

ASX Announcement

6 September 2021

Aussie Broadband signs strategic fibre swap partnership

Highlights:

- Highly strategic fibre swap to enable greater geographic reach
- Underpins launch of business fibre services in key regional Victorian towns
- Increased redundancy and protection for the Victorian network
- Complements Aussie Broadband's own fibre network build & recently announced Telstra Wholesale deal.

Aussie Broadband Limited (ASX:ABB) has announced a ten-year deal (including two ten-year options) with VicTrack (Victorian Rail Track Pty Ltd) to swap access to their respective fibre networks. VicTrack is a government business enterprise of the Victorian Government and operates the state's fibre assets.

Under the swap agreement, VicTrack will provide access to its fibre network throughout Victoria. Aussie Broadband will provide access to its fibre network throughout Victoria and will construct access for VicTrack to a number of NBN POIs (points of interconnect).

The swap will significantly increase the geographic reach of Aussie Broadband's fibre network, especially into regional Victoria. This increased reach will enable the rollout of Aussie Broadband's own business fibre services into regional areas including Traralgon, Morwell, Warragul, Pakenham, Geelong, Ballarat, Bendigo, and Warrnambool at speeds of up to 100G.

The swap will also increase the metro coverage of Aussie Broadband's Victorian fibre network and will provide additional redundancy and protection options without needing to construct further backbone links. This will allow capex originally planned for Victoria to be used to expand the network in other states.

Managing Director Phillip Britt welcomed the announcement as a highly strategic move in the expansion of Aussie Broadband's fibre network.

"Smart partnerships like this one with VicTrack enable us to not only expand our network beyond what was originally planned, but also frees up capital to improve our reach in other states," he said.

"This is a win for Aussie Broadband, a win for VicTrack and most importantly, a win for our customers and their access to high speed, quality internet connections."

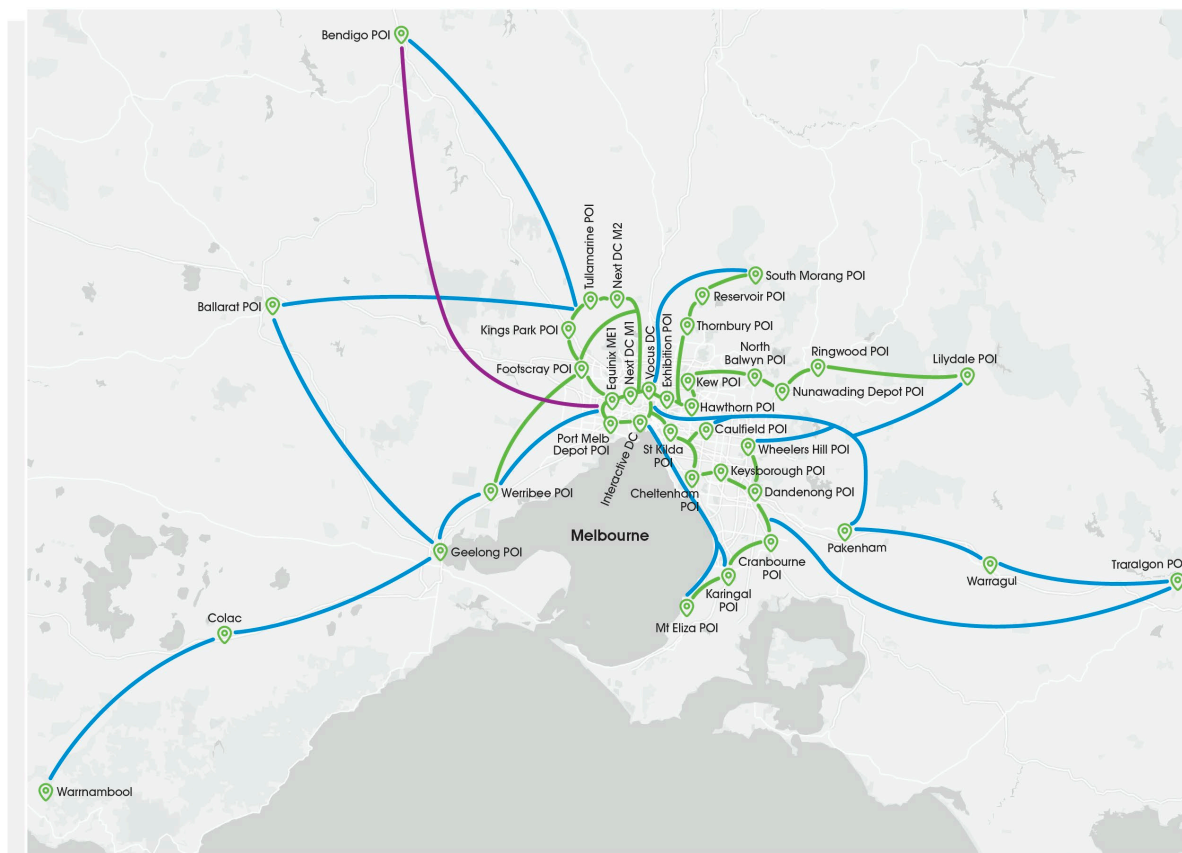
The transaction is a swap of capacity of equal and agreed value with a right of offset on cash consideration such that the cash flow impact on each entity is modest. Aussie Broadband will fund the cost of the initial Victrack POI connections estimated to be \$1.4m. This is recovered over the initial 10-year period of the lease.

The initial assessment of the application of accounting standards to the transactions is as follows:

- the lease of Aussie Broadband's fibre paths to Victrack takes the form of an operating lease and as such will be recognised as lease income over the term of the lease (\$3.1m per annum).
- the lease of Victrack's fibre capacity by Aussie Broadband at an annual lease cost of \$3.2m will require the recognition of a AASB16 right-of-use asset and corresponding liability. As a consequence, additional depreciation and interest expenses will be recognised over the duration of the initial term of the lease.

The impact on after-tax earnings will be immaterial but EBITDA will be improved by the impact of the operating lease income.

Below is a map outlining the VicTrack swapped fibre paths, Aussie Broadband-owned fibre, and other leased POI backhaul fibre in the state. Under the swap agreement, Aussie Broadband has access to additional VicTrack fibre paths throughout the state not included on this map.



Legend

- ABB owned Fibre
- VicTrack Swap Fibre
- Leased Fibre

Stats:

- 5 Data centres, and 28 of 30 NBN POIs connected to ABB owned or leased fibre.
- 331km of ABB owned fibre.

ENDS

Authorised for release by the Aussie Broadband Board.

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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.