements have been the result of the excellent performance of our executive team and all our employees, led by Michael Simmons, and the collaboration, expertise, and oversight from the Board. On behalf of the Board, I thank all Uniti employees for their commitment, hard work and contribution to what has been an outstanding year for Uniti.

(1) Represents annualised June 2020 exit run-rate EBITDA less any acquisition and restructure costs and share based payments.

CHAIRMAN'S LETTER *continued*

To our Board of Directors, thank you for your focused, collaborative and considered approach to what we have achieved in FY20 and I look forward with anticipation, and some excitement, to continuing to enhance the performance, prospects and value of the Uniti business in FY21.

I would like to thank you, our shareholders, for your outstanding support over the past year, enabling Uniti to execute on its strategy through acquisition. Your support for our equity capital raisings is much appreciated. Your Board and executive leadership team are committed

to continuing to accretively deliver shareholder returns through aggressively executing on our organic and inorganic growth plans.

Yours sincerely,



Graeme Barclay
Chairman

Profit & Loss

\$'000	FY20	FY19	\$ change
Revenue	58,216	14,336	43,880
EBITDA (Reported)	16,055	(5,499)	21,554
EBITDA (Underlying) ¹	26,530	(884)	27,414

Cash Flow

\$'000	FY20	FY19	\$ change
Operating Cash Flow	21,644	254	21,390
Capital expenditure	(8,243)	(1,950)	(6,294)
EBITDA (Underlying) ¹ less capital expenditure	18,286	(2,834)	21,120

(1) Underlying EBITDA is Reported EBITDA less acquisition and restructure costs of \$5.9 million and share based payments of \$4.6 million. A full reconciliation of statutory to underlying results is included in the Operating and Financial Review section of this report.

CEO's MESSAGE

To all our valued shareholders,

It is with much pride I write to you with our Company's and my second CEO Annual Message.

The first Annual Report for our Company in FY19, which was for a period of less than 6 months since listing on the ASX, highlighted we had achieved the listing, established a high calibre Board of Directors and Executive, transformed the Company to positive operating profits and cash flow and, most importantly, set the platform for sustainable growth in net profits and cash flow as well as shareholder wealth. Strategic acquisitions in line with our clearly stated "three pillars" growth strategy was central to these outcomes.

In my second Annual Message to you, I am very pleased to tell you that we have continued to grow earnings and cash flows both through organic growth and through further acquisitions within each pillar.

Our Company's strategy and goal is to invest in businesses which have high growth capability, high margins and free cash generation, in markets where further acquisitions can be made and integrated quickly within the respective business unit, deliver the identified earnings accretion at acquisition and continue earnings growth organically after acquisition.

Your Board and Executive have continued to execute this clearly defined strategy and have delivered well in excess of our stated ambitions for the year ended 30 June 2020!

I thought the 2019 financial year would be one of the more memorable years when we look back in time on the history of Uniti. Fortunately, I was wrong. In the 2020 financial year, the Company executed on strategy but at an even faster pace than previously. There is a long list of achievements in 2020, the most notable of which include the following:

- > We finished calendar year 2019 as the best performed IPO of 2019 with a share price increase since listing of 530% and a market capitalisation of \$510 million.
- > By the end of the financial year, we were admitted to the ASX300 Index - less than 18 months from listing at an initial offer price of \$0.25, and approximately \$30 million market capitalisation.
- > In the first half of FY20, we acquired five businesses operating in the construction of fibre to the premise ('FTTP') networks primarily in greenfields housing which created the Wholesale & Infrastructure ('W&I') pillar within Uniti. The five businesses (LBNC, Pivit, Club Links, Capital Fibre Networks, Opennetworks) were quickly fully integrated within the W&I pillar and by Q4 FY20 were delivering the identified earnings accretion and achieving organic growth ahead of expectations post acquisition and integration.
- > Also in H1 FY20, we acquired 1300 Australia within the Specialty Services pillar and by March 2020 we had once again integrated within the pillar delivering a 40% increase in acquired earnings, exceeding the forecast earnings accretion to shareholders providing evidence the Uniti Group strategy was working.
- > At our December half year results we announced the transformation of Uniti was underway with underlying EBITDA for the half of \$7.2 million (pcp negative \$1.6 million), reported EBITDA \$2.3 million (pcp negative \$5.6 million), a Pro Forma annual EBITDA of \$32 million and an exit underlying EBITDA run rate² at December 2019 of \$33 million, being the financial results of December annualised. For the first half, Free Cash Flow (after capex) was 71% of underlying EBITDA.
- > The second half of FY20 was important to your Board and Executive. We focused on integration of the acquired businesses in CY19, realisation of identified efficiencies of acquisitions, implementing organic revenue growth and the subsequent earnings accretion to shareholders. It happened!
- > In H2 FY20, we did not make an acquisition and against a backdrop of COVID-19, we achieved a 25% organic growth in earnings for the second half. During the half, we announced to the market two profit upgrades. The exit run rate annualised underlying EBITDA¹ was \$41 million compared to the same measure at December 2019 of \$33 million and Pro Forma underlying EBITDA in December (after the last acquisition) of \$32 million. Annualised EBITDA for H2 was approximately \$38 million.

(1) Represents annualised exit run-rate EBITDA less any acquisition and restructure costs and share based payments

CEO's MESSAGE *continued*

- > The Company has continued to invest in fibre infrastructure network builds, principally FTTP networks in greenfields housing which has been a large contributor to organic earnings growth. Despite extensive capital investment in telecommunications infrastructure, we have maintained high cash generation relative to profits. Free Cash Flow for H2 is approximately 74% of underlying EBITDA up on the prior half of 71% despite increased absolute expenditure. Operating cash flow for Q4 FY20 was \$10.1 million which highlights continued strong cash management when compared to the \$41 million exit run rate annualised underlying EBITDA at June.

We have finished the 2020 Financial Year in a fantastic position poised to replicate in FY21 and beyond in the following way:

- > our operating model is now proven – the pillar strategy works “integrate within, not across”
- > all acquisitions are delivering above expectations and acquisition multiples are effectively lower
- > all businesses are fully integrated within the business unit and delivering growth
- > the identified market segments for investment and operations are in growth
- > future acquisitions can be integrated with confidence
- > we are delivering cash earnings not just EBITDA – free cash as high as 70% of EBITDA
- > high cash generation and cash on hand at financial year end of \$41M (excluding recent capital raises)
- > addressable markets for organic growth and potential acquisitive growth is evident and deliverable
- > the Board, Executives and Team are in place to continue replication
- > we are financially strong to support organic growth and earnings accretive acquisitions aligned to strategy

This fantastic position established towards the end of FY20, presented the opportunity for your Board and Executive to embark on what I think was aptly called Project 2020.

An agreement to acquire OptiComm Limited, via a Scheme of Arrangement, was signed before 30 June 2020. The Scheme is now well under way and we are confident of completion in early October 2020.

OptiComm will be the largest acquisition we have made, at a price of \$532 million, and the largest earnings contributor with FY20 EBITDA of \$39 million recently announced by OptiComm.

We estimate synergies post acquisition of approximately \$10M which will equate to an EBITDA acquisition multiple just over 10 times.

The acquisition of OptiComm will be transformational in earnings contribution and increase in market capitalisation. Subject to market conditions, we are hopeful Uniti will transform to a billion dollar market capitalisation and see our entry into the ASX200.

OptiComm will also be transformational in terms of the market growth opportunities we will be able to pursue which we expect will transition into greater absolute earnings growth in amount and rate into the future.

Finally, I would like to thank my Chairman, our Directors, my fellow Executives and all our Employees for their enormous contribution toward creating a wonderful year and financial outcome for our shareholders. It was and continues to be trying business conditions with the impact of COVID-19 but notwithstanding our Company has continued to function at or above expectations and we have been able to ensure all our highly valued members of Uniti have remained safe.

I also thank you our shareholders. During FY20 we undertook a number of capital raisings to enable strategic acquisitions and on each occasion the support was significant and all offers to acquire new shares in Uniti were oversubscribed and furthermore we welcomed many new shareholders to Uniti.

Yours sincerely,



Michael Simmons
Chief Executive Officer

OPERATING & FINANCIAL REVIEW

GROUP OPERATING PERFORMANCE

Overview of operations

Uniti Group Limited (ASX: UWL) ('Uniti') is a diversified provider of telecommunications services. Uniti operates three distinct Business Units ('BU'), each aligned to a pillar of strategic growth and led by a separate Chief Executive and leadership team. The BU's operate as independent businesses and each has its own business plan including legal, financial targets. Each BU is supported by a shared services function for commonly applied functions including governance, financial and risk management, corporate IT, communications and project management. Uniti's Managing Director & Chief Executive Officer, Executive Director, Chief Operating Officer and Chief Financial Officer (and associated employees) are included within the Corporate Services team.

Uniti listed on the ASX in February 2019 with a stated strategy of becoming a leading provider of niche telecommunications services, via both organic growth and inorganic growth through acquisitions of businesses. Uniti has brought together an experienced board of directors and executive team to organically build the business and to support the identification, execution, integration and growth of the sizeable pool of acquisition opportunities across the 'three pillars' of strategic growth.

The product offerings, markets and brands are outlined in the table overleaf.

During the period ended 30 June 2020, Uniti reorganised its operating segments to align with the "three pillars" operating model and to reflect the diversification of the Group's portfolio following the acquisitions completed during the year. Consequently, the one operating segment as reported in the financial year ended 30 June 2019, being the provision of telecommunications services to residential and business customer has been split into three new segments. The three segments are Wholesale & Infrastructure; Specialty Services; and Consumer & Business Enablement. Comparative balances have been restated to reflect the updated reporting structure.

Wholesale & Infrastructure

Uniti's Wholesale & Infrastructure ('W&I') business unit is engaged in the design, installation, operation, and maintenance of FTTP open access wholesale telecommunications 'last mile' network infrastructure operating mainly in greenfields new housing developments in broadacre residential estates and multiple dwelling units throughout Australia.

W&I carries out the following activities:

- > The construction of FTTP telecommunications networks capable of delivering super-fast broadband, voice services, pay and free to air TV services and other media, security, monitoring and ancillary services which can be carried on FTTP networks. Revenues generated from this activity are one-off and project based.
- > The wholesale sale of broadband and voice services on the FTTP networks constructed and owned by W&I businesses (or to a lesser extent constructed by W&I, owned by a third party and operated by W&I) to retail service providers ('RSP') who on-sell those services to end users, being residents and businesses in dwellings within the broadacre estates and multi dwelling unit complexes. This revenue is recurring in nature commencing as services are connected to the network by RSPs.
- > The construction and supply of integrated communication network ('ICN') and services that are carried over the FTTP networks and deliver a number of applications and outcomes useful in managing security, access, monitoring and communicating in environments often termed as smart buildings or communities as well as delivery of various media services.

For further information on the financial performance of the division, please refer to Divisional Performance section.

Specialty Services

Specialty Services provides premium voice services over 13, 1300, 1800 calling services. The services include a value-added software as a service data analytics and call tracking application, as well as the leasing of phonewords on these numbers. The go-to-market brand for phone words is 1300 Australia.

1300 Australia is Australia's market leader in phone words, holding the largest inventory of phonewords nationally, with approximately 11,000 phonewords available for lease, of which more than 4,000 are currently leased to customers on an annuity basis.

OPERATING & FINANCIAL REVIEW *continued*

The Specialty Services service portfolio and in particular Phonewords have infrastructure-like characteristics providing high margin and are highly cash generative. For further information on the financial performance of the division, please refer to Divisional Performance section.

Consumer & Business Enablement

Uniti's Consumer & Business Enablement ('CBE') business unit provides telecommunications products and services including broadband and voice services on a mixture of

owned wireless infrastructure and resold fibre access networks. CBE has a focus on the resale of various private fibre networks as well as being a reseller of nbn™ for customer retention purposes only. CBE operates and maintains the Uniti wireless network infrastructure and provides wireless broadband services to retail end-users on a vertically integrated basis across its wireless infrastructure.

For further information on the financial performance of the division, please refer to Divisional Performance section.

BUSINESS UNITS

	Wholesale & Infrastructure	Specialty Services	Consumer & Business Enablement
	Fibre Networks Infrastructure Ownership Wholesale Services	Phonewords Inbound Services Data Analytics	Wireless & Fibre Broadband Services
TODAY'S MARKET	> Builders > Developers > Strata > Wholesale Network	> Small to Medium Business > Corporate	> Consumer > Small Business > Third Party Retailers
TODAY'S BRANDS	    	   	 

GROUP OPERATING PERFORMANCE *continued*

Underlying results overview

\$'000	FY20	FY19	\$ change	% change
Revenue	58,216	14,336	43,880	306%
Operating expenses ¹	(31,686)	(15,220)	(16,466)	108%
Underlying EBITDA²	26,530	(884)	27,414	3,101%
Depreciation and amortisation ³	(4,267)	(5,214)	947	(18%)
Underlying EBIT⁴	22,263	(6,098)	28,361	465%
Net finance costs	(595)	(872)	277	(32%)
Underlying net profit before tax	21,668	(6,970)	28,638	411%

(1) Operating expenses refers to network and hardware expense of \$13.8 million (2019: \$6.6 million), employee benefits expense of \$17.4 million (2019: \$9.3 million) and other expenses of \$10.9 million (2019: \$3.9 million) less significant items of \$10.5 million (2019: \$4.6 million).

(2) EBITDA refers to earnings before interest, tax, depreciation and amortisation.

(3) Depreciation and amortisation refers to reported depreciation and amortisation expense less amortisation of acquired customer base intangible of \$2.6 million (2019: \$0.5 million).

(4) EBIT refers to earnings before interest and tax.

Reconciliation of reported to underlying results

\$'000	FY20	FY19	\$ change	% change
Underlying EBITDA	26,530	(884)	27,414	3,101%
Significant items				
Acquisition and restructure costs ¹	(5,894)	(211)	(5,683)	2,693%
Share based payments	(4,581)	(3,311)	(1,270)	38%
IPO expenses	-	(1,093)	1,093	100%
Reported EBITDA	16,055	(5,499)	21,554	392%
Depreciation and amortisation	(6,853)	(5,753)	(1,100)	19%
Finance costs	(595)	(872)	277	(32%)
Impairment of right-of-use assets	-	(1,407)	1,407	100%
Tax ²	7,314	-	7,314	-%
Reported net profit after tax	15,921	(13,531)	29,452	218%

(1) Relates to \$5.2 million of costs incurred for the acquisition of LBNCo Pty Ltd and its related entities (LBNCo), OPENetworks Pty Ltd (OPEN), 1300 Australia Pty Ltd (1300 Australia) and its related entities, and the proposed acquisition of OptiComm Limited and its related entities. Also includes restructure costs of \$0.7 million in FY20. Acquisition costs incurred during FY19 are in relation to the acquisition of Call Dynamics Pty Ltd and Fone Dynamics Pty Ltd and its related entities.

(2) The tax benefit represents the recognition of income tax losses incurred by Uniti and certain acquired companies from prior periods and the movement in the deferred tax assets and liabilities on the acquired companies joining the tax consolidated group. The transition to significant profits before tax in the year has meant that the realisation of accumulated losses being recouped against current and future taxable income is more certain, requiring the recording of the deferred tax asset for these losses. During FY20, the Group recorded a taxable income, utilising \$7.6m (tax affected: \$2.3m) of the prior period and transferred in losses. The Group losses are utilised initially, with transferred in losses from acquisitions subsequently utilised against taxable income in accordance with their available fraction. As at 30 June 2020, the balance of the available losses is \$8.1m (tax affected: \$2.4m), which will be utilised in future periods in accordance with their available fraction. The residual tax income is a result of movements across deferred tax asset and liabilities.

OPERATING & FINANCIAL REVIEW *continued*

GROUP OPERATING PERFORMANCE *continued*

Revenue and underlying EBITDA overview

Discussion of the factors driving revenue and underlying EBITDA are contained in the commentary on divisional performance. Revenue, underlying EBITDA, EBIT and net profit after tax for the financial year to June 2019 have been adjusted to accommodate changes in the reporting structure in FY20. As a number of acquisitions were completed during the period, comparative information may not be presented. Similarly, results presented below may represent a contribution for part of FY20 depending on when businesses were acquired. For further information on the financial performance of the division please refer to Divisional Performance section.

\$'000	FY20	FY19	\$ change	% change
Revenue	58,216	14,336	43,880	306%
Wholesale & Infrastructure	22,351	-	22,351	-%
Specialty Services	20,969	704	20,265	2,879%
Consumer & Business Enablement	24,004	13,591	10,413	77%
Intercompany ¹	(9,432)	-	(9,432)	-%
Unallocated ²	324	41	283	690%
Underlying EBITDA	26,530	(884)	27,415	3,101%
Wholesale & Infrastructure	14,525	-	14,525	-%
Specialty Services	11,752	191	11,561	6,053%
Consumer & Business Enablement	4,779	689	4,090	593%
Unallocated ²	(4,526)	(1,764)	(2,761)	156%

(1) Intercompany revenue is eliminated on consolidation and relates primarily to recurring charges from the W&I business unit to the CBE business unit for the provision of wholesale telecommunications services.

(2) Unallocated revenue represents interest income earned in relation to cash and cash equivalents. Unallocated costs include corporate services costs and board costs.

Discussion of the factors driving revenue and underlying EBITDA are contained in the commentary on divisional performance.

Statement of financial position

\$'000	FY20	FY19
Current assets	199,171	22,345
Non-current assets	254,948	28,973
Total assets	454,119	51,318
Current liabilities	24,356	13,891
Non-current liabilities	8,069	11,557
Total liabilities	32,425	25,448
Net assets	421,694	25,870
Net tangible assets	215,667	4,950
Current ratio	8.2	1.6

GROUP OPERATING PERFORMANCE *continued*

Our balance sheet is in a strong position with net assets of \$421.7 million, net tangible assets of \$215.7 million and zero debt on balance sheet as at 30 June 2020. Current assets increased by \$176.8 million to \$199.2 million across the year. A core driver of this increase is our cash position, which increased by \$170.0 million, mainly driven by the proceeds from the issue of shares as part of the proposed OptiComm acquisition and a strong operating cash performance of \$21.6 million. Non-current assets increased by \$226.0 million to \$254.9 million, mainly driven by acquisition activity generating \$161.3 million goodwill and a further \$61.0 million in property, plant and equipment and other intangible assets. Current liabilities increased by \$10.5 million to \$24.4 million. The increase is again, mainly driven by assets and liabilities acquired through business combinations.

Non-current liabilities decreased by \$3.5 million to \$8.1 million. Uniti fully repaid the outstanding balance of the South Australia Financing Authority loan of \$2.5 million to provide flexibility to implement a new debt facility in FY21 as part of the funding sources for the OptiComm acquisition.

Cash flows

\$'000	FY20	FY19
Operating cash flow	21,644	254
Investing activities	(176,460)	(12,461)
Financing activities	324,835	30,491
Net movement in cash	170,019	18,284
Cash and cash equivalents at the end of the period	189,150	19,131

Cash flows have improved significantly compared to prior year. Net operating cash inflows has risen substantially from the contribution of the acquisitions completed during the year and the highly cash generative nature of the businesses acquired across the period supported by the organic growth achieved. Investing activities includes \$168.3 million relating to businesses acquired, with the residual \$8.2 million relating to capital expenditure (refer overleaf for details). Financing activities includes \$328.3 million cash generated from share issues throughout the year, net of share issue costs. During the year Uniti fully repaid loans outstanding with the South Australian Financing Authority of \$2.5 million. In addition, \$1 million in payments on leases relating primarily to office leases and rent expenses for tower assets, used in the Uniti Wireless business, were made to further reduce loan liabilities.

Capital expenditure

	Wholesale & Infrastructure	Specialty Services	Consumer & Business Enablement	TOTAL
2020 - \$'000				
Growth	6,077	76	1,140	7,293
Maintenance	677	50	223	950
Total capital expenditure	6,754	126	1,363	8,243
2019 - \$'000				
Growth	-	-	1,833	1,833
Maintenance	-	-	117	117
Total capital expenditure	-	-	1,950	1,950

OPERATING & FINANCIAL REVIEW *continued*

DIVISIONAL PERFORMANCE

Wholesale & Infrastructure

Earnings summary

\$'000	FY20	FY19 ¹	\$ change	% change
Revenue	22,351	n/a	n/a	n/a
Recurring	20,169	n/a	n/a	n/a
Developer	2,182	n/a	n/a	n/a
EBITDA²	14,525	n/a	n/a	n/a
EBITDA margin %	65%	n/a	n/a	n/a
Capital expenditure	(6,755)	n/a	n/a	n/a
Underlying EBITDA less capital expenditure	7,770	n/a	n/a	n/a
Underlying EBITDA less capital expenditure / EBITDA %	53%	n/a	n/a	n/a

(1) LBNCo Pty Ltd and its related entities and OPENetworks Pty Ltd were acquired on 1 October 2019 and 1 November 2019, respectively.

(2) EBITDA refers to earnings before interest, tax, depreciation and amortisation. The reported net profit after tax for the business unit for FY20 is \$13.2 million (2019: n/a) and represents EBITDA less depreciation expense of \$1.3 million (2019: n/a). Please refer to Note 3 for the reconciliation of reported EBITDA to reported net profit after tax for each segment.

W&I delivered strong results for FY20 with improved organic revenue and earnings growth driven by an increase in active premises since the acquisition date of 1 October 2019. Throughout FY20, less than 10% of revenue was non-recurring in nature, demonstrating the strong self-sustaining recurring revenue stream in the W&I business model. EBITDA margins have increased from 55% since acquisition to 65% as a result of integration efficiencies and synergies and achieved organic growth in the W&I business unit.

Specialty Services

Earnings summary

\$'000	FY20	FY19 ¹	\$ change	% change
Revenue	20,969	704	20,265	2,879%
EBITDA²	11,752	191	11,561	6,053%
EBITDA margin %	56%	27%	29pp	107%
Capital expenditure	(126)	-	126	-%
Underlying EBITDA less capital expenditure	11,626	191	11,435	5,987%
Underlying EBITDA less capital expenditure / EBITDA %	99%	100%	(1pp)	(1%)

(1) Fone Dynamics Pty Ltd and Call Dynamics Pty Ltd were acquired on 1 June 2019 and 1300 Australia Pty Ltd was acquired on 16 December 2019.

(2) EBITDA refers to earnings before interest, tax, depreciation and amortisation. The reported net profit after tax for the business unit for FY20 is \$9.8 million (2019: \$0.2 million) and represents EBITDA less depreciation expense of \$1.9 million (2019: \$0.0 million) and finance costs of \$0.0 million (2019: nil). Please refer to Note 3 for the reconciliation of reported EBITDA to reported net profit after tax for each segment.

The Specialty Services BU delivered solid results for FY20. Cost synergies and organic growth have been realised as part of the successful integration of Fone Dynamics, Call Dynamics, and 1300 Australia. The EBITDA margin has improved from 27% to 56%, driven by the addition of the higher margin 1300 Australia business, pricing changes, cross selling opportunities and cost benefits realised through integration. The Specialty Services business unit is highly cash generative, with 99% free cashflow conversion.

DIVISIONAL PERFORMANCE *continued*

Consumer & Business Enablement

Earnings summary

\$'000	FY20	FY19 ¹	\$ change	% change
Revenue	24,004	13,591	10,413	77%
EBITDA²	4,779	689	4,090	593%
EBITDA margin %	20%	5%	15pp	300%
Capital expenditure	(1,363)	(1,950)	(587)	(30%)
Underlying EBITDA less capital expenditure	3,416	(1,261)	4,677	371%
Underlying EBITDA less capital expenditure / EBITDA %	71%	(183%)	254pp	139%

(1) Fuzenet Pty Ltd was acquired on 11 February 2019.

(2) EBITDA refers to earnings before interest, tax, depreciation and amortisation. The reported net profit after tax for the business unit for FY20 is \$0.7 million (2019: negative \$7.1 million) and represents EBITDA less depreciation expense of \$3.7 million (2019: \$5.7 million) and finance costs of \$0.4 million (2019: \$0.7 million). FY19 also includes an impairment of right-of-use asset for \$1.4 million. Please refer to Note 3 for the reconciliation of reported EBITDA to reported net profit after tax for each segment.

CBE revenue has increased by \$10.4 million on the prior period to \$24.0 million, primarily driven by a full financial year contribution from the Fuzenet business acquired in February 2019. A renewed focus on ensuring exceptional customer service has resulted in strong customer retention and higher customer acquisition numbers particularly in the latter part of the year on resold fibre networks. Connected customers to the CBE managed wireless infrastructure have continued to decline in FY20 as CBE has repositioned business operations to the more highly demanded fibre networks which also produce better cash margins after capital expenditure. As a result, the CBE business unit delivered strong EBITDA growth of \$4.1 million, from \$0.7 million in FY19 to \$4.8 million in FY20 and a marked reduction in capital expenditure and increase in cash generation.

OPERATING & FINANCIAL REVIEW *continued*

GROUP OUTLOOK

Group strategy

Uniti has a clear strategy built around its “three-pillar” focus and has significant growth ambitions, which it plans to achieve through a combination of strong organic growth and an accretive acquisition strategy.

Organic Growth

Organic revenue and profit growth are evident in the individual business unit financial results in FY20 and consequently, in the group financial results, since its listing.

This strong organic growth is attributable to a number of factors including:

- > investing in identified market segments or pillars within the telecommunications industry where competition is not intense, the products and services are in demand and growth and returns are high. This has created three business units with a natural organic growth capability.
- > acquiring businesses within each strategic pillar which are an ideal fit aligning with the business activities undertaken within that business unit. This results in immediate benefits through cost efficiencies, speedy integration and improved organic growth contributed largely by increased scale, efficiency and market presence.
- > the acquisition of businesses within a business unit with similar or naturally associated products generating high cash margins resulting in self-funding organic revenue growth better than pre acquisition.
- > the focus on three business units with the characteristics of high growth, margins and cash generation contributes to enhanced products, customer service, innovation and a more efficient go to market to contribute to organic growth.

Acquisition Growth

In addition to the successful execution of the organic growth plans for increasing market share in each market that Uniti participates in, is the continued acquisition of new businesses, ideally positioned to become part of one of the “three pillars” and the consequent effective integration of the acquisitions within the respective business unit.

Uniti’s intention to pursue an acquisition strategy to complement organic growth in each of its business units is deliberate, focusses squarely on rewarding its shareholders and is designed to achieve the following objectives:

- > build capability (people, process, platforms);
- > add sustainable, expandable earnings to the business;
- > add diversity to revenues and earnings; and
- > add scale, and consequently deliver operating efficiencies.

Each of Uniti’s acquisitions to date has satisfied the above objectives, and has also met the following criteria which are systematically applied to any contemplated acquisition:

- > aligns with Uniti’s stated strategy and fits within one of its business units for strategic growth;
- > provides products with high profit margins and is highly cash generative to deliver its shareholders incremental
- > has the ability to quickly grow organically;
- > provides high cash generation to ensure certainty of cash payback and accretive returns to its shareholders; and
- > is fairly priced.

GROUP OUTLOOK *continued*

Wholesale & Infrastructure

W&I primarily owns the network that is constructed and installed on behalf of third parties. Ownership of the network generates recurring revenue streams as end user services are connected to the network by RSPs.

As a result of the acquisitions undertaken in 2019, the W&I business unit has achieved operating scale in the construction and operation of FTTP telecommunications networks in this market.

As of 30 June 2020, W&I has built to 519 developments across Australia with approximately 98,000 Connected Premises built and over 40,000 of these Connected Premises classified as Active Premises with active broadband and/or telephone being provided by an RSP (in respect of which W&I receives monthly recurring access and capacity revenue).

W&I has a contracted pipeline of new developments in different stages of construction with approximately 40,000 premises contracted to have fibre infrastructure installed in the next two to three years.

W&I's business strategy includes capitalising on these opportunities and expanding network construction and operation beyond the Greenfields residential development market into adjacent markets such as retirement living, lifestyle communities and commercial and industrial precincts. W&I is also well positioned to be the smart building/smart city enabler in this market following recent success in providing converged services over the FTTP networks being deployed. This market continues to evolve and open up new opportunities for private networks to be constructed and operated on a wholesale basis.

Specialty Services

Specialty Services strategy is to increase market share, mainly in the enterprise and corporate markets, through delivering a combination of an expanded suite of products and services, and competitive pricing. This strategy is complemented by a modern self-service platform and value-added features, ensuring better utilisation of existing infrastructure, and the introduction of carriage services across the phoneword customer base.

Consumer & Business Enablement

During FY20, CBE has been focused on reselling services on the private fibre networks with which it has an interconnect. These networks have the requisite criteria aligned to the organic growth strategy with less competition and better margins than nbn™. CBE is a reseller of the nbn™ network but only as a default to minimize customer churn on relocation.

Uniti identified the opportunity for organic growth in enabling third parties to operate in the RSP market reselling the various FTTP networks constructed in Australia and interconnected by CBE.

CBE is ideally positioned, through its investment in the interconnect, digital customer acquisition and the enhancement of the customer experience with its own on-shore call centre operations, to provide these enablement services to smaller RSPs, thereby removing the barriers to entry for those players, and for non-telco operators wanting to offer their customers access to broadband as part of their suite of products.

OPERATING & FINANCIAL REVIEW *continued*

GROUP OUTLOOK *continued*

Summary of key risks

The following information sets out the major risks that the Company is exposed to. It excludes specific financial risks that are identified in the commentary around the financial performance of the company. These risks may affect Uniti's financial performance, financial position, cash flows, distributions, growth prospects and share price.

The risks below are identified to assist investors in understanding the nature of the risks faced by Uniti and the industry in which it operates. Uniti manages and seeks to mitigate these risks through internal review and control processes at the Board and management level.

Competition risks	Uniti faces competition for customers from several alternative suppliers of broadband internet connectivity services, including other resellers of nbn™ and mobile operators currently delivering 4G cellular services and soon to deliver 5G cellular services in these markets. Further, the fixed wireless market opportunity exists primarily because it offers a competitive service to that provided to certain Fibre to the Node (FTTN) customers on nbn™. If there was a change to nbn™'s technology solutions or pricing strategies that made the nbn™ more competitive, this could have a materially adverse impact on Uniti's ability to attract FTTP network construction and the consequent acquisition of and/or retention of sufficient customers and to generate sufficient revenues and profitability to provide a return to investors.
Supplier and technology risks	Uniti relies on the use of third-party hardware and software technologies to deliver its products and services. These technologies are required to continually perform to expected standards, without disruption or cessation. Uniti's success will depend on its ability to access technology and respond quickly to changes in a cost-effective manner. The extent to which recent changes in the security stance from the Australian Government in relation to equipment and components sourced from some countries may impact on Uniti's existing plans or requirements to refresh its network, is still uncertain. Uniti also relies on key business relationships to deliver its services such as IP transit, backhaul, high sites or equipment. A disruption in the supply of, or prices associated with, equipment or services utilised by Uniti may have a negative impact on the business. Certain equipment used by Uniti sourced from overseas, the cost of which is dependent on foreign exchange rates. Uniti's ability to pass on or recover the impact of adverse currency movements is uncertain.
Regulatory risks	Uniti operates in a highly regulated environment, with strong penalties for non-compliance, including undertakings or the imposition of substantial civil and criminal penalties. Possible further changes to existing regulation in addition to those recently enacted, including the introduction of the Regional Broadband Services levy from 1 January 2021, and the Statutory Infrastructure Provider (SIP) regime, as well as the proposed amendments to the Telecommunications in New Developments (TIND) policy may impose substantial risks to both Uniti's business and increased compliance costs. Uniti is not able to predict the nature or impact of future policies and any such changes are beyond Uniti's control, which could impose a range of risks upon Uniti in the future. Uniti utilises class license spectrum and is subject to and must comply with laws, regulations and government policies. If changes occur to existing policies and legislation, then Uniti could be adversely affected.

GROUP OUTLOOK *continued*

Network and operational disruption	Uniti depends on the performance, reliability and availability of its technology platform, including its online led customer service platform, call centre and communications systems. There is a risk that these platforms and systems may be adversely affected by a number of factors, including damage, equipment faults, power failure, computer viruses, malicious interventions such as hacking, natural disasters. Events of that nature may adversely impact the availability of Uniti's technology platform or website.
Operational and growth risks	Uniti is exposed to risks associated with the rollout of its network, outages and loss of customer services. There is a risk that the implementation of the Uniti's growth strategies will be subject to delays or cost overruns, and there is no guarantee that these strategies will generate growth. Furthermore, the implementation of these growth strategies may lead to changes to the Uniti's business or the customer experience which may result in unintended adverse consequences if such changes affect customers' willingness to buy the Company's products.
Design, construction and development risks	Any delays or unexpected costs associated with the design, construction, and development of any of Uniti's W&I fibre optic telecommunications infrastructure or any changes in funding arrangements with developers may harm Uniti's growth prospects, future operating results and financial condition. Delays or unexpected costs can be dictated by external factors such as decisions by developers to vary, delay or cancel developments or industry price increases affecting components, labour or other aspects of the design, construction and development stages. Whilst this risk is largely outside Uniti's control, the risk is actively managed through visibility over the timing and completion of projected developments and keeping apprised of market conditions.
General economic conditions	In light of recent global macroeconomic events, including the impact of COVID-19, Australia has experienced a significant economic recession which could impact the development and construction of new housing projects and/or vacancy rates in residential, commercial or retail premises, and the Uniti's ability to attract and retain customers, to invest sufficiently to develop, adopt and integrate the latest technologies into existing infrastructure, and to secure and maintain third party suppliers for IT and network infrastructure over whom Uniti may have no direct operational or financial control. These economic disruptions may adversely impact the Uniti's earnings and assets, as well as the value of Uniti shares.

DIRECTORS' REPORT

BOARD OF DIRECTORS

The names and details of the directors of Uniti during FY20 and at the date of this report are as follows:



Graeme Barclay

Independent Non-Executive Chairman

Committee Membership: Member of the Audit & Risk Committee and Member of Nomination & Remuneration Committee

Other listed Directorships

(last 3 years): Codan Limited
BSA Limited (resigned December 2019)

Graeme Barclay is an experienced commercial executive and qualified Chartered Accountant with more than 35 years' experience in professional services and in the broadcast and telecommunications sector.

Graeme has held a number of executive level positions both locally and internationally including as Executive Director in Macquarie Group's infrastructure team, Chairman of Transit Wireless LLP (United States of America), and Group Chief Executive Officer of BAI Communications for 11 years to 2013.

Between 2014 and 2020, Graeme has held various positions including CEO and Chairman of Nextgen Networks, Chairman of Metronode Data Centers, CEO of AxiCom Group Holdings and has been a non-executive director of ASX listed Codan Limited (ASX:CDA) since 2015.

Graeme is an economics graduate from St Andrews University, a member of the Australian Institute of Company Directors, a member of the Institute of Chartered Accountants in Scotland, a member of Chartered Accountants Australia and NZ, and a fellow of FINSIA.



John Lindsay

Independent Non-Executive Director

Committee Membership: Member of the Audit & Risk Committee and Chair of Nomination & Remuneration Committee

Other listed Directorships

(last 3 years): Redflow Limited

John Lindsay is a telecommunications industry expert with a career in the telecommunications industry spanning over 25 years with past roles including CTO at iiNet Ltd, CTO and Regulatory and Corporate Affairs Manager at Internode Pty Ltd and a Director of the Internet Industry Association. John is currently a director of the Telecommunications Industry Ombudsman, TIO Ltd and of Redflow Ltd (ASX:RFX). He is also a director of a number of private companies including Ultraser Pty Ltd and jt20 solutions Pty Ltd.

John is a graduate member of the Australian Institute of Company Directors.



Kathy Gramp

Independent Non-Executive Director

Committee Membership: Chair of the Audit & Risk Committee and Member of Nomination & Remuneration Committee

Other listed Directorships

(last 3 years): Codan Limited
Godfreys Limited (resigned May 2018)

Kathryn Gramp is an experienced company director with more than 20 years' experience, across a diverse range of industries including commercial radio, digital media and technology and consumer centric organisations.

She spent 22 years at Austereo Ltd, including her appointment as Chief Financial Officer since 2003, and was a member of the Executive Committee. Kathy's current roles include being a non-executive director of Codan Limited (ASX:CDA) and the Australian Institute of Company Directors.

Kathy is a Fellow of the Australian Institute of Company Directors and Chartered Accountants Australia and New Zealand and holds a BA in Accountancy from The University of South Australia.



Vaughan Bowen

Executive Director

Other listed Directorships

(last 3 years): Vocus Group Limited (resigned 6 March 2018)

Vaughan Bowen is a highly successful business builder, M&A practitioner & philanthropist. As founder of ASX100 telecommunications company M2 Group (which became part of Vocus Group, following a merger in 2016), Vaughan took M2 from start-up to a business valued at greater than \$2B, with more than 3,000 team members, nearly 1 million customer services across Australia & New Zealand and owner of household names including Dodo, iPrimus and Commander.

During the M2 journey, Vaughan led the identification, vendor negotiation and acquisition of more than 30 companies.

In 2012, Vaughan founded, seeded and served as Chairman of the Telco Together Foundation ('TTF'), the Australian telco industry's only united charitable entity, endorsed by the federal government's Department of Communications. In only a few years, TTF has raised several million dollars for various disadvantaged communities and implemented national programs for the benefit of the not-for-profit sector as a whole, including carrier unified text message giving.



Michael Simmons

Group Managing Director & Chief Executive Officer

Other listed Directorships

(last 3 years): None

Michael Simmons is a seasoned media and telecommunications executive who brings more than 40 years' industry experience to Uniti. He contributes considerable experience in building ASX listed businesses within the telecommunications and media sectors, gained through various roles over the period. Prior to joining Uniti, Michael held chief executive roles at Vocus Group Limited, TPG Telecom (previously SPTelemedia Group) and TERRiA (a telecommunications consortium of infrastructure-based telecommunications carriers (including TPG) as well as other roles within those businesses prior to being appointed chief executive.

Michael has also had numerous board and advisory roles within the telco and media sectors, most notably a four-and-a-half-year advisory role with AAPT prior to its acquisition by TPG Telecom, and a 8 year term as a non-executive director of M2 Group Limited, which merged with Vocus Group Limited in 2016. Shortly after joining the Vocus board, Michael stepped away as a Director to take on an executive role as Chief Executive of the Enterprise, Wholesale & Government business unit and subsequently interim CEO of Vocus Group.

The directors present their report, together with the financial statements, on the consolidated entity Uniti Group Limited hereinafter referred to as 'the Group' or 'consolidated entity' consisting of Uniti Group Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the financial year ended 30 June 2020 ("year").

DIRECTORS' REPORT *continued*



Ashe-lee Jegathesan

Chief Operations Officer & Company Secretary LLB (Hons), GAICD

Appointed 13 March 2020

Ashe-lee Jegathesan is a highly experienced executive with more than 20 years' experience, including in the technology and telecommunication industry. She brings with her effective leadership and management skills alongside corporate legal and governance experience to deliver strong commercial outcomes for the business. She has also had significant experience in leading and implementing strategic M&A activity (both local and cross-border) including the integration of those acquired businesses.

As Chief Operating Officer for Uniti Group, she is responsible for day to day management of the business, functional oversight of Operations (including IT), Legal, Regulatory & Risk, HR, Corporate Communications and Investor Relations, and the integration of the business acquired by Uniti. Prior to this she held the role of General Counsel & Company Secretary of Vocus Group Limited. Ashe-lee has received several awards throughout recent years in recognition of her achievements, including the inaugural Women in Law ACLA In-House Award, and has been a finalist on a number of occasions in both the Australian Law Awards and Telstra's businesswoman of the year Award. Ashe-lee is a graduate of the Institute of Company Directors (AICD). She also sits on the advisory board for Archangel, an early stage start-up investment syndicate based in Australia, and is a member of the Human Research Ethics Committee for Orima Research.

Directors interests

The following table sets out each Director's relevant interest in shares and options as at 30 June 2020.

	ORDINARY SHARES	OPTIONS
Graeme Barclay	4,630,496	2,994,121
Michael Simmons	5,535,424	2,994,121
Kathy Gramp	458,037	1,122,795
John Lindsay	466,052	1,122,795
Vaughan Bowen	10,678,505	2,994,124

Corporate governance

Our Corporate Governance Statement, detailing our compliance with the ASX Corporate Governance Council's "Corporate Governance Principles & Recommendations – 4th Edition" can be found online at our website (www.unitigrouplimited.com).

No director has:

- > a relevant interest in the shares of any related body corporate of Uniti Group Limited; or
- > a relevant interest in debentures of Uniti; or
- > rights or options over shares in, or debentures of, Uniti; or
- > rights under a contract that confer a right to call for or deliver shares in, or debentures of, Uniti.

Full detail of the unissued Ordinary Shares under option is included in the Remuneration Report, which forms part of this Directors' Report.

Shares issued on the exercise of options

During the financial year, the Group issued 978,153 Ordinary Shares as a result of options being exercised.

Principal activities

During the financial year the principal continuing activities of the Group consisted of the provision of telecommunications services, with 'three pillars' of strategic growth: Wholesale & Infrastructure; Specialty Services; and Consumer & Business Enablement. Uniti's Wholesale & Infrastructure business unit is engaged in the design, installation, operation, and maintenance of fibre-based open access wholesale telecommunication 'last mile' network infrastructure operating mainly in the greenfields broadacre residential estates and multiple dwelling units constructed in new housing markets. Specialty Services provide premium voice services over 13, 1300, 1800 calling services. The services include a value-added software as a service data analytics and call tracking application, as well as the leasing of phonewords on these numbers. The Consumer & Business Enablement business unit retails telecommunications products and services including broadband and voice services across fibre access networks.

During the financial year the Group's trading and activities were significantly improved by the acquisitions of 1300 Australia Pty Ltd, LBNCo Pty Ltd and OPENetworks Pty Ltd which transformed the Group operations, delivering a profitable trading position and strong operating cash flows.

Dividends

There were no dividends declared or paid during the financial year.

Review of Operations

The statutory profit for the consolidated entity after providing for income tax amounted to \$15.9 million (30 June 2019: Loss of \$13.5 million).

The statutory profit includes significant items consisting of \$5.2 million acquisition costs incurred as part of the acquisitions of 1300 Australia Pty Ltd, LBNCo Pty Ltd and OPENetworks Pty Ltd, \$4.6 million share-based expenses relating to shares and options issued during the year, \$0.7 million restructure costs incurred as part of group reorganisation activity and the recognition of a tax benefit of \$7.3 million.

After adjusting for the significant items the profit after tax for the consolidated entity for the year was \$21.7

million compared to the prior corresponding period loss after tax of \$7.0 million.

The Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) after adjusting for the significant items for the year was \$26.5 million compared to negative \$0.9 million for the prior corresponding period. Please refer to the reconciliation of reported to underlying results in the operating & financial review section on page 11.

The growth in the operating businesses and the transactions undertaken has resulted in the Group trading profitably, with strong cash flow for the financial year, with the Group well positioned for further growth in the 2021 financial year.

The Group has a clear strategy for organic growth combined with earnings accretive growth through acquisition centred around a three pillars segmentation of markets/products being retail services, fibre network construction and operation and the provision of specialty telecommunications products and services.

In line with this strategy, the Company completed the acquisitions of LBNCo, OPENetworks and 1300 Australia in FY20. The transactions were highly earnings accretive and were a significant contributor to the current earnings of the Group.

The Group has a strong balance sheet, ownership of infrastructure businesses, more diverse products and services and a pipeline of acquisition targets such that the Directors are highly confident the Group can capitalise on the work undertaken to date and continue to grow earnings in the future.

Significant changes in the state of affairs

On 1 October 2019, the Company acquired 100% of the ordinary shares of LBNCo Pty Ltd (LBNCo) for the total consideration of \$102.9 million. LBNCo is a provider of internet and associated telecommunications products and services principally on fibre networks. LBNCo specialises in telecommunication services to wholesale and corporate partners across Australia. The acquisition is strongly aligned to the Company's "three pillars" strategic growth agenda, providing the Company with fibre businesses with high growth, high margin annuity earnings stream and strong cash generation despite being an infrastructure builder.

DIRECTORS' REPORT *continued*

On 1 November 2019, the Company acquired 100% of the ordinary shares of OPENetworks Pty Ltd (OPENetworks) for the total consideration of \$27.5 million. OPENetworks is an established, fast-growing profitable builder and wholesale operator of private fibre networks, predominately comprised of fibre-to-the-premises ('FTTP') high speed data services to multi-dwelling units ('MDU').

The acquisition is also with aligned the Company's "three pillars" strategic growth agenda, providing the Company with a fibre business with high growth, high margin annuity earnings stream. OPENetworks is backed by an established fibre infrastructure footprint, with nearly 6,000 active wholesale superfast broadband ports. The business is near identical in nature to LBNCo and was fully integrated before the end of the financial year.

On 16 December 2019, the Company acquired 100% of the ordinary shares of 1300 Australia Pty Ltd (1300 Australia) for the total consideration of \$78 million, with date of economic control being 1 December 2019. 1300 Australia is a market leader in the leasing of phonewords. The acquisition is highly complementary with the Company's Specialty Services business unit and was fully integrated before the end of the financial year. It further diversifies Uniti Group revenue and earnings streams and delivers a significant increase in earnings and free cash flow.

On 15 June 2020, the Company announced its intention to acquire OptiComm Limited (ASX: OPC, OptiComm), a constructor, owner and operator of open access FTTP infrastructure, providing wholesale telecommunications services. The transaction is highly complementary and significant value creation is expected from the growth opportunities the combination of the business with the LBNCo and OPENetworks businesses previously acquired, provides. The three businesses are very similar and complementary, all operating in the construction, operation and maintenance of FTTP networks in greenfields markets. This will make Uniti a large scale national private fibre challenger.

Impact of COVID-19

The global impact of the COVID-19 pandemic, and the advice and responses from health and regulatory authorities, is continuously developing. The global economic outlook is facing uncertainty due to the COVID-19 pandemic which has had and may continue to have significant impact on capital markets and share prices.

Uniti may be impacted both by deterioration in macroeconomic conditions generally and specifically in relation to its operations. Many of the operational and general risks highlighted in the Group Outlook section are likely to be heightened due to the impacts of the COVID-19 pandemic. To date, COVID-19 has affected, amongst other things, economic conditions, employment markets, equity markets, governmental action, regulatory policy, quarantining, self-isolations and travel restrictions.

In addition, the COVID-19 global pandemic may specifically impact the projected growth rate of Uniti's W&I business, including from any downturn in the property market which may lead to a delay in the construction of new developments and in the signing of new developer agreements and/ or delay in the construction of dwellings under these new agreements and/or increases in vacancy factors, resulting in delays in the realisation of revenue from these contracts or connections. There is also a risk that the operations of Uniti may be interrupted by government enforced restrictions (such as lockdowns) or other COVID-19 related health concerns.

Although there is a level of inherent uncertainty as outlined above so far, there has not been any noticeable adverse impact on the Group's operations or profitability. Uniti has not claimed any amounts under the Australian Government JobKeeper Payment Scheme.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year

On 15 June 2020, Uniti announced it had entered a scheme implementation deed with ASX listed OptiComm Limited (ASX: OPC, OptiComm) under which Uniti will acquire 100% of the OptiComm shares on issue by way of a scheme arrangement (Scheme). Since the announcement on 15 June 2020 and subsequent to 30 June 2020, the Federal Court has approved the despatch of the Scheme Booklet and convening of the OptiComm Scheme meeting. The Scheme Booklet includes an independent's expert report which concludes that the Scheme is in the best interest of OptiComm shareholders, in the absence of a superior proposal. The directors of OptiComm recommend that shareholders vote in favour of the Scheme, in the absence of a superior proposal, and subject to the independent expert continuing to conclude that the Scheme is in the best interests of OptiComm shareholders. Subject to OptiComm shareholders voting in favour of the Scheme and the Federal Court subsequently approving the Scheme, implementation of the Scheme is expected to be completed by early October, at which time Uniti will assume unconditional control of OptiComm. Included in the FY20 Annual Report is the issuance of share capital of \$148.0 million to partially fund the acquisition (net of related share issue costs of \$3.9 million), as well as due diligence and other acquisition costs of \$2.4 million which have been expensed. Refer also to Note 35 of the financial report.

Uniti expects to fund the acquisition cost of \$532m from \$270M equity that has already been raised, the issue of approximately 84 million shares in Uniti as scrip consideration and from the implementation of a new debt facility of \$150M.

Subsequent to 30 June 2020, Uniti acquired a number of customer contracts and network assets for a total of \$0.7 million from Ultra ISP Pty Ltd.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

There are no other developments other than those listed above that are likely to materially impact the results of operations of the Group at this time.

Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2020, and the number of meetings attended by each director that held office during the year were:

	FULL BOARD		NOMINATION AND REMUNERATION COMMITTEE		AUDIT AND RISK COMMITTEE	
	ATTENDED	HELD	ATTENDED	HELD	ATTENDED	HELD
Graeme Barclay	30	30	4	4	4	4
Kathy Gramp	29	30	4	4	4	4
John Lindsay	29	30	4	4	4	4
Vaughan Bowen	29	30	2*	4	3*	4
Michael Simmons	30	30	4*	4	4*	4

Held: represents the number of meetings held during the time the current director held office or was a member of the relevant committee.

* Attended these meetings (or part thereof) as invitee, not member.

DIRECTORS' REPORT *continued*

Indemnities and insurance

The Uniti Constitution provides that to the extent permitted by law and except as may be prohibited by the Corporations Act, each director and secretary of Uniti (and its subsidiaries) is indemnified against any liability (other than for legal costs where the indemnity is limited to reasonable legal costs) incurred by that person in the performance of their role.

The current and former directors and secretary of Uniti, as well as the CEO, CFO, and COO are also party to a customary deed of access and indemnity.

During FY20, Uniti paid a premium in respect of a contract insuring the directors and officers of Uniti against any liability that may arise from the carrying out of their duties and responsibilities to the extent permitted by the Corporations Act. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the deductible or premium.

Auditor indemnity

The Company has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor. During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Deed of cross guarantee

A deed of cross guarantee between Uniti and its subsidiary entities was enacted during the financial year and relief was obtained from preparing individual financial statements for the Group under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785. Under the deed, Uniti guarantees to support the liabilities and obligations of its subsidiaries listed above. As its entities are a party to the deed the income statement and balance sheet information of the combined class-ordered group is equivalent to the consolidated information presented in this financial report.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 26 to the financial statements.

The directors are satisfied, on the advice of the Audit Committee, that the provision of non-audit services during the year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in Note 26 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- > all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- > none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the company or jointly sharing economic risks and rewards.

Auditor's independence declaration

The auditor's independence declaration for the financial year ended 30 June 2020 can be found on page 39 of the financial report and forms part of the Directors Report.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

REMUNERATION REPORT (Audited)

INTRODUCTORY LETTER FROM JOHN LINDSAY, CHAIR OF THE NOMINATION & REMUNERATION COMMITTEE

Dear Fellow Shareholders,

On behalf of the Board, I am pleased to present our Remuneration Report for FY20.

FY20 has been a year focused on establishing the platform for Uniti to become a diversified provider of telecommunications services. We achieved this through an accretive acquisition growth strategy combined with an organic growth strategy, executing on both with a laser focus on growing our market share, revenue, profitability and cash generation.

Over the past 18 months, we have recruited a group of experienced and passionate telecommunications industry executives, with a common goal to build a successful company and grow shareholder value. Each of the executive team has a strong reputation in their respective fields, and as leaders in the telecommunications industry, involving both start-up organisations and multinational corporations. In order to attract and retain the talent that we have in our executive ranks, we implemented a remuneration plan that would represent a combination of cash and equity commensurate with their experience, skills and qualifications and with the opportunity and incentive to grow the business.

As we now move into the next phase of our growth, we will consider a revision of the senior executive remuneration plan to apply for financial years beyond FY21, after seeking external advice and reviewing practices adopted by other parties commensurate in size to Uniti. We plan to retain our philosophy of fixed remuneration being positioned below the median of our industry peers but the maximum eligible variable remuneration on achievement of KPI's being above the median and skewed toward equity based payments.

We are very proud of the achievements of Uniti this past year and the manner in which your Board and leadership team has positioned Uniti to continue to replicate the accretive growth we have seen since listing. On behalf of shareholders, I thank our team for their hard work, commitment and unwavering focus on achieving our goals. We also thank you, our shareholders, for your support of the Company throughout the year.

Yours sincerely,



John Lindsay

Chairman, Nomination and Remuneration Committee

REMUNERATION REPORT (Audited) *continued*

Remuneration report (audited)

The remuneration report details the key management personnel (KMP) remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

The Remuneration Report is designed to provide shareholders with an understanding of the principles guiding Uniti's remuneration framework for directors and executives, the basis of which is its alignment with shareholders' interests, as well as ensuring that reward is linked to performance appropriately. Individual outcomes for Uniti's KMP are also outlined in this report.

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including all directors.

In the FY20 year, the following people were assessed to be KMP:

Directors

Graeme Barclay	Non-Executive Chairman
Kathy Gramp	Non-Executive Director (Chair, Audit & Risk Committee)
John Lindsay	Non-Executive Director (Chair, Nomination & Remuneration Committee)
Vaughan Bowen	Executive Director
Michael Simmons	Managing Director & Chief Executive Officer

Executives

Darryl Inns	Chief Financial Officer
Ashe-lee Jegathesan	Chief Operating Officer & Company Secretary (joined October 2019)

Changes since the end of the reporting period: Nil

Remuneration Framework and Principles

Uniti's remuneration framework is intended to support Uniti's ability to attract, motivate and retain high calibre executives, in a manner which is consistent with Uniti's organisational strategy and key value drivers, that encourages an ownership mindset among KMP and aligns remuneration outcomes with the achievement of strategic objectives and the creation of value for shareholders.

Governance

The Nomination and Remuneration Committee is responsible for determining and reviewing remuneration arrangements for KMP.

An agreed set of protocols was put in place to ensure that the remuneration recommendations would be free from undue influence from key executive personnel. These protocols include both executive directors and executives not being members of the Nomination and Remuneration Committee and ensuring that although the Executive Directors and Chief Operating Officer & Company Secretary are invitees, the Committee meets in camera regularly.

Non-executive directors' remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The Chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the market. The Chairman is not present at any discussions relating to the determination of his own remuneration.

ASX listing rules require the total aggregate non-executive directors' remuneration be determined periodically by a general meeting of shareholders. The most recent determination was at the Annual General Meeting held on 2 November 2018, where the shareholders approved a maximum annual aggregate

remuneration of \$350,000. This determination was prior to Uniti becoming an ASX listed company in February 2019. Given Uniti's admission to the S&P ASX300 in March 2020, and the potential to become an S&P ASX200 company after the completion of the OptiComm acquisition (which remains subject to conditions), the Board intends to seek an increase to this aggregate limit at the next AGM.

Executive remuneration

Executive remuneration is designed to support the Group's organisational strategy and key value drivers, align remuneration outcomes with shareholders' interests, encourage an ownership mindset among executives, and support the attraction, motivation and retention of talented executives. Uniti aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has the following key components:

- > Fixed remuneration consisting of base pay and non-monetary benefits (and other remuneration such as superannuation and long service leave);
- > Variable remuneration, directly linked to the performance of the consolidated entity for the year, consisting of a mix of cash and equity payments. All incentive payments are at the discretion of the Nomination and Remuneration Committee.

The combination of these components comprises the executive's total remuneration.

The executive's total remuneration package is highly leveraged to the long term (as opposed to the short term) and equity (as opposed to cash) to generate strong alignment between the Executive team and shareholders, encourage long-term sustainable decision making and support our objective of, and ability to, remain competitive for talent at the senior leadership level.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, is reviewed by the Nomination and Remuneration Committee based on performance and comparable market levels of remuneration. The base salary component

is positioned below the market median, compared to other companies of comparable market capitalisation, revenues, and financial metrics, relevant to the executive's role, knowledge, skills and experience, and individual performance. Executives may receive their fixed remuneration in the form of cash or other fringe benefits where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

Variable remuneration, consisting of a mix of cash and share based payments, are awarded to executives based on specific annual targets being achieved, under the FY20 Senior Executive Incentive Plan ('FY20 SEIP'). These payments are heavily weighted towards share based payments, to create long term alignment with shareholders.

In FY19, an Employee Option Plan was established, under which options were granted to directors and executives, at the time of Uniti's listing on the ASX (which were conditionally approved by shareholders at the 2018 AGM) and subsequently as set out in this report. A copy of the Plan Rules has been previously disclosed, the key terms of which are set out below. Since then, Executives recruited externally to join Uniti also received one-off option grants (which vest over a three year period from the date of grant) as part of their recruitment.

REMUNERATION REPORT (Audited) *continued*

Employee Option Plan Key Terms

Participants	Current or former (within 12 months prior to the grant being made) employees, directors (both executive and non-executive) and company secretaries of the Company or its subsidiaries (other than persons who have been given notice of dismissal for misconduct or have resigned to avoid such dismissal), as well as contractors or consultants who provide services to the Company or its subsidiaries.
Fully or partially paid	Options to acquire fully paid ordinary shares.
Issue price	Share-based payments are issued at the 10-day volume weighted average price of the Company Shares at that time.
Voting rights and rights to dividends or distribution	Options granted carry no dividend or voting rights, nor do they carry any rights to participate in any issue of shares of the Company or any other entity. Shares issued on the exercise of Options will rank equally with Shares (including the new Shares) in relation to voting rights, entitlements to participate in distributions and dividends, and future rights issues, where the record date for determining entitlements falls on or after the date of allotment.
Minimum holding period	The Options and Shares acquired from exercising them must be held for a minimum of 3 years from the date the Options are issued unless otherwise determined by the Board.
Vesting conditions as determined by the Board in relation to each Option	Continued service over the vesting period.
Other Permitted Vesting	The Board may in its discretion determine that the Options may vest if a change of control of the Company occurs, or a takeover or scheme of arrangement, or a merger or consolidation of the Company into another company occurs, or any other event as determined by the Board in its discretion.
Exercise price	The exercise price must not be less than the market value of the Share in the Company at the date of grant of the Option.
Expiry dates	An Option will lapse upon the earliest to occur of: > the moment immediately after the latest time at which that Option may become vested (if not an Unvested Option) or the latest time at which that Option may be exercised (if a Vested Option); > failure to meet vesting conditions; > the participant electing to forfeit their rights, title and interest in the Option; > where, in the opinion of the Board, a participant deals with an Option in contravention of any dealing restriction under the EOP.
Alterations to capital and reconstructions	If the Company makes any new issue of securities or alterations to its capital by way of a rights issue, bonus issue or other distribution of capital, reduction of capital or reconstruction of capital, the Board may make adjustments to the rights attaching to those Options (including, without limitation, to the number of Shares which may be acquired on exercise of the Options and the Exercise Price of an Option) on any basis it deems fit.

FY20 remuneration approach

Total annual remuneration for Executive KMP during FY20 consisted of a below market median fixed remuneration component (comprising base salary and superannuation), a variable remuneration component (the FY20 SEIP), comprising a mix of cash and share based payments (predominately weighted towards the latter), which was subject to achievement of certain performance conditions.

The FY20 SEIP consists of the following:

Nature of Plan	Weighting	
Cash	25%	Participants may convert their cash entitlement to shares at a 5% discount to the value of each share-based payment share with these additional shares subject to a 12-month holding lock
Share-based payment (no restrictions)	25%	Approved payment to be divided by the 10-day VWAP after the date the FY20 Annual Results are announced to market
Share-based payment (subject to vesting conditions)	50%	Approved payment to be divided by the 10-day VWAP after the date the FY20 Annual Results are announced to market and subject to a time based vesting condition as follows: > 1/3 to vest 12 months following allocation > 1/3 to vest 24 months following allocation > 1/3 to vest 36 months following allocation
Stretch targets		Where actual performance exceeds the measures, an accelerator will apply subject to an overall cap of two times the SEIP amount payable in total.
Participants		Senior executives by invitation. Non-executive Directors where contribution is considered to merit inclusion, subject to shareholder approval.

Note: Share based payments will be delivered through the grant of share rights.

The performance measures for the FY20 SEIP are:

Achievement	Weighting	Achieved (as a % of target)
Achievement of the underlying Group budgeted EBITDA	50%	322%
Achievement of 20% growth in EPS (year on year)	50%	750% ⁽¹⁾

(1) Actual EPS growth achieved was 150%, which represents 750% achievement against the target of 20%.

REMUNERATION REPORT (Audited) *continued*

These performance measures, based on financial performance, were specifically designed for FY20, and were based on Uniti's strategic plans for its first full financial year of operations as a listed entity and the growth Uniti planned to achieve.

The financial targets that were set for Uniti for FY20 were exceeded many times over and actual performance for the FY20 year was significantly higher than the financial and growth targets set by the Board.

Michael Simmons' performance for FY20 as Managing Director & CEO has been assessed based on consideration of his important and significant role in the execution of strategic objectives of the Group during FY20, including his leadership, direction and prioritisation of activities. In addition to the achievement of financial results which exceeded the original budgeted expectations, Michael successfully established a fully defined and adaptable strategy that clearly articulated the pathway for Uniti into the future. Achievement highlights (which are core to performance) include:

- > Strategic cost position: significant improvements in cost structures aligned to the longer-term strategy (cost of goods sold and operating costs).
- > Strategy and people: investment in capability in key strategic pillars for the business – being Wholesale & Infrastructure, Consumer & Business Enablement and Specialty Services, and in key shared services roles including both the CFO and COO functions. Below the executive level, a step change in capability across the organisation, especially in the shared services areas, was implemented.
- > Culture: the continued embedding of the renewed culture program which enhanced communication and feedback within the organisation and recognises and rewards exceptional talent.

Michael Simmons demonstrated strong leadership as evidenced by the significant growth Uniti has experienced in this first full financial year as a listed company, through the execution and integration of new acquisitions, which is now largely complete and resetting key business foundations required to deliver on the longer-term strategy.

All other executives were assessed on the same financial measures as the CEO relevant to their responsibilities, with specific focus on their respective areas of accountability. This ensured consistency and alignment across key areas of focus within the Company.

In FY20, the Chairman and the Executive Director each participated in the FY20 SEIP. Whilst the Board recognises that it is not common practice for a non-Executive Chairman to participate in a plan of this nature, in light of the significant additional time and commitment, leveraging his specific acquisition experience and involvement in the number of accretive acquisitions and associated equity raisings that Uniti prosecuted during FY20, the Board believes this participation to be fully merited. It should also be noted that it was particularly important to appoint a high calibre Chairman with the requisite and specific skills to guide Uniti's strategic agenda and its execution by the executive team over the past 18 months. The Chairman, the Executive Director and the MD & CEO, subject to shareholder approval at the next Annual General Meeting, have elected to receive all of their entitlements under the FY20 SEIP in the form of share-based payments only.

Voting and comments made at the Company's 2019 Annual General Meeting ('AGM')

At the last AGM, 99.82% of the shareholders who voted, in person or by proxy, voted to adopt the remuneration report for the year ended 30 June 2019.

Relationship between remuneration and performance generally

Executive remuneration is directly linked to Uniti's financial performance and aligned with shareholder wealth over the long term. A summary of the key metrics relating to Uniti's earnings and shareholder wealth or Total Shareholder Returns (TSR) are set out below.

Use of remuneration advisors

Under the provisions of the Committee's Charter, the Committee may engage the assistance and advice from external remuneration advisors. To ensure that any recommendations made by remuneration consultants are provided without undue influence being exerted by Executives, external remuneration consultants deliver their advice directly to members of the Committee.

Statutory remuneration disclosures

The following tables set out the statutory disclosures required under the Corporations Act 2001 (Cth), Corporations Regulations 2001 (Cth) and in accordance with the relevant Accounting Standards.

Details of remuneration

Details of the remuneration of the Directors and other KMP (including comparative data for FY19) who held these positions during FY20 are set out in the following tables. The amounts shown are equal to the amount expensed in the Company's financial statements. Share-based payments to directors, a proportion of which are subject to shareholder approval at the 2020 AGM, have been recorded in the table below for transparency and completeness.

2020	SHORT-TERM BENEFITS			POST-EMPLOYMENT BENEFITS	SHARE-BASED PAYMENTS	LONG TERM BENEFITS	NON-MONETARY BENEFITS	Total	Performance Based
	Cash Salary & Fees	Cash Bonus	Share-based payments	Super-Annuation	Equity Settled Options	Long Service Leave	Equity Settled Shares		
	\$	\$	\$	\$	\$	\$	\$		
Non-Executive Directors:									
Graeme Barclay <i>Chairman</i>	100,000	–	–	9,500	422,085	–	–	531,585	79%
Kathy Gramp	70,000	–	–	6,650	160,660	–	–	237,310	68%
John Lindsay	70,000	–	–	6,650	160,660	–	–	237,310	68%
Executive Directors:									
Vaughan Bowen	182,108	–	150,000	17,352	1,925,970	3,052	–	2,278,482	91%
Michael Simmons	286,757	–	200,000	20,885	422,085	4,579	–	934,306	67%
Other Key Management Personnel:									
Darryl Inns	230,082	50,000	50,000	20,928	298,520	3,835	761	654,126	61%
Ashe-lee Jegathesan ¹	168,383	50,000	50,000	15,044	430,736	2,721	737	717,621	74%
Total	1,107,330	100,000	450,000	97,009	3,820,716	14,187	1,498	5,590,740	78%

(1) Represents remuneration from 14 October 2019 to 30 June 2020.

2019	SHORT-TERM BENEFITS			POST-EMPLOYMENT BENEFITS	SHARE-BASED PAYMENTS	LONG TERM BENEFITS	NON-MONETARY BENEFITS	Total	Performance Based
	Cash Salary & Fees \$	Cash Bonus \$	Non-Monetary \$	Super-Annuation \$	Equity Settled Options \$	Long Service Leave \$	Equity Settled Shares \$		
Non-Executive Directors:									
Graeme Barclay <i>Chairman</i> ¹	57,639	–	–	5,476	229,515	–	614,557	907,187	93%
Kathy Gramp	65,833	–	–	6,254	72,005	–	76,820	220,912	67%
John Lindsay	65,833	–	–	6,254	72,005	–	76,820	220,912	67%
Jules Maussen ²	60,000	–	–	–	–	–	–	60,000	–
Executive Directors:									
Vaughan Bowen ³	62,035	–	–	5,472	629,999	4,967	–	702,473	90%
Michael Simmons ⁴	209,916	–	–	14,595	229,515	3,253	921,835	1,379,114	83%
Sasha Baranikov ⁵	204,345	–	–	11,823	–	1,711	169,003	386,882	44%
Che Metcalfe ⁵	195,219	–	–	12,157	–	1,711	169,003	378,090	45%
Other Key Management Personnel:									
Darryl Inns ⁶	57,019	–	–	4,738	40,989	4,425	–	107,171	38%
Total	977,839	–	–	66,769	1,274,028	16,067	2,028,038	4,362,741	76%

(1) Represents remuneration from 20 September 2018 to 30 June 2019.

(2) Represents remuneration from 1 July 2017 to 1 August 2018.

(3) Represents remuneration from 13 March 2019 to 30 June 2019.

(4) Represents remuneration from 15 October 2018 to 30 June 2019.

(5) Represents remuneration from 1 July 2018 to 14 February 2019 including any termination and leave payments.

(6) Represents remuneration from 15 April 2019 to 30 June 2019.

REMUNERATION REPORT (Audited) *continued*

The cash bonus and the associated short term share based payments are dependent on meeting defined performance measures. The amounts is determined having regard to the satisfaction of performance measures and weightings as described above in the section 'consolidated entity performance and link to remuneration'. The maximum eligible bonus value was established at the start of the financial year and amounts payable were determined in August after the end of the financial year by the Nomination and Remuneration Committee.

Service agreements

Remuneration and other terms of employment for Executive KMP are formalised in service agreements. Details of these agreements are as follows:

ROLE	DURATION OF AGREEMENT	TERMINATION NOTICE BY UNITI	TERMINATION NOTICE BY THE RELEVANT KMP	POTENTIAL TERMINATION BENEFITS
MD & CEO	No Fixed Term	3 months	3 months	Non-solicitation and non-compete clauses. A termination payment of 3 months' Fixed Remuneration (if terminated by the Company). Statutory leave entitlements.
CFO	No Fixed Term	3 months	3 months	Non-solicitation and non-compete clauses. A termination payment of 3 months' Fixed Remuneration (if terminated by the Company). Statutory leave entitlements.
COO	No Fixed Term	3 months	3 months	Non-solicitation and non-compete clauses. A termination payment of 3 months' Fixed Remuneration (if terminated by the Company). Statutory leave entitlements.
Executive Director	No Fixed Term	3 months	3 months	Non-solicitation and non-compete clauses. A termination payment of 3 months' Fixed Remuneration (if terminated by the Company). Statutory leave entitlements.

Executive KMP have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares

Details of shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2020 are set out below:

NAME	DATE	SHARES	ISSUE PRICE	\$
Darryl Inns	21 April 2020	624	\$1.22	761
Ashe-lee Jegathesan	21 April 2020	604	\$1.22	737

Options

The terms and conditions of each grant of options over ordinary shares as remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

NAME	NUMBER OF OPTIONS GRANTED	GRANT DATE	VESTING DATE AND EXERCISABLE DATE	EXPIRY DATE	EXERCISE PRICE	TOTAL FAIR VALUE AT GRANT DATE
Graeme Barclay	1,229,114	21 December 2018	30 June 2019	30 June 2022	\$0.25	\$171,013
	614,557		30 June 2020	30 June 2023	\$0.30	\$88,627
	614,557		30 June 2021	30 June 2024	\$0.38	\$90,243
	267,947	5 November 2019	30 June 2019	30 June 2022	\$1.35	\$201,534
	133,973		30 June 2020	30 June 2023	\$1.35	\$96,929
	133,973		30 June 2021	30 June 2024	\$1.35	\$93,577
Kathy Gramp	307,279	21 December 2018	30 June 2019	30 June 2022	\$0.25	\$42,753
	307,278		30 June 2020	30 June 2023	\$0.30	\$44,313
	307,277		30 June 2021	30 June 2024	\$0.38	\$45,121
	66,987	5 November 2019	30 June 2019	30 June 2022	\$1.35	\$50,384
	66,987		30 June 2020	30 June 2023	\$1.35	\$48,465
	66,987		30 June 2021	30 June 2024	\$1.35	\$46,789
John Lindsay	307,279	21 December 2018	30 June 2019	30 June 2022	\$0.25	\$42,753
	307,278		30 June 2020	30 June 2023	\$0.30	\$44,313
	307,277		30 June 2021	30 June 2024	\$0.38	\$45,121
	66,987	5 November 2019	30 June 2019	30 June 2022	\$1.35	\$50,384
	66,987		30 June 2020	30 June 2023	\$1.35	\$48,465
	66,987		30 June 2021	30 June 2024	\$1.35	\$46,789
Vaughan Bowen	819,410	6 August 2019	31 December 2019	31 December 2022	\$0.25	\$864,821
	819,410		30 June 2020	30 June 2023	\$0.30	\$849,995
	819,408		30 June 2021	30 June 2024	\$0.38	\$840,994
	178,632	5 November 2019	31 December 2019	31 December 2022	\$1.35	\$143,789
	178,632		30 June 2020	30 June 2023	\$1.35	\$152,047
	178,632		30 June 2021	30 June 2024	\$1.35	\$166,361
Michael Simmons	1,229,114	21 December 2018	30 June 2019	30 June 2022	\$0.25	\$171,013
	614,557		30 June 2020	30 June 2023	\$0.30	\$88,627
	614,557		30 June 2021	30 June 2024	\$0.38	\$90,243
	267,947	5 November 2019	30 June 2019	30 June 2022	\$1.35	\$201,534
	133,973		30 June 2020	30 June 2023	\$1.35	\$96,929
	133,973		30 June 2021	30 June 2024	\$1.35	\$93,577
Darryl Inns	330,000	12 April 2019	31 March 2020	31 March 2023	\$0.56	\$89,832
	330,000		31 March 2021	31 March 2024	\$0.71	\$91,365
	590,000		31 March 2022	31 March 2025	\$0.86	\$168,411
	71,940	5 November 2019	31 March 2020	31 March 2023	\$1.35	\$59,610
	71,940		31 March 2021	31 March 2024	\$1.35	\$65,664
	128,620		31 March 2022	31 March 2025	\$1.35	\$126,326
Ashe-lee Jegathesan	330,000	10 September 2019	10 September 2020	10 September 2023	\$1.35	\$244,425
	330,000		10 September 2021	10 September 2024	\$1.50	\$258,700
	590,000		10 September 2022	10 September 2025	\$1.65	\$485,923

REMUNERATION REPORT (Audited) *continued*

Options granted carry no dividend or voting rights, nor do they carry any rights to participate in any issues of shares of the Company or any other entity. All options were granted over unissued fully paid ordinary shares in the Company. Options vest based on the provision of service over the vesting period whereby the KMP becomes beneficially entitled to the option on vesting date. Options are exercisable by the holder from the vesting date. There has not been any alteration to the terms or conditions of the grant since the grant date. There are no amounts paid or payable by the recipient in relation to the granting of such options other than on their potential exercise.

Values of options over ordinary shares granted, exercised and lapsed for directors and other key management personnel as part of compensation during the year ended 30 June 2020 are set out below.

At the 2019 AGM, shareholders approved the grant of "top-up" options to Directors and other KMP under the Company's Employee Share Option Plan. This grant was intended to address the dilution of the number of options held by Directors and other KMP who were granted options at listing of the Company (or subsequently approved by shareholders), due to the extent of new issues of shares since the listing of the Company up to the announcement of the year end 30 June 2019 financial results on 30 August 2019. The pro-rata increase in the number of existing unexercised Options held by Directors and other KMP had the same vesting and expiry periods and carry the same terms and conditions as the unexpired Options held prior to approval of the pro-rata Options. The exercise price that applied to the new Options was set at a price that was equal to the 10 days VWAP for the period immediately after the 2019 Financial Results were released on 30 August 2019, being \$1.35 per option.

New executives who joined Uniti other than through acquisition received a one-off option grant at the time they commenced employment with Uniti. This arrangement was implemented in recognition of the need to attract and retain a high calibre executive team. The one-off option grant generates a strong alignment with shareholders. The options also provides a strong retention hook for key talent during the start-up phase by requiring that Executive KMP remain employed until the end of the vesting period to realise the incentive. The exercise price for these options is based on the VWAP for the period immediately prior to the commencement of the respective employment.

NAME	VALUE OF OPTIONS GRANTED DURING THE YEAR \$	VALUE OF OPTIONS EXERCISED DURING THE YEAR \$	VALUE OF OPTIONS LAPSED DURING THE YEAR \$	OPTIONS GRANTED DURING THE YEAR AS A PERCENTAGE OF TOTAL REUMERATION %
Graeme Barclay	392,040	-	-	74%
Kathy Gramp	145,638	-	-	61%
John Lindsay	145,638	-	-	61%
Vaughan Bowen	462,197	-	-	20%
Michael Simmons	392,041	-	-	42%
Darryl Inns	251,601	89,832	-	38%
Ashe-lee Jegathesan	989,048	-	-	137%

Consolidated entity performance and link to remuneration

In considering the Group's performance and benefits for shareholder wealth, the remuneration committee have regard to the following indices in respect of the current financial year. The previous four financial years have not been included as the comparison is not relevant for the financial year ended 30 June 2020. Uniti was listed in February 2019.

Earnings for FY20 and the previous financial year

\$'000	FY20		FY19	
	Statutory	Underlying	Statutory	Underlying
EBITDA	16,055	26,530	(5,499)	(884)
EBIT	9,202	22,263	(12,659)	(6,098)
Profit after tax	15,921	21,668	(13,531)	(6,970)

Shareholder wealth

MEASURE	FY20	FY19
Earnings per share (Basic, in cents)	5.81	(11.60)
Earnings per share (Diluted, in cents)	5.50	(11.60)
Dividends paid	-	-
Operating revenue growth	306%	n/a
Share price at 30 June	1.42	1.70
Market capitalisation at 30 June	615,503,650	250,869,512

Additional disclosures relating to KMP

Shareholding

The number of shares in the Company held during the financial year by each current director and KMP of the consolidated entity, including their personally related parties, is set out below:

	BALANCE AT THE START OF THE YEAR	PURCHASED UNDER OPTION PLAN	RECEIVED AS PART OF REMUNERATION	PURCHASED ON MARKET	DISPOSALS/ OTHER	BALANCE AT THE END OF THE YEAR
<i>Ordinary shares</i>						
Graeme Barclay	2,858,228	-	-	1,772,268	-	4,630,496
Kathy Gramp	307,279	-	-	150,758	-	458,037
John Lindsay	315,279	-	-	150,773	-	466,052
Vaughan Bowen	4,495,337	-	-	6,183,168	-	10,678,505
Michael Simmons	3,687,342	-	-	1,848,082	-	5,535,424
Darryl Inns	211,500	330,000	624	105,836	-	647,960
Ashe-lee Jegathesan	43,051	-	604	-	-	43,655
Total	11,918,016	330,000	1,228	10,210,885	-	22,460,129

REMUNERATION REPORT (Audited) *continued*

Option holding

The number of options over ordinary shares in the Company held during the financial year by each current director and other KMP of the consolidated entity, including their personally related parties, is set out below:

NAME	BALANCE AT THE START OF THE YEAR	GRANTED	EXERCISED	EXPIRED/ FORFEITED/OTHER	BALANCE AT THE END OF THE YEAR
<i>Options over ordinary shares</i>					
Graeme Barclay	2,458,228	535,893	–	–	2,994,121
Kathy Gramp	921,834	200,961	–	–	1,122,795
John Lindsay	921,834	200,961	–	–	1,122,795
Vaughan Bowen	2,458,228	535,896	–	–	2,994,124
Michael Simmons	2,458,228	535,893	–	–	2,994,121
Darryl Inns	1,250,000	272,500	(330,000)	–	1,192,500
Ashe-lee Jegathesan	–	1,250,000	–	–	1,250,000
Total	10,468,352	3,532,104	(330,000)	–	13,670,456

Loans

Uniti has not made, guaranteed or secured, directly or indirectly, any loans in respect of KMP or their close family members or controlled entities.

Other transactions

There were no transactions of the kind contemplated in item 22 of Regulation 2M.3.03 of the Corporations Regulations during FY20.

– End of Remuneration Report –

This Directors' Report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



Graeme Barclay
Chairman

24 August 2020
Sydney

AUDITOR'S INDEPENDENCE DECLARATION



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The Board of Directors
Uniti Group Limited
Level 1, 44 Currie Street
Adelaide, SA, 5000

24 August 2020

Dear Board Members

Uniti Group Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Uniti Group Limited.

As lead audit partner for the audit of the financial statements of Uniti Group Limited for the year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

A handwritten signature in black ink, appearing to read "Deloitte Touche Tohmatsu".

DELOITTE TOUCHE TOHMATSU

A handwritten signature in black ink, appearing to read "Chris Biermann".

Chris Biermann
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Asia Pacific Limited and the Deloitte Network.

FINANCIAL REPORT

for the year ended 30 June 2020

GENERAL INFORMATION

The financial statements cover Uniti Group Limited as a consolidated entity consisting of Uniti Group Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Uniti Group Limited's functional and presentation currency.

Uniti Group Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

Level 1, 44 Currie Street
Adelaide SA 5000

Principal place of business

Level 1, 44 Currie Street
Adelaide SA 5000

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 24 August 2020. The directors have the power to amend and reissue the financial statements.



FINANCIAL REPORT

for the year ended 30 June 2020

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2020

	NOTE	CONSOLIDATED	
		2020 \$'000	2019 \$'000
Revenue	4	58,216	14,336
Expenses			
Network and hardware expense	5	(13,837)	(6,619)
Employee benefits expense		(17,398)	(9,297)
Depreciation and amortisation expense	5	(6,853)	(5,753)
Impairment of right-of-use asset	5	–	(1,407)
Other expenses	5	(10,926)	(3,919)
Finance costs	5	(595)	(872)
Profit / (Loss) before income tax expense		8,607	(13,531)
Income tax income	6	7,314	–
Profit / (Loss) after income tax expense for the year		15,921	(13,531)
Other comprehensive income for the year, net of tax		–	–
Total comprehensive income for the year		15,921	(13,531)

		CENTS	CENTS
Basic earnings / (loss) per share attributable to owners of Uniti Group	39	5.81	(11.6)
Diluted earnings / (loss) per share attributable to owners of Uniti Group	39	5.50	(11.6)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

as at 30 June 2020

		CONSOLIDATED	
	NOTE	2020 \$'000	2019 \$'000
Assets			
Current assets			
Cash and cash equivalents	7	189,150	19,131
Trade and other receivables	8	5,981	1,507
Inventories	9	959	275
Deposits and prepayments	10	2,073	608
Contract assets	11	1,008	824
Total current assets		199,171	22,345
Non-current assets			
Right-of-use assets	12	3,044	4,464
Property, plant and equipment	13	45,709	3,589
Intangibles	14	206,027	20,920
Deferred tax assets	6	168	–
Total non-current assets		254,948	28,973
Total assets		454,119	51,318
Liabilities			
Current liabilities			
Trade and other payables	15	13,141	4,668
Contract liabilities	16	2,269	472
Employee benefits	17	1,076	255
Contingent consideration	18	4,439	6,546
Borrowings	19	–	750
Lease liabilities	19	1,357	1,076
Provisions		184	124
Provision for income tax	6	1,890	–
Total current liabilities		24,356	13,891
Non-current liabilities			
Trade and other payables	15	1,411	1,500
Contract liabilities	16	–	26
Employee benefits	17	93	33
Contingent consideration	18	2,712	2,484
Borrowings	19	–	1,725
Lease liabilities	19	3,853	5,789
Total non-current liabilities		8,069	11,557
Total liabilities		32,425	25,448
Net assets		421,694	25,870
Equity			
Issued capital	20	421,812	46,691
Reserves	21	6,065	1,283
Accumulated losses	22	(6,183)	(22,104)
Total equity		421,694	25,870

The above statement of financial position should be read in conjunction with the accompanying notes.

STATEMENTS OF CHANGES IN EQUITY

for the year ended 30 June 2020

CONSOLIDATED	ISSUED CAPITAL \$'000	RESERVES \$'000	ACCUMULATED LOSSES \$'000	TOTAL EQUITY \$'000
Balance at 1 July 2018	11,907	–	(8,573)	3,334
Loss after income tax expense for the year	–	–	(13,531)	(13,531)
Issue of share capital:				
Contributions of equity (Note 20)	28,181	–	–	28,181
Transaction costs	(1,483)	–	–	(1,483)
	26,698	–	–	26,698
Issue of shares to vendors on acquisition:				
Issue of shares to Fuzenet vendors	1,650	–	–	1,650
Issues of shares to Call Dynamics vendors	740	–	–	740
Issues of shares to Pivit vendors	30	–	–	30
Transactions costs	(7)	–	–	(7)
	2,413	–	–	2,413
Other:				
Issue of shares to advisor	675	–	–	675
Issue of shares on conversion of convertible notes	3,123	–	–	3,123
Transaction costs associated with conversion of convertible notes	(153)	–	–	(153)
Share-based payments (Note 40)	2,028	1,283	–	3,311
	5,673	1,283	–	6,956
Balance at 30 June 2019	46,691	1,283	(22,104)	25,870

CONSOLIDATED	ISSUED CAPITAL \$'000	RESERVES \$'000	ACCUMULATED LOSSES \$'000	TOTAL EQUITY \$'000
Balance at 1 July 2019	46,691	1,283	(22,104)	25,870
Profit after income tax expense for the year	–	–	15,921	15,921
Issue of share capital:				
Contributions of equity (Note 20)	336,951	–	–	336,951
Transaction costs	(9,115)	–	–	(9,115)
	327,836	–	–	327,836
Issue of shares to vendors on acquisition:				
Issue of shares to Fone Dynamics vendors	6,652	–	–	6,652
Issue of shares to LBNCo vendors	11,262	–	–	11,262
Issue of shares to OPENetworks vendors	9,389	–	–	9,389
Issue of shares to 1300 Australia vendors	20,000	–	–	20,000
Issue of shares to Pivit vendors	80	–	–	80
Transaction costs	(189)	–	–	(189)
	47,194	–	–	47,194
Other:				
Reserve reclassification	(317)	317	–	–
Conversion of share-based payment options	345	–	–	345
Issue of shares to employees	115	–	–	115
Transaction costs associated with issue of shares to employees	(52)	–	–	(52)
Share-based payments (Note 40)	–	4,465	–	4,465
	91	4,782	–	4,873
Balance at 30 June 2020	421,812	6,065	(6,183)	421,694

The above statement of changes in equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

for the year ended 30 June 2020

	NOTE	CONSOLIDATED	
		2020 \$'000	2019 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		63,360	15,033
Payments to suppliers and employees (inclusive of GST)		(41,725)	(15,926)
Interest received		324	41
Other revenue		(561)	1,500
Interest and other finance costs paid		246	(394)
Income taxes paid		—	—
Net cash from operating activities	36	21,644	254
Cash flows used in investing activities			
Payment for purchase of business, net of cash acquired	32	(165,527)	(9,607)
Payments to suppliers for the business acquisitions		(2,728)	(904)
Payments for property, plant and equipment		(7,541)	(1,816)
Payments for intangible assets		(702)	(134)
Proceeds from disposal of property, plant and equipment		38	—
Net cash used in investing activities		(176,460)	(12,461)
Cash flows from financing activities			
Proceeds from issue of shares	20	337,280	28,181
Proceeds from borrowings		—	3,000
Proceeds from issue of convertible notes		—	2,938
Share issue transaction costs		(8,981)	(1,589)
Repayment of borrowings		(2,460)	(2,039)
Repayment of lease liability		(1,004)	—
Net cash from financing activities		324,835	30,491
Net increase in cash and cash equivalents		170,019	18,284
Cash and cash equivalents at the beginning of the financial year		19,131	847
Cash and cash equivalents at the end of the financial year	7	189,150	19,131

The above statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

AASB 15 Revenue from Contracts with Customers and AASB 16 Leases have been early adopted by the Group with effect from 1 July 2016. The consolidated entity has adopted AASB 9 from 1 July 2018. The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB'). Accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in Note 31.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Uniti Group Limited ('company' or 'parent entity') as at 30 June 2020 and the results of all subsidiaries for the year then ended. Uniti Group Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM').

Revenue recognition

The consolidated entity recognises revenue as follows:

Revenue from contracts with customers

Revenue from contracts with customers is recognised when or as the Group satisfies a performance obligation in the contract when the Group transfers a promised good or service (ie an asset) to a customer.

Revenue from these sales is recognised based on the price specified in the contract. No element of financing is deemed present as the sales are made with a credit term between 30-90 days, which is consistent with market practice.

Revenue is recognised in accordance with the following five-step process:

1. Identifying the contract with the customer.
2. Identifying the performance obligations in the contract.
3. Determining the transaction price.
4. Allocating the transaction price to the performance obligations in the contract.
5. Recognising revenue as and when the performance obligations are satisfied.

The following is a description of principal activities from which the Group generates its revenue.

Broadband and fibre access networks

For the Wireless revenue stream, there are two performance obligations, the delivery of hardware to facilitate connection and the delivery of internet services. Payments are received as part of the delivery and installation process and then services are settled monthly. Amounts received in relation to installations is combined with expected monthly payments for the total transaction price. Installation is not considered to be a performance obligation as the customer does not obtain any benefit at the point of installation. The installation and broadband service are therefore identified as a single performance obligation and the associated revenue is recognised over time. Revenue from the provision of wireless broadband services is recognised monthly over the expected life of the contract, including any expected extensions of the service. The typical length of a contract for wireless broadband services is 20 months.

The provision of fibre communications services does require installation of network infrastructure and the performance obligation is the delivery of the services. Revenue from the provision of fibre communications services is recognised each month the service is made available to the customer. Revenue from installation services is treated as a Connection or Activation Revenue (refer below).

For bundled packages, the Group accounts for individual products and services separately if they are distinct - i.e. if a product or service is separately identifiable from other items in the bundled package and if a customer can benefit from it. Packages may include internet and home phone bundles. The consideration is allocated between separate products and services in a bundle based on their stand-alone selling prices for items that can be sold separately. The stand-alone selling prices for items that can be sold separately are determined based on the list prices at which the Group sells the devices and services. For items that are not sold separately, the Group estimates stand-alone selling prices using the adjusted market assessment approach.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES *continued*

Telecommunication services

Revenue from the provision of telecommunication services relating to the provision of SMS and voice services and 1300 number leasing is recognised over time as the customer simultaneously receives and consumes the benefit of the service. The services offered to customers each represent distinct performance obligations. The transaction price is fixed monthly amounts for 1300 numbers and variable based on usage for SMS services.

Recurring network revenues

Revenue from the provision of network operations services includes recurring network operations revenue received from retail service providers for network access in the form of a monthly wholesale charge. Network operations revenue is recognised over time as the services are rendered.

Developer revenue

Services to developers as contracted customers are considered a distinct performance obligation enabling the developer to discharge its regulatory requirements in seeking approval to assign titles on properties with an established broadband network connection.

The associated revenue may be recognised over time, over the project life as costs are incurred, on the basis that the benefit of the construction is received and consumed as the construction is performed.

Developer revenue is recognised across the project life, which is typically 9 months, on a monthly basis.

This differs to developer billing, which is recognised with billing milestones largely based on practical completion.

Interest revenue

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Disposal of assets

Revenue from the disposal of other assets is recognised when the group has transferred the risks and rewards of ownership to the buyer.

All revenue is stated net of the amount of goods and services tax (GST).

Research and Development/Grants

Research and Development incentives and other grant incentives are recognised when grant criteria are met.

Other items of income

Other items of income are recognised when they are received or when the right to receive payment is established.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- > When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or

- > When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Uniti Group Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES *continued*

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue. Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Contract assets

Contract assets are recognised when the consolidated entity has transferred goods or services to the customer but where the consolidated entity is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

Inventories

Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Stock on hand is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on both a straight-line basis and a diminishing value basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Leasehold improvements	5 years	Diminishing Value basis
Plant and equipment	3-8 years	Straight Line basis
Software	5 years	Straight Line basis
Network Infrastructure	4-40 years	Straight Line basis

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Leases and right-of-use assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- > the contract involves the use of an identified asset - this may be specified explicitly or implicitly and should be physically distinct or represent substantially all the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- > the Group has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and
- > the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component based on relative stand-alone prices.

Measurement

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are summarised below.

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

CLASS OF RIGHT-OF-USE ASSET	USEFUL LIFE	DEPRECIATION METHOD
Buildings	2 to 10 years	Straight line basis
Network Infrastructure	2 years to 20 years	Straight line basis
Plant and Equipment	4 to 5 years	Diminishing value basis
Motor Vehicles	8 years	Diminishing value basis

The lease liability is initially measured at present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise:

- > fixed payments, including in-substance fixed payments
- > variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- > amounts expected to be payable under a residual value guarantee; and
- > lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of the lease unless the Group is reasonably certain not to terminate early.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES *continued*

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amounts expected to be payable under a residual value guarantee or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets (less than \$10,000), including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Extension options

Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The Group assesses at lease commencement whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Trademarks

Trademarks owned by group entities are carried at cost less accumulated impairment losses.

Customer contracts

Customer contracts acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 3 years to 6.5 years.

Software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 3 years.

Impairment of financial assets

The Group recognises loss allowances for expected credit loss (ECL) on financial assets measured at amortised cost. The Group measures loss allowances at an amount equal to lifetime ECLs. The Group has adopted the simplified approach under AASB 9 for calculating the allowance. The collective loss allowance is determined based on the historical default percentage in each portfolio and adjusted for other current observable and forward-looking information to estimate lifetime ECL for similar financial assets.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Group considers a financial asset to be in default when:

- > the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions; or
- > the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). The impact of COVID-19 on the allowance for calculation for expected credit losses calculation was assessed as at 30 June 2020. Please refer to Note 8.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- > significant financial difficulty of the borrower or issuer
- > a breach of contract such as a default or being more than 90 days past due
- > the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise
- > it is probable that the borrower will enter bankruptcy or other financial reorganisation or
- > the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering financial asset in its entirety or a portion thereof. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Unit (CGU).

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES *continued*

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated to reduce the carrying amount of assets in the CGU on a pro rata basis. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Impairment of right-of-use assets

The carrying values of right-of-use assets are reviewed for impairment annually. If an indication of impairment exists, and where the carrying value of the right-of-use asset exceeds the estimate recoverable amount, the right-of-use assets are written down to their recoverable amount. The assessment includes a review of performing and non-performing towers. Where a tower is identified as non-performing, the right-of-use asset associated with that non-performing tower is reduced to its recoverable amount through an impairment charge.

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted.

The amounts are unsecured and are usually paid within 30 days of recognition.

Contract liabilities

Contract liabilities represent the consolidated entity's obligation to transfer services to a customer and are recognised when a customer pays consideration, or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the consolidated entity has transferred the services to the customer.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share-based payments

Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other vesting conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made.

An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurements

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES *continued*

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Capital risk management

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital. Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity will look to raise capital when an opportunity to invest in a business or company is seen as value adding relative to the current company's share price at the time of the investment.

Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Uniti Group Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

NOTE 2. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Goodwill and other indefinite life intangible assets

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in Note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Business combinations

As discussed in Note 1, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Impact of COVID-19

As noted in the Review of Operations in the Directors' Report, the Board and management have considered the impact of COVID-19 on the consolidated entity's operations and financial performance, and have noted that there were no significant changes in the state of affairs of the consolidated entity during the financial year. In particular, Uniti's business has been resilient to date. Uniti has not claimed any amounts under the Australian Government JobKeeper Payment Scheme.

In preparing the consolidated financial report, management has considered the impact of COVID-19 on the various balances in the financial report, including the carrying values of trade receivables, as well as balances and accounting estimates for which cash flow forecasts are required to be prepared, such as impairment assessments of goodwill and brand names. Management determined that there was no significant impact of COVID-19 on the abovementioned balances and accounting estimates.

NOTE 3. OPERATING SEGMENTS

Identification of reportable operating segments

Segment information is based on the information that management uses to make decisions about operating matters and allows users to review operations through the eyes of management. Operating segments represent the information reported to the chief operating decision makers (CODM), being the Board of Directors, for the purposes of resource allocation and assessment of segment performance. Any new acquisitions will be made to complement the business units.

Major customers

There were no major customers in 2020 or 2019 that contributed more than 5% of revenue.

Operating segments

The directors have chosen to organise the Group around the three main business units in which the Group operates. Specifically, the Group's reportable segments under AASB 8 are as follows:

- > Consumer & Business Enablement.
- > Wholesale & Infrastructure.
- > Specialty Services.

The reportable segments represent the group's cash-generating units for impairment testing purposes, with corporate income (interest) and costs being allocated to the three cash-generating units. The chief decision maker for the reporting segments are the CEOs of each of the 'three pillars'.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

NOTE 3. OPERATING SEGMENTS *continued*

Segment revenues and results

CONSOLIDATED – 2020	WHOLESALE & INFRASTRUCTURE \$'000	SPECIALTY SERVICES \$'000	CONSUMER & BUSINESS ENABLEMENT \$'000	UNALLOCATED ¹ \$'000	INTER- COMPANY ² \$'000	TOTAL \$'000
Revenue	22,351	20,969	24,004	324	(9,432)	58,216
EBITDA (Reported)	14,525	11,752	4,779	(15,001)	-	16,055
Depreciation and amortisation	(1,283)	(1,916)	(3,654)	-	-	(6,853)
Net finance costs	-	(29)	(403)	(163)	-	(595)
Profit / (Loss) before income tax expense	13,242	9,807	722	(15,164)	-	8,607
Income tax expense	-	-	-	7,314	-	7,314
Profit / (Loss) after income tax expense	13,242	9,807	722	(7,850)	-	15,921

(1) Unallocated revenue represents interest income earned in relation to cash and cash equivalents. Unallocated costs include corporate services costs, board costs, share-based payment expenses and acquisition costs.

(2) Intercompany revenue is eliminated on consolidation and relates primarily to recurring charges from the W&I business unit to the CBE business unit for the provision of wholesale telecommunications services.

CONSOLIDATED – 2019	WHOLESALE & INFRASTRUCTURE \$'000	SPECIALTY SERVICES \$'000	CONSUMER & BUSINESS ENABLEMENT \$'000	UNALLOCATED ¹ \$'000	TOTAL \$'000
Revenue	-	704	13,591	41	14,336
EBITDA (Reported)	-	191	689	(6,379)	(5,499)
Depreciation and amortisation	-	(8)	(5,745)	-	(5,753)
Net finance costs	-	-	(658)	(214)	(872)
Impairment of right-of-use asset	-	-	(1,407)	-	(1,407)
Profit / (Loss) before income tax expense	-	183	(7,121)	(6,593)	(13,531)
Profit / (Loss) after income tax expense	-	183	(7,121)	(6,593)	(13,531)

(1) Unallocated revenue represents interest income earned in relation to cash and cash equivalents. Unallocated costs include corporate services costs, board costs, share-based payment expenses and acquisition costs.

Geographical segments

The consolidated entity operated in only one geographical segment during 2020 and 2019, being Australia.

NOTE 4. REVENUE

	CONSOLIDATED	
	2020 \$'000	2019 \$'000
<i>Revenue from contracts with customers</i>		
Sale of goods	37	191
Rendering of services – Broadband and fibre access networks	23,462	13,400
Rendering of services – Telecommunications services	20,576	704
Rendering of services – Recurring network revenues	10,989	–
Developer revenues	2,182	–
	57,246	14,295
<i>Other revenue</i>		
Interest revenue	324	41
Other revenue	646	–
	970	41
	58,216	14,336

Revenue from contracts with customers is recognised over time, excluding sale of goods.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

NOTE 4. REVENUE *continued*

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

CONSOLIDATED – 2020	WHOLESALE & INFRASTRUCTURE \$'000	SPECIALTY SERVICES \$'000	CONSUMER & BUSINESS ENABLEMENT \$'000	INTER- COMPANY ¹ \$'000	TOTAL \$'000
<i>Major product lines</i>					
Broadband and fibre access networks	–	–	23,797	(335)	23,462
Telecommunications services	–	20,576	–	–	20,576
Recurring network revenues	20,086	–	–	(9,097)	10,989
Developer revenues	2,182	–	–	–	2,182
Sale of goods	–	–	37	–	37
	22,268	20,576	23,834	(9,432)	57,246
<i>Geographical regions</i>					
Australia	22,268	20,576	23,834	(9,432)	57,246
	22,268	20,576	23,834	(9,432)	57,246
<i>Timing of revenue recognition</i>					
Goods transferred at a point in time	–	–	37	–	37
Services transferred over time	22,268	20,576	23,797	(9,432)	57,209
	22,268	20,576	23,834	(9,432)	57,246

(1) Intercompany revenue is eliminated on consolidation and relates primarily to recurring charges from the W&I business unit to the CBE business unit for the provision of wholesale telecommunications services.

CONSOLIDATED – 2019	WHOLESALE & INFRASTRUCTURE \$'000	SPECIALTY SERVICES \$'000	CONSUMER & BUSINESS ENABLEMENT \$'000	INTER- COMPANY \$'000	TOTAL \$'000
<i>Major product lines</i>					
Broadband and fibre access networks	–	–	13,400	–	13,400
Telecommunications services	–	704	–	–	704
Sale of goods	–	–	191	–	191
	–	704	13,591	–	14,295
<i>Geographical regions</i>					
Australia	–	704	13,591	–	14,295
	–	704	13,591	–	14,295
<i>Timing of revenue recognition</i>					
Goods transferred at a point in time	–	–	191	–	191
Services transferred over time	–	704	13,400	–	14,104
	–	704	13,591	–	14,295

NOTE 5. EXPENSES

	CONSOLIDATED	
	2020 \$'000	2019 \$'000
Profit before income tax includes the following specific expenses:		
<i>Network and hardware expense</i>		
Network and hardware expense	13,837	6,619
<i>Employee benefits expense</i>		
Share-based payments expense	4,581	3,311
<i>Depreciation and plant and equipment write off expenses</i>		
Leasehold improvements	28	–
Plant and equipment	3,127	4,274
Right-of-use assets	813	840
Total depreciation	3,968	5,114
<i>Amortisation</i>		
Customer contracts	2,586	539
Software	220	100
Other intangibles	79	–
Total amortisation	2,885	639
Total depreciation and amortisation	6,853	5,753
<i>Impairment of right-of-use asset</i>		
Impairment of Network Assets	–	1,407
<i>Other expenses</i>		
Restructure costs	707	–
Acquisition costs	5,187	211
Other	5,032	3,708
Total other expenses	10,926	3,919
<i>Finance costs</i>		
Interest and finance charges paid/payable	595	872

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

NOTE 6. TAX BALANCES

	CONSOLIDATED	
	2020 \$'000	2019 \$'000
<i>Income tax expense</i>		
Current tax	1,890	–
Deferred tax – origination and reversal of temporary differences	(9,204)	–
Aggregate income tax benefit	(7,314)	–
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Profit before income tax expense	8,607	(13,531)
Tax at the statutory tax rate of 30% (2019: 27.5%)	2,582	(3,721)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Net deferred tax assets and liabilities brought to account	(9,204)	–
Tax losses utilised	(2,281)	–
Tax loss not recognised	–	2,457
Customer contract amortisation	–	139
Share-based payments	1,629	910
Other items	(40)	215
Income tax benefit	(7,314)	–
<i>Deferred tax assets not brought to account</i>		
Unrecognised deferred tax relating to tax losses	–	3,345
Unrecognised deferred tax relating to temporary differences	–	653
	–	3,998

The tax benefit represents the recognition of income tax losses incurred by Uniti and certain acquired companies from prior periods and the movement in the deferred tax assets and liabilities on the acquired companies joining the tax consolidated group. The transition to significant profits before tax in the year has meant that the realisation of accumulated losses being recouped against current and future taxable income is more certain, requiring the recording of the deferred tax asset for these losses. During FY20, the Group recorded a taxable income, utilising \$7.6 million (tax affected: \$2.3 million) of the prior period and transferred in losses. The Group losses are utilised initially, with transferred in losses from acquisitions subsequently utilised against taxable income in accordance with their available fraction. As at 30 June 2020, the balance of the available losses is \$8.1 million (tax affected: \$2.4 million), which will be utilised in future periods in accordance with their available fraction. The residual tax income is a result of movements across deferred tax asset and liabilities.

NOTE 6. TAX BALANCES *continued***Movements in deferred tax balances**

CONSOLIDATED – 2020	NET OPENING BALANCE \$'000	RECOGNISE IN PROFIT OR LOSS \$'000	RECOGNISED DIRECTLY TO EQUITY \$'000	ACQUISITIONS \$'000	BALANCE AT 30 JUNE		
					NET CLOSING BALANCE \$'000	DEFERRED TAX ASSETS \$'000	DEFERRED TAX LIABILITIES \$'000
Trade and other receivables	–	728	–	–	728	728	–
Intangible assets	–	72	–	(9,036)	(8,964)	–	(8,964)
Provisions and accruals	–	475	–	–	475	475	–
Deferred Income	–	1,187	–	–	1,187	1,187	–
Lease liability	–	650	–	–	650	650	–
Blackhole expenditure	–	3,675	–	–	3,675	3,675	–
Tax losses carried forward	–	2,417	–	–	2,417	2,417	–
	–	9,204	–	(9,036)	168	9,132	(8,964)

NOTE 7. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	CONSOLIDATED	
	2020 \$'000	2019 \$'000
Cash on hand	–	1
Cash at bank	7,499	894
Cash on deposit	181,651	18,236
	189,150	19,131

Cash and cash equivalents include \$148 million net proceeds from the institutional entitlement offer, which will be used to partially fund the Company's proposed acquisition of OptiComm Limited, subject to satisfaction of the final Scheme of Arrangement conditions. Cash on deposit includes \$1.7 million cash secured bank guarantees. These guarantees are required until November 2020.

Reconciliation to cash and cash equivalents at the end of the financial year

The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

Balances as above	189,150	19,131
Balance as per statement of cash flows	189,150	19,131

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

NOTE 8. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	CONSOLIDATED	
	2020 \$'000	2019 \$'000
Trade receivables	7,563	2,082
Less: Allowance for expected credit losses	(2,428)	(575)
	5,135	1,507
Other receivables	846	–
	5,981	1,507

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

CONSOLIDATED	EXPECTED CREDIT LOSS RATE % ⁽¹⁾	CARRYING AMOUNT 2020 \$'000	ALLOWANCE FOR EXPECTED CREDIT LOSSES 2020 \$'000
0 to 1 months overdue	1%	4,139	(97)
1 to 2 months overdue	25%	591	(117)
2 to 3 months overdue	50%	514	(182)
Over 3 months overdue	100%	2,319	(2,032)
		7,563	(2,428)

(1) Specific debtors balances have been excluded from the general provision where there is a degree of certainty around the recoverability of these debts or Uniti is not exposed to any credit risk.

	CONSOLIDATED	
	2020 \$'000	2019 \$'000
Opening balance	575	–
Additional provisions recognised	260	120
Additions as part of Business Combinations	1,593	455
	2,428	575

Allowance for expected credit losses

The allowance for expected credit losses are determined using a provision matrix and excludes debtors based on specific assessment. The consolidated entity has recognised a loss of \$260,000 (2019: \$120,000) in Other expenses in respect of the expected credit losses for the year ended 30 June 2020.

Impact of COVID-19 on the allowance for expected credit losses calculation:

Management acknowledge that there is a level of uncertainty in the economy at present. However, the telecommunications industry is insulated to a degree due to the essential nature of the services the Group provides. In addition, demand for internet services and bandwidth has increased, further emphasising the importance of telecommunications services. Furthermore, the construction industry has continued to operate during the COVID-19 restriction period and we have not noted a decline in revenues due to any pandemic related factors. Management has employed a level of conservatism when assessing current and forecast credit conditions and considered this when determining the default rate on debtors' balances.

NOTE 9. CURRENT ASSETS – INVENTORIES

	CONSOLIDATED	
	2020 \$'000	2019 \$'000
Customer premise and network equipment	969	285
Provision for stock obsolescence	(10)	(10)
	959	275

NOTE 10. CURRENT ASSETS – DEPOSITS AND PREPAYMENTS

	CONSOLIDATED	
	2020 \$'000	2019 \$'000
Deposits	75	26
Security deposits	57	3
Prepayments	1,941	579
	2,073	608

NOTE 11. CURRENT ASSETS – CONTRACT ASSETS

	CONSOLIDATED	
	2020 \$'000	2019 \$'000
Contract assets	1,008	824
	1,008	824

NOTE 12. NON-CURRENT ASSETS – RIGHT-OF-USE ASSETS

	CONSOLIDATED	
	2020 \$'000	2019 \$'000
Office leases – at cost	1,974	1,233
Less: Accumulated depreciation	(1,071)	(664)
	903	569
Plant and equipment – at cost	83	130
Less: Accumulated depreciation	(59)	(61)
	24	69
Network Infrastructure – at cost	5,261	6,886
Less: Accumulated depreciation	(3,180)	(3,112)
	2,081	3,774
Motor Vehicles – at cost	117	94
Less: Accumulated depreciation	(81)	(42)
	36	52
	3,044	4,464

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

NOTE 12. NON-CURRENT ASSETS – RIGHT-OF-USE ASSETS *continued*

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

CONSOLIDATED	OFFICE LEASES \$'000	PLANT AND EQUIPMENT \$'000	NETWORK INFRASTRUCTURE \$'000	MOTOR VEHICLES \$'000	TOTAL \$'000
Balance at 1 July 2018	1,605	88	5,709	490	7,892
Additions	54	–	804	–	858
Impairment of right-of-use asset ⁽¹⁾	–	–	(1,407)	–	(1,407)
Revaluation of right-of-use asset ⁽²⁾	(861)	–	(683)	–	(1,544)
Reclassification of asset type ⁽³⁾	–	–	–	(407)	(407)
Disposals	(88)	–	–	–	(88)
Depreciation expense	(141)	(19)	(649)	(31)	(840)
Balance at 30 June 2019	569	69	3,774	52	4,464
Additions	–	–	–	–	–
Additions through business combinations (Note 32)	526	–	–	–	526
Disposals	–	–	–	–	–
Remeasurement ⁽⁴⁾	195	(28)	(1,314)	23	(1,124)
Depreciation expense	(387)	(17)	(379)	(39)	(822)
Balance at 30 June 2020	903	24	2,081	36	3,044

(1) In prior year, as a result of the annual review for impairment, non-performing towers were identified and an impairment charge of \$1.4 million was booked.

(2) In prior year, the remaining expected lease term was adjusted resulting in revaluation of the associated right-of-use-asset value.

(3) In prior year, vehicles owned by the Group were reclassified as Plant and Equipment as they are owned and controlled by the Group.

(4) During the year, remeasurement in the lease liability has resulted in the change in the carrying value of the right-of-use assets.

NOTE 13. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED	
	2020 \$'000	2019 \$'000
Leasehold improvements – at cost	219	219
Less: Accumulated depreciation	(99)	(72)
	120	147
Plant and equipment – at cost	1,484	1,227
Less: Accumulated depreciation	(588)	(756)
	896	471
Network infrastructure – at cost	50,543	7,503
Less: Accumulated depreciation	(5,850)	(4,532)
	44,693	2,971
	45,709	3,589

NOTE 13. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT *continued***Reconciliations**

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

CONSOLIDATED	LEASEHOLD IMPROVEMENTS \$'000	PLANT AND EQUIPMENT \$'000	NETWORK INFRASTRUCTURE \$'000	TOTAL \$'000
Balance at 1 July 2018	169	342	4,571	5,082
Additions	4	5	2,132	2,141
Reclassification of asset type	–	407	–	407
Additions through business combinations (Note 32)	–	218	354	572
Disposals	–	(339)	–	(339)
Depreciation expense	(26)	(162)	(4,086)	(4,274)
Balance at 30 June 2019	147	471	2,971	3,589
Additions	–	166	8,864	9,030
Additions through business combinations (Note 32)	–	463	35,856	36,319
Measurement period adjustments (Note 32)	–	(242)	–	(242)
Disposals	–	(31)	–	(31)
Reclassification of asset type	–	–	(187)	(187)
Remeasurements ⁽¹⁾	–	272	(1,112)	(840)
Depreciation expense	(27)	(203)	(1,699)	(1,929)
Balance at 30 June 2020	120	896	44,693	45,709

(1) During the year, the base asset value for customer premise equipment (CPE) was adjusted based on the active customer list as at 30 June 2020.

NOTE 14. NON-CURRENT ASSETS – INTANGIBLES

	CONSOLIDATED	
	2020 \$'000	2019 \$'000
Goodwill	176,011	13,451
Less: Impairment	–	–
	176,011	13,451
Customer contracts – at cost	26,051	7,070
Less: Accumulated amortisation	(2,934)	(539)
	23,117	6,531
Software – at cost	1,681	1,305
Less: Accumulated amortisation	(428)	(625)
	1,253	680
Other intangible assets	1,178	235
Less: Accumulated amortisation	(79)	–
	1,099	235
Brand	4,524	–
Trademarks	23	23
	4,547	23
	206,027	20,920

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

NOTE 14. NON-CURRENT ASSETS – INTANGIBLES *continued*

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

CONSOLIDATED	GOODWILL \$'000	CUSTOMER CONTRACTS \$'000	BRANDS \$'000	SOFTWARE \$'000	OTHER INTANGIBLE ASSETS \$'000	TRADEMARKS \$'000	TOTAL \$'000
Balance at 1 July 2018	–	–	–	216	–	–	216
Additions	–	–	–	62	23	23	108
Additions through business combinations (Note 32)	13,451	7,070	–	502	212	–	21,235
Amortisation expense	–	(539)	–	(100)	–	–	(639)
Balance at 30 June 2019	13,451	6,531	–	680	235	23	20,920
Additions	–	174	–	452	76	–	702
Additions through business combinations (Note 32)	161,327	20,367	1,695	330	1,231	–	184,950
Measurement period adjustments (Note 32)	1,233	(1,560)	2,829	–	–	–	2,502
Reclassification of asset type	–	–	–	23	(23)	–	–
Remeasurement	–	–	–	–	(341)	–	(341)
Amortisation expense	–	(2,395)	–	(232)	(79)	–	(2,706)
Balance at 30 June 2020	176,011	23,117	4,524	1,253	1,099	23	206,027

Impairment testing

Goodwill acquired through business combinations and brands have been allocated for impairment testing purposes to the following cash-generating units:

- > Consumer & Business Enablement.
- > Wholesale & Infrastructure.
- > Specialty Services.

The recoverable amount of the CGU has been determined by a value-in-use calculation using a discounted cash flow model, based on a 5 year projected cash flow and terminal value. The cash flow projections are based on financial estimates approved by the Board for the 2021 financial year and Management's view on the further four years. As part of the annual impairment test for goodwill, management assesses the reasonableness of growth rate assumptions by reviewing historical cash flow projections as well as future growth objectives. Corporate charges were allocated to each business unit based on the percentage of the business unit's underlying EBITDA in comparison to the Group.

Key assumptions are those to which the recoverable amount of an asset or cash-generating units is most sensitive.

NOTE 14. NON-CURRENT ASSETS – INTANGIBLES *continued*

The following key assumptions were used in the discounted cash flow model:

KEY ASSUMPTIONS	WHOLESALE & INFRASTRUCTURE	SPECIALTY SERVICES	CONSUMER & BUSINESS ENABLEMENT
Discount rate (post tax)	7.8%	8.5%	8.7%
Terminal value growth rate	3%	3%	3%

Other key assumptions used in the calculation are:

- > Five-year cashflow forecasts, of which the initial year is the board approved budget.
- > Capital expenditure five-year forecast.
- > The discount rate used in 2019 was 10.8% (post tax) across the single CGU.

The discount rate has been determined using the estimated weighted average cost of capital which incorporates both the cost of debt and the cost of capital, using a benchmark gearing level. The resulting discounted cash flow exceeded the carrying value of goodwill on the company's balance sheet.

Carrying amounts and recoverable amounts by business units for FY20 are disclosed in the table below:

KEY ASSUMPTIONS	WHOLESALE & INFRASTRUCTURE \$'000	SPECIALTY SERVICES \$'000	CONSUMER & BUSINESS ENABLEMENT \$'000
Carrying amount – goodwill	97,852	70,833	7,326
Carrying amount – intangible assets	2,088	23,381	3,272

Impact of COVID-19 on impairment testing

Management has considered any potential impacts from COVID-19 when assessing the recoverable amount of the CGU. The Group may be impacted both by deterioration in macroeconomic conditions generally and specifically in relation to its operations. To date, COVID-19 has affected, amongst other things, economic conditions, employment markets, equity markets, governmental action, regulatory policy, quarantining, self-isolations and travel restrictions.

In addition, the COVID-19 global pandemic may specifically impact the projected growth rate of Uniti's W&I business, including any downturn in the property market which may lead to a delay in the construction of new developments and in the signing of new developer agreements and/or delay in the construction of dwellings under these new agreements, resulting in delays in the realisation of revenue from these contracts. There is also a risk that the operations may be interrupted by government enforced restrictions (such as lockdowns) or other COVID-19 related health concerns.

Although there is a level of inherent uncertainty as outlined above, there has not been any noticeable adverse impact on the group's operations or profitability as further discussed below. We note that telecommunications remains an essential service and the current environment has led to increased demand for telecommunications products and services.

Sensitivity

As disclosed in Note 2, the directors have made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease. Management has considered the possible change in EBITDA and discount rates applied and any change would need to be significant for the recoverable amount not to exceed the carrying amount.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

NOTE 15. CURRENT AND NON-CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	CONSOLIDATED	
	2020 \$'000	2019 \$'000
Current liability		
Trade payables	5,601	3,630
Other payables	2,164	204
Accrued expenses	5,376	834
	13,141	4,668
Non-current liability		
Unearned Grant Income – South Australia Financing Authority Grant	1,411	1,500
	1,411	1,500

Unearned Income of \$1.4 million (2019: \$1.5 million) was received in the prior year from the South Australia Financing Authority but not yet recognised. This income will be brought to account as revenue progressively as grant income criteria are met.

Refer to Note 23 for further information on financial instruments.

NOTE 16. CURRENT AND NON-CURRENT – CONTRACT LIABILITIES

	CONSOLIDATED	
	2020 \$'000	2019 \$'000
Current liability		
Customer contract liabilities	2,269	472
Non-current liability		
Customer contract liabilities	–	26
	2,269	498

Reconciliation

Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:

Opening balance	498	569
Additions as part of Business Combination	1,178	348
Revenue recognised from opening balance	(472)	(550)
Revenue recognised from acquired balance	(1,178)	–
Revenue deferred during the year	2,243	131
	2,269	498

NOTE 16. CURRENT AND NON-CURRENT – CONTRACT LIABILITIES *continued***Unsatisfied performance obligations**

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was \$2.3 million as at 30 June 2020 (\$0.5 million as at 30 June 2019) and is expected to be recognised as revenue in future periods as follows:

	CONSOLIDATED	
	2020 \$'000	2019 \$'000
Within 12 months	2,269	472
1 – 2 years	–	26
2 – 5 years	–	–
	2,269	498

NOTE 17. CURRENT AND NON-CURRENT LIABILITIES – EMPLOYEE BENEFITS

	CONSOLIDATED	
	2020 \$'000	2019 \$'000
Employee benefits – current	1,076	255
Employee benefits – non-current	93	33
	1,169	288

Amounts not expected to be settled within the next 12 months

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the consolidated entity does not have an unconditional right to defer settlement. However, based on past experience, the consolidated entity does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

The following amounts reflect leave that is not expected to be taken within the next 12 months:

	CONSOLIDATED	
	2020 \$'000	2019 \$'000
Employee benefits obligation expected to be settled after 12 months	295	64

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

NOTE 18. CURRENT AND NON-CURRENT LIABILITIES – CONTINGENT CONSIDERATION

	CONSOLIDATED	
	2020 \$'000	2019 \$'000
Current liability		
Contingent consideration for Fone Dynamics acquisition	1,747	6,546
Contingent consideration for LBNCo acquisition	2,692	–
	4,439	6,546
Non-current liability		
Contingent consideration for Call Dynamics acquisition	–	630
Contingent consideration for Fone Dynamics acquisition	–	1,854
Contingent consideration for LBNCo acquisition	2,712	–
	2,712	2,484

The total contingent consideration for LBNCo and Fone was measured at fair value as at 30 June 2020.
Refer to Note 23 for further information on contingent consideration.

NOTE 19. CURRENT AND NON-CURRENT LIABILITIES – BORROWINGS

	CONSOLIDATED	
	2020 \$'000	2019 \$'000
Current liability		
South Australia Financing Authority loan	–	735
Other loans	–	15
Lease liabilities	1,357	1,076
	1,357	1,826
Non-current liability		
South Australia Financing Authority loan	–	1,725
Lease liabilities	3,853	5,789
	3,853	7,514

Refer to Note 23 for further information on financial instruments.

NOTE 19. CURRENT AND NON-CURRENT LIABILITIES – BORROWINGS *continued***Description of Lease Arrangements**

The Group leases land and buildings for its office spaces as well as network infrastructure, plant and equipment and motor vehicles. The typical lease period of these leases is summarised below. Where leases include an option to renew the lease after the end of the contract term, the Group assesses at the lease commencement whether it is reasonably certain to exercise the extension options. It reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control. Some leases provide for additional rental payments that are based on changes in consumer price indices.

LEASE CATEGORY	TERM OF LEASE	RENEWAL OPTION AVAILABLE
Buildings	2 – 5 years	2 – 5 years
Network Infrastructure	2 – 10 years	2 – 10 years
Plant and Equipment	4 – 5 years	None
Motor Vehicles	8 years	None

Assets pledged as security

The lease liabilities are effectively secured as the rights to the leased asset, recognised in the statement of financial position, revert to the lessor in the event of default.

NOTE 20. EQUITY – ISSUED CAPITAL

	CONSOLIDATED			
	2020 SHARES	2019 SHARES	2020 \$'000	2019 \$'000
Ordinary shares – fully paid	433,453,275	147,034,060	421,812	46,691

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

NOTE 20. EQUITY – ISSUED CAPITAL *continued*

DETAILS	DATE	CONSOLIDATED		
		SHARES	ISSUE PRICE	\$'000
Balance	30 June 2018	2,953,017		11,907
Issue of share capital:				
Issue of shares (IPO)	13 February 2019	52,724,212	\$0.25	13,181
Issue of shares (Placement)	5 June 2019	15,000,000	\$1.00	15,000
Share issue transaction costs	Various	n/a	n/a	(1,483)
		67,724,212	n/a	26,698
Issue of shares to vendors on acquisition:				
Issue of shares to Fuzenet vendor	13 February 2019	6,600,000	\$0.25	1,650
Issue of shares to Call Dynamics vendor	31 May 2019	978,100	\$0.76	740
Issue of shares to Pivit vendor	7 June 2019	32,401	\$0.93	30
Share issue transaction costs	Various	n/a	n/a	(7)
		7,610,501	n/a	2,413
Other:				
Issue of shares	7 September 2018	75,000	\$9.00	675
Share Split (15.1059917 for 1)	7 December 2018	42,713,183	n/a	n/a
Issue of shares to convertible note holders	13 February 2019	17,845,993	\$0.175	3,123
Issue of shares to key management personnel	13 February 2019	8,112,154	\$0.25	2,028
Share issue transaction costs	Various	n/a	n/a	(153)
		68,746,330	n/a	5,673
Balance	30 June 2019	147,034,060	n/a	46,691
Issue of share capital:				
Issue of shares (Placement)	26 August 2019	15,548,988	\$1.20	18,659
Issue of shares (Retail entitlement offer)	26 August 2019	19,131,363	\$1.20	22,958
Issue of shares (Retail entitlement offer)	20 September 2019	48,803,240	\$1.20	58,564
Issue of shares (Placement)	11 December 2019	26,505,383	\$1.62	42,939
Issue of shares (Retail entitlement offer)	11 December 2019	17,105,166	\$1.62	27,710
Issue of shares (Retail entitlement offer)	27 December 2019	8,795,543	\$1.62	14,249
Issue of shares (Placement)	24 June 2020	108,480,884	\$1.40	151,873
Share issue transaction costs	Various	n/a	n/a	(9,116)
		244,370,567	n/a	327,836
Issue of shares to vendors on acquisition:				
Issue of shares to Pivit vendor	4 July 2019	56,196	\$1.42	80
Issue of shares to Fone Dynamics vendor	12 August 2019	12,556,059	\$0.53	6,652
Issue of shares to LBNCo vendor	30 September 2019	9,384,755	\$1.20	11,262
Issue of shares to OPENetworks vendor	31 October 2019	6,492,425	\$1.45	9,389
Issue of shares to 1300 Australia vendor	16 December 2019	12,345,682	\$1.62	20,000
Issue of shares to Pivit vendor	8 May 2020	140,550	–	–
Share issue transaction costs	Various	n/a	n/a	(189)
		40,975,667	n/a	47,194
Other:				
Issue of shares under employee shares	20 April 2020	94,828	\$1.22	115
Conversion of share-based payment option on exercise	19 June 2020	648,153	\$0.25	161
Conversion of share-based payment option on exercise	25 June 2020	330,000	\$0.56	184
Reserves reclassification		n/a	n/a	(317)
Share issue transaction costs	Various	n/a	n/a	(52)
		1,072,981	n/a	91
Balance	30 June 2020	433,453,275	n/a	421,812

NOTE 20. EQUITY – ISSUED CAPITAL *continued***Ordinary shares**

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Reconciliation to proceeds from issue of shares

	CONSOLIDATED	
	2020 \$'000	2019 \$'000
Issue of Shares	384,477	36,427
Issue of shares to vendor on business acquisition	(40,747)	(2,390)
Repayment of contingent consideration	(6,652)	–
Share-based payments and reserve reclassification	202	(5,856)
	337,280	28,181

NOTE 21. EQUITY – RESERVES

	CONSOLIDATED	
	2020 \$'000	2019 \$'000
Share Option reserve	6,065	1,283
	6,065	1,283

Share Option reserve

The reserve is used to recognise the fair value of share-based payments, in particular options issued to Directors and Senior Management.

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

CONSOLIDATED	TOTAL \$'000
Balance at 30 June 2018	–
Options Issued	1,283
Balance at 30 June 2019	1,283
Options Issued	4,465
Reserve reclassification	317
Balance at 30 June 2020	6,065

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

NOTE 22. EQUITY – ACCUMULATED LOSSES

	CONSOLIDATED	
	2020 \$'000	2019 \$'000
Accumulated losses at the beginning of the financial year	(22,104)	(8,573)
Profit / (Loss) after income tax expense for the year	15,921	(13,531)
Accumulated losses at the end of the financial year	(6,183)	(22,104)

NOTE 23. FINANCIAL INSTRUMENTS

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity.

Market risk

Foreign currency risk

The consolidated entity undertakes limited transactions denominated in foreign currency and is exposed to limited foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency.

Price risk

The consolidated entity is not exposed to any significant price risk. Most customers in each entity sign up to a contract term with an agreed price.

Interest rate risk

The consolidated entity has limited Interest rate risk, with a fixed rate on the South Australia Financing Authority loan for FY19.

The consolidated entity had no loans outstanding as at 30 June 2020 (2019: \$2.5 million).

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a code of credit, including obtaining agency credit information when applicable, confirming references and setting appropriate credit limits. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables using a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available.

The impact of COVID-19 on the allowance for calculation for expected credit losses calculation was assessed as at 30 June 2020. Please refer to Note 8.

NOTE 23. FINANCIAL INSTRUMENTS *continued*

The consolidated entity does not have a credit risk exposure as there is no single customer that represents a material component of the outstanding debtor balance. There are no guarantees against receivables but management closely monitors the receivable balance on a monthly basis and is in regular contact with this customers to mitigate risk.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan and, no active enforcement activity.

Cash and cash equivalents

Credit risk related to balances with banks and other financial institutions is managed by the Board.

The Group held cash and cash equivalents of \$189.2 million as at 30 June 2020 and \$19.1 million as at 30 June 2019. The cash and cash equivalents are held with bank and financial institution counterparties, which are rated A to AA-, based on Standard & Poor's ratings.

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The Group uses a similar approach for assessment of ECLs for cash and cash equivalents to those used for debt securities.

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements

Unused borrowing facilities at the reporting date:

	CONSOLIDATED	
	2020 \$'000	2019 \$'000
Bank loans	—	209
	—	209

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities.

The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

NOTE 23. FINANCIAL INSTRUMENTS *continued*

CONSOLIDATED – 2020	WEIGHTED AVERAGE INTEREST RATE %	1 YEAR OR LESS \$'000	BETWEEN 1 AND 2 YEARS \$'000	BETWEEN 2 AND 5 YEARS \$'000	OVER 5 YEARS \$'000	REMAINING CONTRACTUAL MATURITIES \$'000
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	–	5,601	–	–	–	5,601
Other payables	–	7,540	–	–	–	7,540
Contingent consideration	–	4,439	2,712	–	–	7,151
<i>Interest-bearing – fixed rate</i>						
Right of use liability	8.21%	1,058	921	1,887	2,934	6,800
Total non-derivatives		18,638	3,633	1,887	2,934	27,092

CONSOLIDATED – 2019	WEIGHTED AVERAGE INTEREST RATE %	1 YEAR OR LESS \$'000	BETWEEN 1 AND 2 YEARS \$'000	BETWEEN 2 AND 5 YEARS \$'000	OVER 5 YEARS \$'000	REMAINING CONTRACTUAL MATURITIES \$'000
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	–	3,630	–	–	–	3,630
Other payables	–	1,038	–	–	–	1,038
Contingent consideration	–	6,546	2,484	–	–	9,030
<i>Interest-bearing – fixed rate</i>						
Right of use liability	8.21%	1,328	1,388	2,690	4,580	9,986
Lease liability	8.65%	66	71	30	–	167
SAFA loan	2.57%	792	792	990	–	2,574
Total non-derivatives		13,400	4,735	3,710	4,580	26,425

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

The interest expense on lease liabilities incurred in FY20 was \$432,000 (2019: \$660,000).

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

NOTE 24. FAIR VALUE MEASUREMENT

Fair value

The fair value of financial assets and liabilities of the group approximate their carrying value.

Fair value hierarchy

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

LEVEL 1	LEVEL 2	LEVEL 3	
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.	
CONSOLIDATED – 2020	LEVEL 1 \$'000	LEVEL 2 \$'000	LEVEL 3 \$'000
<i>Liabilities</i>			
Contingent consideration	–	–	7,151
	–	–	7,151

There were no transfers between levels during the financial year. The fair value of assets and liabilities classified as level three is determined by the use of models incorporating unobservable inputs and assumptions. Included within the \$7.1 million balance above is \$5.4 million contingent consideration for the LBNCo acquisition. This has been calculated based on amounts expected to be settled using estimated constructed and activated port numbers, developer revenue and new development fee amounts.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

NOTE 25. KEY MANAGEMENT PERSONNEL DISCLOSURES

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	CONSOLIDATED	
	2020 \$	2019 \$
Short-term employee benefits	1,657,330	977,839
Post-employment benefits	97,009	66,769
Long-term benefits	14,187	16,067
Equity settled options	3,822,214	3,302,066
	5,590,740	4,362,741

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

NOTE 26. REMUNERATION OF AUDITORS

During the financial year the following fees were paid or payable for services provided by Deloitte Touche Tohmatsu, the auditor of the company, its network firms and unrelated firms:

	CONSOLIDATED	
	2020 \$	2019 \$
<i>Audit services – Deloitte Touche Tohmatsu (2019: HLB Mann Judd Audit (SA) Pty Ltd)</i>		
Audit or review of the financial statements	170,000	64,798
<i>Other services – Deloitte Touche Tohmatsu (2019: HLB Mann Judd Audit (SA) Pty Ltd)</i>		
Preparation of Independent limited Assurance Report for Listing	–	96,411
Review of forecast for IPO	–	55,000
File access fees	8,950	–
	178,950	216,209

NOTE 27. CONTINGENT ASSETS

There are no Contingent assets as at 30 June 2020.

NOTE 28. CONTINGENT LIABILITIES

The consolidated entity has given bank guarantees as at 30 June 2020 of \$1,651,000 on a term deposit and to various landlords (2019: \$24,600 to various landlords).

NOTE 29. COMMITMENTS

	CONSOLIDATED	
	2020 \$'000	2019 \$'000
<i>Capital commitments</i>		
Committed at the reporting date but not recognised as liabilities, payable:	126	–
Property, plant and equipment	–	25

Uniti has entered into a scheme implementation deed with ASX listed OptiComm Limited (ASX: OPC, OptiComm) under which Uniti will acquire 100% of the OptiComm shares on issue by way of a scheme arrangement (Scheme). Subject to OptiComm shareholders voting in favour of the Scheme and the Federal Court subsequently approving the Scheme at the second court hearing to be held on 18 September 2020, the transaction is scheduled to be implemented on 30 September 2020, at which time Uniti will assume unconditional control of OptiComm. Uniti's acquisition consideration of \$532 million will be settled via \$407 million cash consideration and the issue of 84 million Uniti shares. Uniti has already raised \$270 million from an equity rights issue and has executed a binding term sheet for a new \$150 million debt facility to fund the balance of the cash consideration payable.

NOTE 30. RELATED PARTY TRANSACTIONS

Parent entity

Uniti Group Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in Note 33.

Key management personnel

Disclosures relating to key management personnel are set out in Note 25 and the remuneration report included in the directors' report.

Transactions with related parties

The following transactions occurred with related parties:

	CONSOLIDATED	
	2020 \$	2019 \$
Payment for network tower right-of-use assets from Axicom Pty Limited (director-related entity of Graeme Barclay)	497,389	599,420
Payment for network tower right-of-use assets from BSA Limited (director-related entity of Graeme Barclay)	5,455	37,337

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	CONSOLIDATED	
	2020 \$	2019 \$
Current payables:		
Trade payables to Axicom Pty Limited (director-related entity of Graeme Barclay)	110,674	178,267

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

NOTE 31. PARENT ENTITY INFORMATION

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	PARENT	
	2020 \$'000	2019 \$'000
Loss after income tax	(6,351)	(14,515)
Total comprehensive income	(6,351)	(14,515)

Statement of financial position

	PARENT	
	2020 \$'000	2019 \$'000
Total current assets	169,892	18,350
Total assets	411,595	46,478
Total current liabilities	8,004	3,331
Total liabilities	13,155	21,592
Equity		
Issued capital	422,130	46,691
Share-based payments option reserve	5,749	1,283
Accumulated losses	(29,439)	(23,088)
Total equity	398,440	24,886

Contingent liabilities

The parent entity has given bank guarantees as at 30 June 2020 of \$1,651,000 on a term deposit and to various landlords (2019: \$24,600 to various landlords).

Capital commitments

Uniti has entered into a scheme implementation deed with ASX listed OptiComm Limited (ASX: OPC, OptiComm) under which Uniti will acquire 100% of the OptiComm shares on issue by way of a scheme arrangement (Scheme). Subject to OptiComm shareholders voting in favour of the Scheme and the Federal Court subsequently approving the Scheme at the second court hearing to be held on 18 September 2020, the transaction is scheduled to be implemented on 30 September 2020, at which time Uniti will assume unconditional control of OptiComm. Uniti's acquisition consideration of \$532 million will be settled via \$407 million cash consideration and the issue of 84 million Uniti shares. Uniti has already raised \$270 million from an equity rights issue and has executed a binding term sheet for a new \$150 million debt facility to fund the balance of the cash consideration payable.

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2020 and 30 June 2019.

NOTE 32. BUSINESS COMBINATIONS

On 1 October 2019, Uniti Group Limited acquired 100% of the ordinary shares of LBNCo Pty Ltd (LBNCo). The acquired business contributed revenues of \$18.1 million and profit after tax of \$9.9 million to the consolidated entity for the period from 1 October 2019 to 30 June 2020. Disclosure of the full year contributions for revenue and profit after tax for LBNCo is impracticable due to the changes that have occurred during the year readying the business for sale. Disclosure of the actual results for the full year would be misleading to users. The values identified and reported in relation to the acquisition of LBNCo were provisional as at 31 December 2019. The final values are as follows:

	FINAL \$'000
Cash and cash equivalents	2,556
Trade receivables	3,321
Prepayments	502
Inventories	588
Right-of-use assets	402
Plant and equipment	28,033
Software	190
Brand valuation	664
Trade payables	(2,398)
Other payables	(950)
Contract liabilities	(1,573)
Employee benefits provision	(1,566)
Lease liability	(508)
Contingent consideration	(5,404)
Net deferred tax liability	(768)
Net assets acquired	23,089
Goodwill	79,811
Acquisition-date fair value of the total consideration transferred	102,900
Representing:	
Cash paid or payable to vendor	91,542
Shares issued in lieu of cash paid	11,358
	102,900
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	91,542
Less: cash and cash equivalents	(2,556)
Net cash used	88,986

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

NOTE 32. BUSINESS COMBINATIONS *continued*

FINAL
\$'000

Reconciliation:

Goodwill at 31 December 2019	79,811
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Measurement period adjustments:

Cash and cash equivalents	5
Trade receivables	(169)
Prepayments	(4)
Brand valuation	175
Other payables	(378)
Contract liabilities	696
Net deferred tax liability	(37)
Net assets acquired	288

Goodwill at 30 June 2020	79,523
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NOTE 32. BUSINESS COMBINATIONS *continued*

On 1 November 2019, Uniti Group Limited acquired 100% of the ordinary shares of OPENetworks Pty Ltd (OPENetworks). The acquired business contributed revenues of \$3.7 million and profit after tax of \$2.2 million to the consolidated entity for the period from 1 November 2019 to 30 June 2020. Disclosure of the full year contributions for revenue and profit after tax for OPENetworks is impracticable due to the changes that have occurred during the year readying the business for sale. Disclosure of the actual results for the full year would be misleading to users. The values identified and reported in relation to the acquisition of OPENetworks were provisional as at 31 December 2019. The final values are as follows:

	FINAL \$'000
Cash and cash equivalents	245
Trade receivables	365
Inventories	473
Right-of-use assets	124
Plant and equipment	8,122
Software	140
Customer contracts	1,573
Brand valuation	132
Trade payables	(17)
Other payables	(21)
Net deferred tax liability	(413)
Employee benefits provision	(325)
Lease liability	(120)
Net assets acquired	10,278
Goodwill	17,727
Acquisition-date fair value of the total consideration transferred	28,005
Representing:	
Cash paid or payable to vendor	18,616
Shares issued/to be issued in lieu of cash paid	9,389
	28,005
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	18,616
Less: cash and cash equivalents	(245)
Net cash used	18,371

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

NOTE 32. BUSINESS COMBINATIONS *continued*

FINAL
\$'000

Reconciliation:

Goodwill at 31 December 2019	17,727
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Measurement period adjustments:

Cash and cash equivalents	(1)
Trade receivables	(25)
Customer contracts	(412)
Brand valuation	134
Trade payables	(2)
Other payables	(48)
Contract liabilities	(301)
Employee benefits provision	(30)
Net deferred tax liability	83
Net assets acquired	(602)

Goodwill at 30 June 2020	18,329
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NOTE 32. BUSINESS COMBINATIONS *continued*

On 16 December 2019, Uniti Group Limited acquired 100% of the ordinary shares of 1300 Australia Pty Ltd (1300 Australia). The acquired business contributed revenues of \$11.0 million and profit after tax of \$6.8 million to the consolidated entity for the period from 1 December 2019 to 30 June 2020. Disclosure of the full year contributions for revenue and profit after tax for 1300 Australia is impracticable due to the changes that have occurred during the year readying the business for sale. Disclosure of the actual results for the full year would be misleading to users. The values identified and reported in relation to the acquisition of 1300 Australia were provisional as at 31 December 2019. The final values are as follows:

	FINAL \$'000
Cash and cash equivalents	2,500
Trade receivables	873
Prepayments	568
Intangible assets	88
Other assets	55
Plant and equipment	164
Customer contracts	17,977
Brand valuation	887
Trade payables	(896)
Other payables	(1,823)
Deferred tax liability	(5,158)
Employee benefits provision	(307)
Net assets acquired	14,928
Goodwill	64,616
Acquisition-date fair value of the total consideration transferred	79,544
Representing:	
Cash paid or payable to vendor	59,544
Shares issued in lieu of cash paid	20,000
	79,544
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	59,544
Less: cash and cash equivalents	(2,500)
Net cash used	57,044

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

NOTE 32. BUSINESS COMBINATIONS *continued*

FINAL
\$'000

Reconciliation:

Goodwill at 31 December 2019	64,616
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Measurement period adjustments:

Trade receivables	(272)
Intangible assets	1,140
Customer contracts	1,229
Brand valuation	(297)
Trade payables	(7)
Other payables	10
Deferred tax liability	(622)
Employee benefits provision	(40)
Net assets acquired	1,141

Goodwill at 30 June 2020	63,475
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Payment for purchase of business, net of cash acquired

2020
\$'000

Acquisition of 1300 Australia	57,044
Acquisition of LBNC Co	88,986
Acquisition of OPENetworks	18,371
	164,401
Other – asset purchase and contingent consideration payment	1,126
	165,527

NOTE 33. INTERESTS IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in Note 1:

NAME	PRINCIPAL PLACE OF BUSINESS/ COUNTRY OF INCORPORATION	OWNERSHIP INTEREST	
		2020	2019
1300 Holdings Pty Ltd	Australia	100.00%	–
1300 Australia Pty Ltd	Australia	100.00%	–
Alpha Phone Words Pty Ltd	Australia	100.00%	–
LBNCo Holdings Pty Ltd	Australia	100.00%	–
LBNCo InterCo Pty Ltd	Australia	100.00%	–
LBNCo BidCo Pty Ltd	Australia	100.00%	–
LBN Co Pty Ltd	Australia	100.00%	–
Service Elements Pty Ltd	Australia	100.00%	–
Link Us Pty Ltd	Australia	100.00%	–
Capital Fibre Networks Pty Ltd	Australia	100.00%	–
OPENetworks Pty Ltd	Australia	100.00%	–
Fuzenet Pty Ltd	Australia	100.00%	100.00%
Fibreworks Pty Ltd	Australia	100.00%	100.00%
Fone Dynamics Pty Ltd	Australia	100.00%	100.00%
Call Dynamics Pty Ltd	Australia	100.00%	100.00%
Uniti Air Pty Ltd	Australia	100.00%	100.00%
Uniti Health Pty Ltd	Australia	100.00%	100.00%
Uniti Play Pty Ltd	Australia	100.00%	100.00%
FDX Holdings Pty Ltd	Australia	100.00%	100.00%
ACN 619 678 787 Pty Ltd	Australia	100.00%	100.00%
FDX Infotech Pty Ltd	Australia	100.00%	100.00%
Fuzeconnect Pty Ltd	Australia	100.00%	100.00%
LK Internet Pty Ltd	Australia	100.00%	100.00%
Uniti Wireless Limited	Australia	100.00%	100.00%
Uniti Broadband Limited	Australia	100.00%	100.00%

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

NOTE 34. DEED OF CROSS GUARANTEE

A deed of cross guarantee between Uniti Group Limited and its entities listed above was enacted during the financial year and relief was obtained from preparing individual financial statements for the Group under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785. Under the deed, Uniti Group Limited guarantees to support the liabilities and obligations of its subsidiaries listed above. As its entities are a party to the deed the income statement and balance sheet information of the combined class-ordered group is equivalent to the consolidated information presented in this financial report.

NOTE 35. EVENTS AFTER THE REPORTING PERIOD

On 15 June 2020, Uniti announced it had entered a scheme implementation deed with ASX listed OptiComm Limited (ASX: OPC, OptiComm) under which Uniti will acquire 100% of the OptiComm shares on issue by way of a scheme arrangement (Scheme). Since the announcement on 15 June 2020 and subsequent to 30 June 2020, the Federal Court has approved the despatch of the Scheme Booklet and convening of the OptiComm Scheme meeting. The Scheme Booklet includes an independent's expert report which concludes that the Scheme is in the best interest of OptiComm shareholders, in the absence of a superior proposal. The directors of OptiComm recommend that shareholders vote in favour of the Scheme, in the absence of a superior proposal, and subject to the independent expert continuing to conclude that the Scheme is in the best interests of OptiComm shareholders. Subject to OptiComm shareholders voting in favour of the Scheme and the Federal Court subsequently approving the Scheme at the second court hearing to be held on 18 September 2020, the transaction is scheduled to be implemented on 30 September 2020, at which time Uniti will assume unconditional control of OptiComm. Included in the FY20 Annual Report is the issuance of share capital of \$148.0 million to partially fund the acquisition (net of related share issue costs of \$3.9 million), as well as due diligence and other acquisition costs of \$2.4 million which have been expensed.

Subsequent to 30 June 2020, the Group has acquired customer contracts and network assets for a total of \$0.7 million from Ultra ISP Pty Ltd.

Impact of COVID-19:

The global impact of the COVID-19 pandemic, and the advice and responses from health and regulatory authorities, is continuously developing. The global economic outlook is facing uncertainty due to the COVID-19 pandemic which has had and may continue to have significant impact on capital markets and share prices.

In addition, the COVID-19 global pandemic may specifically impact the projected growth rate of Uniti's W&I business, including any downturn in the property market which may lead to a delay in the construction of new developments and in the signing of new developer agreements and/or delay in the construction of dwellings under these new agreements, and/or increased vacancy rates, resulting in delays in the realisation of revenue from these contracts. There is also a risk that the operations of Uniti may be interrupted by government enforced restrictions (such as lockdowns) or other COVID-19 related health concerns. Uniti has not claimed any amounts under the Australian Government JobKeeper Scheme during the financial year or subsequent to 30 June 2020.

Although there is a level of inherent uncertainty as outlined above, there has not been any noticeable adverse impact on the Group's operations or profitability. Telecommunications remains an essential service and the current environment has led to increased demand for telecommunications products and services.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

NOTE 36. RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH FROM OPERATING ACTIVITIES

	CONSOLIDATED	
	2020 \$ '000	2019 \$ '000
Profit/(Loss) after income tax expense for the year	15,921	(13,531)
Adjustments for:		
Depreciation and amortisation	6,853	5,753
Impairment of right-of-use assets	–	1,407
Profit on disposal of plant and equipment	(3)	–
Write-off of assets	57	–
Transaction costs for business acquisitions	5,168	–
Grant receipt	–	1,500
Share-based payments	4,465	3,311
Non-cash share expense	115	675
Income tax expense	(7,314)	–
Change in operating assets and liabilities:		
(Increase)/Decrease in trade and other receivables	(487)	733
Decrease in inventories	216	1
(Increase) in deposits and prepayments	(344)	(250)
(Increase) in contract assets	(184)	–
(Decrease)/Increase in trade and other payables	(1,960)	830
(Decrease) in employee benefits	(1,417)	(229)
(Decrease)/Increase in other provisions	(35)	124
Increase/(Decrease) in customer contract liability	593	(70)
Net cash from operating activities	21,644	254

NOTE 37. NON-CASH INVESTING AND FINANCING ACTIVITIES

	CONSOLIDATED	
	2020 \$ '000	2019 \$ '000
Equity-settled contingent consideration	6,276	2,390
Shares issued under employee share plan	115	2,028
Options issued under employee option plan	4,465	1,283
	10,856	5,701

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

NOTE 38. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

CONSOLIDATED	OTHER LOANS \$'000	SAFA LOAN \$'000	BANK LOANS \$'000	LEASE LIABILITY \$'000	TOTAL \$'000
Balance at 1 July 2018	151	–	209	8,915	9,275
Net cash from/(used in) financing and operating activities	(136)	2,460	(209)	(1,154)	961
Acquisition of right-of-use assets	–	–	–	563	563
Remeasurement of lease liability (Note 12)	–	–	–	(1,459)	(1,459)
Balance at 30 June 2019	15	2,460	–	6,865	9,340
Net cash from/(used in) financing and operating activities	(15)	(2,460)	–	(989)	(3,464)
Acquisition of right-of-use assets	–	–	–	628	628
Remeasurement of lease liability (Note 12)	–	–	–	(1,294)	(1,294)
Balance at 30 June 2020	–	–	–	5,210	5,210

NOTE 39. EARNINGS PER SHARE

	CONSOLIDATED	
	2020 \$ '000	2019 \$ '000
Profit/(Loss) after income tax	15,921	(13,531)
Profit/(Loss) after income tax attributable to the owners of Uniti Group Limited	15,921	(13,531)
	NUMBER	NUMBER
Weighted average number of ordinary shares used in calculating basic earnings per share	274,015,626	116,503,906
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	15,690,104	–
Weighted average number of ordinary shares used in calculating diluted earnings per share	289,705,730	116,503,906

On the 28th November 2018, Uniti processed a share split providing 15.1056 shares for every 1 share previously held. The 30 June 2019 shares used represent the shares on issue at the time adjusted for the share split for comparison.

	CENTS	CENTS
Basic earnings/(loss) per share	5.81	(11.6)
Diluted earnings/(loss) per share	5.50	(11.6)

NOTE 40. SHARE-BASED PAYMENTS

A share option plan has been established by the consolidated entity and approved by shareholders at a general meeting, whereby the consolidated entity may, at the discretion of the Nomination and Remuneration Committee, grant options over ordinary shares in the company to certain key management personnel of the consolidated entity. Options granted carry no dividend or voting rights, nor do they carry any rights to participate in any issues of shares of the Company or any other entity. All options were granted over unissued fully paid ordinary shares in the company. Options vest based on the provision of service over the vesting period whereby the employee becomes beneficially entitled to the option on vesting date. Options are exercisable by the holder from the vesting date.

Set out below are summaries of options granted under the plan:

2020

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	BALANCE AT THE START OF THE YEAR	GRANTED	EXERCISED	EXPIRED/ FORFEITED/ OTHER	BALANCE AT THE END OF THE YEAR
21/12/2018	30/06/2022	\$0.25	3,072,786	–	–	–	3,072,786
21/12/2018	30/06/2023	\$0.30	1,843,670	–	–	–	1,843,670
21/12/2018	30/06/2024	\$0.38	1,843,670	–	–	–	1,843,670
13/02/2019	30/06/2022	\$0.25	925,933	–	(648,153)	–	277,780
13/02/2019	30/06/2023	\$0.31	925,933	–	–	–	925,933
13/02/2019	30/06/2024	\$0.38	925,933	–	–	–	925,933
13/03/2019	31/12/2022	\$0.25	819,410	–	–	–	819,410
13/03/2019	30/06/2023	\$0.30	819,410	–	–	–	819,410
13/03/2019	30/06/2024	\$0.38	819,410	–	–	–	819,410
13/03/2019	30/06/2022	\$0.17	200,000	–	–	–	200,000
13/03/2019	30/06/2023	\$0.25	200,000	–	–	–	200,000
13/03/2019	30/06/2024	\$0.30	200,000	–	–	(200,000)	–
13/03/2019	30/06/2025	\$0.38	200,000	–	–	(200,000)	–
15/04/2019	31/03/2022	\$0.56	330,000	–	(330,000)	–	–
15/04/2019	31/03/2023	\$0.71	330,000	–	–	–	330,000
15/04/2019	31/03/2024	\$0.86	590,000	–	–	–	590,000
10/09/2019	10/09/2023	\$1.35	–	660,000	–	–	660,000
10/09/2019	10/09/2024	\$1.50	–	660,000	–	–	660,000
10/09/2019	10/09/2025	\$1.65	–	930,000	–	–	930,000
18/10/2019	18/10/2023	\$1.62	–	200,000	–	–	200,000
18/10/2019	18/10/2024	\$1.77	–	200,000	–	–	200,000
18/10/2019	18/10/2025	\$1.92	–	250,000	–	–	250,000
5/11/2019	30/06/2022	\$1.35	–	669,868	–	–	669,868
5/11/2019	31/12/2022	\$1.35	–	178,632	–	–	178,632
5/11/2019	31/03/2023	\$1.35	–	71,940	–	–	71,940
5/11/2019	30/06/2023	\$1.35	–	580,551	–	–	580,551
5/11/2019	31/03/2024	\$1.35	–	71,940	–	–	71,940
5/11/2019	30/06/2024	\$1.35	–	580,551	–	–	580,551
5/11/2019	31/03/2025	\$1.35	–	128,620	–	–	128,620
27/04/2020	26/04/2024	\$1.38	–	80,000	–	–	80,000
27/04/2020	26/04/2025	\$1.53	–	80,000	–	–	80,000
27/04/2020	26/04/2026	\$1.68	–	90,000	–	–	90,000
Balance as at 30 June			14,046,155	5,432,102	(978,153)	(400,000)	18,100,104

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

NOTE 40. SHARE-BASED PAYMENTS *continued*

Set out below are the options exercisable, that vested at the end of the financial year:

GRANT DATE	EXPIRY DATE	2020 NUMBER	2019 NUMBER
21/12/2018	30/06/2022	3,072,786	3,072,786
13/02/2019	30/06/2022	925,933	925,933
13/03/2019	30/06/2022	200,000	–
13/03/2019	30/06/2023	200,000	–
21/12/2018	30/06/2023	1,843,670	–
13/02/2019	30/06/2023	925,933	–
13/03/2019	31/12/2022	819,410	–
13/03/2019	30/06/2023	819,410	–
15/04/2019	31/03/2023	330,000	–
5/11/2019	30/06/2022	669,868	–
5/11/2019	30/06/2023	580,551	–
5/11/2019	31/12/2022	178,632	–
5/11/2019	31/03/2023	71,940	–
		10,638,133	3,998,719

The weighted average option exercise price of all unexercised options on issue at the end of the financial year is \$0.68 (2019: \$0.34)

The weighted average remaining contractual life of options outstanding at the end of the financial year was 4 years (2019: 4.5 years).

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

GRANT DATE	EXPIRY DATE	SHARE PRICE AT GRANT DATE	EXERCISE PRICE	EXPECTED VOLATILITY	DIVIDEND YIELD	RISK-FREE INTEREST RATE	FAIR VALUE AT GRANT DATE
10/09/2019	10/09/2023	\$1.32	\$1.35	77%	0.0%	0.82%	\$0.74
	10/09/2024	\$1.32	\$1.50	77%	0.0%	0.82%	\$0.78
	10/09/2025	\$1.32	\$1.65	77%	0.0%	0.82%	\$0.82
18/10/2019	18/10/2023	\$1.52	\$1.62	77%	0.0%	0.88%	\$0.83
	18/10/2024	\$1.52	\$1.77	77%	0.0%	0.88%	\$0.89
	18/10/2025	\$1.52	\$1.92	77%	0.0%	0.88%	\$0.94
5/11/2019	30/06/2022	\$1.50	\$1.35	77%	0.0%	0.77%	\$0.75
	30/06/2023	\$1.50	\$1.35	77%	0.0%	0.77%	\$0.72
	30/06/2023	\$1.50	\$1.35	77%	0.0%	0.77%	\$0.70
5/11/2019	31/12/2022	\$1.50	\$1.35	77%	0.0%	0.77%	\$0.80
	30/06/2023	\$1.50	\$1.35	77%	0.0%	0.77%	\$0.85
	30/06/2024	\$1.50	\$1.35	77%	0.0%	0.77%	\$0.93
	31/03/2024	\$1.50	\$1.35	77%	0.0%	0.77%	\$0.91
	31/03/2025	\$1.50	\$1.35	77%	0.0%	0.77%	\$0.98
27/04/2020	26/04/2024	\$1.38	\$1.38	77%	0.0%	0.23%	\$0.77
	26/04/2025	\$1.38	\$1.53	77%	0.0%	0.23%	\$0.81
	26/04/2026	\$1.38	\$1.68	77%	0.0%	0.23%	\$0.85

DIRECTORS' DECLARATION

for the year ended 30 June 2020

In the directors' opinion:

- > the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- > the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 1 to the financial statements;
- > the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and
- > there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.
On behalf of the directors



Graeme Barclay
Chairman

24 August 2020 Sydney

INDEPENDENT AUDITOR'S REPORT

for the year ended 30 June 2020



Deloitte Touche Tohmatsu
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Independent Auditor's Report to the members of Uniti Group Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Uniti Group Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated balance sheet as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (Including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to directors of the Company, would be in the same terms if given to directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Assessment of the recoverability of goodwill <i>Refer to note 14</i> As at 30 June 2020, the Group had goodwill totalling \$176 million. The recoverability of goodwill is subject to judgement in determining assumptions and estimates involved in evaluating the recoverable amounts of the cash generating units ("CGUs"). The CGUs disclosed are: • Consumer & Business Enablement; • Wholesale & Infrastructure; and • Specialty Services. As disclosed in note 14, management applied a 'value in use' approach for all CGUs. Under this approach, discounted cash flow models were prepared, which included significant judgements and estimates relating to: • Future cash flows for each CGU; • Discount rates; and • Terminal value growth rates. Changes to these assumptions can impact the recoverable amount determined for each CGU.	Our procedures included, but were not limited to: • Assessing the design and implementation of key controls relating to the preparation of the value-in-use models; • Assessing the determination of the Group's CGUs based on our understanding of the nature of the Group's businesses and how independent cash flows are derived; • Agreeing forecast cash flows to the latest Board approved budget and assessing the accuracy of management's forecasting; • With the assistance of our valuation specialists we: ◦ Assessed management's value-in-use methodology; ◦ Challenged key assumptions, including forecast growth rates by comparing them to historical results and economic forecasts including the impact of COVID-19; ◦ Evaluated the discount rate used by assessing the cost of capital for each CGU by comparison to market data such as IBISWorld industry reports; ◦ Tested the mathematical accuracy of the valuation model; and ◦ Assessed management's sensitivity analyses around key assumptions and estimates used in the valuation model. We also assessed the appropriateness of the disclosures included in the notes to the financial statements.
Accounting for acquisitions in the current period <i>Refer to note 32</i> The Group acquired several businesses during the 30 June 2020 financial year and finalised the accounting for certain acquisitions that were provisionally accounted at 30 June 2019. Significant judgement is involved in relation to acquisition accounting including: • Determining the fair value of acquired tangible assets such as network infrastructure; and • Identifying and valuing intangible assets acquired in the business combination such as customer relationships and brand names. Changes in the above matters can impact the amount of goodwill recognised for each of the respective acquisitions.	Our procedures included, but were not limited to: • Reviewing the sale agreements to understand key terms and conditions; • Assessing the procedures performed by management regarding the identification and valuation of acquired assets and liabilities, including intangible assets; • With the assistance of our valuation specialists we: ◦ Assessed the third party valuations utilised by management in their determination of fair value of assets acquired; ◦ Evaluated the methodology and assumptions used by the third party in the valuation performed; and ◦ Assessed the competence and objectivity of the third party. We also assessed the appropriateness of the disclosures included in the notes to the financial statements.

Other Information

The Directors are responsible for the other information. The other information comprises the Operational Highlights, Chairman's Letter, CEO's Message, Operating & Financial Review, Directors' Report, Shareholder Information, Corporate Directory, ASX Announcement and Investor Presentation which we obtained prior to the date of this auditor's report.

Our opinion on the financial report does not cover the other information and accordingly we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Other Information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action.

INDEPENDENT AUDITOR'S REPORT

for the year ended 30 June 2020



Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on the Remuneration Report****Opinion on the Remuneration Report**

We have audited the Remuneration Report included in pages 27 to 38 of the Directors' Report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Uniti Group Limited, for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

A handwritten signature in black ink that reads "Deloitte Touche Tohmatsu".

DELOITTE TOUCHE TOHMATSU

A handwritten signature in black ink, appearing to be "C. Biermann".

Chris Biermann
Partner
Chartered Accountants
Melbourne, 24 August 2020

SHAREHOLDER INFORMATION

30 June 2020

ASX ADDITIONAL SHAREHOLDER INFORMATION

Additional information required by the ASX Listing Rules and not disclosed elsewhere in this report is set out below and was applicable as at 31 July 2020 (unless otherwise stated).

DISTRIBUTION OF EQUITABLE SECURITIES

Analysis of number of equitable security holders by size of holding:

	NUMBER OF HOLDERS OF ORDINARY SHARES	ORDINARY SHARES
1 to 1,000	968	594,562
1,001 to 5,000	1,232	3,324,529
5,001 to 10,000	707	5,389,430
10,001 to 100,000	1,095	31,366,093
100,001 and over	202	477,707,527
	4,204	518,382,141

EQUITY SECURITY HOLDERS

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted and unquoted ASX escrow equity securities are listed below:

	ORDINARY SHARES	
	NUMBER HELD	% OF TOTAL SHARES ISSUED
National Nominees Ltd	74,866,546	14.442
HSBC Custody Nominees (Australia) Limited	63,431,790	12.236
JP Morgan Nominees Australia Pty Limited	62,711,706	12.098
Citicorp Nominees Pty Limited	42,390,279	8.177
BNP Paribas Noms Pty Limited	19,229,145	3.709
Cornish Group Investments Pty Ltd	14,500,000	2.797
Capital J Investments Pty Ltd <Capital J Investments A/C>	13,899,999	2.681
Chash Nominees Pty Ltd <The Phoenix A/C>	8,231,107	1.588
Taliesin Pty Ltd < The Taliesin A/C>	8,209,010	1.584
HSBC Custody Nominees (Australia) Limited - A/C 2	7,908,827	1.526
Sargon CT Pty Ltd <Bipeta>	7,654,012	1.477
Merrill Lynch (Australia) Nominees Pty Limited	7,565,312	1.459
BNP Paribas Nominees Pty Ltd <Agency Lending DRP A/C>	7,316,187	1.411
CS Third Nominees Pty Limited <HSBC Cust Nom Au Ltd 13 A/C>	6,426,378	1.240
Brispot Nominees Pty Limited <House Head Nominees A/C>	6,141,246	1.185
Luab Pty Ltd	5,535,424	1.068
Barbright Australia Pty Ltd <Interquartz Super Fund A/C>	5,305,915	1.024
UBS Nominees Pty Limited	4,933,165	0.952
CS Fourth Nominees Pty Limited <HSBC Cust Nom Au Ltd 11 A/C>	4,918,144	0.949
Bowen Family Super Co Pty Ltd < Bowen Family Super A/C>	4,791,706	0.924
Total	375,965,898	72.527

SHAREHOLDER INFORMATION

30 June 2020

UNQUOTED EQUITY SECURITIES

	ORDINARY SHARES	
	NUMBER HELD	% OF UNQUOTED SECURITIES
Chash Nominees Pty Ltd <The Phoenix A/C>	8,209,010	33.312
Taliesin Pty Ltd <The Taliesin A/C>	8,209,010	33.312
Capital Telecommunications Pty Ltd	2,794,608	11.340
Basslay Pty Limited <Barclay Family A/C>	2,458,228	9.975
Mr Jules Willem Johan Maussen <Maussen Family A/C>	1,163,657	4.722
Bell Potter Nominees Ltd <BB Nominees A/C>	1,000,000	4.058
Mr Timothy Gramp & Mrs Kathryn Joy Gramp <T & KJ Gramp Family>	307,279	1.247
Adelaide Internet Pty Ltd <John Lindsay Family A/C>	307,279	1.247
Mr Jules Willem Johan Maussen	193,957	0.787
Total	24,643,028	100.000

No individual holder holds more than 20% of the unquoted options

Chash Nominees Pty Ltd as trustee for the <The Phoenix Trust> and as trustee for the <The Taliesin Trust> holds more than 20% of the ASX Escrow shares.

RESTRICTED SECURITIES

The following securities have escrow restrictions applicable:

ORDINARY SECURITIES SUBJECT TO VOLUNTARY ESCROW

Release 31 October 2020	1,668,786
Total	1,668,786

UNQUOTED SECURITIES SUBJECT TO ASX ESCROW (SHARES WILL BE QUOTED UPON RELEASE)

Release 13 February 2021	24,643,028
Total	24,643,028

SUBSTANTIAL HOLDERS

Substantial holders in the Group are set out below:

	ORDINARY SHARES	
	NUMBER HELD	% OF TOTAL SHARES ISSUED
Washington H. Soul Pattinson and Company Limited (WHSP)	24,906,745	5.05%
Tribeca Investment Partners Pty Ltd	25,917,195	5.005%

VOTING RIGHTS

The voting rights attached to ordinary shares are set out below:

Ordinary shares including Voluntary and ASX Escrow shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Options

Options have no voting rights.

There are no other classes of equity securities.

On Market Buy Back

There is no current on market buy back.

Use of Proceeds

In accordance with Listing Rule 4.10.19, the Company confirms that it has used cash and assets in a form readily convertible to cash in a way consistent with its business objectives during the period 13 February 2019 (date of listing) and 30 June 2020.

CORPORATE DIRECTORY

DIRECTORS

Graeme Barclay

Kathy Gramp

John Lindsay

Vaughan Bowen

Michael Simmons

COMPANY SECRETARY

Ashe-lee Jegathesan

ANNUAL GENERAL MEETING

22 October 2020

Please refer to our website for further detail:

www.unitigrouplimited.com

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Phone: 1300 847 201

PRINCIPAL PLACE OF BUSINESS

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Adelaide SA 5000

Phone: 1300 847 201

SHARE REGISTER

Boardroom Pty Limited Grosvenor Place

Level 12, 225 George Street

Sydney NSW 2000

Phone: 1300 808 280

AUDITOR

Deloitte Touche Tohmatsu

477 Collins Street

Melbourne VIC 3000

STOCK EXCHANGE LISTING

Uniti Group Limited shares are listed on the Australian Securities Exchange (ASX code: UWL)

WEBSITE

www.unitigrouplimited.com

NOTES





unitigrouplimited.com