

ASX Announcement

2 August 2021

Aussie Broadband 4Q FY21 trading update

Highlights:

- 4Q FY21 Revenue grew 8% quarter on quarter (QoQ)¹
- FY21 EBITDA excluding IPO costs is expected to be at the upper end of guidance (\$17 million - \$20 million)¹
- 4Q overall broadband connections increased 7.4% and business broadband connections increased 12% on the previous quarter
- 4Q mobile services increased 20% from the previous quarter, from 18,684 to 22,454 connections
- Signed first white label customer
- Launched services on new Optus mobile virtual network operator (MVNO) agreement.

Aussie Broadband Limited (ASX:ABB) is pleased to provide the following trading update for the quarter ending 30 June 2021 (4Q FY21).

Over the quarter, Aussie Broadband has grown connections and revenue and expects EBITDA for the year excluding IPO costs to be at the upper end of the guidance provided on 28 May 2021 (\$17 million to \$20 million)¹.

Overall broadband connections were 400,848, an increase of 27,790 or 7.4% QoQ. At the end of the quarter business broadband connections were 35,354, an increase of 3,825 or 12% QoQ, and mobile services were 22,454, an increase of 3,770 or 20% QoQ.

At the end of the quarter, Aussie Broadband had increased its market share of NBN services to 4.9%, up from 4.4% the previous quarter.

Revenue for the quarter was \$100.1 million, an increase of \$7.42 million or 8% QoQ¹.

"We're extremely pleased with performance across all segments for the quarter," said Managing Director, Phillip Britt. "Residential connections are continuing to grow despite strong competition in a high churn market, displaying the appeal for our high-quality network with award-winning customer service.

"The increasing focus on our business segment is showing good returns and growing at a high rate. We believe there is huge potential, particularly for businesses looking for the same excellent customer experience that we offer our residential customers, and the ability to have more control over their network using the Carbon portal.

"The fourth quarter also saw significant work to launch our first white label customer in early FY22, and we also launched mobile services under our new agreement with Optus. All these segments provide avenues for further growth for the company."

¹ Based on unaudited management accounts

Broadband connections

Broadband	Quarterly Performance						YoY % Change
	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	QoQ % Change	
Residential	241,627	286,251	313,193	339,570	363,350	7%	50%
Business*	18,402	21,635	27,625	31,529	35,354	12%	92%
White label & wholesale	1,332	1,620	1,816	1,959	2,144	9%	61%
Total	261,361	309,506	342,634	373,058	400,848	7%	53%

* White label & wholesale were previously reported as part of the Business segment. From 1Q FY22 onwards, white label will become a key growth channel for the company. As a result, Aussie Broadband will report separately on this segment. Connections to 30 June 2021 do not include any contribution from our first white label customer, which commenced connecting services on 19 July 2021.

Competition in the residential broadband segment remained strong through the quarter, and targeted promotions were required to maintain sales volume at expected levels.

Business broadband continues to grow, and more focus is being added to this area with additional sales support, business development managers and increased marketing.

Carbon & business update

The company's automated online platform for business, Carbon, continued to deliver business service growth with \$561,000 in monthly revenue billed at 4Q FY21, a 46% increase over 3Q FY21. There are now 338 Managed Services Providers activated on the platform.

At the end of the quarter, the company had a strong increase in monthly business revenue being provisioned (work in progress) which is expected to come online during 1Q FY22. Business services typically take longer to provision than residential services due to the complex nature of the products and solutions.

Additional products and solutions are being explored for Carbon which will enable business customers and partners to manage more of their needs through the platform, reducing the need for interaction with Aussie Broadband teams.

Mobile relaunch

On 5 May 2021, Aussie Broadband relaunched its mobile product through a new mobile virtual network operator (MVNO) agreement on the Optus network which includes access to the full Optus 5G network. The agreement has allowed Aussie Broadband to offer more competitive pricing and a targeted offer to existing customers, which has resulted in a 20% increase in active services over the previous quarter.

The active mobile services figures below include customers on previous mobile products and the new mobile products. Over the next few months, migrations for existing customers will occur onto the new network, with approximately 3,000 customers already transferring across. Due to the change of wholesale network, it is expected that some services will not be retained during the transfer, but that these will be offset by new service activations through a more competitive offering.

	Quarterly Performance					QoQ % Change	YoY % Change
	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21		
Mobile	11,092	13,865	16,422	18,684	22,454	20%	102%

Financial

4Q FY21 revenue was \$100.1 million, an increase of \$7.42m or 8% QoQ. Debtor days peaked at 19.2 days during year due to the relaxation of credit management practices during the early stages of Covid-19. Revised practices were re-introduced in the second half and debtor days have returned to historical norms at 16.0 days by June 2021.

FY21 EBITDA excluding IPO costs for the year is expected to be at the upper end of the guidance provided on 28 May 2021 (\$17 million to \$20 million)¹.

Aussie Fibre Project update

Rollout of the company's optic fibre network to 78 NBN POIs and over 20 data centres continued throughout the quarter. Twenty-five sites have now been completed. The overall project remains on budget.

The lockdown in New South Wales and recent restrictions on construction activity have impacted the delivery of further local sites during July 2021. Due to other ongoing construction challenges in the NSW area, the company missed its expected completion target of 28-31 sites by 3-6 sites but will make this up during 1Q FY22.

In addition, 10 connections to customer premises have been constructed and completed, and a further 30 are under construction.

Work in progress across four states including Queensland, South Australia, Western Australia and Victoria has increased significantly and the company expects to see an increase in NBN POI and data centre site connections during 1Q FY22.

NBN CVC

CVC overage for the quarter remained lower than expected due to the effective capacity management using CVC-Bot, the company's in-house developed automation software. CVC-Bot monitors over 280 CVCs within the network and upgrades or downgrades capacity as customer demand changes. CVC overage expense for the quarter was \$1.35m.

CVC is the volume-based charge that NBN levies across its network. Increases in customer utilisation can lead to increases in CVC overage charges.

Outlook

The company achieved a record broadband sales month in July 21 off the back of updated marketing campaigns, new promotional offers and a small number of white label sales late in the month.

CVC overage during July increased due to lockdowns in New South Wales, Victoria and South Australia. It is expected that New South Wales will remain in lockdown throughout August and as a result the company will continue to see increased CVC overage in this market. Customer utilisation in some areas peaked 24.5% higher in July than the month prior when they were not in lockdown.

On 29 July 2021 NBN announced a CVC rebate to partly offset increased overage charges incurred during the July lockdowns. As a result of the rebate, we expect July's CVC overage expense to be over budget, but not materially.

All financial information included in this results update is based on management accounts, is unaudited and remains subject to further review and finalisation.

The company will release its full year results on Monday 30 August 2021, and at 1pm AEST the company will present the results to shareholders through an online presentation. Details on how to join the online meeting will be provided a week before the presentation.

ENDS

Authorised for release by the Aussie Broadband Board and Managing Director.

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For feedback and enquiries email investors@aussiebb.com.au

About Aussie Broadband Limited:

Aussie Broadband is an Australian owned and operated telecommunications company that was formed in 2008 and is based in Morwell Victoria, Australia.

The company's main focus is nbn™ (NBN) subscription plans and bundles to residential homes, small businesses, not-for-profits, corporate/enterprise and managed service providers.

As a licensed carrier, the company provides these services through a wholesale agreement with NBN Co, a mix of leased backhaul infrastructure from third parties and its own network equipment.

The company also offers a range of other telecommunications services including VOIP, mobile plans and handsets, entertainment bundles through its partnership with Fetch TV and connections through its own fibre, the Opticomm network and its white label platform.

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