

Changing the game in business telecommunications.

Aussie Broadband to acquire Over the Wire in a recommended transaction.

2 December 2021

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Important notice and disclaimer



This presentation has been prepared by Aussie Broadband Limited ACN 132 090 192 (ASX: ABB) (**ABB**) and is designed to provide general background information about the proposed acquisition by ABB of 100% of the issued share capital of Over The Wire Holdings Limited ACN 151 872 730 (ASX: OTW) (**OTW**) by way of a scheme of arrangement (**Scheme**), and is current at the date of the presentation.

Summary Information

In connection with ABB's proposal to acquire all of the issued shares in OTW by way of a Scheme, OTW will prepare and lodge a Scheme booklet setting out information in relation to the Scheme. Subject to approval from the court, the Scheme booklet will be dispatched to OTW shareholders along with a notice of meeting at which OTW shareholders will consider whether or not to approve the Scheme. The information in this presentation is provided in summary form, does not purport to be complete and should be read in conjunction with the Scheme booklet and ABB's and OTW's periodic and continuous disclosure announcements lodged with the ASX, which are available at www.asx.com.au.

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Acquisition highlights



The acquisition delivers a large scale, fast growing and diversified telecommunications offering to residential and business customers whilst accelerating value creation for shareholders.

- The acquisition of Over the Wire (OTW) will be by a recommended Scheme of Arrangement.
- The combination is anticipated to deliver annual cost synergies of between \$8.0 to \$12.0 million within 3 years, ongoing capital expenditure savings, and significant acceleration of skills, products and solution capabilities for the group.
- The proposed transaction is expected to be EPS accretive on a pre and post synergy pro-forma statutory FY21 basis.
- Over The Wire acquisition consideration of \$5.75 per share funded with existing cash, new debt facilities of up to \$175.0 million and new shares issued by Aussie Broadband to OTW shareholders.
- Over The Wire confirms FY22 EBITDA guidance of \$33.0 million.

Transaction overview

Transaction summary



Key strategic rationale

- Creates a large scale and diversified telecommunications offering.
- Accelerates skills, capabilities and product growth within the Aussie Broadband business segment and the addition of recurring and contracted customer revenue.
- Leverages Aussie Broadband's growing fibre and network capabilities to reduce the cost to serve of Over the Wire.

Offer

Aussie Broadband to acquire 100% of the share capital of OTW by way of a recommended Scheme of Arrangement (Scheme). In connection with the Scheme, OTW Shareholders will receive scheme consideration with an implied value of \$5.75 per OTW share which will comprise of either \$5.75 cash, 1.150 ABB ⁽¹⁾ shares or a combination of cash and ABB shares implying a total consideration of \$344.0 million with an implied enterprise value of \$390.4 million ⁽²⁾.

Scheme consideration alternatives

- Aussie Broadband will provide shareholders in OTW the ability to receive Scheme Consideration representing \$5.75 per OTW share (Scheme Consideration) with the following alternatives:
- 80% cash consideration and 20% scrip consideration (Default Option) equating to \$4.60 cash and 0.23 ABB shares for each OTW share;
 - 100% cash consideration equating to \$5.75 cash per OTW share (Cash Consideration);
 - 100% scrip consideration equating to 1.15 ABB Shares for each OTW share (Scrip Consideration); or
 - At least 1% but less than 100% scrip consideration with the balance payable as cash consideration (Mix and Match Consideration).

Aggregate Scale back

The Scheme Consideration is subject to a pro-rata scale back mechanism, such that the maximum aggregate cash consideration equates to \$275.2 million representing 80.0% of the total consideration; and a maximum scrip consideration of 39.6 million ABB shares, representing 57.5% of total consideration.

Transaction Funding

The acquisition will be funded partly with the issue of new ABB shares as described above, with the balance funded by existing cash, new debt facilities (inclusive of a new 3 year Senior Debt facility), Bridging Facility (if required and dependent on OTW aggregate elections) and a new working capital facility.

Note 1: Assumes \$5.00 per ABB share.

Note 2: Enterprise value calculated on an implied fully diluted market capitalisation (Equity Value) of approximately \$344.0m (59,820,564 OTW fully diluted shares outstanding (inclusive of vested performance rights, unvested performance rights, 2021 employee share option plan grants and FY22 performance rights grants) multiplied by \$5.75 per OTW share) plus net debt of \$46.4m as at 31 June 21 (inclusive of lease liabilities and deferred consideration).

Transaction summary



Financial Highlights

The acquisition will have significant and immediate financial benefits, including:

- The combination is anticipated to deliver annual cost synergies of between \$8 to \$12 million within 3 years, ongoing replacement capital expenditure savings in addition to significant strategic and other benefits.
- The proposed transaction is expected to be EPS accretive.
- Combined pro-forma statutory FY21 Revenue of \$463.1 million and EBITDA of \$51.0 to \$55.0 million inclusive of run-rate synergies outlined above.

Shareholder impacts

As a result of the scrip issuance within the transaction, existing Aussie Broadband shareholders are expected to own between 85.0% and 94.2% of the total fully paid ordinary shares in Aussie Broadband on completion of the acquisition (1).

OTW Board recommendation

The Scheme is unanimously recommended by the Board of OTW, subject to an independent expert concluding that the Scheme is in the best interests of OTW shareholders and in the absence of a superior proposal.

ABB Board composition

- Michael Omeros, current Managing Director and Group CEO of OTW, will join the ABB Board upon completion of the transaction. He will replace John Reisinger who will step down as a director at the completion of transaction but will remain as a senior executive with ABB.
- The combined group will benefit from a highly experienced Board and a senior executive team that draws on the breadth of both companies' skills and expertise.

OTW FY22 guidance

OTW has provided FY22 EBITDA guidance of \$33.0 million.

Note 1: Assumes the minimum and maximum aggregate share outcome resulting in 13.7 million and 39.4 million Aussie Broadband shares as part of the proposed transaction.



About Over the Wire

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About Over The Wire



High margin telecommunications and IT solutions provider offering voice, data networks and cloud infrastructure with contracted revenue.

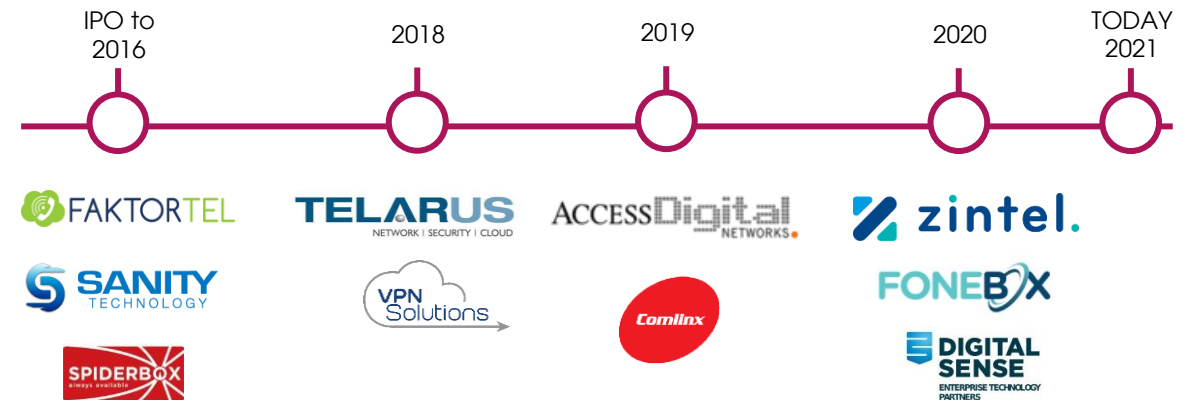
Overview

Founded in 2005, Over the Wire is a technology company and integrated platform provider establishing the telco of the future. With offices across Australia, their purpose is to simplify technology to empower business.

- Australian, New Zealand, Singapore & USA network presence, with major points of presence across all major Australian capital cities and Auckland, NZ.
- Headquartered in Brisbane, with approximately 300 onshore employees across its specialist IT and telecommunications divisions including IT development, sales and solutions experts.
- Diversified pool of contracted medium business, enterprise and government customers.
- Delivering impressive and consistent business acquisition, top-line revenue growth and 97.8% recurring revenue retention in FY21.

Company evolution

Proven history of integrating add-on acquisitions.



About Over The Wire



A full end-to-end solutions offering focused on medium business, enterprise, government and wholesale customers.

Telco of the future

OTW's goal is to be the integrated platform underpinning the digital transformations of Australian and New Zealand businesses.

OTW are challenging the current status quo and establishing the model for the telco of the future. This includes:

- Strategic infrastructure investments and partnerships.
- Automation, self-service capabilities, and AI.
- Business outcomes focus, supporting critical systems.
- Growing their partner ecosystem leveraging their integrated platform.
- Simplifying technology to empower business.



Cloud.

- ▣ Public, Private & Dedicated Cloud
- ▣ Hybrid & Multi-Cloud
- ▣ Backup, Storage & Data Protection
- ▣ DC Colocation



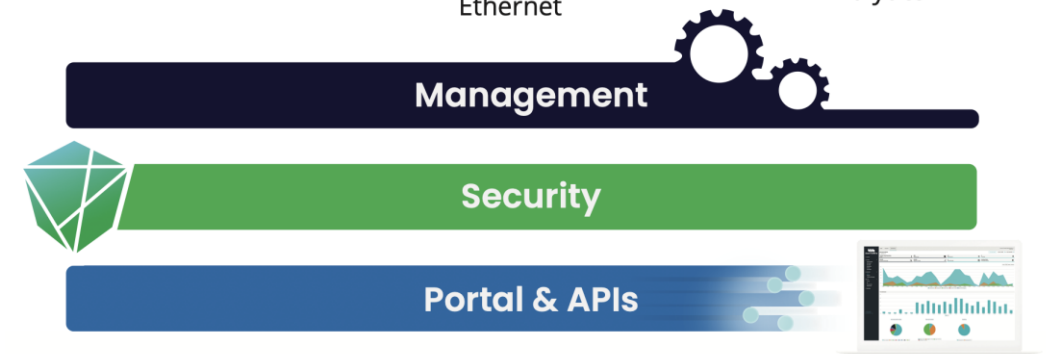
Connect.

- ▣ SD-WAN
- ▣ Private IP
- ▣ Internet
- ▣ Private Mobile Data
- ▣ Cloud Connectivity
- ▣ International Ethernet



Collaborate.

- ▣ Cloud PBX
- ▣ SIP & CTS
- ▣ Mobile Fleet
- ▣ SMS Gateway
- ▣ Inbound Voice Routing & Analytics



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Transaction rationale

Strategic rationale



Acceleration of business focused capabilities by leveraging each others' key strengths, technologies and solutions.



Data & Networks

- Direct connection to all 121 nbn Points of Interconnect (POIs).
- 1,200km of owned fibre complete & under construction.
- Presence in 31 data centres nationally and internationally.

- No direct connection to any nbn POIs.
- 99% third party leased fibre network.
- 5 company owned data centres (additional presence in 38 data centres).

Voice

- Wholesale customer of other Tier 1 voice carriers.
- Provides voice services to residential and business customers.

- Tier 1 voice carrier with the capability to provide residential, business and wholesale services via a direct interconnect infrastructure and in house developed software platform.
- Offers both inbound and outbound number hosting.

Cloud

- No offerings currently.

- Range of cloud and hosting products, including private cloud solutions on OTW-owned infrastructure.
- Recent acquisition of Digital Sense to expand existing cloud portfolio, adding a number of blue chip customers.

Security & IT Support

- Limited offerings currently.

- Existing IT support and data security products.
- Longstanding arrangements with a number of vendors, with the ability to offer best-in-class solutions.

Strategic rationale



Compatible customer base and network which will enable synergies to be unlocked over time.



Customers

- Over 410,000 residential and 28,000 business, MSP & government customers.
- Over 470,000 active broadband services.

- Over 16,000 business, government & wholesale customers.
- Over 700,000 active numbers on the NetSIP voice network.

Customer demographics

- Australian residential, business, local government, and managed solution provider (MSP) customers.

- Australian and New Zealand small & medium business, enterprise, government, MSP and wholesale customers.

Customer engagement and marketing

- 4.5 out of 5 average online review score.
- Australian Service Excellence Award winner for Customer Services Organisation of the Year - Large 2020 & 2021.
- Significant marketing & promotions spend to drive organic new customer growth.

- 97.8% recurring revenue retention in FY21 with excellent track record of revenue and customer retention.
- Low marketing spend.

Team members

- Over 700 team members, all based in Australia.

- ~ 300 team members based in Australia.

Go to market strategy



Multiple customer segments and solutions once integrated.

Residential

- Focused on the premium end of the residential market (covers 50% of the market).
- Comprehensive offering including nbn & Opticomm broadband, voice, mobile and Fetch entertainment.
- Best in market customer experience & support, 100% Australian based.

Business

- Focused on small and medium single site businesses (approx. 2.3 million nationally).
- Essential business offering including broadband, hosted phone, mobile, managed Wi-Fi & security.
- Premium support available 24x7, 100% Australian based.

Enterprise

- Focused on large, multi-site businesses and government customers that require tailored solutions or have complex needs.
- Total solution offering including connectivity, voice, mobile, managed services, security, Wi-Fi, infrastructure as a service and cloud hosting solutions in multiple availability zones.
- Dedicated support engineers available 24x7, 100% Australian based.

Wholesale, MSP & White-label

- Focused on wholesale customers with delivery through in-house developed Carbon & NetSIP platforms.
- Providing nbn resale, voice, backhaul, dark fibre, IP transit and colocation services.
- Wholesale-focused support engineers available 24x7, 100% Australian based.
- Wholesale focused brand, name to be determined.

Unlocking operational efficiencies using best of breed systems.

- Accelerates product and skills capability in the Aussie Broadband business segment with the addition of recurring and contracted revenue derived from the OTW customer base.
- Combines approximately 410,000 residential customers and 28,000 business customers of Aussie Broadband with approximately 16,000 Over the Wire business, enterprise, government and wholesale customers.
- Ability to integrate the OTW and ABB data networks to achieve operational and financial scale, efficacy and margins.
- Migration of ABB voice services currently on 3rd party carriers onto the OTW voice network.
- Ability to further leverage ABB network automation and Carbon platform combined with OTW's NetSIP voice automation platform.
- Onboarding elements of OTW's customer base to ABB's internally developed integrated CRM & billing platform.
- Reduced corporate costs.

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Scheme overview

Scheme and timetable



Overview

OTW and ABB have entered into a Scheme Implementation Deed (SID) which, among other things, governs the terms upon which OTW will propose and implement the Scheme with its shareholders.

Transaction structure

The acquisition of OTW is to be effected via a court approved scheme of arrangement.

Conditions of the Scheme

Implementation of the Scheme is subject to a number of conditions including without limitation the following:

- OTW shareholder approval;
- Court approval;
- the independent expert concluding the Scheme is in the best interests of OTW shareholders and not withdrawing, qualifying or changing its opinion;
- no material adverse change affecting OTW;
- no prescribed occurrence occurring in respect of either OTW or ABB;
- OTW maintaining certain key customers and management; and
- other conditions customary for a transaction of this nature.

Exclusivity

The SID includes customary exclusivity and other deal protections in favour of Aussie Broadband including provisions for a break fee and matching rights.

Timing

- Scheme booklet expected to be dispatched to OTW shareholders in January 2022 with the OTW Scheme meeting to occur in February 2022.
- Subject to satisfaction (or waiver, where possible) of the various conditions set out in the SID, the Scheme is expected to be implemented in March 2022.



Authorised for release by the Aussie Broadband Board.

Media enquiries: Katrina Salhioui on 0448 110 962

Registry inquiries: Link Market Services on 1300 554 474

Other inquiries: 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 Victoria, Australia. The company's main focus is nbn™ (NBN) subscription plans and bundles to residential homes, businesses, enterprises, not-for-profits, 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 infrastructure.

The company also offers a range of other telecommunications services including VOIP, mobile plans and handsets, and entertainment bundles through its partnership with Fetch TV.

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