

ASX Announcement

28 October 2021

Annual General Meeting Presentations

Aussie Broadband Limited (ASX:ABB) provides the attached presentations of the Chairman, Managing Director and Chief Financial Officer, which will be delivered today at the Aussie Broadband Annual General Meeting.

ENDS

Authorised for release by the Company Secretary.

Media enquiries contact Katrina Salhioui on 0448 110 962

Registry queries contact Link Market Services on 1300 554 474

For feedback and enquiries email investors@team.aussiebroadband.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.

Aussie Broadband Annual General Meeting – 28 October 2021

Chairman's Address

Before we get down to the business of this year's meeting, I'd like to take a few moments to look back over the last 12 months for Aussie. The COVID-19 pandemic saw a much greater emphasis on having a reliable internet service at home because, for many of us, our homes became our workplace as well as the school for our children.

Customer support became paramount during this time also; when problems with your internet connection happened, nobody wanted to wait on hold for a huge length of time.

We are proud of our team at Aussie for handling so well the complexities and challenges that COVID-19 presented to our business.

Aussie Broadband's 'why', our reason for being in business, is very simple – we're here to change the game, primarily to change the telco game. We are a company with a conscience, so we are always looking for other games that are worth playing, such as how a large company can still feel like a family, or how we can stand up for diversity in the workplace.

We took the game-changing approach at our IPO last October when we took the opportunity to show appreciation for our staff and customers, two groups that are critical to our business success. As well as the more traditional offerings to institutional and sophisticated investors, we offered our staff the chance to participate in an employee share scheme and, similarly, offered customers the chance to become shareholders. We were advised against the customer offer before the IPO as it would add a level of complexity and uncertainty. However, we stuck to our guns, partly because we thrive in the face of a challenge, but mostly because it was the right thing to do by the people who support us. Since our IPO we have seen a number of other companies follow suit with a customer offer.

As you saw from the Annual Report, Aussie continued to grow rapidly in both the business and residential segments. Together with strong ARPU growth and careful CVC management, these helped to deliver EBITDA of \$19.1m excluding IPO costs, which was in line with our market announcement in May 2021.

Challenges create opportunity and, at Aussie, despite significant challenges, including issues with NBN's appointment systems and its HFC stop-sell, we ended the year with 363,350 residential connections.

A focus on business connections saw a huge 90% increase in business and wholesale connections for the 12-month period. This achievement was underpinned by our expanded sales team and our award-winning Carbon platform.

None of this rapid success would have been possible without our amazing people, here at Aussie. We strongly believe that looking after our staff, and empowering them to look after our customers, generates good returns for shareholders. Quite often when a customer is talking to a customer service representative, they are also talking to a part-owner of the business.

We trust our staff to use their best judgement when dealing with anything from customers' technical issues to precise network management, which helps to keep the personal approach at Aussie. Even with more than 700 staff, our Senior Leadership Team and Board deliberately refer to Aussie Broadband as a family, and this language ensures our staff feel included and 'heard' at Aussie.

The culture at Aussie is incredibly important, and our values strongly guide it. Our values live within our business, at every level of our business. They guide our staff towards decisions every day, whether that decision is during a conversation with a customer or during a Board meeting. They are strong instructions on how we do business.

We also have 'building better communities' as a pillar in our strategy. Nearly all of our senior leadership team either are, or have been, volunteers in community organisations in their spare time. We see business and community entwined and it is this approach that drives our work in community impact, inclusion and diversity, and in sustainability.

As the company continues to grow, one of our greatest challenges will be to ensure that our culture is maintained and continues to evolve, because culture is the spirit of the company.

For personal use only

Managing Director's Address

When I look back over the last 12 months, I'm filled with a sense of pride at what we have achieved.

The team accomplished a lot during that time, and they did it during a pandemic which created its own set of challenges and opportunities.

One of the highlights of the year for me was ringing the bell of the ASX on 16 October last year. It was unique because I was at my home in Morwell with my long-time business partner and one of Aussie's co-founders John Reisinger.

Participating in the bell ringing ceremony on Webex seemed like a fitting thing for an Internet company given we couldn't gather in Melbourne due to lockdowns. The online event meant we could have many more people attend than normal including all of our co-founders, staff, friends and family.

I'm pretty sure it's the only time the ASX bell will ever be rung in Morwell.

During the year we increased our broadband subscribers by 53% to just over 400,000. That growth was all achieved organically. Our automated systems helped us onboard customers quickly and efficiently reducing the load on our call centres. This growth has continued in to the new financial year, and at the end of the first quarter we had over 445,000 broadband services, a further 11% increase since June.

The pandemic helped shine a light on both good and bad broadband services, and customers are increasingly placing a higher importance on quality services that have Australian based support when they need it. They are also prepared to pay a higher price for quality services.

Many other telecommunication companies were significantly impacted at the beginning of the pandemic by having their call centre operations offshore, many simply were not able to function and working from home was not possible in those countries.

Having an all-Australian operation has been a significant advantage for Aussie Broadband. Earlier this year we opened a new call centre operation in Perth which allows us to take advantage of the time zone difference. We have recently opened a large over 5,000m² facility in Dandenong South to replace our smaller Lynbrook facility. This is in addition to our two sites in Morwell in regional Victoria.

All of our call centres have remained open throughout the pandemic, but at reduced capacity. Around 75% of our team have been working from home throughout the pandemic, just like our customers. We have found new ways of working, and new opportunities to have skilled staff in locations that we don't have offices.

To help keep our staff morale high we instigated the Resilience Bucket project which undertook several online events, comedy nights and other projects aimed at helping our team through the pandemic. This program will continue as we transition back to a COVID normal environment.

We also helped our customers by providing free daytime data for those in lockdown on data limited plans so that they could continue to work and school from home, without it affecting their data allowances.

It was a year for awards with the company winning Australian Service Excellence Award for large business, Choice's best NBN provider, Roy Morgan Internet Service Provider of the year and significantly increased our placing in the Great Places to Work to number 16 for medium businesses.

Our significant fibre build project started to move at scale with 25 sites completed during the financial year. This major infrastructure project has both been helped and hindered by the lockdowns. It has been easier to work in the CBD areas with virtually no one around, but movement of contractors has been challenging at various times. 48 sites are now complete, and the project remains on track and on budget to be completed this financial year.

Owning this infrastructure will significantly change the way Aussie Broadband connects to nbn POIs and to business customers. It will improve margins and will contribute EBITDA improvements from FY23 onwards as we transition services off our current backhaul agreements with other carriers.

We introduced our white label product late in the year with Origin Energy becoming our flagship initial customer on the platform. We have now begun transferring their existing broadband and voice customer base over to the Aussie network.

During the year we signed a direct mobile virtual operator agreement with Optus giving our customers a range of new mobile options. We have almost completed the transition of our existing mobile customers to the Optus network.

As called out in our results presentation in August, the business segment has become a significant focus area for the company. Increasing the products and solutions available to our customers will be a key growing this segment further.

We recently announced that Aussie Broadband has issued a non-binding, indicative offer to acquire all of the shares in Over the Wire Holdings Limited.

Over the wire is a business telecommunications provider offering broadband, voice, security, and cloud solutions. They specialise in tailoring solutions to their customers' needs.

We are presently undertaking exclusive due diligence and will provide more information to shareholders as we progress. There is no guarantee a transaction will be completed, and discussions are ongoing.

As we look forward in this new financial year, we will continue to see CVC usage challenges in the second quarter although these are now starting to reduce with lockdowns lifting. We have seen a good reduction in usage throughout New South Wales and have now started to see a reduction in Victoria. We expect this will continue into the next couple of months with CVC hopefully returning to normal levels by January.

We have commenced the migration of Origin's existing broadband and voice customers and expect to transfer 20,000 of those by calendar year end. In addition to these we expect to add further 33,000 and 40,000 ABB branded broadband connections this quarter.

I would like to thank our shareholders for having faith in our vision and for their continued support.

I would also like to thank our board of directors, a blend of new blood bringing fresh ideas and wise counsel and those involved in founding Aussie's predecessor companies who are part of the DNA and our success to date.

Finally, I would like to thank my team. By the end of the financial year our team increased to 568 and is over 700 now. Rapid growth in customers and staff never comes easily but our team have taken it in their stride.

Guided by our values of think big, don't be ordinary – be awesome, no bullshit, be good to people and most importantly, have fun, our team have a clear set of instructions in how we operate. This helps us to find and retain the right people that "get us".

My leadership team have continued to show their resilience, staying power and determination throughout the year including some spending considerable time away from their families due to boarder restrictions.

To all of the team, thank you – you are amazing!

Chief Financial Officer's Address

FY21 was an exciting year for Aussie continuing the outstanding growth the company has experienced over recent years with a compound annual growth rate of 91% since 2018. FY21 revenue at \$350m grew by 84% with both residential and business segments growing at similar rates.

Gross margin, being revenue less network and hardware expenses, grew by 119% and gross margin % improved to 28.1% as a result of changes in product mix to higher margin, higher speed plans, the capping of CVC costs by NBN through to January 2021 and the termination of low/no margin ADSL services in September 2020.

Employee expenses increased modestly lower than revenue increase whilst operating leverage was dampened by an increase in middle management staff and additional roles created and skill sets required related to becoming a listed entity.

Marketing expenses of \$26.3m for the year were 134% higher than the prior year reflecting our investment in top line growth.

Administration costs increased at a lower rate than revenue but include costs associated with being a listed entity.

Depreciation and amortisation expense increased as network infrastructure was upgraded and initial loops of our fibre network were completed, whilst interest expenses of \$2.3m included interest associated with the convertible note.

There was a charge of \$12.3m for the increase in fair value of the derivative component of the pre-IPO convertible note. If we reverse the impacts of the IPO and the convertible note the underlying business generated a profit of approximately \$10m.

The financial position of the company improved significantly following the completion of the IPO with the conversion of the pre-IPO convertible notes to equity and the inflow of \$37.4m of net cash proceeds from the IPO. During the second half of the year the balance of the company's external debt of \$5.5m was repaid. The cash balance at 30 June had increased by \$35.6m year on year to end the year at \$57m

Trade debtors at year had returned to historical norm levels following a COVID related deterioration during the year that had been ameliorated by year end.

Plant & Equipment growth is related to the ongoing construction of the optic fibre network.

Other asset increases include the holding of higher inventory levels to address global chip shortages.

The financial position has been further boosted in FY22 by our recent equity raises to support growth by M&A, new business product and technology development, and/or further fibre and network build

So overall a very pleasing year and thank you for your ongoing support.

For personal use only