

Aussie Broadband Limited

ABN 29 132 090 192

Appendix 4D and Interim Financial Report for half-year ended 31 December 2021

1. Reporting periods:

Current:	1 July 2021 to 31 December 2021
Previous:	1 July 2020 to 31 December 2020

2. Results for announcement to the market:

	31 Dec 2021	31 Dec 2020	Change	Change %
Revenue from ordinary activities	229,320	157,416	71,904	46%
Profit / (loss) from ordinary activities after tax attributable to members	1,391	(10,467)	11,858	113%
Net profit / (loss) after tax attributable to members	1,391	(10,467)	11,858	113%

The company generated revenue of \$229.3m and a net profit after tax of \$1.4m for the period. The result reflects growth in revenue of 46% compared to the prior corresponding period primarily due to growth in broadband subscribers in the residential, business and wholesale segments.

The net profit at December 2021 includes \$1.0m of costs associated with the proposed acquisition of Over The Wire Limited (ASX: OTW). The net loss after tax at December 2020 included a cost of \$12.3m associated with a change in fair value of the embedded derivative arising from the convertible notes which converted at the time of the IPO and \$1.1m of IPO expenses.

The result before transaction costs for December 2021 was a profit of \$2.4m. The result before the fair value adjustments and IPO expenses for December 2020 was a profit of \$2.9m.

No dividend has been proposed or declared in respect of the period ended 31 December 2021.

3. Net tangible assets

	31 Dec 2021	31 Dec 2020
Net tangible assets backing per share	\$0.82	\$0.26

4. Additional Information

Additional financial information is included in attached Interim Financial Report which has been reviewed by the Group's auditors.



Aussie Broadband Limited

ABN 29 132 090 192

Interim Financial Report

For the half-year ended 31 December 2021

Directors' Report

The Directors present their Report, together with the Financial Statements, on the Group (referred to hereafter as '**the Group**') consisting of Aussie Broadband Limited ('**company**' or '**parent**') and the entities it controlled at the end of, or during, the half-year ended 31 December 2021.

1 Directors

The following persons were Directors of Aussie Broadband Limited during the half-year ended 31 December 2021 and up to the date of this report.

Adrian Fitzpatrick – Non-Executive Director and Chair

Richard Dammary – Non-Executive Director

Vicky Papachristos – Non-Executive Director

Patrick Greene – Non-Executive Director

Phillip Britt – Managing Director and Executive Director

John Reisinger – Chief Technology Officer and Executive Director

2 Principal activities

The principal activity of the Group is a national carrier of telecommunications services in Australia focused on providing NBN and other networks' broadband services to residential and business customers together with related products and services.

On 2 December 2021 the Company announced the execution of a Scheme of Implementation Deed with Over the Wire Limited (ASX: OTW) under which the Company has agreed to acquire all of the issued shares in OTW by way of scheme of arrangement. The Scheme is unanimously recommended by the Board of OTW. Subject to, inter alia, the approval of OTW shareholders, Federal Court approval and no material adverse changes impacting OTW, the Scheme is expected to be completed in the first quarter of calendar year 2022.

The acquisition will be funded partly with the issue of new ABB shares, with the balance funded by existing cash, new debt facilities totalling \$175.0 million, inclusive of a new 3-year senior debt facility, bridging facility (if required and dependent on OTW aggregate scrip elections) and a new working capital facility.

The transaction, if completed, will:

- create a significantly larger and diversified telecommunications company, with a strong combined growth profile and customer mix, including approximately 480,000 residential customers and 28,000 business customers of ABB with approximately 16,000 OTW business and government customers;
- accelerate product and skills capability in the Group's business segment with the addition of recurring and contracted revenue derived from the OTW customer base;
- enable shareholders to benefit from the value creation from synergies because of the combination of two highly complementary business; and
- enhance the trading liquidity of the Company' shares through a broadened shareholder base, and potential for enhanced analyst coverage and inclusion in the S&P/ASX200 index.

The OTW Scheme meeting is scheduled to be held on 24 February 2022 and more detail on the Scheme can be found in the relevant ASX announcements made by OTW since December 2021.

There were no other significant changes in the nature of the Group's activity during the financial year.

3 Review of Operations

The profit for the half-year for the Group after providing for income tax amounted to \$1,390,557 (31 December 2020: loss of \$10,467,277).

Key items of note in the half-year include:

- Residential connections at 31 December 2021 were 422,034, an increase of 58,579 for the half-year
- Business connections at 31 December 2021 were 45,483, an increase of 10,017 for the half-year.
- Wholesale connections at 31 December 2021 were 27,286, an increase of 25,142 for the half-year.
- New sales under a white label contract commenced in July 2021 whereby the Company provides the telecommunications services and support for a third party's customers. These connections are included in the Wholesale segment. The migration of existing customers began in November and by 31 December 2021, 8,725 were successfully migrated. The remaining customers will be migrated in the March 2022 quarter.
- Lock downs in Victoria and New South Wales related to the COVID-19 pandemic impacted the business with a significant increase in bandwidth utilisation. Despite some mitigation provided by suppliers, the financial result was adversely impacted in the first four months of the half. There were no other material impacts of COVID-19 during the period.
- The roll out of the Company's fibre network continued through the half-year and is expected to be completed before the end of the financial year.

4 Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the half-year.

5 Matters subsequent to the end of the half-year

Since the end of the half-year the process for the Scheme of Arrangement to acquire OTW has continued with the convening of a Scheme Meeting by OTW for the 24 February 2022 following Federal Court approval.

There has not been any other matter or circumstance occurring subsequent to the end of the half-year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial periods.

6 Rounding

The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that Instrument, amounts in the consolidated financial statements and Directors' report have been rounded to the nearest thousand dollars, unless otherwise stated.

7 Auditor's Independence Declaration

The Auditor's Independence Declaration is set out immediately after this Directors' Report and forms part of it.

8 Directors' declaration

This 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.



Adrian Fitzpatrick
Chair

Melbourne

21 February 2022



Phillip Britt
Managing Director

Auditor's Independence Declaration

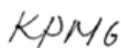


Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Aussie Broadband Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Aussie Broadband Limited for the half-year ended 31 December 2021 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.



KPMG



Suzanne Bell
Partner
Melbourne
21 February 2022

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Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	31 Dec 2021 \$'000	31 Dec 2020 \$'000
Revenue	4	229,320	157,444
Network and hardware expenses		(167,459)	(115,453)
Employee expenses		(28,929)	(18,680)
Marketing expenses		(16,373)	(9,676)
Administration and other expenses		(8,448)	(6,292)
Depreciation and amortisation	5, 6, 7	(6,339)	(3,589)
Interest expenses		(381)	(1,972)
Interest and other income		(18)	24
Change in fair value of derivative		-	(12,273)
Profit / (Loss) before income tax expense		1,373	(10,467)
Income tax benefit		18	-
Profit / (Loss) after income tax expense for the period		1,391	(10,467)
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income / (loss) for the period		1,391	(10,467)
Profit / (Loss) per share		\$	\$
Basic profit / (loss) per share	11	0.0066	(0.0731)
Diluted profit / (loss) per share	11	0.0065	(0.0731)

The above Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Financial Position

	Notes	31 Dec 2021 \$'000	30 Jun 2021 \$'000
Assets			
Current assets			
Cash and cash equivalents		168,195	57,010
Trade and other receivables		23,296	16,948
Inventories		4,266	5,500
Financial assets		-	15
Prepayments		3,854	2,017
Total current assets		199,611	81,490
Non-current assets			
Property, plant and equipment	5	40,440	17,393
Right-of-use assets	7	31,201	12,275
Intangibles	6	3,822	3,993
Deferred tax		1,397	1,080
Financial assets		509	682
Total non-current assets		77,369	35,423
Total assets		276,980	116,913
Liabilities			
Current Liabilities			
Trade and other payables		32,416	26,799
Contract liabilities		18,987	15,769
Current tax liabilities		953	654
Lease liabilities	7	9,301	5,489
Employee benefits		4,027	3,232
Total current liabilities		65,684	51,943
Non-current liabilities			
Lease liabilities	7	19,920	5,075
Employee benefits		472	348
Total non-current liabilities		20,392	5,423
Total liabilities		86,076	57,366
Net assets		190,904	59,547
Equity			
Issued capital	9	224,707	95,088
Reserves		655	308
Accumulated losses		(34,458)	(35,849)
Total surplus in equity		190,904	59,547

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Changes in Equity

	Notes	Issued capital \$'000	Share-based payment reserve \$'000	Accumulated losses \$'000	Total (deficiency) / surplus in equity \$'000
Balance at 1 July 2020		10,632	-	(31,355)	(20,723)
Loss after income tax expense for the year		-	-	(10,467)	(10,467)
Total comprehensive loss for the period		-	-	(10,467)	(10,467)
Transactions with owners of the company					
Issue of ordinary shares		86,253	-	-	86,253
Costs associated with issue of ordinary shares		(2,562)	-	-	(2,562)
Share-based payment expense		-	154	-	154
Total transactions with owners of the company		83,691	154	-	83,845
Balance at 31 December 2020		94,323	154	(41,822)	52,655
	Notes	Issued capital \$'000	Share-based payment reserve \$'000	Accumulated losses \$'000	Total Surplus in equity \$'000
Balance at 1 July 2021		95,088	308	(35,849)	59,547
Profit after income tax expense for the period		-	-	1,391	1,391
Total comprehensive profit for the year		-	-	1,391	1,391
Transactions with owners of the company					
Issue of ordinary shares	9	133,968	-	-	133,968
Costs associated with issue of ordinary shares	9	(4,349)	-	-	(4,349)
Share-based payment expense	10	-	347	-	347
Total transactions with owners of the company		129,619	347	-	129,966
Balance at 31 December 2021		224,707	655	(34,458)	190,904

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Cash Flows

	Notes	31 Dec 2021 \$'000	31 Dec 2020 \$'000
Cash flows from operating activities			
Receipts from customers		249,091	171,486
Payments to suppliers & employees		(237,834)	(162,493)
		11,257	8,993
Interest received		67	50
Interest and other finance costs paid		-	(274)
Net cash from operating activities		11,324	8,769
Cash flows from investing activities			
Payments for property, plant and equipment	5	(24,818)	(8,129)
Payments for intangibles	6	(146)	(1,350)
Proceeds from disposal of property, plant and equipment		9	-
Net cash used in investing activities		(24,955)	(9,479)
Cash flows from financing activities			
Equity proceeds (net of costs)		129,619	37,438
Payment of lease liabilities		(4,962)	(2,715)
Repayment of borrowings		-	(5,000)
Payment of security deposits		159	(8)
Net cash from financing activities		124,816	29,715
Net increase in cash and cash equivalents		111,185	29,005
Cash and cash equivalents at the beginning of the financial year		57,010	21,435
Cash and cash equivalents at the end of the period		168,195	50,440

The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Condensed Notes to the Financial Statements

1 Reporting entity

The condensed interim financial statements ('interim financial statements') of Aussie Broadband Limited (the '**parent**' or '**Company**') and its subsidiaries (collectively, the '**Group**') for the half-year ended 31 December 2021 were authorised for issue in accordance with a resolution of the Directors on 18 February 2022. Aussie Broadband Limited is a public company incorporated and domiciled in Australia. The financial statements are presented in Australian dollars, which is the functional currency of the parent and its subsidiaries and presentation currency of the Group. The annual financial statements of the Group are available at <https://www.aussiebroadband.com.au/investor-centre/>.

The registered office and principal place of business is located at 3 Electra Avenue Morwell VIC 3840.

The principal activity of the Group is a national carrier of telecommunication services in Australia, focused on providing internet and other telecommunication services to its customers.

2 Basis of preparation

These interim financial statements are general purpose financial statements prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001, and with IAS34 Interim Financial Reporting and have been prepared using the same accounting policies and methods of computation as the last consolidated annual financial statements.

They do not include all of the information required for a complete set of annual financial statements and we recommend that they are read in conjunction with the 2021 Annual Report and the public announcements made by the Group during the half-year. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes to the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 30 June 2021.

These consolidated financial statements also comply with the International Financial Reporting Standards ('**IFRS**') as issued by the International Accounting Standards Board ('**IASB**'). Significant accounting judgements, estimates and assumptions

The preparation of the consolidated financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The significant judgements made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

3 Segment Information

For management purposes, the Group is organised into business units based on the types of customers it provides services to and has identified three reportable segments:

- The “Residential” segment, which provides telecommunications services focusing on providing NBN services to residential users.
- The “Business” segment, which provides telecommunications services focusing on providing NBN services to business users.
- The “Wholesale and White Label” segment which provides telecommunications services to third party resellers.

No operating segments have been aggregated to form the above reportable operating segments.

The Managing Director is identified as the Chief Operating Decision Maker (‘CODM’) and they monitor the operating results of the business units separately for the purpose of making decisions about resource allocation and performance assessment.

Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

There are no transfers between operating segments and Other represents income and expenses that are not allocated specifically to segments.

Half-year ended 31 Dec 2021	Residential \$'000	Business \$'000	Wholesale \$'000	Other \$'000	Total \$'000
Revenue	193,431	30,730	5,159	-	229,320
Network and hardware expenses	(144,941)	(18,821)	(3,697)	-	(167,459)
Employee expenses	(24,752)	(3,614)	(563)	-	(28,929)
Marketing expenses	(12,431)	(1,951)	(1,991)	-	(16,373)
Administration and other expenses	(6,482)	(800)	(164)	(1,002)	(8,448)
Total expenses	(188,606)	(25,186)	(6,415)	(1,002)	(221,209)
Earnings before interest, tax, depreciation and amortisation (EBITDA)	4,825	5,544	(1,256)	(1,002)	8,111
Depreciation and amortisation	-	-	-	(6,339)	(6,339)
Interest expense	-	-	-	(381)	(381)
Interest income	-	-	-	(18)	(18)
Profit/(Loss) before income tax	4,825	5,544	(1,256)	(7,740)	1,373
Income tax benefit	-	-	-	18	18
Profit/(Loss) after income tax	4,825	5,544	(1,256)	(7,722)	1,391

3. Segment Information

Half-year ended 31 Dec 2020 (restated)	Residential	Business	Wholesale	Other	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	137,767	18,725	952	-	157,444
Network and hardware expenses	(103,197)	(11,548)	(708)	-	(115,453)
Employee expenses	(15,621)	(2,931)	(128)	-	(18,680)
Marketing expenses	(8,606)	(1,070)	-	-	(9,676)
Administration and other expenses	(4,591)	(477)	(34)	(1,190)	(6,292)
Total expenses	(132,015)	(16,026)	(870)	(1,190)	(150,101)
Earnings before interest, tax, depreciation and amortisation (EBITDA)	5,752	2,699	82	(1,190)	7,343
Depreciation and amortisation	-	-	-	(3,589)	(3,589)
Interest expense	-	-	-	(1,972)	(1,972)
Interest income	-	-	-	24	24
Change in fair value of embedded derivative	-	-	-	(12,273)	(12,273)
Profit/(Loss) before income tax	5,752	2,699	82	(19,000)	(10,467)
Income tax benefit	-	-	-	-	
Profit/(Loss) after income tax	5,752	2,699	82	(19,000)	(10,467)

4 Revenue

	31 Dec 2021 \$'000	31 Dec 2020 \$'000
Disaggregation of revenue		
<i>The disaggregation of revenue from contracts with customers is as follows:</i>		
Rendering of services	220,779	148,454
Sale of goods	8,361	8,957
Other income from customers	180	33
Revenue from contracts with customers	229,320	157,444
Timing of revenue recognition		
Services transferred over time	220,348	148,053
Services transferred at a point in time	8,972	9,391
	229,320	157,444

5 Property, plant and equipment

	31 Dec 2021	30 Jun 2021
	\$'000	\$'000
Leasehold improvements		
At cost	757	571
Less: accumulated depreciation	(311)	(272)
	<u>446</u>	<u>299</u>
Plant and equipment		
At cost	35,335	20,164
Less: accumulated depreciation	(12,978)	(11,778)
	<u>22,357</u>	<u>8,386</u>
Motor vehicles		
At cost	587	577
Less: accumulated depreciation	(304)	(396)
	<u>283</u>	<u>181</u>
Office & computer equipment		
At cost	3,437	2,504
Less: accumulated depreciation	(1,375)	(1,026)
	<u>2,062</u>	<u>1,478</u>
Capital work in progress, at cost	<u>15,292</u>	<u>7,049</u>
Total property, plant & equipment at net book value	<u>40,440</u>	<u>17,393</u>

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

	Leasehold Improvement	Plant & Equipment	Motor Vehicles	Office & Computer Equipment	Capital Work in Progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2021	299	8,386	181	1,478	7,049	17,393
Additions	186	4,071	129	934	19,498	24,818
Transfers from Capital Work in Progress	-	11,255	-	-	(11,255)	-
Disposals	-	(50)	-	-	-	(50)
Depreciation expense	(39)	(1,305)	(27)	(350)	-	(1,721)
Carrying amount at 31 December 2021	<u>446</u>	<u>22,357</u>	<u>283</u>	<u>2,062</u>	<u>15,292</u>	<u>40,440</u>

6 Intangibles

	31 Dec 2021	30 Jun 2021
	\$'000	\$'000
Software		
At cost	6,032	5,885
Less: accumulated depreciation	<u>(4,173)</u>	<u>(3,855)</u>
	1,859	2,030
IP addresses, at cost	<u>1,963</u>	<u>1,963</u>
Total intangible assets at net book value	<u>3,822</u>	<u>3,993</u>

Reconciliations

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

	Software	IP Addresses	Total
	\$'000	\$'000	\$'000
Carrying amount at 1 July 2021	2,030	1,963	3,993
Additions	146	-	146
Amortisation expense	(317)	-	(317)
Carrying amount at 31 December 2021	<u>1,859</u>	<u>1,963</u>	<u>3,822</u>

The amortisation expenses are recognised in profit or loss in 'depreciation and amortisation'.

IP Addresses with indefinite useful lives are tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Purchases in the last 12 months and/or observations of the market for IP addresses confirm that the fair value of the asset is greater than its carrying value and therefore did not trigger an impairment.

7 Leases

Group as a lessee

The Group has lease contracts for various offices, long-range data connections and specific equipment in connection with services provided to the Group by various data centres. Lease agreements are typically for fixed periods of three to five years but may have extension options as described below.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Set out below are the carrying amounts of ROU assets recognised and the movements during the current period:

	Property \$'000	Network equipment \$'000	Total \$'000
As at 1 July 2021	1,318	10,957	12,275
Additions	8,209	15,040	23,249
Modification	(58)	49	(9)
Disposals	(13)	-	(13)
Depreciation expense	(497)	(3,804)	(4,301)
As at 31 December 2021	8,959	22,242	31,201

Set out below are the carrying amounts of lease liabilities and the movements during the current period:

	Property \$'000	Network equipment \$'000	Total \$'000
As at 1 July 2021	1,368	9,196	10,564
Additions	8,209	15,040	23,249
Modification	(58)	48	(10)
Disposals	-	(15)	(15)
Accretion of interest	143	252	395
Payments	(770)	(4,192)	(4,962)
As at 31 December 2021	8,892	20,329	29,221

Current	9,301
Non-current	19,920

The Group has lease contracts for property that contain variable payments based on the outcome of market rent reviews and the Consumer Price Index ('CPI'). The potential future cash outflows relating to changes in these variable payments are not reflected in the measurement of lease liabilities until those indexes or rates change in the future and affect cash outflows.

The Group has several lease contracts that include extension options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs.

The Group has determined that, with the exception of data network cable leases, it is reasonably certain of exercising all extension options in its current lease agreements. The potential future rental payments relating to periods following the exercise date of extension options have therefore been included in the measurement of lease liabilities.

Management exercises significant judgement in determining whether these extension options are reasonably certain to be exercised.

8 Fair values

Set out below is the classification of financial assets and liabilities according to their measurement bases together with their carrying amounts as reported in the Statement of Financial Position:

Notes	31 December 2021			30 June 2021		
	At amortised cost	At fair value	Total	At amortised cost	At fair value	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets						
Cash and cash equivalents	168,195	-	168,195	57,010	-	57,010
Trade & other receivables	23,296	-	23,296	16,948	-	16,948
Financial Assets	509	-	509	697	-	697
Total	192,000	-	192,000	74,655	-	74,655
Financial liabilities						
Trade & other payables	32,416	-	32,416	26,799	-	26,799
Lease liabilities	29,221	-	29,221	10,564	-	10,564
Total	61,637	-	61,637	37,363	-	37,363

9 Issued capital

	31 Dec 2021	31 Dec 2021	30 Jun 2021	30 Jun 2021
	\$'000	Shares	\$'000	Shares
Ordinary shares, fully paid	224,707	223,831,951	95,088	190,340,026

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings.

The shares do not have a par value.

Movements in Ordinary Share Capital

	Date	Shares	Issue Price	\$'000
Opening balance	1 July 2021	190,340,026		95,088
Share Placement	15 Sep 2021	28,500,000	\$4.00	114,000
Share Purchase Plan	8 Oct 2021	4,991,925	\$4.00	19,968
Costs attributable to equity				(4,349)
Closing balance	31 December 2021	223,831,951		224,707

10 Share based payments

Under the Company's Long-Term Incentive Plan four members of Key Management Personnel and four senior employees have been awarded options to purchase shares in the Company at a future date. The plan is designed to provide incentives to deliver long-term shareholder value. Under this plan, holders of vested options are entitled to purchase shares at the market price at grant and participation is at the discretion of the Board following recommendation by the People and Community.

The terms and conditions of the share options granted during the half-year ended 31 December 2021 are as follows:

Grant Date	Employees entitled	Number of options
27 August 2021	Key Management Personnel	828,302
27 August 2021	Senior management	310,376

The fair value of each share option granted has been measured as \$1.06 per option using a Black-Scholes model utilising the following inputs:

- Market price at grant - \$2.85 per share being the 10 day volume weighted average share price at 30 June 2021;
- Exercise price of the option - \$2.85;
- Vesting date – 1 July 2024;
- Expiry date – 30 June 2027;
- Expected share price volatility – 45.0% being based on the midpoint of the 200 trading day volatility of the Company's shares and the average 200 trading day volatility of a peer group of listed companies;
- Expected dividend yield – 1.5% pa; and
- Risk-free interest rate – 0.77% pa being the 5-year Australian Government bond yield.

No options have vested or expired since grant and no options have been exercised or forfeited during the period.

On 30 July 2021 the Company established a Non-Executive Directors' Fee Sacrifice Plan under which directors can elect to sacrifice some or all of their directors fees in exchange for rights to acquire shares in the Company, such rights to convert to shares with no additional price payable on dates determined by the Directors which will generally be following the half and full year financial results announcement. 75,414 rights were granted in July 2021 and on 21 February 2022 33,303 rights were converted to shares which were issued as new shares.

Expense arising from share based payment transactions

	\$'000
Long-term Incentive plan share options	347
	347

11 Earnings per share

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the loss attributable to ordinary equity holders of the parent (after adjusting for interest, amortisation of transaction costs and the fair value movements on the embedded derivative in relation to the convertible notes) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the income and share data used in the basic and diluted EPS calculations:

	2021	2020
Profit/ (Loss) for the year (\$)	1,390,557	(10,467,277)
Weighted average number of shares	211,339,735	143,269,959
Basic profit / (loss) per share (\$)	0.0066	(0.0731)
Weighted average number of shares – diluted	212,875,181	143,269,959
Diluted profit / (loss) per share (\$)	0.0065	(0.0731)

The Long-term Incentive plan share options were excluded from the diluted weighted-average number of ordinary shares calculation at December 2020 because their effect would have been anti-dilutive.

12 Commitments

Capital expenditure contracted for at the end of each financial year but not recognised as liabilities is as follows:

	31 Dec 2021 \$'000	30 Jun 2021 \$'000
Property, plant and equipment	8,149	6,130
Total committed spend	8,149	6,130

Capital commitments relate to contractual commitments associated with upgrades to network infrastructure and the development of the fibre optic network.

13 Events occurring after reporting date

Since the end of the half-year the process for the Scheme of Arrangement to acquire OTW has continued with the convening of a Scheme Meeting by OTW for the 24 February 2022 following Federal Court approval. There has not been any other matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial periods.

Directors' Declaration

In the opinion of the Directors of Aussie Broadband Limited (the 'Company'):

- (a) the Condensed Interim Financial Statements and accompanying notes are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB134 Interim Financial Reporting and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors made pursuant to section 303(5) of the *Corporations Act 2001*.

On behalf of the Directors.



Adrian Fitzpatrick
Chair



Phillip Britt
Managing Director

Melbourne

21 February 2022



Independent Auditor's Review Report

To the shareholders of Aussie Broadband Limited

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying **Interim Financial Report** of Aussie Broadband Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Aussie Broadband Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2021 and of its performance for the **half-year** ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

- Condensed consolidated statement of financial position as at 31 December 2021
- Condensed consolidated statement of profit or loss and other comprehensive income for the half-year ended on 31 December 2021
- Condensed consolidated statements of changes in equity for the half-year ended 31 December 2021
- Condensed consolidated statement of cash flows for the half-year ended 31 December 2021
- Notes 1 to 13 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The **Group** comprises Aussie Broadband Limited and the entities it controlled at the half year's end or from time to time during the half-year period.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.



Responsibilities of the Directors for the Interim Financial Report

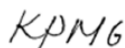
The Directors of the Group are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the Interim Period ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an Interim Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



KPMG



Suzanne Bell
Partner
Melbourne
21 February 2022