

**ASX RELEASE****24 JANUARY 2022****ASIC REGISTRATION OF OVER THE WIRE SCHEME BOOKLET**

Over the Wire Holdings Limited (ASX: OTW) ("OTW") is pleased to announce that the Australian Securities and Investments Commission ("ASIC") has registered the explanatory statement ("Scheme Booklet") in relation to the proposed acquisition of 100% of the shares in OTW by Aussie Broadband Limited (ASX: ABB) ("ABB") by way of a scheme of arrangement ("Scheme").

This follows OTW entering into a deed of amendment and restatement of the scheme implementation deed ("Deed of Amendment and Restatement") dated 20 January 2022 in relation to the Scheme (and detailed further below).

This also follows the issuance of orders made by the Federal Court of Australia ("Court") on Friday, 21 January 2022 approving the convening of a meeting of OTW shareholders to consider and vote on the Scheme ("Scheme Meeting") and approving the distribution of the Scheme Booklet to OTW shareholders.

The Scheme Booklet provides information about the Scheme and includes a copy of the independent expert's report prepared by Grant Thornton Corporate Finance Pty Ltd ("Independent Expert"), the investigating accountant's report prepared by PKF Brisbane Audit, and notice of the Scheme Meeting. A copy of the Scheme Booklet is attached to this announcement and will be made available online at [www.overthewire.com.au](http://www.overthewire.com.au)

**Revised Scheme details**

As noted in the Company's announcement of 2 December 2021, the Scheme consideration is subject to the maximum total cash consideration payable by ABB not exceeding approximately \$275m ("Maximum Cash Consideration") representing 80% of the total Scheme Consideration and the maximum total ABB scrip consideration not exceeding approximately 40m ABB shares ("Maximum Scrip Consideration") representing 57.5% of the total Scheme Consideration.

The Deed of Amendment and Restatement was entered into by OTW and ABB to give effect to, among other minor variations, a slight adjustment to the Maximum Cash Consideration from \$275,174,594 to \$275,172,902 and Maximum Scrip Consideration from 39,556,348 to 39,556,105 ABB shares (arising as a result of the total number of fully paid ordinary shares on issue in OTW).

**Distribution of Scheme Booklet**

OTW shareholders who have elected to receive communications electronically will receive an email, and OTW shareholders who have not nominated an email address for this purpose will receive a letter sent by post, containing instructions about how to view or download a copy of the Scheme Booklet, lodge their election form and proxy form, and participate in the Scheme Meeting online.

The above-mentioned communications are expected to be distributed to OTW shareholders on Tuesday, 25 January 2022.

The Scheme Booklet should be read in its entirety before deciding whether or not to vote in favour of the Scheme.

### **Scheme Meeting**

The Scheme Meeting will be held virtually at 11.00am (Brisbane time) on Thursday, 24 February 2022. OTW shareholders (or their proxies, attorneys or corporate representatives) will be able to attend and vote at the Scheme Meeting through an online platform available at <https://meetings.linkgroup.com/OTW22>

All OTW shareholders are encouraged to vote either by attending the Scheme Meeting virtually or by appointing a proxy, attorney or corporate representative to attend the Scheme Meeting and vote on their behalf.

### **Independent Expert's conclusion**

The Independent Expert has concluded that the Scheme is fair and reasonable and is therefore in the best interests of OTW shareholders in the absence of a superior proposal.

The Independent Expert's conclusion should be read in context with the full Independent Expert's report and the Scheme Booklet.

### **OTW directors' recommendation**

The directors of OTW unanimously recommend that OTW shareholders vote in favour of the Scheme in the absence of a superior proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of OTW shareholders.

Subject to those same qualifications, the directors of OTW intend to vote the OTW shares they hold or control in favour of the Scheme at the Scheme Meeting.

### **Further information**

All OTW shareholders are encouraged to note the key events and indicative dates set out in the Scheme Booklet.

If, after reading the Scheme Booklet, you have any further questions in relation to the Scheme or the Scheme Booklet, please contact the OTW shareholder information line on 1800 645 237 (within Australia) or +61 1800 645 237 (outside Australia) between Monday to Friday (excluding public holidays in Australia) between 8.30am and 5.30pm (Sydney time).

This announcement was authorised for release to the market by the board of OTW.

For further information, please contact:

Mike Stabb  
Company Secretary  
+61 7 3847 9292  
mike.stabb@overthewire.com.au

### **About Over the Wire Holdings Limited**

Over the Wire Holdings Limited (ASX: OTW) is an ASX listed telecommunications, cloud and IT solutions provider that has a national network with points of presence in all major Australian capital cities and Auckland, NZ. The company offers an integrated suite of products and services to business customers including Data Networks and Internet, Voice, Data Centre co-location, Cloud and Managed Services.

Over the Wire Holdings Limited companies include Over the Wire, NetSIP, FaktorTel, Sanity Technology, Telarus, VPN Solutions, Access Digital Networks, Comlinx, Zintel Communications, Fonebox and Digital Sense.

For further information, visit [www.overthewire.com.au](http://www.overthewire.com.au)



# Scheme Booklet

**Over the Wire Holdings Limited**  
ACN 151 872 730

For the acquisition by Aussie Broadband Limited ACN 132 090 192 (**Aussie Broadband or ABB**) of 100% of the shares in Over the Wire Holdings Limited ACN 151 872 730 (**Over the Wire or OTW**) by way of scheme of arrangement between Over the Wire and Over the Wire Shareholders

**The OTW Directors unanimously recommend that, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of OTW Shareholders, OTW Shareholders vote in favour of the Scheme.**

**The OTW Directors intend to vote in favour of the Scheme the Over the Wire Shares that they hold or Control, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of OTW Shareholders.**

**The Independent Expert has concluded that the Scheme is fair and reasonable and is in the best interests of the OTW Shareholders.**

**Your vote is important to determine if the Scheme proceeds.**

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This is an important document and requires your immediate attention. It should be read in its entirety. If you are not sure what to do, you should consult your investment or other professional adviser. If you have recently sold all of your Over the Wire shares, please disregard this document



Financial adviser  
**Macquarie Capital (Australia) Limited**



Legal adviser  
**McCullough Robertson Lawyers**



# Important notices

## This Scheme Booklet

This Scheme Booklet is the explanatory statement required to be given to OTW Shareholders under section 412(1) of the Corporations Act.

The purpose of this Scheme Booklet is to explain the terms of the Scheme and the manner in which the Scheme will be considered and implemented (if approved by the Requisite Majority of OTW Shareholders and by the Court). Additionally, it provides information which is prescribed or otherwise material to the decision of OTW Shareholders whether or not to vote in favour of the Scheme. This document includes the explanatory statement for the Scheme required by section 412(1) of the Corporations Act.

You should read this Scheme Booklet in its entirety before deciding how to vote on the resolution to be considered at the Scheme Meeting. This Scheme Booklet does not take into account the individual investment objectives, financial situation and particular needs of each OTW Shareholder. You should seek independent legal, financial, taxation, or other professional advice before deciding whether or not to vote in favour of the Scheme.

## Status of Scheme Booklet

This Scheme Booklet includes the explanatory statement for the Scheme required by sub-section 412(1) of the Corporations Act. Other than with respect to the offer to subscribe for New ABB Shares as part of a Consideration Option, this Scheme Booklet does not constitute or contain an offer to OTW Shareholders, or a solicitation of an offer from OTW Shareholders, in any jurisdiction. This Scheme Booklet is not a disclosure document required by chapter 6D of the Corporations Act. Section 708(17) of the Corporations Act provides that chapter 6D of the Corporations Act does not apply to arrangements under part 5.1 of the Corporations Act approved at a meeting held as a result of an order under section 411(1). Instead, OTW Shareholders asked to vote on an arrangement at that meeting must be provided with an explanatory statement as included in this Scheme Booklet.

## Responsibility for information

The Over the Wire Information has been given by, and is the responsibility of, Over the Wire. Neither Aussie Broadband, nor any of its Subsidiaries, nor any of their respective directors, officers, employees or advisers assumes any responsibility for the accuracy or completeness of such information.

The Aussie Broadband Information has been given by, and is the responsibility of, Aussie Broadband. Neither Over the Wire, nor any of its Subsidiaries, nor any of their respective directors, officers, employees or advisers assumes any responsibility for the accuracy or completeness of such information.

The Independent Expert has prepared the Independent Expert's Report at Annexure A and takes responsibility for, and has consented to the inclusion in the Scheme Booklet of, that report. None of Over the Wire, Aussie Broadband nor any of their Subsidiaries, nor any of their respective directors, officers, employees or advisers assumes any

responsibility for the accuracy or completeness of the Independent Expert's Report.

PKF Brisbane Audit has prepared the Independent Limited Assurance Report (as set out in Annexure B) and takes responsibility for, and has consented to the inclusion in the Scheme Booklet of, that report. None of Over the Wire, Aussie Broadband nor any of their Subsidiaries, nor any of their respective directors, officers, employees or advisers assumes any responsibility for the accuracy or completeness of the Independent Limited Assurance Report.

No consenting party has withdrawn their consent before the date of this Scheme Booklet.

## ASIC and ASX

A copy of this Scheme Booklet has been reviewed by ASIC for the purposes of section 411(2) of the Corporations Act. It has also been lodged with and registered by ASIC under section 412(6) of the Corporations Act. Over the Wire has requested that ASIC give a statement under section 411(17)(b) of the Corporations Act that ASIC has no objection to the Scheme. If ASIC provides that statement, it will be produced at the Second Court Hearing. This is because ASIC will not be in a position to advise the Court until it has had an opportunity to observe the entire Scheme process.

Neither ASIC nor any of its officers takes any responsibility for the contents of this Scheme Booklet.

A copy of this Scheme Booklet has been provided to ASX. Neither ASX, nor any of its officers, takes any responsibility for the contents of this Scheme Booklet.

## Important notice associated with Court order under section 411(1) of the Corporations Act

At the First Court Hearing on 21 January 2022, the Court ordered Over the Wire to convene the Scheme Meeting to consider and vote on the Scheme. The notice convening the Scheme Meeting is at Annexure C of this Scheme Booklet. The fact that the Court has ordered the Scheme Meeting to be convened is no indication that the Court has:

- (a) formed a view about the merits of the proposed Scheme or about how the OTW Shareholders should vote (on this matter the OTW Shareholders must reach their own decision); or
- (b) prepared, or is responsible for, the content of this Scheme Booklet, which forms the explanatory statement attached to the Notice of Scheme Meeting.

The Court's order for the convening of the Scheme Meeting is not an endorsement by the Court of the Scheme. On these matters the OTW Shareholders must reach their own decision.

## Notice of Scheme Meeting

The Notice of Scheme Meeting is set out in Annexure C.

## Notice of Second Court Hearing

At the Second Court Hearing, the Court will consider whether to approve the Scheme following the vote at the Scheme Meeting.

Any OTW Shareholder will be able to appear at the Second Court Hearing, expected to be held virtually at 10.15 (AEDT) on 3 March 2022.

Any OTW Shareholder who wishes to oppose approval of the Scheme at the Second Court Hearing may do so by filing with the Court and serving on Over the Wire a notice of appearance in the prescribed form together with any affidavit that the OTW Shareholder proposes to rely on.

## Disclosure about forward looking statements

Certain statements in this Scheme Booklet relate to the future. Those statements may not be based on historical facts. They may reflect the current expectations of Over the Wire or, for the Aussie Broadband Information, Aussie Broadband, about future events or results. Those statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual events or results to differ materially from the statements. Deviations about future conduct, results, performance and achievements are both normal and expected.

None of Over the Wire nor Aussie Broadband, their respective directors, officers or advisers, or any other person gives any representation, assurance or guarantee that the events or outcomes expressed or implied in any forward looking statement in this document will actually happen. You are cautioned against relying on any of those statements.

You should carefully review the information in this Scheme Booklet. Section 4 sets out reasons to vote in favour and reasons not to vote in favour of the Scheme.

All subsequent written and oral forward looking statements attributable to Over the Wire or Aussie Broadband or any person acting on their behalf are qualified by this cautionary statement.

The forward looking statements included in this Scheme Booklet are made at the date of this Scheme Booklet. Subject to any continuing obligations under the Listing Rules (if applicable) or the Corporations Act, Over the Wire and Aussie Broadband do not give any undertaking to update or revise those statements after the date of this Scheme Booklet to reflect any change in expectations about those statements or any change in events, conditions or circumstances on which any of those statements is based.

## Foreign shareholders

This Scheme Booklet and the Scheme are subject to Australian disclosure requirements which may be different from those applicable in other jurisdictions. This Scheme Booklet and the Scheme do not in any way constitute an offer of securities in any place in which, or to any person to whom, it would not be lawful to make that offer.

In particular, this Scheme Booklet may not be released or distributed in the United States. This Scheme Booklet does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. Any securities described in this document have not been, and will not be,

registered under the US Securities Act of 1933 (as amended) and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable United States state securities laws.

Foreign shareholders, being OTW Shareholders in jurisdictions outside Australia and New Zealand, should refer to Section 5.7 of this Scheme Booklet for further details on how the Scheme affects Ineligible Foreign Shareholders.

OTW Shareholders that are considered to be Ineligible Foreign Shareholders are not able to receive the scrip component of the Scheme Consideration.

OTW Shareholders who are resident outside of Australia and/or who are nominees, trustees or custodians for beneficial holders resident outside of Australia are encouraged to seek independent advice as to how they should proceed in respect of the Scheme, including specific taxation advice in relation to the Australian and overseas taxation implications of their participation in the Scheme.

## Privacy and personal information

Over the Wire will need to collect personal information for the Scheme. The personal information may include the names, contact details, details of shareholdings of OTW Shareholders and contact details of persons appointed by OTW Shareholders as proxies, corporate representatives or attorneys at the Scheme Meeting. The collection of some of this information is required or authorised by the Corporations Act. OTW Shareholders who are individuals, and other individuals whose personal information is collected, have rights to access the personal information collected about them and can contact Over the Wire by calling +61 7 3847 9292 if they wish to access that information.

The information may be disclosed to print and mail service providers, and to Aussie Broadband, its Related Entities and their advisers for the Scheme. If this information is not collected, Over the Wire may be hindered in, or prevented from, conducting the Scheme Meeting or implementing the Scheme. OTW Shareholders who appoint an individual as their proxy, corporate representative or attorney to vote at the Scheme Meeting must inform that individual of these matters.

## Interpretation

Capitalised terms used in this Scheme Booklet are defined in the glossary in Section 12.

A reference to a section or Annexure is to a section of, or Annexure to, this Scheme Booklet.

Some of the documents reproduced in the Annexures to this Scheme Booklet have their own defined terms, which are sometimes different to those in the Glossary.

Any diagrams, charts, graphs and tables appearing in this Scheme Booklet are illustrative only and may not be drawn to scale. Unless otherwise stated, all data in charts, graphs and tables is based on information available at the date of this document. All numbers are rounded unless otherwise indicated.

The financial amounts in this Scheme Booklet are expressed in Australian currency unless otherwise stated.

A reference to \$, A\$ and AUD and cents is to Australian currency, unless otherwise stated.

### **Charts and diagrams**

Any diagrams, charts, graphs or tables appearing in this Scheme Booklet are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in diagrams, charts, graphs and tables is based on information available as at the Last Practicable Date.

### **Effect of rounding**

A number of figures, amounts, percentages, estimates and fractions in this Scheme Booklet are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Scheme Booklet. In particular, all entitlements to Aussie Broadband Shares will be rounded down to the nearest whole number of Aussie Broadband Shares in order to avoid fractions of Aussie Broadband Shares.

Any discrepancies in any chart, graph or table between totals and sums of amounts presented or listed therein or to previously published financial figures are due to rounding.

### **Over the Wire and Aussie Broadband's websites**

The contents of Over the Wire and Aussie Broadband's websites do not form part of this Scheme Booklet and OTW Shareholders should not rely on their content.

### **Date**

This Scheme Booklet is dated 21 January 2022.

## Key dates

Event	Date <sup>†</sup>
<b>First Court Hearing</b> The date on which the Court made orders convening the Scheme Meeting	Friday, 21 January 2022
<b>Date of this Scheme Booklet</b>	Friday, 21 January 2022
<b>Dispatch of Scheme Booklet to OTW Shareholders</b>	Tuesday, 25 January 2022
<b>Election Date</b> Latest time and date by which Election Forms must be received by the Over the Wire Share Registry	5:00pm AEDT on Thursday, 17 February 2022
<b>Scheme Meeting proxies</b> Last date and time to lodge proxies for Scheme Meeting	11:00am Brisbane time on Tuesday, 22 February 2022
<b>Scheme Meeting Record Date</b> Date and time for deciding eligibility of OTW Shareholders to vote at Scheme Meeting	7:00pm AEDT on Tuesday, 22 February 2022
<b>Scheme Meeting</b>	11:00am Brisbane time on Thursday 24 February 2022
<b>If the Scheme is approved by the Requisite Majority of OTW Shareholders at the Scheme Meeting</b>	
<b>Second Court Date</b>	Thursday, 3 March 2022
<b>Effective Date<sup>††</sup></b> This is the date on which the Scheme comes into effect and is binding on OTW Shareholders. Court order lodged with ASIC and announcement on ASX. Over the Wire Shares are suspended from trading at the close of trading on the ASX. Transfers of Over the Wire Shares are not registered after this date.	Friday, 4 March 2022
Commencement of trading of Aussie Broadband Shares on the ASX on a deferred settlement basis	Monday, 7 March 2022
<b>Scheme Record Date</b> All OTW Shareholders who hold OTW Shares on the Scheme Record Date will be entitled to receive the Scheme Consideration	7:00pm AEDT on Tuesday, 8 March 2022
<b>Implementation Date</b> All Scheme Shareholders will be sent the Scheme Consideration to which they are entitled on this date	Tuesday, 15 March 2022
Commencement of trading of Aussie Broadband Shares on the ASX on a normal settlement basis Delisting of Over the Wire on the ASX	Wednesday, 16 March 2022

<sup>†</sup> All times referred to in this Scheme Booklet are New South Wales times unless otherwise stated.

<sup>††</sup> All dates following the Scheme Meeting are indicative only and are subject to change. Over the Wire may vary any or all of these dates and times, and will provide notice of any such variation via an announcement to the ASX.

# Letter from Chair of Over the Wire

21 January 2022

Dear OTW Shareholder,

On behalf of the Over the Wire (**OTW**) Board, I am pleased to provide you with this Scheme Booklet, which outlines details you will need to consider in relation to the proposed acquisition of OTW by Aussie Broadband Limited (**ABB**).

On 2 December 2021, OTW and ABB announced that they had entered into an Implementation Deed<sup>1</sup> under which ABB agreed to acquire 100% of the issued capital in OTW, subject to several conditions, including shareholder and Court approvals.

This Scheme Booklet sets out important information relating to the Scheme, the reasons why the OTW Board has unanimously recommended that OTW Shareholders vote in favour of the Scheme together with the Independent Expert's Report. The Scheme Booklet also sets out some of the reasons why you may wish to vote against the Scheme.

## Overview

If the Scheme is approved and implemented, OTW Shareholders (other than Ineligible Foreign Shareholders) will have the opportunity to elect to receive Scheme Consideration of:

- 80% Cash Consideration and 20% Scrip Consideration, equating to \$4.60 cash and 0.2300 New ABB Shares for each OTW Share (**Default Consideration**);
- 100% Cash Consideration equating to \$5.75 cash per OTW Share (**All Cash Consideration**);
- 100% Scrip Consideration equating to 1.1500 New ABB Shares for each OTW Share (**All Scrip Consideration**); or
- at least 1% but less than 100% Scrip Consideration with the balance payable as Cash Consideration (**Mix and Match Consideration**),

subject to the Scaleback Mechanisms described below.

The All Cash Consideration Option of \$5.75 per OTW share represents a 20.0% premium to OTW's 30 day VWAP to 21 October 2021<sup>2</sup> and a 28.7% premium to OTW's 60 day VWAP to 21 October 2021. It also exceeds the highest closing share price of OTW shares of \$5.64 (on 12 November 2018) since its listing on the ASX on 3 December 2015.

Shareholders that elect to receive all or part of their Scheme Consideration in New ABB Shares should note that ABB's share price may rise or fall before the Implementation Date, which will impact the actual value of the consideration received (this is discussed further in Sections 4.2(d) and 4.4(a) of this Scheme Booklet). OTW Shareholders should note that the ABB share price on 20 January 2022 (being the last practicable trading day prior to the date of this Scheme Booklet) was \$4.58.

Shareholder Elections will be subject to scaleback (if necessary) on a pro-rata basis to ensure that the maximum cash required to be payable by ABB to OTW Shareholders is ~\$275.2m (**Maximum Cash Consideration**) and the maximum number of New ABB Shares to be issued by ABB is ~39.6m (**Maximum Scrip Consideration**). Please refer to Section 2.1(b) of this Scheme Booklet for further details.

<sup>1</sup> As amended and restated on 20 January 2022.

<sup>2</sup> Being the undisturbed share price prior to OTW's announcement on 22 October 2021 regarding the receipt of ABB's proposal.

OTW Shareholders who do not make a valid Election, or whose Election is not received by the Over the Wire Share Registry by the Election Date (being 5:00pm on Thursday, 17 February 2022), or who receive OTW Shares after the Election Date (and did not previously hold OTW Shares and make a valid Election) will receive the Default Consideration (subject to the Scaleback Mechanisms).

Ineligible Foreign Shareholders may not make an Election and will receive their Scheme Consideration in the form of All Cash Consideration and will not be subject to the Scaleback Mechanisms.

OTW intends to provide an announcement to the ASX regarding the outcome of the Elections and the potential implications on the Scaleback Mechanisms before the Scheme Meeting, to inform OTW Shareholders of the potential scaleback of Cash Consideration or Scrip Consideration that may occur. This announcement is expected to be made on 21 February 2022. However, since the trading of OTW Shares will continue until the Effective Date, the outcome of Elections in that announcement will be indicative only and the final result of the Elections will not be determined until the Record Date (currently expected to be on Tuesday, 8 March 2022).

### **Independent Expert**

The OTW Directors' unanimous recommendation of the Scheme is supported by the conclusion of Grant Thornton Corporate Finance Pty Ltd, the Independent Expert engaged by OTW to assess the merits of the Scheme and opine on whether it is in the best interests of OTW Shareholders.

The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of OTW Shareholders in the absence of a Superior Proposal.

The Independent Expert has assessed the fully diluted value of OTW Shares at between \$5.35 and \$6.31.

A copy of the Independent Expert's Report is contained in Annexure A.

### **OTW Directors' recommendation**

The OTW Directors have carefully considered the proposal from ABB and unanimously recommend that OTW Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of OTW Shareholders. Subject to that same qualifications, each OTW Director intends to vote, or cause to be voted, all OTW Shares held or Controlled by them in favour of the Scheme, which collectively represent approximately 41.46% of OTW Shares currently on issue.

The interests of OTW Directors (including their ongoing involvement with OTW) are set out in Section 11.1 of this Scheme Booklet.

While the OTW Board is confident that OTW is positioned strongly to continue to deliver growth for OTW Shareholders in the future, the OTW Board considers that the value and strategic opportunities offered by the Scheme represent an attractive outcome for OTW Shareholders.

Reasons to vote in favour of the Scheme are set out in detail in Section 4.2. There are also reasons why you may choose to vote against the Scheme which are set out in Section 4.3. The OTW Directors unanimously believe that the benefits of the Scheme outweigh any potential disadvantages and risks.

### **Scheme Meeting**

For the Scheme to proceed, it must be approved by the Requisite Majority of OTW Shareholders (the requirements of which are set out later in this Scheme Booklet), and by the Court.

Therefore, your vote is important, and I encourage you to carefully consider all of the information set out in this Scheme Booklet as it will assist you in making an informed decision in relation to your vote.

I encourage you to vote by attending the Scheme Meeting online or, alternatively if you are unable to attend, completing and returning the relevant proxy form accompanying this Scheme Booklet.

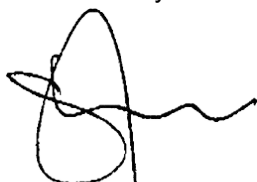
Section 5.3 of this Scheme Booklet contains further information regarding the Scheme Meeting and your vote.

#### **Further information**

If you have any general queries about the Scheme or the Scheme Booklet, please do not hesitate to contact the OTW Shareholder Information Line on 1800 645 237 (within Australia) or +61 1800 645 237 (from overseas) between 8:30am and 5:30pm (AEDT) on Monday to Friday. If you are not sure what to do, you should consult an independent, appropriately licenced and authorised financial, legal or tax adviser.

On behalf of the OTW Board, I would like to take this opportunity to thank you for your ongoing support of OTW and I look forward to your participation at the Scheme Meeting and encourage you to vote in favour of the Scheme, which the OTW Directors believe is in the best interests of OTW Shareholders.

Yours faithfully

A handwritten signature in black ink, appearing to be 'Stephe Wilks', with a long vertical line extending downwards from the end of the signature.

Stephe Wilks

## Letter from Chair of Aussie Broadband

Dear Over the Wire Shareholder

On behalf of the board of Aussie Broadband and management we are pleased to present this exciting opportunity to participate in the Scheme resulting in the acquisition of Over the Wire. Scheme Consideration will take the form of cash and newly issued shares in Aussie Broadband to Over the Wire Shareholders, subject to the Scaleback Mechanism. If the Scheme is implemented, we expect the benefits and synergies of the Combined Group will provide a larger, more diversified competitive Australian telecommunications company.

The strategic rationale for the combination of both companies is driven by shared corporate values and culture, a focus on customer service and employee satisfaction. The Combined Group will create a nationally significant, high growth, strong margin business, benefitting from residential and business revenue streams, an expanding fibre network and suite of technology offerings, recurring revenue with geographic, product and service diversification delivering enhanced profitability.

The combination of Aussie Broadband and Over the Wire through the proposed Scheme is supported by the Over the Wire Directors, who unanimously recommend that Over the Wire Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of OTW Shareholders.

As an Over the Wire Shareholder you have the opportunity to vote on the Scheme. A vote in favour of the Scheme by the Requisite Majority of Over the Wire Shareholders is important to secure the acquisition of Over the Wire by Aussie Broadband. The Scheme Booklet contains important information in relation to the Scheme. Further details of the benefits of the Scheme to Over the Wire Shareholders are set out in sections 4.2 of this Scheme Booklet.

On behalf of Aussie Broadband, I encourage you to read the Scheme Booklet carefully and vote in favour of the Scheme at the Scheme Meeting to be held at 11.00am (Brisbane time) on 24 February 2022.

I look forward to welcoming those of you who elect to receive Scheme Consideration with a scrip component as shareholders of Aussie Broadband following successful implementation of the Scheme.

Yours sincerely



Adrian Fitzpatrick



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# 1. Actions for OTW Shareholders

## 1.1 Carefully read this Scheme Booklet

- Read this Scheme Booklet carefully.
- This Scheme Booklet contains information that is material to your decision whether or not to approve the Scheme by voting in favour of the Scheme Resolution. Accordingly, you should read this Scheme Booklet in its entirety, including the Independent Expert's Report, before making a decision on how to vote on the Scheme Resolution.
- If you are in any doubt as to what you should do, you should also consult your legal, financial, tax or other professional adviser. Answers to some common questions are contained in Section 3 titled 'Frequently asked questions'.
- If you have any questions, please contact the OTW Shareholder Information Line on 1800 645 237 (within Australia) or +61 1800 645 237 (from overseas) between 8:30am and 5:30pm AEDT on Monday to Friday.
- A copy of the full Scheme Booklet can be obtained by anyone entitled to attend the Scheme Meeting from the ASX website at [www.asx.com.au](http://www.asx.com.au) and on Over the Wire's website at [www.overthewire.com.au](http://www.overthewire.com.au) or by calling the OTW Shareholder Information Line.

## 1.2 Make an Election

OTW Shareholders (other than Ineligible Foreign Shareholders) can choose the Consideration Option they wish to receive by either:

- **Mailing the Election Form:** by completing the Election Form that accompanies this Scheme Booklet in accordance with the terms and conditions on the Election Form and returning it to the Over the Wire Share Registry by either posting it in the reply paid envelope marked 'Election Form' accompanying this Scheme Booklet (only for use in Australia) or by mailing it as follows:  
  
Over the Wire Holdings Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South, NSW 1235
- **Using the Election Portal:** by visiting the Election Portal (<https://events.miraql.com/otw-scheme>) and making an Election in accordance with the terms and conditions stated in the Election Portal.

**Elections made using an Election Form or the Election Portal are only valid to the extent they are received by the Over the Wire Share Registry by the Election Date (5.00pm (AEDT) on 17 February 2022).**

OTW Shareholders (other than Ineligible Foreign Shareholders):

- who do not make a valid Election; or
- whose Election is not received by the Over the Wire Share Registry by the Election Date; or
- who receive Over the Wire Shares after the Election Date (and did not previously hold Over the Wire Shares and make a valid Election),

will receive their Scheme Consideration in the form of Default Consideration (subject to the Scaleback Mechanisms). Further details on the Election mechanism is set out in Section 5.2.

### **1.3 Vote on the Scheme Resolution**

The Scheme Meeting will be held virtually at 11.00am (Brisbane time) on 24 February 2022.

Each OTW Shareholder who is registered on the Over the Wire Share Register as the holder of an Over the Wire Share at 7:00pm (AEDT) on 22 February 2022 may vote at the Scheme Meeting online, by proxy, by attorney or, in the case of a corporation, by corporate representative (subject to restrictions on voting rights set out in the Notice of Scheme Meeting) and will have one vote for each Over the Wire Share they hold.

The terms of the Scheme Resolution to be considered at the Scheme Meeting are contained in the Notice of Scheme Meeting in Annexure C.

#### **(a) Majority required to pass the resolution**

The resolution at the Scheme Meeting must be passed by:

- a majority in number of OTW Shareholders present and voting (online or by proxy, attorney or corporate representative) (unless the Court orders otherwise); and
- at least 75% of the votes cast at the Scheme Meeting.

If all other Conditions Precedent have been satisfied or waived, the Court will then be asked to approve the Scheme.

Your OTW Directors believe the Scheme is a matter of importance for all OTW Shareholders and therefore urge you to vote.

### **1.4 How to vote?**

Each Over the Wire Shareholder who is entitled to vote can vote at the Scheme Meeting:

- by attending the Scheme Meeting using the online platform provided by the Over the Wire Share Registry, Link Market Services. Further information about attending the Scheme Meeting online can be found in the Notice of Meeting and Virtual Meeting Online Guide;
- by appointing a proxy to attend and vote on your behalf; or
- by attorney or corporate representative. You are entitled to appoint an attorney or, in the case of a corporate shareholder, a corporate representative to attend and vote at the Scheme Meeting on your behalf.

### **1.5 Participating in the Scheme Meeting virtually**

In order to watch and participate in the virtual Scheme Meeting, please follow the steps outlined in the Virtual Meeting Online Guide contained in Annexure I of this Scheme Booklet.

A summary of the virtual Scheme Meeting process as set out in Annexure I is as follows:

- Step 1: Open your web browser and go to <https://meetings.linkgroup.com/OTW22>.
- Step 2: Login to the portal using your full name, mobile number, email address, and participant type. Please read and accept the terms and conditions before clicking on the 'Register and Watch Meeting' button. Once you have logged in you will see the presentation slides that will be addressed during the Scheme Meeting on the right.

- Navigating: At the bottom of the webpage under the webcast and presentation there will be three buttons with the following titles:
  - Get a voting card: To register to vote, click on the 'Get a voting card' box at the top of the webpage or below the videos and follow the prompts.
  - Ask a question: OTW Shareholders will only be able to ask a question after they have registered to vote. If you would like to ask a question, click on the 'Ask a Question' box either at the top or bottom of the webpage and follow the prompts.
  - Next to the 'Ask a Question' button is downloads. You will be able to download the Notice of Meeting or the Scheme Booklet by clicking on the links.

All OTW Shareholders who attend the Scheme Meeting will be entitled to ask questions regardless of whether they have submitted a proxy.

#### **(b) Voting by proxy**

- You may appoint a proxy by completing the proxy form accompanying this Scheme Booklet.
- You may lodge your proxy online by logging in to the Link website ([www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)) using the holding details as shown on the proxy form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their Securityholder Reference Number (SRN) or Holder Identification Number (HIN).
- The proxy need not be an OTW Shareholder.
- You or your attorney must sign the proxy forms.
- For corporations, the proxy form must be signed by two directors or by a director and a secretary or, for a proprietary company that has a sole director who is also the sole secretary, by that director, or by its attorney or duly authorised officer.
- Alternatively, the relevant authority (e.g. in the case of proxy forms signed by an attorney, the power of attorney) must either have been exhibited previously to Over the Wire or be enclosed with the proxy form.
- An OTW Shareholder entitled to cast two or more votes may appoint two proxies to attend and vote for them. If you want to appoint two proxies, an additional proxy form will be supplied by Over the Wire on request. If two proxies are appointed, both forms should be completed with the nominated proportion or number of votes each proxy may exercise. Otherwise each proxy may exercise half of the votes.
- The duly signed proxy form and the original or a certified copy of any relevant authority (if not exhibited previously to Over the Wire) must be received by Over the Wire no later than 11.00am Brisbane time on 22 February 2022. Proxy forms received by Over the Wire after this time and date will not be valid.

Proxy forms must be returned to Over the Wire as follows:

<b>Post or deliver to:</b> (If posting within Australia, please use the reply paid envelope provided)	By mail Over the Wire Holdings Limited C/- Link Market Services Limited Locked Bag A14
----------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------

	Sydney South NSW 1235 Australia By hand: Parramatta Square, Level 22, Tower 6 10 Darcy Street, Parramatta NSW 2150
<b>Fax to:</b>	+61 2 9287 0309
<b>Email to:</b> (Must be in unalterable form, such as PDF file format)	vote@linkmarketservices.com.au
<b>Date by which proxy forms must be received:</b>	11.00am Brisbane time on 22 February 2022

### **(c) Voting by attorney**

If voting by attorney, the power of attorney appointing the attorney must be duly signed and specify the name of the OTW Shareholder and the attorney and specify the meeting at which the appointment may be used.

The power of attorney must be returned in the same manner, and by the same time, as outlined for the proxy form.

### **(d) Voting by a corporate representative**

A corporate shareholder, or body corporate appointed as a proxy, may appoint an individual as its Representative to attend the Scheme Meeting and vote on its behalf. Corporate shareholders or proxies who appoint a representative must provide the Representative with a properly executed notice of appointment, which the Representative must provide to the Over the Wire Share Registry for the purpose of registration.

A form for corporate representative appointment may be obtained from the Over the Wire Share Registry at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) or from Link Market Services Limited at 1300 554 474 (without Australia) or +61 1300 554 474 (outside Australia). The completed appointment form should be lodged with the Over the Wire Share Registry (at the address or email provided in Section 1.5(b) of this Scheme Booklet) by 11.00am Brisbane time on 22 February 2022.



## 2. Consideration Options and Election mechanism

### 2.1 Consideration Options

#### (a) Overview

OTW Shareholders (other than Ineligible Foreign Shareholders) can make an Election to receive their Scheme Consideration in respect of each of their OTW Shares in one of the following four ways (subject to the Scaleback Mechanisms):

- 80% Cash Consideration and 20% Scrip Consideration, equating to \$4.60 cash and 0.2300 New ABB Shares for each OTW Share (**Default Consideration**);
- 100% Cash Consideration equating to \$5.75 cash per OTW Share (**All Cash Consideration**);
- 100% Scrip Consideration equating to 1.1500 New ABB Shares for each OTW Share (**All Scrip Consideration**); or
- at least 1% but less than 100% Scrip Consideration with the balance payable as Cash Consideration (**Mix and Match Consideration**).

OTW Shareholders (other than Ineligible Foreign Shareholders) who do not make a valid Election, whose Election is not received by the Over the Wire Share Registry by the Election Date, or who receive OTW Shares after the Election Date (and did not previously hold OTW Shares and make a valid Election), will receive their Scheme Consideration in the form of the Default Consideration (subject to the Scaleback Mechanisms).

#### (b) Scaleback arrangements

Depending on the final Elections of OTW Shareholders, either the Cash Scaleback Mechanism or Scrip Scaleback Mechanism may apply.

##### Cash Scaleback

The Scheme Consideration is subject to the maximum total Cash Consideration payable by ABB not exceeding \$275,172,902 (**Maximum Cash Consideration**) representing 80% of the total Scheme Consideration.

If the Aggregate Elected Cash Consideration exceeds the Maximum Cash Consideration less the aggregate of the Cash Consideration payable to the Ineligible Foreign Shareholders, the Cash Scaleback Mechanism will apply and the amount of cash each OTW Shareholder will receive (other than Ineligible Foreign Shareholders) will be scaled back on a pro-rata basis. For each 1 cent of cash scaled back, OTW Shareholders will receive approximately 0.0020 New ABB Shares.

##### Scrip Scaleback

The Scheme Consideration is subject to the maximum total Scrip Consideration available to be issued by ABB to OTW Shareholders not exceeding 39,556,105 New ABB Shares (**Maximum Scrip Consideration**).

If the Aggregate Elected Scrip Consideration exceeds the Maximum Scrip Consideration, the Scrip Scaleback will apply and the amount of scrip an OTW Shareholder will receive will be scaled back on a pro-rata basis. OTW Shareholders will receive 1 cent of cash for each 0.0020 New ABB Shares scaled back.

**(c) Table showing workings of the Scaleback Mechanism**

The table below illustrates how the Scaleback Mechanisms will impact OTW Shareholders under different individual and aggregate Elections:

		Aggregate Election of all OTW Shareholders (excluding Ineligible Foreign Shareholders)				
		100% cash / 0% scrip	75% cash / 25% scrip	50% cash / 50% scrip	25% cash / 75% scrip	0% cash / 100% scrip
Outcome for those who Elected Default Consideration Option	Cash %	n.a. <sup>3</sup>	80%	80%	85%	n.a. <sup>4</sup>
	Scrip %	n.a. <sup>3</sup>	20%	20%	15%	n.a. <sup>4</sup>
Outcome for those who Elected All Cash Consideration Option	Cash %	80%	100%	100%	100%	n.a. <sup>4</sup>
	Scrip %	20%	0%	0%	0%	n.a. <sup>4</sup>
Outcome for those who Elected All Scrip Consideration Option	Cash %	n.a. <sup>3</sup>	0%	0%	23%	42%
	Scrip %	n.a. <sup>3</sup>	100%	100%	77%	58%
Outcome for those who Elected Mix and Match Consideration (illustratively assuming 50%/50% Cash and Scrip Election)	Cash %	n.a. <sup>3</sup>	50%	50%	62%	n.a. <sup>4</sup>
	Scrip %	n.a. <sup>3</sup>	50%	50%	38%	n.a. <sup>4</sup>

**Note:** This table assumes less than 4,000 OTW Shares are held by Ineligible Foreign Shareholders. The number of shares held by Ineligible Foreign Shareholders may change before the Record Date which may have an impact on the figures shown in the table.

<sup>3</sup> Not applicable given the first column of the table (with heading "100% cash / 0% scrip") assumes that 100% of OTW shareholders eligible to vote have elected to receive All Cash Consideration.

<sup>4</sup> Not applicable given the last column of the table (with heading "0% cash / 100% scrip") assumes that 100% of OTW shareholders eligible to vote have elected to receive All Scrip Consideration.

## 2.2 Election mechanism

### (a) Overview

OTW Shareholders (other than Ineligible Foreign Shareholders) who hold Over the Wire Shares on or prior to the Election Date can make an Election to receive their Scheme Consideration in the form of one of the four Consideration Options.

### (b) How to make an Election

OTW Shareholders (other than Ineligible Foreign Shareholders) can choose the Consideration Option they wish to receive by either:

- Mailing the Election Form: by completing the Election Form that accompanies this Scheme Booklet in accordance with the terms and conditions on the Election Form and returning it to the Over the Wire Share Registry by either posting it in the reply paid envelope marked 'Election Form' accompanying this Scheme Booklet (only for use in Australia) or by mailing it as follows:

Over the Wire Holdings Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South, NSW 1235

- Using the Election Portal: by visiting the Election Portal (<https://events.miraqle.com/otw-scheme>) and making an Election in accordance with the terms and conditions stated in the Election Portal.

Elections made using an Election Form or the Election Portal are only valid to the extent they are received by the Over the Wire Share Registry by the Election Date (5.00pm (AEDT) on 17 February 2022).

OTW Shareholders (other than Ineligible Foreign Shareholders):

- who do not make a valid Election; or
- whose Election is not received by the Over the Wire Share Registry by the Election Date; or
- who receive Over the Wire Shares after the Election Date (and did not previously hold Over the Wire Shares and make a valid Election),

will receive their Scheme Consideration in the form of Default Consideration (subject to the Scaleback Mechanisms).

### (c) How to change an Election

You can change or withdraw an Election by either:

- lodging a written request with a new Election Form: by lodging a signed, written request to withdraw your previous Election which must be accompanied with a new Election Form if the Election is to be replaced with a new Election; or
- using the Election Portal: by visiting the Election Portal (<https://events.miraqle.com/otw-scheme>) and following the relevant instructions,

provided that any request to change an Election in accordance with the options above is received by the Over the Wire Share Registry by the Election Date.

You can obtain information on an acceptable form of written request and a new Election Form by contacting the OTW Shareholder Information Line on 1800 645 237 (within Australia) or +61 1800 645 237 (from overseas) on Business Days between 8.30am and 5.30pm (AEDT).

If an OTW Shareholder (other than an Ineligible Foreign Shareholder) makes a valid Election using an Election Form and also makes a valid Election online through the Election Portal, the Election made online through the Election Portal will be taken to be the Election made by that OTW Shareholder, even if the Election Form is received by the Over the Wire Share Registry after the Election made online through the Election Portal.

If an OTW Shareholder (other than an Ineligible Foreign Shareholder) has made a valid Election using an Election Form and has not made a valid Election online through the Election Portal, the Election made using the Election Form will be taken to be the Election made by that OTW Shareholder.

**(d) Trustee or nominee holdings**

An OTW Shareholder who Over the Wire accepts as holding one or more parcels of Over the Wire Shares as trustee or nominee for, or otherwise on account of, another person, may make separate Elections in relation to each of those parcels of Over the Wire Shares to reflect the instructions of the beneficial owners of the relevant Over the Wire Shares.

In order to make separate Elections, the trustee or nominee must notify Over the Wire and establish sufficient distinct holdings in the Over the Wire Share Register to carry out their underlying client's instructions regarding an Election. The trustee or nominee may then make an Election in respect of some but not all of its distinct holdings in accordance with client instructions. An Election made in respect of one such parcel will not be taken to extend to the other parcels.

Separate holdings must be established prior to the Election Date in order to make separate Elections for the Consideration Option to apply in relation to each relevant holding. The trustee or nominee should then lodge a separate Election Form for each separate holding by the Election Date. Trustees and nominees can obtain additional copies of the Election Form by contacting the OTW Shareholder Information Line on 1800 645 237 (within Australia) or +61 1800 645 237 (from overseas) on Business Days between 8.30am and 5.30pm (AEDT).

If, at the Record Date, the trustee or nominee holds fewer Over the Wire Shares than it held at the time that it made the Election, then, unless it has at the time of any sale of Over the Wire Shares notified Over the Wire whether the Over the Wire Shares sold relate to any such separate Election (and if so which separate Election the Over the Wire Shares sold relate to), it will be treated as not having made a valid Election in respect of any of its Over the Wire Shares (or will be treated in any other manner that Aussie Broadband and Over the Wire agree is fair to the Over the Wire Shareholder in all the circumstances acting reasonably).

Trustees or nominees who would like further information on how to make separate Elections in relation to parcels of Over the Wire Shares that they hold should contact the OTW Shareholder Information Line on the above number.

Other than if you hold parcels of Over the Wire Shares as trustee or nominee for multiple beneficial owners, you may only make one Election in relation to your holding of Over the Wire Shares.

**(e) Announcement of Election results**

Over the Wire intends to make an ASX announcement regarding the outcome of the Elections and the relevant implications on the Scaleback Mechanisms prior to the Scheme Meeting. The announcement is currently expected to be made on 21 February 2022. The purpose of the ASX announcement is to inform OTW Shareholders ahead of the Scheme Meeting of the possible scaleback in Cash Consideration and Scrip Consideration that may occur.

Since the buying and selling of Over the Wire Shares will continue up to the Effective Date, the outcome of Elections in that announcement will be indicative only and the final outcome of the Elections will not be known until the Scheme Record Date, which is currently expected to be 8 March 2022.

**(f) Fractional entitlements and rounding**

If the calculation of the Scheme Consideration to be issued to a particular Scheme Shareholder would result in the Scheme Shareholder becoming entitled to:

- a fraction of a cent, the fractional entitlement will be rounded down to the nearest whole cent; and/or
- a fraction of a New ABB Share, the fractional entitlement will be rounded down to the nearest whole number of New ABB Shares.

**(g) Foreign Shareholders**

Ineligible Foreign Shareholders may not make an Election. Please refer to Section 5.7 of this Scheme Booklet for further details on how the Scheme affects Ineligible Foreign Shareholders.

### 3. Frequently Asked Questions

Overview of the scheme	
<b>What is the Scheme of Arrangement?</b>	<p>A scheme of arrangement is a statutory arrangement facilitated by Part 5.1 of the Corporations Act between a company and its shareholders.</p> <p>Schemes are commonly used to effect the acquisition of shares in an ASX listed target company.</p> <p>Schemes must be approved by a Requisite Majority of shareholders and the Court in order to become binding on the target company's shareholders.</p>
<b>What is the Scheme I am being asked to consider?</b>	<p>OTW Shareholders are being asked to consider the proposed scheme of arrangement under which it is proposed that Aussie Broadband will acquire 100% of the share capital of Over the Wire, in return for which each Scheme Shareholder will receive the Scheme Consideration.</p> <p>The Scheme requires approval by the Requisite Majority of OTW Shareholders at the Scheme Meeting, approval by the Court at the Second Court Hearing, and lodgement of a copy of the Court orders with ASIC, in order to become Effective.</p> <p>A copy of the Scheme is contained in Annexure E.</p>
<b>What is the Implementation Deed and is it binding on me?</b>	<p>The Implementation Deed contains various undertakings by Over the Wire and Aussie Broadband to pursue and progress the Scheme. The key terms of the Implementation Deed are summarised in Sections 5.15 to 5.19.</p> <p>The Implementation Deed is binding on Over the Wire only and not on OTW Shareholders.</p> <p>The Scheme will only become binding on OTW Shareholders if and when the Scheme becomes Effective, which will only occur if the Scheme is approved by the Requisite Majority of OTW Shareholders at the Scheme Meeting, approved by the Court at the Second Court Hearing and a copy of the Court orders are lodged with ASIC.</p>
<b>Who is Aussie Broadband (ABB)?</b>	<p>ABB is the company that is offering the Scheme Consideration for your OTW Shares.</p> <p>ABB is an ASX listed company that provides telecommunications services principally under subscription plans and bundles to residential homes, not-for-profits, small, medium and large businesses and managed service providers.</p>
<b>What do the OTW Directors recommend?</b>	<p>The OTW Directors unanimously recommend that OTW Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of OTW Shareholders.</p>
<b>How are the OTW Directors intending to vote?</b>	<p>Each OTW Director will vote, or cause to be voted, any Over the Wire Shares owned or Controlled by them in favour of the Scheme at the Scheme Meeting, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of OTW Shareholders.</p>
<b>What is the opinion of the Independent Expert?</b>	<p>The OTW Directors have engaged Grant Thornton Corporate Finance Pty Ltd to provide an Independent Expert's Report on the Scheme.</p> <p>The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of OTW Shareholders, in the absence of a Superior Proposal.</p>

<b>Why you may consider voting in favour of the Scheme?</b>	<p>Reasons why you should consider voting in favour of the Scheme include:</p> <ul style="list-style-type: none"> <li>(a) The OTW Directors unanimously recommend that you should vote in favour of the Scheme in the absence of a Superior Proposal, and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of OTW Shareholders.</li> <li>(b) The Independent Expert has concluded that the Scheme is in the best interests of OTW Shareholders, in the absence of a Superior Proposal.</li> <li>(c) No Superior Proposal has emerged since the announcement of the Scheme.</li> <li>(d) The Scheme Consideration provides a premium over the historical trading price of OTW.</li> <li>(e) The Scheme Consideration provides an attractive acquisition multiple of earnings of ~11.8x EV/FY22E EBITDA<sup>5</sup>.</li> <li>(f) If the Scheme does not proceed, OTW's share price may fall in the short-term.</li> <li>(g) The Consideration Options provide flexibility and choice for OTW Shareholders.</li> <li>(h) OTW Shareholders who elect to receive all or part of their Scheme Consideration in cash, will receive certainty of value for their OTW Shares.</li> <li>(i) OTW Shareholders who elect to receive all or part of their Scheme Consideration in New ABB Shares, will benefit from exposure to a significantly larger and diversified company, and share in the potential value creation from expected synergies.</li> <li>(j) No brokerage or stamp duty is payable on the transfer of your OTW Shares under the Scheme.</li> </ul> <p>Further detail is provided in Section 4.2.</p>
<b>Why you may consider voting against the scheme?</b>	<p>Reasons you might consider voting against the Scheme include:</p> <ul style="list-style-type: none"> <li>(a) You may disagree with the OTW Directors' unanimous recommendation or the Independent Expert's conclusion and believe the Scheme is not in your best interests.</li> <li>(b) You may believe that there is potential for a Superior Proposal to be made in the foreseeable future.</li> <li>(c) You may believe it is in your best interests to maintain your current investment and risk profile.</li> <li>(d) You may believe there are risks associated with the integration of OTW and ABB that could exceed the benefits of the Scheme.</li> <li>(e) The future value of New ABB Shares after implementation of the Scheme is uncertain.</li> <li>(f) The tax consequences of the Scheme may not suit your current financial circumstances.</li> </ul> <p>Further detail is provided in Section 4.3.</p>
<b>What will happen if a Competing Transaction emerges?</b>	<p>Although no Competing Transaction has emerged as at the date of this Scheme Booklet, it is possible that one could emerge, noting that Over the Wire has agreed not to solicit Competing Transactions. If an unsolicited</p>

<sup>5</sup> Enterprise value of \$390.4m (calculated on an implied fully diluted market capitalisation (equity value) of approximately \$344.0m (59,820,196 OTW fully diluted shares outstanding multiplied by \$5.75 per OTW Share) plus net debt of \$46.4m as at 30 June 2021 (inclusive of lease liabilities and deferred consideration)) divided by FY22E EBITDA of \$33m (per OTW's guidance provided on 2 December 2021).

	<p>Competing Transaction for OTW is received before the Scheme Meeting, the OTW Directors will review that proposal and determine if its represents a Superior Proposal and advise you of their recommendation.</p> <p>Aussie Broadband has a right to match any unsolicited Competing Transaction if one is received by Over the Wire.</p> <p>Any change of the OTW Directors' current recommendation in response to a Competing Transaction that is announced, will result in Over the Wire being obliged to pay a break fee of \$3,439,682 to Aussie Broadband.</p> <p>See Sections 5.16 and 5.17 for more information.</p>
<b>Is there a break fee payable?</b>	<p>Over the Wire agrees to pay Aussie Broadband a break fee \$3,439,682 if at any time during the Exclusivity Period any of the following occurs:</p> <ul style="list-style-type: none"> <li>(a) a Competing Transaction is announced and, within 12 months of such announcement, the proponent of the Competing Transaction completes the Competing Transaction or acquires at least 50% of all OTW Shares;</li> <li>(b) any OTW Director fails to recommend the Scheme or withdraws or adversely changes or qualifies their recommendation indicating that they no longer support the Scheme, unless: <ul style="list-style-type: none"> <li>(i) the Independent Expert concludes that the Scheme is not in the best interest of the OTW Shareholders (other than where the reason for the Independent Expert's conclusion is due wholly or partly to the existence of a Competing Transaction);</li> <li>(ii) Over the Wire is entitled to terminate the Implementation Deed because: <ul style="list-style-type: none"> <li>(A) Aussie Broadband is in material breach of its obligations of the Implementation Deed; or</li> <li>(B) a Relative Bidder Share Price Fall Event (as that term is defined in the Implementation Deed and summarised in Section 5.18 below) occurs,</li> </ul> and Over the Wire has given the appropriate termination notice to Aussie Broadband;</li> <li>(iii) a Relative Bidder Share Price Fall Event occurs; or</li> </ul> </li> <li>(c) Aussie Broadband terminates the Implementation Deed because Over the Wire is in material breach of its obligations under the Implementation Deed.</li> </ul> <p>Over the Wire will not be liable to pay a break fee if the Scheme becomes Effective.</p> <p>The break fee will not be payable merely by reason of the Scheme not being approved by the OTW Shareholders.</p>
<b>Scheme Consideration</b>	
<b>What will I receive if the Scheme is implemented?</b>	<p>If the Scheme is implemented and you are:</p> <ul style="list-style-type: none"> <li>(a) a Scheme Shareholder (other than an Ineligible Foreign Shareholder) who provided a valid Election to the Over the Wire Share Registry by the Election Date, you will receive your elected Consideration Option subject to the Scaleback Mechanisms;</li> <li>(b) a Scheme Shareholder (other than an Ineligible Foreign Shareholder) who did not provide a valid Election, you will receive the Default Consideration subject to the Scaleback Mechanisms; or</li> </ul>



	(c) an Ineligible Foreign Shareholder, you will receive the All Cash Consideration.
<b>How do the Scaleback Mechanisms operate?</b>	<p>The total amount of Cash Consideration available to pay those OTW Shareholders who make an Election to receive a Consideration Option with a cash component (or who receive cash due to the application of a Scaleback Mechanism or as part of the Default Consideration) and Ineligible Foreign Shareholders is approximately \$275.2m (<b>Maximum Cash Consideration</b>).</p> <p>The total amount of Scrip Consideration available to pay those OTW Shareholders who make an Election to receive a Consideration Option with a scrip component (or who receive scrip due to the application of a Scaleback Mechanism or as part of the Default Consideration) is approximately 39.6m New ABB Shares (<b>Maximum Scrip Consideration</b>).</p> <p>Scheme Shareholders (other than Ineligible Foreign Shareholders) will receive their Scheme Consideration in either all cash, all scrip, or a proportion of cash and scrip based on their individual Elections, unless:</p> <ul style="list-style-type: none"> <li>(a) the Aggregate Elected Cash Consideration exceeds the Maximum Cash Consideration less the aggregate of the Cash Consideration payable to Ineligible Foreign Shareholders; or</li> <li>(b) the Aggregate Elected Scrip Consideration exceeds the Maximum Scrip Consideration,</li> </ul> <p>in which case the relevant Scaleback Mechanism will apply and the amount of cash or scrip an OTW Shareholder will receive will be scaled back on a pro-rata basis.</p> <p>The table in Section 2.1(c) illustrates how the Scaleback Mechanisms operate.</p> <p>OTW intends to make an ASX announcement regarding the outcome of the Elections and the relevant implications on the Scaleback Mechanisms prior to the Scheme Meeting. The announcement is currently expected to be made on 21 February 2022. The purpose of the ASX announcement is to inform OTW Shareholders ahead of the Scheme Meeting of the possible scaleback in Cash Consideration and Scrip Consideration that may occur.</p> <p>Since the buying and selling of Over the Wire Shares will continue up to the Effective Date, the outcome of Elections in that announcement will be indicative only and the final outcome of the Elections will not be known until the Record Date, which is currently expected to be 8 March 2022.</p>
<b>Who is an Ineligible Foreign Shareholder?</b>	An Ineligible Foreign Shareholder is any OTW Shareholder with an address on the register on the Record Date outside Australia and New Zealand and any other jurisdictions that the board of Aussie Broadband may decide can be offered Aussie Broadband Shares under that country's relevant securities legislation, without undue compliance burdens for ABB.
<b>How will an Ineligible Foreign Shareholder be treated under the Scheme?</b>	If you are an Ineligible Foreign Shareholder, you will receive Scheme Consideration in the form of the All Cash Consideration and will not be subject to any Cash Scaleback Mechanism.
<b>How do I make an Election to receive a Consideration Option?</b>	<p>OTW Shareholders (other than Ineligible Foreign Shareholders) can choose the Consideration Option they wish to receive by completing and returning the Election Form that accompanies this Scheme Booklet in accordance with the instructions set out on the Election Form or through the Election Portal so that it is received by the Over the Wire Share Registry by no later than the Election Date (5.00pm (AEDT) on 17 February 2022).</p> <p>OTW Shareholders (other than Ineligible Foreign Shareholders):</p>

	<p>(a) who do not make a valid Election; or</p> <p>(b) whose Election is not received by the Over the Wire Share Registry by the Election Date; or</p> <p>(c) who receive Over the Wire Shares after the Election Date (and did not previously hold Over the Wire Shares and make a valid Election),</p> <p>will receive their Scheme Consideration in the form of Default Consideration (subject to the Scaleback Mechanisms).</p>
<b>Can I make an Election and then later vary or withdraw it?</b>	<p>You can change or withdraw an Election by either:</p> <p>(a) lodging a written request with a new Election Form: by lodging a signed, written request to withdraw your previous Election which must be accompanied with a new Election Form if the Election is to be replaced with a new Election; or</p> <p>(b) using the Election Portal: by visiting the Election Portal (<a href="https://events.miracle.com/otw-scheme">https://events.miracle.com/otw-scheme</a>) and following the relevant instructions,</p> <p>provided that any request to change an Election in accordance with the options above is received by the Over the Wire Share Registry by the Election Date.</p>
<b>Does an Election for a Consideration Option apply to OTW Shares that are subsequently acquired?</b>	<p>Yes. The Election you make will apply to all Over the Wire Shares that you hold as at the Record Date. If you acquire additional Over the Wire Shares after you receive this Scheme Booklet and you hold these Over the Wire Shares on the Record Date, any Election you make will apply to those additional Over the Wire Shares you have acquired.</p> <p>Similarly, if you have sold any Over the Wire Shares, the Election will only apply to those Over the Wire Shares you hold as at the Scheme Record Date.</p>
<b>What if I do not make an Election?</b>	<p>OTW Shareholders (other than Ineligible Foreign Shareholders) who do not make a valid Election, or whose Election is not received by the Over the Wire Share Registry by the Election Date, will receive their Scheme Consideration in the form of Default Consideration (subject to the Scaleback Mechanisms).</p>
<b>When will I receive the Scheme Consideration?</b>	<p>If the Scheme is implemented, all OTW Shareholders receive the Scheme Consideration for the OTW Shares they hold on the Record Date as follows:</p> <p>(a) no later than the Business Day before the Implementation Date ABB will deposit the total cash component of the Scheme Consideration that is payable to the Scheme Shareholders to the Scheme Consideration Trust Account for Over the Wire to hold as trustee for the Scheme Shareholders; and</p> <p>(b) on the Implementation Date:</p> <p>(i) Aussie Broadband will issue to (and enter in Aussie Broadband's share register the name and address of) each OTW Shareholder the number of Aussie Broadband Shares as that OTW Shareholder is entitled to receive under the Scheme; and</p> <p>(ii) Over the Wire will pay to each OTW Shareholder the cash component of the Scheme Consideration for the number of OTW Shares held by each OTW Shareholder at the Record Date due to OTW Shareholders in accordance with the Scheme (from the amount deposited by Aussie Broadband in the Scheme Consideration Trust Account).</p>

<b>When can I start trading my New ABB Shares on the ASX?</b>	<p>Trading on the ASX of Aussie Broadband Shares to be issued as part of the Scheme Consideration is expected to commence on a deferred settlement basis on 7 March 2022.</p> <p>It is the responsibility of each holder of Aussie Broadband Shares to confirm their holding before trading in Aussie Broadband Shares. Trading on the ASX of Aussie Broadband Shares on a normal settlement basis is expected to commence on 16 March 2022.</p> <p>Scheme Shareholders who sell Aussie Broadband Shares before they receive their holding statements or confirm their holdings of Aussie Broadband Shares do so at their own risk. Neither Over the Wire nor Aussie Broadband takes any responsibility for such trading.</p>
<b>What happens if I am issued an unmarketable parcel of New ABB Shares as part of the Scheme Consideration?</b>	<p>If you receive an unmarketable parcel of Aussie Broadband Shares as part of your Scheme Consideration (which is a parcel of Aussie Broadband Shares worth less than \$500), Aussie Broadband will be entitled to exercise its rights under its constitution to dispose of your shares (and remit to you the proceeds) subject to providing you with not less than 42 days' notice and subject to your election not to participate in such sale.</p> <p>Further detail in respect of the relevant provision in Aussie Broadband's constitution is set out in Section 7.16.</p>
<b>What are the taxation consequences of receiving the Scheme Consideration?</b>	<p>A summary of the general Australian income tax, stamp duty and GST consequences for OTW Shareholders who participate in the Scheme is set out in Section 9.</p> <p>Each OTW Shareholder's tax position will depend on their particular circumstances. OTW Shareholders are urged to consult their own professional tax advisers as to the specific tax consequences to them of the Scheme, including the applicability and effect of income tax and other tax laws in their particular circumstances.</p>
<b>Is CGT roll-over relief available if I elect to receive the Scrip Consideration?</b>	<p>Over the Wire has applied to the Australian Taxation Office (<b>ATO</b>) for a class ruling on behalf of the Over the Wire Shareholders. This ruling is expected to confirm the availability of scrip for scrip CGT rollover relief in respect of any Aussie Broadband Shares issued to Over the Wire Shareholders under the Scheme. CGT rollover relief will not be available with respect to the cash component of any Scheme Consideration received by an Over the Wire Shareholder.</p> <p>In accordance with usual practice, a class ruling will only be issued sometime after the public announcement of the Transaction and will not become operative until it is published in the Government Gazette. Once issued, copies of the class ruling will be available on <a href="http://www.ato.gov.au">www.ato.gov.au</a> and on the Over the Wire website, <a href="http://www.overthewire.com.au">www.overthewire.com.au</a>.</p> <p>The tax consequences of the Scheme will differ for each OTW Shareholder and OTW Shareholders should consult their own professional tax advisers to seek advice that considers their individual circumstances.</p> <p>See Section 9 for further details.</p>
<b>Scheme Meeting and Voting</b>	
<b>When and where will the Scheme Meeting be held?</b>	<p>The Scheme Meeting is scheduled to be held at 11.00am (Brisbane time) on 24 February 2022.</p> <p>The Scheme Meeting will be held as a virtual meeting via an online platform provided by the Over the Wire Share Registry, Link Market Services at <a href="https://meetings.linkgroup.com/OTW22">https://meetings.linkgroup.com/OTW22</a>.</p>
<b>Who can vote at this Meeting?</b>	<p>All OTW Shareholders who are the registered holders of Over the Wire Shares at 7:00pm (AEDT) on 22 February are entitled to vote at the Scheme Meeting.</p>

<b>Should I vote?</b>	<p>You do not have to vote, however, if you do not vote, it may be possible that the Requisite Majority of OTW Shareholders required to approve the Scheme at the Scheme Meeting may not be achieved and the Scheme will not proceed.</p> <p>Further, the OTW Directors believe that the Scheme is an opportunity to realise the value of your Over the Wire Shares. The OTW Directors recommend that you read this Scheme Booklet carefully and vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of OTW Shareholders.</p> <p>See the 'How to Vote' Section on page 15 for details on how to vote.</p>
<b>How do I vote?</b>	<p>Each Over the Wire Shareholder who is entitled to vote can vote at the Scheme Meeting:</p> <ul style="list-style-type: none"> <li>(a) by attending the Scheme Meeting online via an online platform provided by the Over the Wire Share Registry, Link Market Services, at <a href="https://meetings.linkgroup.com/OTW22">https://meetings.linkgroup.com/OTW22</a>;</li> <li>(b) by appointing a proxy to attend and vote on your behalf; or</li> <li>(c) by attorney or corporate representative. You are entitled to appoint an attorney or, in the case of a corporate shareholder, a corporate representative to attend and vote at the Scheme Meeting on your behalf.</li> </ul> <p>Note, if you have appointed a proxy and subsequently wish to attend the meeting yourself, the proxy will retain your vote and you will be unable to vote yourself unless you have notified the Over the Wire Share Registry of the revocation of your proxy appointment before the commencement of the meeting.</p>
<b>What vote is required to approve the Scheme?</b>	<p>The Scheme must be approved at the Scheme Meeting by:</p> <ul style="list-style-type: none"> <li>(a) a majority in number (i.e. more than 50%) of OTW Shareholders who are present and voting at the Scheme Meeting (online or by proxy); and</li> <li>(b) persons who hold at least 75% of the votes that are cast at the Scheme Meeting.</li> </ul> <p>The Court has the discretion to waive the first of these two requirements if it considers appropriate to do so.</p>
<b>What happens if I do not vote at the Scheme Meeting or do not vote in favour of the Scheme Resolution?</b>	<p>The Scheme may still be implemented even if you vote against it or do not vote. If the Scheme is approved by the Requisite Majority of OTW Shareholders at the Scheme Meeting and the Scheme is approved by the Court, your Over the Wire Shares will be transferred to Aussie Broadband even though you have voted against the Scheme or did not vote. You will receive the Scheme Consideration for the Over the Wire Shares that you hold at the Record Date, whether or not you vote for the Scheme.</p>
<b>When will the Scheme become Effective and be implemented?</b>	<p>Subject to the satisfaction or (if permitted) waiver of the Conditions Precedent, the Scheme will become Effective on the date that the Court order approving the Scheme is lodged with ASIC (this is the Effective Date). This is expected to occur on 4 March 2022.</p>
<b>When will the results of the Scheme Meeting be known?</b>	<p>The result of the Scheme Meeting will be announced to the ASX shortly after the conclusion of the Scheme Meeting. The result will be accessible from the ASX's website at <a href="http://www.asx.com.au">www.asx.com.au</a>. Even if the Scheme Resolution is passed by the Requisite Majority of OTW Shareholders at the Scheme Meeting, the Scheme will not become Effective unless and until it is approved by the Court at the Second Court Hearing and the Court order is lodged with ASIC.</p>

<b>What happens if the Transaction does not proceed?</b>	<p>If the Scheme does not become Effective and is not implemented:</p> <ul style="list-style-type: none"> <li>(a) you will not receive the Scheme Consideration;</li> <li>(b) you will retain your Over the Wire Shares; and</li> <li>(c) Over the Wire will continue to operate in the ordinary course of business and will continue as a standalone entity listed on the ASX.</li> </ul> <p>In addition, depending on the reasons the Transaction does not proceed, Over the Wire may also be liable to pay the break fee of \$3,439,682.</p> <p>More information about the implications for Over the Wire if the Scheme is not implemented is set out in Section 5.11 of this Scheme Booklet.</p>
<b>Questions about your entitlement</b>	
<b>Who is entitled to receive the Scheme Consideration?</b>	Persons who hold Over the Wire Shares on the Scheme Record Date will participate in the Scheme.
<b>Will I have to pay brokerage fees or stamp duty?</b>	No brokerage fees will be payable on the transfer of Over the Wire Shares to Aussie Broadband under the Scheme.
<b>Can I sell my OTW Shares now?</b>	<p>Yes, you can sell your Over the Wire Shares on the ASX at any time before the close of trading on the Effective Date.</p> <p>Trading in Over the Wire Shares will be suspended from official quotation on the ASX from the close of trading on the Effective Date. You will not be able to sell your Over the Wire Shares on the ASX after this time.</p> <p>If you sell your Over the Wire Shares on the ASX prior to the Effective Date:</p> <ul style="list-style-type: none"> <li>(a) you will not receive the Scheme Consideration;</li> <li>(b) you may be required to pay brokerage on the sale of your Over the Wire Shares; and</li> <li>(c) there may be different tax consequences for you compared with those consequences that would apply if you disposed of your Over the Wire Shares under the Scheme.</li> </ul>
<b>Further questions</b>	
<b>What are ABB's intentions for OTW?</b>	<p>If the Scheme is implemented Aussie Broadband intends to delist Over the Wire from the ASX and convert it into a proprietary company limited by shares. Aussie Broadband will undertake a post-acquisition review of Over the Wire and, subject to that review, Aussie Broadband's current intention is to continue the current strategic direction of Over the Wire.</p> <p>Please refer to Section 8.5 for a detailed description of Aussie Broadband's intentions if the Scheme is implemented.</p>
<b>How is ABB funding the Transaction?</b>	<p>Aussie Broadband intends to fund the cash component of the Share Consideration through a combination of:</p> <ul style="list-style-type: none"> <li>(a) the proceeds of its recent institutional placement and share purchase plan, as announced to ASX on 8 September 2021; and</li> <li>(b) existing cash reserves in addition to the proceeds from its recent capital raise; and</li> <li>(c) external debt facilities.</li> </ul> <p>Please refer to Section 7.15 for more information on funding.</p>
<b>Will I be eligible to receive ABB dividends?</b>	As a holder of New ABB Shares, you will be entitled to participate in dividends and other distributions declared after the Implementation Date on the same basis as all other holders of New ABB Shares.

	<p>However, the Aussie Broadband Directors have no current intention to pay dividends on Aussie Broadband Shares, as it is their intention to reinvest all cash flow into the business and on Aussie Broadband's capital expenditure projects, in order to maximise its growth.</p>
<p><b>What are the key conditions to be satisfied before the Transaction can proceed?</b></p>	<p>As at the date of this Scheme Booklet, the outstanding Conditions Precedent which must be satisfied or waived (as applicable) before the Scheme can become Effective include:</p> <ul style="list-style-type: none"> <li>(a) OTW Shareholder approval of the Scheme at the Scheme Meeting;</li> <li>(b) Court approval of the Scheme;</li> <li>(c) there being no action by any Court or Government Agency which restrains, prohibits or prevents the Scheme, the implementation of the Transaction or the rights of Aussie Broadband in respect of the Scheme Shares;</li> <li>(d) there being no Aussie Broadband Prescribed Occurrence;</li> <li>(e) there being no Over the Wire Prescribed Occurrence or Over the Wire Material Adverse Change;</li> <li>(f) the Aussie Broadband Warranties and Over the Wire Warranties remaining true and correct in all material respects;</li> <li>(g) Over the Wire taking all necessary steps to ensure all outstanding Performance Rights will vest and be exercised and converted into OTW Shares, or lapsed and cancelled by the Effective Date;</li> <li>(h) no written notice being given by a counterparty to a material contract (as that term is defined in the Implementation Deed) to a relevant OTW Group member of its intention to terminate all relevant material contracts, or to terminate one or more material contracts where termination results in the aggregate revenue with that counterparty being reduced by more than 50%;</li> <li>(i) no more than two of the top eleven employees of the OTW Group (as determined by total remuneration in accordance with the Implementation Deed) ceasing to be employed by the OTW Group between the date of the Implementation Deed and the Cut-Off Time; and</li> <li>(j) the Implementation Deed and Deed Poll remaining in force as at the Cut-Off Time.</li> </ul> <p>Further details regarding the Conditions Precedent are available at Section 5.15.</p>
<p><b>Who can I contact if I have further questions in relation to this Scheme Booklet?</b></p>	<p>If you have any further questions about this Scheme Booklet or the Scheme, you should:</p> <ul style="list-style-type: none"> <li>(a) seek independent legal, financial, tax or other professional advice; and</li> <li>(b) contact the OTW Shareholder Information Line on 1800 645 237 (within Australia) or +61 1800 645 237 (from overseas), Monday to Friday between 8.30am to 5.30pm (AEDT).</li> </ul> <p>Over the Wire is a listed disclosing entity for the purpose of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Information disclosed to the ASX by Over the Wire is available on the ASX's website at <a href="http://www.asx.com.au">www.asx.com.au</a> or on Over the Wire's website at <a href="http://www.overthewire.com.au">www.overthewire.com.au</a>.</p>

## 4. Reasons for and against the Scheme

You should read this Scheme Booklet in full before deciding how to vote.

### 4.1 Recommendation by Directors

The OTW Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal and provided that the Independent Expert continues to consider the Scheme to be in the best interests of OTW Shareholders. Subject to those qualifications, each OTW Director intends to vote, or cause to be voted, all OTW Shares held by or Controlled by them in favour of the Scheme, which collectively represent approximately 41.46% of OTW Shares currently on issue.

In making this recommendation, the OTW Board has, among other things, considered:

- the reasons OTW Shareholders should vote in favour of the Scheme as set out in Section 4.2;
- the reasons OTW Shareholders may wish to vote against the Scheme as set out in Section 4.3;
- the risks outlined in Section 10; and
- the Independent Expert's Report.

In considering whether to vote in favour of the Scheme, the OTW Board encourages you to:

- read the whole of this Scheme Booklet (including the Independent Expert's Report);
- have regard to your individual financial circumstances, and obtain advice from your financial, legal and/or tax adviser.

The interests of OTW Directors are disclosed in Section 11.1 of this Scheme Booklet.

### 4.2 Why OTW Shareholders should vote in favour of the Scheme

The OTW Directors recommend that you vote in favour of the Scheme and the Independent Expert considers the Scheme is fair and reasonable and in the best interests of OTW Shareholders. Factors that may lead you to vote in favour of the Scheme include:

**(a) The OTW Directors unanimously recommend that you vote in favour of the Scheme in the absence of a Superior Proposal, subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of OTW Shareholders**

The OTW Directors unanimously recommend you vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of OTW Shareholders.

Subject to those same qualifications, each of the OTW Directors intends to vote all OTW Shares held or Controlled by them in favour of the Scheme. The interests of OTW Directors are set out in Section 11.1.2 of this Scheme Booklet.

The OTW Board does not make any recommendation as to how OTW Shareholders (other than the Ineligible Foreign Shareholders who may not do so) should elect to receive the

Scheme Consideration and recognise that each OTW Shareholder will have different desires, portfolio considerations and risk appetite. Accordingly, each OTW Shareholder will need to form their own view.

**(b) The Independent Expert's conclusion and recommendation**

The OTW Directors have appointed Grant Thornton Corporate Finance Pty Ltd to prepare an Independent Expert's Report, including an opinion as to whether the Scheme is in the best interests of OTW Shareholders.

The Independent Expert has concluded that the Scheme is fair and reasonable, and hence the Scheme is in the best interests of OTW Shareholders in the absence of a Superior Proposal.

The Independent Expert has assessed the value of OTW Shares on a 100% controlling interest basis to be between \$5.35 and \$6.31 per OTW Share.

A copy of the Independent Expert's Report is at Annexure A.

**(c) No Superior Proposal has emerged**

No Superior Proposal has emerged since the announcement of the Scheme and the OTW Directors are not aware of any Superior Proposal that is likely to emerge.

The Implementation Deed imposes 'no talk' and 'no shop' obligations on Over the Wire and contains a right for Aussie Broadband to match any Competing Transaction. However, the Implementation Deed does not prevent a third party from making an alternative proposal and does not prevent the OTW Directors from responding to an unsolicited proposal if, and to the extent, necessary to discharge their fiduciary duties as OTW Directors.

**(d) The Scheme Consideration represents a significant premium for your OTW Shares relative to historical trading prices**

The All Cash Consideration Option of \$5.75 per OTW share represents a 20.0% premium to OTW's 30 day VWAP to 21 October 2021<sup>6</sup> and a 28.7% premium to OTW's 60 day VWAP to 21 October 2021. It also exceeds the highest closing share price of OTW shares of \$5.64 (on 12 November 2018) since its listing on the ASX on 3 December 2015.

Shareholders that elect to receive all or part of their Scheme Consideration in the form of New ABB Shares, should note that ABB's share price may rise or fall before the Implementation Date, which will impact the actual premium of the Consideration Options (other than the All Cash Consideration Option) (refer to Section 4.4(a) of this Scheme Booklet for further information).

**(e) Attractive acquisition multiple**

The value of the All Cash Consideration Option of \$5.75, represents an attractive acquisition multiple of ~11.8x EV/FY22E EBITDA.<sup>7</sup>

<sup>6</sup> Being the undisturbed share price prior to OTW's announcement on 22 October 2021 regarding the receipt of ABB's proposal.

<sup>7</sup> Enterprise value of \$390.4m (calculated on an implied fully diluted market capitalisation (equity value) of approximately \$344.0m (59,820,196 OTW fully diluted shares outstanding multiplied by \$5.75 per OTW Share) plus net debt of \$46.4m as at 30 June 2021 (inclusive of lease liabilities and deferred consideration)) divided by FY22E EBITDA of \$33m (per OTW's guidance provided on 2 December 2021).



**(f) OTW's share price may fall in the short-term if the Scheme were not to proceed**

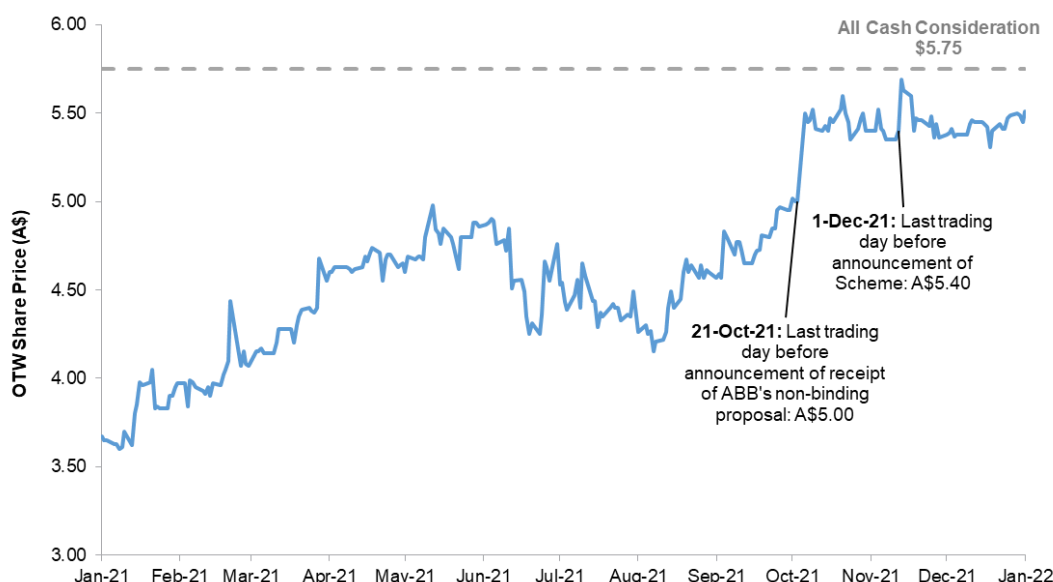
The closing share price of OTW:

- on 21 October 2021, being the date immediately prior to OTW's announcement of the receipt of ABB's non-binding proposal on 22 October 2021, was \$5.00; and
- on 1 December 2021, being the date immediately prior to OTW's announcement of signing of the Implementation Deed on 2 December 2021, was \$5.40.

OTW's share price on 20 January 2022, being the last practicable trading day prior to the date of this Scheme Booklet) was \$5.51.

If the Scheme were not to be implemented, there is a risk that OTW's share price would fall in the short-term, and there is no certainty that it will trade back to those prices.

The table below shows the OTW share price over the last 12 months to the Last Practicable Date:



**(g) OTW Shareholders who elect to receive all or part of their Scheme Consideration in cash, will receive certainty of value for their OTW Shares**

OTW Shareholders who elect for either the All Cash Consideration Option, or a Consideration Option with a partial Cash Consideration component, will receive the benefit of realising immediate value and liquidity for their OTW Shares.

**(h) OTW Shareholders who elect to receive all or part of their Scheme Consideration in New ABB Shares, will benefit from exposure to a significantly larger and diversified company**

OTW Shareholders who receive New ABB Shares under the Scheme will benefit from:

- exposure to a significantly larger and diversified company with a strong growth profile;
- share in the potential value creation from expected synergies as a result of the combination of two highly complementary businesses, noting that the Scheme is expected to deliver annual cost synergies of \$8-11m within 2 years; and

- enhanced trading liquidity through a broadened shareholder base, and potential for enhanced analyst coverage and inclusion in the S&P/ASX200 index.

**(i) No brokerage charges or stamp duty on the transfer of your OTW Shares**

You will not incur any brokerage or stamp duty if your OTW Shares are acquired under the Scheme.

**4.3 Reasons why OTW Shareholders may consider voting against the Scheme and disadvantages of the Scheme**

While the OTW Directors recommend that you vote in favour of the Scheme and the Independent Expert considers the Scheme is fair and reasonable and in the best interests of OTW Shareholders, factors that may lead you to vote against the Scheme include:

**(a) You may disagree with the OTW Directors' unanimous recommendation or the Independent Expert's conclusion and believe the Scheme is not in your best interests**

Despite the OTW Directors' unanimous recommendation of the Scheme and the Independent Expert's conclusion, you may believe that the Scheme is not in your best interests.

OTW Shareholders are not obliged to follow the recommendation of the OTW Directors or agree with the conclusions reached by the Independent Expert.

**(b) You may believe that there is potential for a Superior Proposal to be made in the foreseeable future**

You may consider that a potential alternative acquirer may emerge and a Superior Proposal may be made. However, no Superior Proposal has been put to the OTW Directors at the date of this Scheme Booklet and the OTW Directors are not aware of any Competing Transaction that is likely to emerge.

The OTW Board will keep OTW Shareholders informed of any material developments in relation to any Competing Transactions that may emerge.

**(c) You may believe it is in your best interests to maintain your current investment and risk profile**

You may wish to keep your OTW Shares to preserve your investment in a publicly listed company with the specific characteristics of OTW. Despite the views of the OTW Directors and the Independent Expert that the combination of OTW and ABB will provide material synergistic benefits, the business exposure, product mix and risk profiles of the two companies are different on a standalone basis. Details on the standalone businesses of OTW and ABB are contained in Sections 6 and 7.

Implementation of the Scheme may result in a disadvantage to those OTW Shareholders who wish to maintain their current investment profile.

**(d) You may believe there are risks associated with the integration of OTW and ABB that could exceed the benefits of the Scheme**

The OTW Directors and the Independent Expert believes there are significant synergy benefits to be realised from the combination of the two companies, including:

- integration of the Over the Wire and Aussie Broadband data networks to achieve scale and efficiencies;

- migration of Aussie Broadband voice services currently on third party carriers onto Over the Wire's voice network;
- further leveraging Aussie Broadband's network automation and Carbon Portal by combining it with Over the Wire's NetSIP voice automation platform;
- on-boarding elements of Over the Wire's customer base to Aussie Broadband's internally developed integrated CRM and billing platform; and
- reduced corporate and overhead costs.

That said, you may believe the integration of the two businesses may be delayed and experience more difficulty than anticipated which may impact the attractiveness of an investment in the combined business.

The risks associated with the integration of OTW and ABB can be found in Section 10.

**(e) The future value of New ABB Shares after implementation of the Scheme is uncertain**

If the Scheme were to be implemented, those OTW Shareholders who have Elected to receive all or part of their Scheme Consideration in the form of New ABB Shares (or those OTW Shareholders who may be required to receive New ABB Shares as part of the Cash Scaleback Mechanism) will receive New ABB Shares. At that point in time, the trading value of the New ABB Shares they receive will depend on the price at which New ABB Shares trade on the ASX. There is no certainty as to what price New ABB Shares will trade on the ASX given it is dependent on a number of factors including general market conditions, and the financial performance of the Combined Group.

There is therefore no guarantee as to the future value of the Scheme Consideration to be received by those OTW Shareholders receiving New ABB Shares if the Scheme is implemented.

**(f) Tax consequences of the Scheme may not suit your current financial circumstances**

If the Scheme is implemented, the disposal of OTW Shares as a result of the Scheme may have tax implications for OTW Shareholders, noting it will vary depending on the specific taxation circumstances of each OTW Shareholder.

General information about the likely Australian tax consequences of the Scheme is set out in Section 9 of this Scheme Booklet. You should not rely on this general information as advice for your own affairs.

For information about your individual financial or taxation circumstances, you are encouraged to consult your financial, legal, taxation or other professional adviser.

**4.4 Other key considerations in relation to voting on the Scheme**

**(a) For OTW Shareholders receiving the Scheme Consideration in the form of New ABB Shares, the value of the New ABB Shares may rise or fall before the Implementation Date**

OTW Shareholders are being offered the choice of receiving their Scheme Consideration in cash (**All Cash Consideration Option**) or to receive part or all of their Scheme Consideration in Scrip Consideration through the Default Consideration Option, All Scrip Consideration Option, or Mix and Match Consideration Option.

The value of Aussie Broadband Shares may fluctuate before the New ABB Shares are issued on the Implementation Date.

The table below illustrates the implied value of the Scheme Consideration per OTW Share under various Election scenarios (assuming there is no scaleback under the Scaleback Mechanisms):

Illustrative ABB Share Price	Implied value of Default Consideration Option	Implied value of All Cash Consideration Option	Implied value of All Scrip Consideration Option	Implied value of Mix and Match Consideration (illustratively, assuming 50%/50% Cash/Scrip Consideration)
\$4.25	\$5.58	\$5.75	\$4.89	\$5.32
\$4.50	\$5.64	\$5.75	\$5.18	\$5.46
\$4.58 (being the ABB Share Price on the Last Practicable Date)	\$5.65	\$5.75	\$5.27	\$5.51
\$4.75	\$5.69	\$5.75	\$5.46	\$5.61
\$5.00	\$5.75	\$5.75	\$5.75	\$5.75
\$5.25	\$5.81	\$5.75	\$6.04	\$5.89
\$5.45 (being the ABB Share Price immediately prior to announcement of the Scheme)	\$5.85	\$5.75	\$6.27	\$6.01
\$5.50	\$5.87	\$5.75	\$6.33	\$6.04
\$5.75	\$5.92	\$5.75	\$6.61	\$6.18

In comparison, Scheme Shareholders who Elected for All Cash Consideration will be paid a fixed cash amount of \$5.75 per OTW Share that will not be subject to change (subject to the Scaleback Mechanisms). Additionally, Scheme Shareholders who do not make an Election or who acquire OTW Shares after the Election Date (and did not previously hold Over the Wire Shares and make a valid Election), will receive the Default Consideration, being a mix of 80% Cash Consideration and 20% Scrip Consideration (subject to the Scaleback Mechanisms).

Therefore, in deciding whether to vote in favour of the Scheme and also in deciding which Consideration Option to elect, OTW Shareholders should carefully consider the current market price of Aussie Broadband Shares and the potential for that price to fall or rise before the New ABB Shares are issued under the Scheme.

**(b) The Scheme may be implemented even if you vote against it**

Even if you do not vote, or vote against the Scheme, the Scheme may still be implemented if approved by the Requisite Majority of OTW Shareholders and the Court. If this happens, your Over the Wire Shares will be transferred to Aussie Broadband and you will receive the Scheme Consideration for the OTW Shares you hold at the Record Date.

Even if you do not vote, or vote against the Scheme, you should make a valid Election unless you wish to receive the Default Consideration, being a mix of 80% Cash Consideration and 20% Scrip Consideration (subject to the Scaleback Mechanisms), in the event the Scheme is implemented.

**(c) Implications of failure to approve the Scheme**

If the Scheme is not approved by OTW Shareholders and the Court, OTW Shareholders will retain their OTW Shares. In the absence of a Superior Proposal, there is a risk that OTW Shareholders may not be able to realise a price for all of their OTW Shares (at least in the short term) comparable to the price that they would receive under the Scheme.

The consequences of the Scheme not being implemented include:

- Aussie Broadband will not pay the Scheme Consideration; and
- OTW Shareholders will retain their Over the Wire Shares.

In addition, depending on the reasons the Scheme does not proceed, Over the Wire may also be liable to pay the break fee of \$3,439,682. More information about the implications for Over the Wire if the Scheme is not implemented is set out in Section 5.11 of this Scheme Booklet.

If the Scheme is not implemented, the OTW Directors intend to continue to operate OTW in a manner consistent with current practices. OTW Shareholders will be exposed to any benefits and risks associated with their investment in OTW.

## 5. Overview of the Scheme

### 5.1 Background to the Scheme

On 2 December 2021, OTW and ABB announced that they had entered into an Implementation Deed under which ABB agreed to acquire 100% of the issued capital in OTW, subject to several conditions, including shareholder and Court approvals.

The Scheme is a statutory procedure under the Corporations Act that is commonly used to enable one company to acquire another company.

If the Scheme is approved by OTW Shareholders at the Scheme Meeting and by the Court, and if all other necessary approvals and Conditions Precedent are satisfied or (if permitted) waived and the Scheme becomes Effective and is implemented, Over the Wire will become a wholly owned Subsidiary of Aussie Broadband and will be delisted from the ASX. If the Scheme is approved and becomes Effective and you hold Over the Wire Shares on the Record Date, you will be bound by the Scheme irrespective of whether you voted in favour of it at the Scheme Meeting.

If the Scheme is not approved, the Scheme will not proceed, you will not be bound by it, and Over the Wire will continue as a company listed on the ASX.

### 5.2 Scheme Consideration

#### (a) Scheme Consideration

OTW Shareholders (other than Ineligible Foreign Shareholders) can make an Election to receive their Scheme Consideration in respect of each of their OTW Shares in one of the following four ways (subject to the Scaleback Mechanisms):

- 80% Cash Consideration and 20% Scrip Consideration, equating to \$4.60 cash and 0.2300 New ABB Shares for each OTW Share (**Default Consideration**);
- 100% Cash Consideration equating to \$5.75 cash per OTW Share (**All Cash Consideration**);
- 100% Scrip Consideration equating to 1.1500 New ABB Shares for each OTW Share (**All Scrip Consideration**); or
- at least 1% but less than 100% Scrip Consideration with the balance payable as Cash Consideration (**Mix and Match Consideration**).

OTW Shareholders (other than Ineligible Foreign Shareholders):

- who do not make a valid Election;
- whose Election is not received by the Over the Wire Share Registry by the Election Date; or
- who receive OTW Shares after the Election Date (and did not previously hold OTW Shares and make a valid Election),

will receive their Scheme Consideration in the form of the Default Consideration (subject to the Scaleback Mechanisms).

Depending on the final Elections of OTW Shareholders, either the Cash Scaleback Mechanism or Scrip Scaleback Mechanism may apply.

Ineligible Foreign Shareholders may not make an Election will receive their Scheme Consideration in the form of All Cash Consideration and will not be subject to the Scaleback Mechanisms. See Section 5.7 for further information.

**(b) Cash Scaleback Mechanism**

The Scheme Consideration is subject to the maximum total Cash Consideration payable by ABB not exceeding \$275,172,902 (**Maximum Cash Consideration**) representing 80% of the total Scheme Consideration.

Where the Aggregate Elected Cash Consideration exceeds the Maximum Cash Consideration less the total Cash Consideration payable to Ineligible Foreign Shareholders, then OTW Shareholders who have made a valid Election for a Consideration Option that has a cash component, or have not made a valid Election (and will be deemed to have Elected the Default Consideration Option) will have the cash component of their Consideration Option scaled back on a pro-rata basis. The scaled back portion of the cash component of the Consideration Option will instead be satisfied through New ABB Shares.

If a cash scaleback is required, the percentage of Cash Consideration for each OTW Share will be calculated in accordance with the following formula:

$$A = B \times C/D$$

where:

**A** = the percentage of Cash Consideration that will be received by the Scheme Shareholder for each of their OTW Shares

**B** = if

- the Scheme Shareholder has made an All Cash Consideration Election, 100%;
- the Scheme Shareholder has made a Default Consideration Election (or is required to take the Default Consideration under the terms of the Scheme), 80%; or
- the Scheme Shareholder has made a Mix-and-Match Consideration Election, the percentage of Cash Consideration that the Scheme Shareholder has Elected to receive;

**C** = the Maximum Cash Consideration less the aggregate of the Cash Consideration payable to Ineligible Foreign Shareholders; and

**D** = Aggregate Elected Cash Consideration

and the percentage of Scrip Consideration that will be received will be equal to:

- 100%; less
- the percentage calculated in accordance with the above formula.

### **(c) Scrip Scaleback Mechanism**

The Scheme Consideration is subject to the maximum total Scrip Consideration available to be issued by ABB to OTW Shareholders not exceeding 39,556,105 New ABB Shares (**Maximum Scrip Consideration**).

Where the Aggregate Elected Scrip Consideration exceeds the Maximum Scrip Consideration, then OTW Shareholders who have made a valid Election for a Consideration Option that has a scrip component, or have not made a valid Election (and will be deemed to have elected the Default Consideration Option) will have the scrip component of their Consideration Option scaled back on a pro-rata basis. The scaled back portion of the scrip component of the Consideration Option will instead be satisfied with cash.

If a scrip scaleback is required, the percentage of Scrip Consideration for each OTW Share will be calculated in accordance with the following formula:

$$A = B \times C/D$$

where:

**A** = the percentage of Scrip Consideration that will be received by the Scheme Shareholder for each of their OTW Shares

**B** = if

- the Scheme Shareholder has made an All Scrip Consideration Election, 100%;
- the Scheme Shareholder has made a Default Consideration Election (or is required to take the Default Consideration under the terms of the Scheme), 20%; or
- the Scheme Shareholder has made a Mix-and-Match Consideration Election, the percentage of Scrip Consideration that the Scheme Shareholder has Elected to receive;

**C** = the Maximum Scrip Consideration; and

**D** = Aggregate Elected Scrip Consideration

and the percentage of Cash Consideration that will be received will be equal to:

- 100%; less
- the percentage calculated in accordance with the above formula.

### **(d) Fractional entitlements**

Where the calculation of the Scheme Consideration to be issued to a particular OTW Shareholder would result in the OTW Shareholder becoming entitled to:

- a fraction of a cent, the fractional entitlement will be rounded down to the nearest whole cent; and/or
- a fraction of a New ABB Share, the fractional entitlement will be rounded down to the nearest whole number of New ABB Shares.



### 5.3 Scheme Meeting

On 21 January 2022, the Court ordered that a Scheme Meeting be convened as specified in the Notice of Scheme Meeting at Annexure C and appointed Stephe Wilks to chair the Scheme Meeting. The Scheme Meeting will begin at 11.00am (Brisbane time) on 24 February 2022.

The Court order does not constitute an endorsement of, or any other expression of opinion on, the Scheme or this Scheme Booklet.

The purpose of the Scheme Meeting is for OTW Shareholders to consider whether to approve the Scheme. All OTW Shareholders registered on the Over the Wire Share Register at 7:00pm (AEDT) on 22 February 2022 may vote at the Scheme Meeting, either online or by proxy or attorney or, in the case of a body corporate, by its corporate representative appointed under section 250D of the Corporations Act.

Voting at the Scheme Meeting is by poll.

The resolution in favour of the Scheme must be passed at the Scheme Meeting by:

- a majority in number (more than 50%) of OTW Shareholders present and voting at the Scheme Meeting (online or by proxy, attorney or corporate representative); and
- at least 75% of the votes cast on the resolution at that Scheme Meeting.

Instructions on how to attend and vote at the Scheme Meeting (online or by proxy), are set out in the 'How to Vote' Section on page 15 and in the notes for the Notice of Scheme Meeting.

The result of the Scheme Meeting will be announced to the ASX shortly after the conclusion of the Scheme Meeting. The result will be accessible from the ASX's website at [www.asx.com.au](http://www.asx.com.au).

### 5.4 Approvals required from OTW Shareholders and the Court

The Scheme can only become Effective if it is approved by:

- the Requisite Majority of OTW Shareholders at the Scheme Meeting; and
- the Court on the Second Court Date.

#### (a) Scheme Resolution approval requirements

The Court has ordered that a Scheme Meeting be convened. The resolution for the Scheme to be considered at the Scheme Meeting must be passed by:

- a majority in number (more than 50%) of OTW Shareholders, present and voting (online or by proxy, attorney or corporate representative); and
- at least 75% of the votes cast at the Scheme Meeting.

If the resolution is not passed by the Requisite Majority, the Scheme will not proceed.

However, the Court has the discretion to waive the first of these two requirements if it considers it appropriate to do so.

#### (b) Second Court Hearing

If:

- a. the Scheme is approved by the Requisite Majority of OTW Shareholders at the Scheme Meeting; and
- b. all Conditions Precedent have been satisfied,

Over the Wire will apply to the Court for orders approving the Scheme. Over the Wire expects the Second Court Date to be 3 March 2022.

Each OTW Shareholder has the right to appear at the Second Court Hearing.

**(c) Effective date**

The Scheme will become Effective on the Effective Date.

**(d) Record date**

Those OTW Shareholders on the Over the Wire Share Register on the Record Date (i.e. at 7:00pm on 8 March 2022) (**Scheme Shareholders**) are entitled to the Scheme Consideration for the Over the Wire Shares they hold at that time (**Scheme Shares**).

**5.5 Recommendation of OTW Directors**

The OTW Directors unanimously recommend that OTW Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of OTW Shareholders.

Each OTW Director will vote, or procure the voting of, any Over the Wire Shares owned or Controlled by them in favour of the Scheme at the Scheme Meeting to be held on 24 February 2022, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of OTW Shareholders.

In considering whether to vote in favour of the Scheme, OTW Directors encourage you to:

- carefully read all of this Scheme Booklet (including the Independent Expert's Report and the Independent Limited Assurance Report);
- have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances; and
- obtain advice from your legal, financial, tax or other professional advisers on the effect of the Scheme becoming Effective and being implemented.

Each OTW Director's Relevant Interests in Over the Wire Shares are disclosed in Section 11.1.2 of this Scheme Booklet.

As noted in section 8.5(c), if the Scheme is implemented, Michael Omeros, current Managing Director and Group CEO of Over the Wire, will join the Aussie Broadband Board upon implementation of the Scheme. Mr Omeros shall also be entitled to a long-term incentive cash payment of \$266,667 which shall vest and be paid to him upon implementation of the Scheme (see Section 11.1.5 for further details of this payment). The OTW Directors do not consider that these arrangements should preclude Mr Omeros from making a recommendation to OTW Shareholders as to how they should vote in relation to the Scheme, and his recommendation is being provided on the same conditions as the recommendation provided by each other OTW Director.

**5.6 Independent Expert's conclusion**

Over the Wire commissioned the Independent Expert to give an opinion on whether the Scheme is in the best interests of OTW Shareholders.

The Independent Expert has concluded that the Scheme is fair and reasonable and is in the best interests of OTW Shareholders, in the absence of a Superior Proposal.

The Independent Expert's Report can be found in Annexure A.

### **5.7 Ineligible Foreign Shareholders**

If you are an Ineligible Foreign Shareholder and you make the Election to receive a Consideration Option with a scrip component, your Election will be invalid and have no effect, and you will receive the All Cash Consideration Option for all your Over the Wire Shares if the Scheme becomes Effective and is implemented.

### **5.8 Payment of Scheme Consideration**

If the Scheme is implemented, Aussie Broadband will acquire all of the OTW Shares and all OTW Shareholders will receive the Scheme Consideration for the OTW Shares they hold on the Record Date as follows:

- a. no later than the Business Day before the Implementation Date ABB will deposit the total cash component of the Scheme Consideration that is payable to the Scheme Shareholders to the Scheme Consideration Trust Account for Over the Wire to hold as trustee for the Scheme Shareholders;
- b. on the Implementation Date:
  - i. Aussie Broadband will issue to (and enter in Aussie Broadband's share register the name and address of) each OTW Shareholder the number of Aussie Broadband Shares as that OTW Shareholder is entitled to receive under the Scheme; and
  - ii. Over the Wire will pay to each OTW Shareholder the cash component of the Scheme Consideration due to OTW Shareholders in accordance with the Scheme (from the amount deposited by Aussie Broadband into the Scheme Consideration Trust Account); and
- c. within five Business Days after the Implementation Date, Aussie Broadband will despatch a holding statement in the name of each OTW Shareholder for the number of Aussie Broadband Shares issued to them.

### **5.9 Deemed warranties by Scheme shareholders**

The Scheme provides that each Scheme Shareholder is taken to have warranted to Aussie Broadband that:

- all of their Scheme Shares (including any rights and entitlements attaching to those shares) transferred to Aussie Broadband under the Scheme will, on the Implementation Date, be fully paid and free from all mortgages, charges, liens, assignments, encumbrances, title retentions, preferential rights or trust arrangements, claims, covenants, profit a prendre, easements, pledges or any other security interests and other interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind;
- all of its Scheme Shares which are transferred to Aussie Broadband under the Scheme will, on the date on which they are transferred to Aussie Broadband, be fully paid;
- they have full power and capacity to sell and transfer their Scheme Shares (including any rights and entitlements attaching to those shares) to Aussie Broadband under the Scheme; and
- there is no existing right to be issued any OTW Shares, options exercisable into OTW Shares, convertible notes convertible into OTW Shares or any other securities issued by Over the Wire.

## **5.10 Commencement of trading of New ABB Shares**

Aussie Broadband will seek confirmation from ASX that, as from the Business Day after the Effective Date (or such other date as ASX requires), the New ABB Shares issued as Scheme Consideration will be quoted on the ASX. New ABB Shares are expected to trade on a deferred settlement basis from the commencement of trading on this date.

It is the responsibility of each New Aussie Broadband Shareholder to confirm their holding before trading in New ABB Shares to avoid the risk of selling shares that they do not own. Holders of New ABB Shares who sell their shares before they receive their holding statement or confirm their uncertificated holdings of New ABB Shares (as applicable) do so at their own risk.

Trading on the ASX of New ABB Shares on a normal settlement basis is expected to commence on the Business Day after the Implementation Date.

## **5.11 Consequences if the Scheme does not proceed**

If the Scheme is not approved at the Scheme Meeting or all of the Conditions Precedent are not satisfied or waived, the Scheme will not proceed, and:

- Over the Wire will continue to operate as an independent entity listed on the ASX;
- Over the Wire Shareholders will continue to hold their Over the Wire Shares and share in any benefits and risks of Over the Wire's ongoing business; and
- Over the Wire Shareholders will not receive the Scheme Consideration.

Depending on the reasons why the Scheme does not proceed, Over the Wire may be liable to pay a break fee of approximately \$3.4 million. See Section 5.16(g) for further information on the break fee.

The Over the Wire Directors have confidence in Over the Wire's future as an independent entity and its ability to maintain earnings and growth. It is difficult to predict the effect on the Over the Wire Share price if the Scheme does not proceed but in the absence of a Superior Proposal, there is a risk that the price of Over the Wire Shares may fall in the near term.

Despite the confidence of the Over the Wire Directors in the future of Over the Wire as an independent entity, the Over the Wire Directors consider that the Scheme is in the best interests of Over the Wire Shareholders, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of OTW Shareholders.

## **5.12 Dealing with OTW Shares on, or prior to, the Record Date**

To work out eligibility for Scheme Consideration, dealings in Over the Wire Shares are only recognised if Over the Wire receives registrable transfers on or before the Record Date.

Over the Wire must register transfers received by the Record Date. Over the Wire will not accept for registration or otherwise recognise any transfer of Over the Wire Shares received after the Record Date (other than to Aussie Broadband in accordance with the Scheme or its successors in title).

### 5.13 Dealing with OTW Shares after the Record Date

The Over the Wire Share Register solely decides entitlements to Scheme Consideration.

From the Record Date, all certificates for Over the Wire Shares cease to have effect as documents of title (other than certificates in favour of Aussie Broadband and its successors in title).

### 5.14 Deed Poll

Under the terms of the Deed Poll, Aussie Broadband agrees in favour of those persons who hold Scheme Shares at the Record Date to observe and perform all obligations under the Scheme which relate to it, including the obligation to pay the Scheme Consideration under the terms of the Scheme.

A copy of the signed Deed Poll is at Annexure F.

### 5.15 Implementation Deed

Implementation of the Scheme is subject to the satisfaction or waiver of a number of conditions under the terms of the Scheme and the terms of the Implementation Deed, including:

- (a) the following conditions summarised below (and set out in full in clause 3.1 of the Implementation Deed) which must be satisfied or waived (other than clause 3.1(b) and clause 3.1(c) of the Implementation Deed) in accordance with the terms of the Implementation Deed by the Cut-Off Time:

#### *Conditions Precedent for the benefit of Over the Wire and Aussie Broadband*

- a. **(Shareholder approval)** OTW Shareholders resolving to approve the Scheme at the Scheme Meeting;
- b. **(Court approval of Scheme)** the Court approving the Scheme under section 411(4)(b) of the Corporations Act;
- c. **(No regulatory intervention)** no Court or Government Agency taking any action, or announcing, commencing or threatening to commence any action or investigation, to restrain, prohibit or prevent the Scheme, the implementation of the Transaction or the rights of Aussie Broadband in respect of the Scheme Shares;

#### *Conditions Precedent for the benefit of Over the Wire*

- d. **(Independent Expert's Report)** the Independent Expert not publicly withdrawing, qualifying or changing its opinion from that stated in the Independent Expert's Report which concludes that the Scheme is in the best interests of OTW Shareholders;
- e. **(No Aussie Broadband Prescribed Occurrence)** no Aussie Broadband Prescribed Occurrence occurring between the date of the Implementation Deed and the Cut-Off Time;
- f. **(Aussie Broadband Representations and Warranties)** the Aussie Broadband Representations and Warranties being true and correct on the date of the Implementation Deed and at the Cut-Off Time, except where expressed to be operative at another time;

#### *Conditions Precedent for the benefit of Aussie Broadband*

- g. **(No OTW Prescribed Occurrence or OTW Material Adverse Change)** no OTW Prescribed Occurrence or OTW Material Adverse Change occurring between the date of the Implementation Deed and the Cut-Off Time;

- h. **(OTW Representations and Warranties)** OTW Representations and Warranties being true and correct on the date of the Implementation Deed and at the Cut-Off Time, except where expressed to be operative at another time;
  - i. **(Employee incentive arrangements)** Over the Wire taking all necessary steps to ensure all outstanding Performance Rights can be exercised and converted into OTW Shares, or lapsed and cancelled by the Effective Date;
  - j. **(Material contracts)** no written notice being given, between the date of the Implementation Deed and the Cut-Off Time, by a counterparty to a material contract (as that term is defined in the Implementation Deed) to a relevant OTW Group member of its intention to terminate all relevant material contracts, or to terminate one or more material contracts where termination results in the aggregate revenue with that counterparty being reduced by more than 50%;
  - k. **(Employee Retention)** no more than two of the top eleven employees of the OTW Group (as determined by total remuneration in accordance with the Implementation Deed) ceasing to be employed by the OTW Group between the date of the Implementation Deed and the Cut-Off Time;
- (b) neither the Implementation Deed nor the Deed Poll having been terminated in accordance with its terms as at the Cut-Off Time;
  - (c) the Court having approved the Scheme pursuant to section 411(4)(b) of the Corporations Act, without modification or with modifications which are agreed to in writing between Over the Wire and Aussie Broadband;
  - (d) such other conditions made or required by the Court under section 411(6) of the Corporations Act and agreed to in writing between Over the Wire and Aussie Broadband having been satisfied; and
  - (e) the orders of the Court under section 411(4)(b) of the Corporations Act approving the Scheme coming into effect pursuant to section 411(10) of the Corporations Act on or before the End Date.

If the Conditions Precedent are not fully satisfied or waived then the Scheme will not proceed.

The Conditions Precedent relating to the OTW Shareholder approval and Court approval cannot be waived. Otherwise, the Conditions Precedent for the benefit of Over the Wire may only be waived by Over the Wire and vice versa. The Conditions Precedent for the joint benefit of both Over the Wire and Aussie Broadband may only be waived with the written consent of Over the Wire and Aussie Broadband.

Aussie Broadband and Over the Wire must each give a certificate to the Court on the Second Court Date confirming (for matters within each party's knowledge) whether all the Conditions Precedent (other than the condition relating to Court approval of the Scheme) have been satisfied or waived as required by the Implementation Deed.

#### 5.16 Exclusivity

The Implementation Deed contains exclusivity arrangements in favour of Aussie Broadband which apply from the date of the Implementation Deed to the earlier of:

- (a) the End Date; and
- (b) the date the Implementation Deed is terminated in accordance with its terms, (the **Exclusivity Period**).

There are exceptions to these restrictions if Over the Wire Directors need to take certain actions to comply with their fiduciary or statutory duties or Over the Wire's continuous disclosure obligations.

Details of Over the Wire's exclusivity obligations are summarised below. See clause 11 of the Implementation Deed for full details of the exclusivity arrangements.

**(a) No existing discussions**

Over the Wire represents and warrants that, at the time of execution of the Implementation Deed, the OTW Group is not in negotiations or discussions, other than with Aussie Broadband or its Associates, in respect of any Completing Transaction.

**(b) No-shop**

Over the Wire must ensure that neither it nor any of its Related Bodies Corporate nor any of their respective Representatives, directly or indirectly solicit, invite, encourage, or initiate any Competing Transaction, or any approaches, enquiries, discussions, negotiations or proposals with any third party in relation to, or that may reasonably be expected to lead to, an actual or proposed Competing Transaction (and must not communicate any intention to do any of these things).

**(c) No talk**

Over the Wire must ensure that neither it nor any of its Related Bodies Corporate nor any of their respective Representatives, directly or indirectly facilitate, enter into, continue or otherwise participate in any negotiations or discussions with, or enter into any agreement, arrangement or understanding with, any third party regarding an actual or proposed Competing Transaction, or which may reasonably be expected to encourage or lead to an actual or proposed Competing Transaction, even if the Competing Transaction was not solicited, invited, encouraged or initiated by Over the Wire or its Representatives or has been publicly announced.

This no talk restriction does not apply if the OTW Board determines, in good faith and after receiving advice from its financial and external legal advisers, that the Competing Transaction is, or is reasonably likely to become, a Superior Proposal, and that the taking of any action, or refusal to take any action, with respect to the Competing Transaction would constitute, or would be reasonably likely to constitute, a breach of the OTW Directors' fiduciary or statutory duties (**Fiduciary Exception**).

**(d) No due diligence**

Over the Wire must ensure that neither it nor any of its Related Bodies Corporate nor any of their respective Representatives, directly or indirectly, makes available, facilitates or permits any third party in relation to any actual, proposed or potential Competing Transaction access to non-public information, or to undertake due diligence investigations, in relation to the OTW Group or its business. This due diligence restriction is subject to the Fiduciary Exception.

**(e) Notification of approaches**

Over the Wire must promptly notify Aussie Broadband in writing of:

- any approach made by a third party to discuss or engage in any activity in relation to an actual, proposed or potential Competing Transaction;
- any request for information relating to the OTW Group which Over the Wire reasonably suspects may relate to formulating, developing or finalising a Competing Transaction; and

- any action Over the Wire decides to take that would breach the 'no shop' and 'no talk' obligations were it not for the Fiduciary Exception,

and give Aussie Broadband all relevant details, including the identification of the third party and the material terms, subject to the Fiduciary Exception. Aussie Broadband agrees that any information provided to them by notification from Over the Wire is confidential and subject to the confidentiality agreement, and they are not to contact the third party who made the offer.

**(f) Right to match**

Over the Wire must, before any member of the OTW Group enters into any agreement, arrangement or understanding to give effect to an actual or proposed Competing Transaction or any OTW Director withdraws, changes or modifies its recommendation:

- determine that the Competing Transaction constitutes, or would be likely to constitute an actual or proposed Superior Proposal;
- notify Aussie Broadband of the material terms and conditions of the actual or proposed Competing Transaction; and
- give Aussie Broadband five Business Days to announce or provide a counterproposal (whether by amending the terms of the Scheme or proposing a new proposal) (**Counterproposal**) and if Aussie Broadband announces or provides a Counterproposal, and the OTW Board determines, acting in good faith, the Counterproposal would not provide an equivalent or superior outcome to the OTW Shareholders as a whole when compared with the Competing Transaction, give Aussie Broadband a further three Business Days to amend the Counterproposal to Over the Wire's reasonable satisfaction (**Revised Counterproposal**).

The OTW Board must consider the Counterproposal (or Revised Counterproposal, if applicable) and if it determines, acting in good faith, that the Counterproposal (or Revised Counterproposal, if applicable) would be an equivalent or more favourable offer to OTW Shareholders than the relevant Competing Transaction (taking into account all terms and conditions) Over the Wire and Aussie Broadband must use their best endeavours to agree any amendments to the Implementation Deed to reflect the terms of, and implement, the Counterproposal (or Revised Counterproposal, if applicable) and Over the Wire must use its best endeavours to procure that the OTW Board recommend the Counterproposal (or Revised Counterproposal, if applicable).

**(g) Break fee**

Under clause 12 of the Implementation Deed, Over the Wire agrees to pay Aussie Broadband \$3,439,682 if at any time during the Exclusivity Period any of the following occurs:

- a Competing Transaction is announced and, within 12 months of such announcement, the proponent of the Competing Transaction completes the Competing Transaction or acquires at least 50% of all OTW Shares;
- any OTW Director fails to recommend the Scheme or withdraws or adversely changes or qualifies their recommendation indicating that they no longer support the Scheme, unless:
  - the Independent Expert concludes that the Scheme is not in the best interest of the OTW Shareholders (other than where the reason for the Independent Expert's conclusion is due wholly or partly to the existence of a Competing Transaction);
  - Over the Wire is entitled to terminate the Implementation Deed because:
    - Aussie Broadband is in material breach of its obligations under the Implementation Deed;



- a Relative Bidder Share Price Fall Event (as that term is defined in the Implementation Deed and summarised in clause 5.17 below) occurs,

and Over the Wire has given the appropriate termination notice to Aussie Broadband;  
or

- a Relative Bidder Share Price Fall Event occurs; or
- Aussie Broadband terminates the Implementation Deed because Over the Wire is in material breach of its obligations under the Implementation Deed.

Over the Wire will not be liable to pay a break fee if the Scheme becomes Effective.

The break fee will not be payable merely by reason of the Scheme not being approved by the OTW Shareholders.

#### **5.17 OTW Board recommendation**

At the date of this Scheme Booklet, the OTW Directors unanimously recommend that OTW Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of OTW Shareholders.

Under clause 8 of the Implementation Deed, Aussie Broadband agrees that each OTW Director, may publicly (or otherwise) withdraw, change or in any way qualify their recommendation if:

- Over the Wire receives a Competing Transaction and the relevant OTW Director determines, after all of Aussie Broadband's matching rights (as described above) have been exhausted, that the Competing Transaction constitutes a Superior Proposal;
- the Independent Expert concludes in the Independent Expert's Report (either in its initial report or any updates of its report) that the Scheme is not in the best interests of Over the Wire Shareholders;
- the change, withdrawal or qualification occurs because of a requirement or request of a Court or Government Agency that the Over the Wire Director abstain or withdraw from recommending that Over the Wire Shareholders vote in favour of the Scheme; or
- the Over the Wire Directors determine, in good faith and acting reasonably, by virtue of their directors' duties, that a change, withdrawal or modification to their recommendation is required (including upon the occurrence of a Relative Bidder Share Price Fall Event).

At the date of this Scheme Booklet, each OTW Director will vote, or cause to be voted, any Over the Wire Shares owned or Controlled by them in favour of the Scheme at the Scheme Meeting, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of OTW Shareholders.

Aussie Broadband agrees that each Over the Wire Director may publicly (or otherwise) withdraw, change or in any way qualify his or her voting intention if:

- Over the Wire receives a Competing Transaction and the relevant Over the Wire Director determines, after all of Aussie Broadband's matching rights (as described above) have been exhausted, that the Competing Transaction constitutes a Superior Proposal;
- the Independent Expert concludes in the Independent Expert's Report (either in its initial report or any updates of its report) that the Scheme is not in the best interest of Over the Wire Shareholders;
- the change, withdrawal or qualification occurs because of a requirement or request of a Court or Government Agency that the Over the Wire Director abstain or withdraw from voting in favour of the Scheme; or

- the Over the Wire Directors are entitled to change, modify or withdraw their recommendation under the Implementation Deed.

#### 5.18 Relative Bidder Share Price Fall

Under clause 16.2 of the Implementation Deed, OTW has a termination right if, during any time period after the date of the Implementation Deed until the Cut-Off Time, the decline in ABB's share price relative to movements in the S&P/ASX200 index (**Relative Bidder Share Price Fall**) is greater than or equal to 17.5% (**Relative Bidder Share Price Fall Event**).

The Relative Bidder Share Price Fall is to be calculated in accordance with the following formula:

$$\text{Relative Bidder Share Price Fall} = A + B$$

Where:

**A** = the percentage change in ABB's share price, calculated as ABB's Relevant VWAP at the relevant time divided by \$5.00, being the value of the ABB shares stated in the Announcement, less 100% (where if A is a negative percentage, the absolute value must be taken, but if A is a positive number there will be no termination right)

**B** = the percentage change in the S&P/ASX200 index calculated as the S&P/ASX200 index at the relevant time divided by the S&P/ASX200 index at the date of the Implementation Deed, less 100% (where if B is a positive percentage, then B will be taken to equal nil and no longer apply to the formula above)

For the purposes of the calculations in "A", ABB's Relevant VWAP is to be based on:

- 15 consecutive ASX trading days provided that the actual daily trading volume of ABB shares over the 15 day period is a minimum of 1.3m shares traded on average over the period; or
- in all other cases, the number of consecutive ASX trading days during which a total of 19.5m shares have traded (exclusive of off-market block trades)

OTW may only terminate the deed for a Relative Bidder Share Price Fall Event under clause 16.2, within 5 Business Days of the occurrence of the event.

#### 5.19 Termination

The Implementation Deed may be terminated:

(a) by either Over the Wire or Aussie Broadband if:

- (**material breach**) at any time before the Cut-Off Time if the other party is in material breach of its obligations under the Implementation Deed and the breach is not capable of being remedied or has not been remedied within 10 Business Days of notice of the breach being given;
- (**Condition Precedent**) a Condition Precedent has failed of which the terminating party has the benefit and the parties are unable to reach agreement on extending the time for satisfaction of the Condition Precedent or on alternative means or methods by which the Scheme may proceed;
- (**Court refusal**) the Court refuses to make an order convening the Scheme Meeting or approving the Scheme in certain circumstances;
- (**End Date**) the Scheme is not Effective on or before the End Date or a later date agreed in writing between the parties; or

- For personal use only
- **(agreement)** Over the Wire and Aussie Broadband agree in writing to terminate the Implementation Deed and Scheme; or
  - (b) by Aussie Broadband if, at any time before the Cut-Off Time any member of the OTW Board fails to make the recommendation, withdraws their recommendation, adversely changes or qualifies their recommendation that OTW Shareholders vote in favour of the Scheme, or otherwise makes a public statement indicating that he or she no longer supports the Scheme;
  - (c) by Over the Wire if:
    - **(permitted change to recommendation)** at any time before the Cut-Off Time a majority of the OTW Board change, withdraw or modify their recommendation as permitted by the Implementation Deed; or
    - **(Relative Bidder Share Price Fall Event)** at any time after the date of the Implementation Deed and until the Cut-Off Time, Aussie Broadband's share price declines by 17.5% or more relative to movements in the S&P/ASX200 index, as calculated in accordance with formula set out in clause 16.2 of the Implementation Deed (and described in Section 5.18 of this Scheme Booklet).

## 5.20 Delisting

If the Scheme becomes Effective, Aussie Broadband will require that Over the Wire applies to the ASX for removal of Over the Wire from the official list of the ASX on or around the Business Day immediately following the Implementation Date.

## 6. Overview of Over the Wire

### 6.1 Introduction

Over the Wire is a provider of telecommunications, cloud and IT solutions. OTW is headquartered in Brisbane, with approximately 300 team members across offices in Brisbane, Sydney, Melbourne and Adelaide.

OTW's product offerings include data networks and internet, voice, hosting and security & managed services for a mix of SMB, enterprise and government customers.

Over the Wire is listed on the ASX under the ticker 'OTW'.

### 6.2 History of Over the Wire

Over the Wire Pty Ltd, now a subsidiary of OTW, was first established in 2005 by Michael Omeros, Brent Paddon and others, based in Brisbane. In the following years, Over the Wire Pty Ltd built three Brisbane data centres, created NetSIP and acquired Celentia, FaktorTel and Sanity Technology to enhance its product offerings.

OTW was admitted to the official list of ASX on 2 December 2015 and began trading on the ASX on 3 December 2015 at a market capitalisation of \$43.5m.

Since listing, Over the Wire has grown both organically, and inorganically through the acquisition of seven businesses in order to provide additional capabilities, increase its customer base, and expand its geographic presence. In FY21, Over the Wire became a Tier 1 voice carrier, reducing its reliance on third-party providers and legacy technology.

### 6.3 Overview of Operations

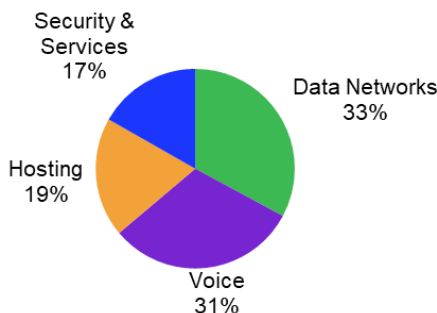
OTW has a national network with points of presence across major Australian capital cities and Auckland, New Zealand. As of 30 June 2021, OTW had approximately 16,000 business customers across SMB, enterprise and government, with customers typically entering contracts that are invoiced monthly for a fixed number of years.

### 6.4 Business segments

Within the group, OTW operates the brands of Over the Wire, NetSIP, FaktorTel, Telarus, VPN Solutions, Comlinx, Access Digital Networks, Zintel, Fonebox and Digital Sense.

The revenue composition from its four product offerings for FY21 is shown in figure 6.1 below.

**Figure 6.1: FY21 revenue composition**



## 6.5 Board of Directors

### **Stephe Wilks – Chair**

Stephe Wilks was appointed to the OTW Board as Chair and non-executive Director on 1 July 2021. Stephe is also Chair of 1st Group Limited and non-executive Director of ASX-listed BluGlass Limited. He has previously held roles as COO of a wireless broadband infrastructure company, Consulting Director of NM Rothschild & Sons, and COO of Nextgen Networks.

### **Michael Omeros – Managing Director & Group Chief Executive Officer**

Michael Omeros is a co-founder of OTW, and has over twenty years' experience in the telecommunications and IT services sectors. Prior to OTW, Michael held a senior management role at GBST, worked for Zurich Insurance in the UK and founded Managed Services Provider Celentia, which was acquired by OTW.

### **Brent Paddon – Non-Executive Director**

Brent Paddon is a co-founder of OTW, and has been a non-executive Director of OTW since 1 July 2020. Brent has over twenty years' experience in the telecommunications and IT services sectors. Prior to OTW, Brent held a senior management role at WebCentral, worked for Pipe Networks and founded Brisbane Internet Technology which was sold to Asia Online.

### **Susan Forrester AM – Non-Executive Director**

Susan Forrester has been a non-executive Director of OTW since its IPO in December 2015. Susan is currently Chair of ASX-listed Jumbo Interactive and non-executive Director of Plenti Group, and previously held Board positions of ASX-listed Viva Leisure Limited, G8 Education Limited, National Veterinary Care Limited and Xenith IP Group Limited.

### **Cathy Aston – Non-Executive Director**

Cathy Aston was appointed as non-executive Director of OTW on 1 July 2020. Cathy is currently a non-executive Director of IVE Group, IMB Limited, Macquarie Investment Management Limited, Virtus Health Limited and an advisor to Avanseus Holdings Limited. Cathy has senior executive experience as CEO / Managing Director of Mobitel Pvt Ltd (Sri Lanka) and Finance Director for Telstra International (Hong Kong).

## 6.6 Management

Name	Current role
Ben Cornish	Chief Technology Officer
Ben Melville	Chief Financial Officer
Garry Pittorino	Chief Operating Officer

## 6.7 Financial Information

### **(a) Historical and Pro Forma Financial Information**

This Section 6.7 contains the following historical and pro forma financial information of OTW:

- historical consolidated statement of comprehensive income, on a statutory reported basis for the years ended 30 June 2020 and 30 June 2021 and pro forma consolidated statement of financial performance for the year ended 30 June 2021 (**OTW Historical and Pro Forma Statements of Financial Performance**);

- historical consolidated statement of financial position, on a statutory reported basis, as at 30 June 2020 and 30 June 2021 (**OTW Historical Statement of Financial Position**);
- historical consolidated statement of cash flows, on a statutory reported basis, for the years ended 30 June 2020 and 30 June 2021 (**OTW Historical Statements of Cash Flows**); and
- a reconciliation between the statutory statement of financial performance and the Pro Forma statement of financial performance for the year ended 30 June 2021,

(together, the **OTW Historical and Pro Forma Financial Information**).

This Section should be read in conjunction with the rest of this Scheme Booklet, including information on the risk factors set out in Section 10 including the risks associated with the Scheme, as set out in Section 10.3.

#### **(b) Basis of preparation**

The OTW Historical and Pro Forma Financial Information presented in this Section 6.7 has been extracted from OTW's consolidated financial statements for the years ended 30 June 2020 and 30 June 2021. The consolidated financial statements of OTW for the financial years ended 30 June 2020 and 30 June 2021 were audited by PKF Brisbane Audit in accordance with Australian Auditing Standards and on which PKF Brisbane Audit provided an unmodified audit opinion.

The OTW Historical and Pro Forma Financial Information for the financial year ended 30 June 2020 and 30 June 2021 are general-purpose financial statements, which have been prepared in accordance with Australian Accounting Standards (**AAS**) and interpretations adopted by the Australian Accounting Standards Board (**AASB**) and the Corporations Act.

The OTW Historical and Pro Forma Financial Information presented in this Section 6.7 has been presented in abbreviated form and consequently does not contain all the presentation and disclosures that are usually provided in an annual report prepared in accordance with the Corporations Act. The OTW Historical and Pro Forma Financial Information presented in this Section 6.7 should therefore be read in conjunction with the financial statements for the respective periods, including the description of the accounting policies and the notes to those financial statements, all of which are available at <https://overthewire.com.au/investors/> or the ASX website at [www.asx.com.au](http://www.asx.com.au).

The OTW Historical and Pro Forma Financial Information are prepared in accordance with the historical cost convention, except for certain assets which, as noted are at fair value.

The OTW Historical and Pro Forma Financial Information is presented in Australian dollars, which is OTW's functional currency. A number of figures, amounts, percentages, prices, calculations of value and fractions are subject to the effect of rounding. Accordingly, totals in tables and commentary may not add due to rounding.

#### **Critical accounting judgements and estimates**

The preparation of the financial statements requires the use of accounting estimates, which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying OTW's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on OTW and that are believed to be reasonable under the circumstances.

### Pro Forma adjustments

The Pro Forma statement of financial performance for the year ended 30 June 2021 is based on the statutory statement of financial performance for the year ended 30 June 2021 adjusted for the following transactions, as though they had occurred as at 1 July 2020:

- On 31 August 2020 OTW acquired 100% of the share capital of J2 Australia Cloud Connect and Zintel Australia Limited (**Fonebox/Zintel**). The statutory statement of financial performance includes the results of the Fonebox/Zintel since the acquisition date. The Pro Forma statement of financial performance includes an adjustment to account for the results of Fonebox/Zintel as though the acquisition took place as at 1 July 2020;
- On 30 October 2020 OTW acquired 100% of the share capital of Digital Sense Hosting Pty Ltd (**Digital Sense**). The statutory statement of financial performance of OTW includes the results of the Digital Sense since the acquisition date. The Pro Forma statement of financial performance includes an adjustment to account for the results of Digital Sense as though the acquisition took place as at 1 July 2020; and
- Adjustments for acquisition costs incurred on the Fonebox/Zintel and Digital Sense acquisitions.

### (c) OTW Historical and Pro Forma Statements of Financial Performance

	FY20	FY21	
AUD (000)	Statutory	Statutory	Pro Forma
Data Networks	37,531	37,021	37,573
Voice	19,597	34,945	38,060
Hosting	10,134	21,815	27,146
Security & Services	20,349	18,906	19,176
<b>Total revenue</b>	<b>87,611</b>	<b>112,687</b>	<b>121,954</b>
Other income	50	131	139
Data Centre & Colocation Expense	(3,516)	(6,881)	(8,437)
Calls & Communications Expense	(27,157)	(30,244)	(31,473)
Other Cost of Goods Sold	(15,343)	(15,128)	(15,307)
Employee Benefits Expense	(20,711)	(32,010)	(34,695)
Depreciation & Amortisation Expense	(9,756)	(17,425)	(18,610)
Finance Costs	(426)	(1,260)	(1,312)
Other Expenses	(3,538)	(5,022)	(5,082)
<b>Profit Before Income Tax Expense</b>	<b>7,214</b>	<b>4,848</b>	<b>7,177</b>

	FY20	FY21	
AUD (000)	Statutory	Statutory	Pro Forma
Income Tax Expense	(2,181)	(1,413)	(2,026)
<b>Profit After Income Tax Expense Attributable to members</b>	<b>5,033</b>	<b>3,435</b>	<b>5,151</b>
Other Comprehensive Income	-	1	1
Other Comprehensive Income for the Year, Net of Tax	-	1	1
<b>Total Comprehensive Income Attributable to members</b>	<b>5,033</b>	<b>3,436</b>	<b>5,152</b>

(d) OTW Historical Statement of Financial Position

OTW Statement of Financial Position (AUD \$000)	As at 30-Jun-20	As at 30-Jun-21
Cash and Cash Equivalents	10,435	16,696
Trade and Other Receivables	9,328	10,717
Inventories	292	128
Other Current Assets	2,658	4,562
<b>Total Current Assets</b>	<b>22,713</b>	<b>32,103</b>
Other Non-Current Assets	198	524
Property, Plant & Equipment	16,778	29,247
Intangibles	70,354	147,722
<b>Total Non-Current Assets</b>	<b>87,330</b>	<b>177,493</b>
<b>Total Assets</b>	<b>110,043</b>	<b>209,596</b>
Trade and Other Payables	9,310	14,446
Borrowings	3,925	9,054
Lease Liability	1,426	4,493
Current Tax Liability	987	1,391
Employee Benefits	1,954	3,129



OTW Statement of Financial Position (AUD \$000)	As at 30-Jun-20	As at 30-Jun-21
Unearned Income	2,567	5,060
Deferred Consideration	-	4,686
<b>Total Current Liabilities</b>	<b>20,169</b>	<b>42,259</b>
Borrowings	1,600	25,373
Lease Liability	9,523	14,814
Employee Benefits	115	225
Unearned Income	342	717
Deferred Consideration	-	4,684
Deferred Tax	9,349	21,209
<b>Total Non-Current Liabilities</b>	<b>20,929</b>	<b>67,022</b>
<b>Total Liabilities</b>	<b>41,098</b>	<b>109,281</b>
<b>Net Assets</b>	<b>68,945</b>	<b>100,315</b>
Issued Capital	44,321	74,710
Reserves	416	166
Retained Profits	24,208	25,439
<b>Total Equity</b>	<b>68,945</b>	<b>100,315</b>

(e) OTW Historical Statements of Cash Flows

OTW Statement of Cash Flows (AUD \$000)	30-Jun-20	30-Jun-21
Receipts from Customers	96,396	129,432
Payments to Suppliers & Employees	(80,691)	(99,644)
Interest Received	29	23
Interest Paid & Other Finance Costs Paid	(426)	(1,260)
Income Taxes Paid	(3,669)	(4,012)
<b>Net Cash Flows from / (used in) Operating Activities</b>	<b>11,639</b>	<b>24,539</b>

OTW Statement of Cash Flows (AUD \$000)	30-Jun-20	30-Jun-21
Payments for Business Combinations (net of cash acquired)	(1,427)	(59,555)
Payments for Property, Plant & Equipment	(4,404)	(6,415)
Payments for Intangible Assets	(864)	(680)
<b>Net Cash Flows from / (used in) Investing Activities</b>	<b>(6,695)</b>	<b>(66,650)</b>
Proceeds from Issue of Shares (net of transaction costs)	-	24,009
Proceeds from Borrowings	2,170	37,019
Repayment of Borrowings	(4,025)	(7,098)
Repayment of Lease Liabilities	(1,219)	(3,436)
Dividends Paid	(1,760)	(2,123)
<b>Net Cash Flows from / (used in) Financing Activities</b>	<b>(4,834)</b>	<b>48,371</b>
Net Increase (Decrease) in Cash and Cash Equivalents	110	6,260
Cash and Cash Equivalents at the Beginning of the Year	10,325	10,435
Foreign Exchange Movement in Cash	-	1
<b>Cash and Cash Equivalents at the End of the Year</b>	<b>10,435</b>	<b>16,696</b>

**(f) Reconciliation between the statutory statement of comprehensive income and the Pro Forma statement of comprehensive income**

Pro Forma Summary	FY21	Digital Sense	Fonebox and Zintel	Group	FY21
AUD (\$000)	Statutory	Adjustments	Adjustments	Normalisations	Total
Data Networks	37,021	552	-	-	37,573
Voice	34,945	-	3,114	-	38,060
Hosting	21,815	5,331	-	-	27,146
Security & Services	18,906	270	-	-	19,176
<b>Total revenue</b>	<b>112,687</b>	<b>6,153</b>	<b>3,114</b>	<b>-</b>	<b>121,954</b>
Other Income	131	7		-	139

<b>Expenses</b>	-	-	-	-	-
Data Centre & Colocation Expense	(6,881)	(1,556)	-	-	(8,437)
Calls & Communications Expense	(30,244)	(353)	(885)	9	(31,473)
Other Cost of Goods Sold	(15,128)	(165)	(13)	-	(15,307)
Employee Benefits Expense	(32,010)	(1,739)	(969)	24	(34,695)
Depreciation & Amortisation Expense	(17,425)	(1,102)	(83)	-	(18,610)
Finance Costs	(1,260)	(51)	(2)	-	(1,312)
Other Expenses	(5,022)	(321)	(9)	270	(5,082)
<b>Profit Before Income Tax Expense</b>	<b>4,848</b>	<b>873</b>	<b>1,152</b>	<b>303</b>	<b>7,177</b>
Income Tax Expense	(1,413)	(262)	(341)	(10)	(2,026)
<b>Profit After Income Tax Expense Attributable to members</b>	<b>3,435</b>	<b>611</b>	<b>811</b>	<b>293</b>	<b>5,151</b>
Other Comprehensive Income	1	-	-	-	1
<b>Total Comprehensive Income Attributable to members</b>	<b>3,436</b>	<b>611</b>	<b>811</b>	<b>293</b>	<b>5,152</b>

## 6.8 Material changes in OTW's financial position

Other than as disclosed in this Scheme Booklet or otherwise disclosed to ASX by OTW, the financial position of OTW has not materially changed since 30 June 2021 within the knowledge of the OTW Board, with 30 June 2021 representing the FY21 financial statements released to ASX on 19 August 2021.

OTW Shareholders can access OTW's FY21 annual report from ASX's website ([www.asx.com.au](http://www.asx.com.au)) or from OTW's website (<https://overthewire.com.au/investors/>).

## 6.9 Capital structure

As at the date of this Scheme Booklet, the capital structure of OTW is:

Type of security	Number on issue
Fully paid ordinary OTW Shares	59,625,680
Performance Rights	194,516

The Board must take all steps in accordance with the plan rules governing the Over the Wire Performance Rights to give notice to the holders of the Performance Rights, before the Second Court Date, that the Performance Rights have become vested (on terms determined by the Board), and issue Over the Wire Shares to those holders by no later than the Record Date.

Under the terms of OTW's Performance Rights Plan, the OTW Board has discretion to determine the treatment of any unvested Performance Rights.

In accordance with the terms of OTW's Performance Rights Plan, the OTW Board has exercised its discretion and determined that, subject to the Scheme becoming Effective, all outstanding Performance Rights will vest and OTW Shares be issued in respect of those Performance Rights prior to the Record Date. OTW Shares issued to the former holders of Performance Rights will be acquired by Aussie Broadband on the Implementation Date as part of the Scheme.

Each holder of Performance Rights will be able to make an Election and receive Scheme Consideration in respect of the OTW Shares they will receive on conversion of their Performance Rights.

## 6.10 Share price history

The last trading day before OTW's announcement that it had received a proposal from ABB was 21 October 2021, on which day the OTW closing share price was \$5.00.

Over the three months to 21 October 2021, the highest daily closing price of OTW shares was \$5.02 and the lowest daily closing price of OTW shares was \$4.15.

The last trading day before OTW announced entry into an Implementation Deed with ABB, was 1 December 2021. The closing OTW share price on that date was \$5.40.

From the date after the announcement of the Scheme to the date of this Scheme Booklet, OTW shares closed between \$5.31 - \$5.69.

Over the three months to the date of this Scheme Booklet, the highest daily closing price of OTW shares was \$5.69 and the lowest daily closing price of OTW shares was \$5.00.

**Figure 6.1 – OTW closing share price from IPO to the date of announcement of entry into Implementation Deed**



The current OTW share price can be viewed on the ASX website, [www.asx.com.au](http://www.asx.com.au).

## 6.11 Substantial OTW Shareholders

As at the date of this Scheme booklet, the substantial OTW Shareholders that had notified the ASX of their holdings are:

Name	Shareholding	% Holding
Michael Omeros (including Related Entities and indirect holdings)	13,031,195	21.86%

Brent Paddon (including Related Entities and indirect holdings)	11,500,000	19.29%
Credit Suisse Holdings (Australia) Limited (on behalf of Credit Suisse Group AG and its affiliates)	4,086,953	6.85%
Regal Funds Management	3,608,724	6.05%

#### 6.12 OTW's Directors' voting intentions

Each OTW Director intends to vote, or procure the voting of, any Over the Wire Shares owned or Controlled by them in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of OTW Shareholders.

The interests of OTW Directors (including their ongoing involvement with OTW) are set out in Section 11.1 of this Scheme Booklet.

#### 6.13 OTW Director's intentions for the business

Subject to the Scheme becoming Effective, on the Implementation Date, the OTW Board will be reconstituted so that it consists of ABB's nominees. It will be for the reconstituted OTW Board to determine its intentions regarding:

- (a) the continuation of the business of OTW or how OTW's existing business will be conducted;
- (b) major changes, if any, to be made to the business of OTW; or
- (c) any future employment of the present employees of OTW.

If the Scheme is not implemented, the current intention of the OTW Board is to continue to operate OTW as business as usual.

#### 6.14 Publicly available information

OTW is a listed disclosing entity for the purpose of the Corporations Act and as such is subject to regular reporting and disclosure obligations. As a company listed on the ASX, OTW is subject to the Listing Rules, which require (subject to some exceptions) continuous disclosure of any information that OTW has that a reasonable person would expect to have a material effect on the price or value of OTW shares.

This disclosure includes preparing and lodging with ASX and ASIC both half year and annual reports and financial statements, and announcing price sensitive information immediately after it becomes aware of the information (subject to certain exceptions for confidential information).

ASX maintains files containing publicly disclosed information about all entities listed on the ASX. Information disclosed to the ASX by OTW is available on the ASX website ([www.asx.com.au](http://www.asx.com.au)).

Additionally, ASIC maintains a record of documents OTW has lodged with it, which may be obtained or inspected at any office of ASIC.

OTW's announcements to ASX after the lodgement of its FY21 results to the date of this Scheme Booklet are listed below.

Date	Announcement
1 October 2021	Update – Dividend/Distribution – OTW

Date	Announcement
5 October 2021	Company Secretary Appointment/Resignation
19 October 2021	Application for quotation of securities - OTW
22 October 2021	Trading Halt
22 October 2021	ABB: Response to press speculation
22 October 2021	Receipt of Proposal from Aussie Broadband
27 October 2021	Annual Report to Shareholders
27 October 2021	Notice of Annual General Meeting
27 October 2021	Annual General Meeting Proxy Form
27 October 2021	Appendix 4G
2 November 2021	Change of Director's Interest Notice – M Omeros (DRP)
26 November 2021	Appendix 4G – Reissued in current ASX template
26 November 2021	Managing Director's Address to AGM
26 November 2021	AGM – Results of Meeting
2 December 2021	OTW & ABB sign Scheme Implementation Deed
2 December 2021	ABB: ABB & OTW sign Scheme Implementation Deed
2 December 2021	ABB: OTW Acquisition Presentation
3 December 2021	S&P DJI Announces December 2021 Quarterly Rebalance
6 December 2021	Becoming a substantial holder
10 December 2021	Change in substantial holding
17 December 2021	Change in substantial holding
21 December 2021	Becoming a substantial holder
23 December 2021	Change in substantial holding
24 December 2021	Change in substantial holding
24 December 2021	Application for quotation of securities – OTW
12 January 2022	Ceasing to be a substantial holder
19 January 2022	Change in substantial holding

Other announcements to ASX from OTW can be found on the OTW website at [www.overthewire.com.au/investors/](http://www.overthewire.com.au/investors/).

## 7. Overview of Aussie Broadband

### 7.1 Responsibility for information

The information set out in this Section was prepared by Aussie Broadband and Aussie Broadband is responsible for the information contained in this Section.

### 7.2 Overview

Aussie Broadband is an Australian owned and operated telecommunications company and is Australia's fifth largest provider of NBN services with approximately 396,328 residential services, 39,993 business services and 9,459 white label and wholesale services as at 30 September 2021.

Aussie Broadband is a retail service provider and it considers its innovation and customer service to be key differentiators, and its people to be its greatest asset. Aussie Broadband is focused on retaining and strengthening a family-feel culture, driven by its core values summarised in Section 7.7.

Aussie Broadband was listed on the ASX in October 2020, with the issue of approximately 40.5 million new shares at \$1.00 per share and a market capitalisation of approximately \$190.5 million. Aussie Broadband's market capitalisation was approximately \$1,025.2 million as at the Last Practicable Date.<sup>8</sup>

### 7.3 Corporate history

Aussie Broadband was founded in 2008 after the strategic merger of two smaller regional internet providers, Wideband Networks in the Latrobe Valley, and Westvic Broadband in Warrnambool, Victoria. Aussie Broadband maintains its head office in Morwell in the Latrobe Valley.

Both Wideband Networks and Westvic Broadband began operations in 2003, and after working together on projects decided to merge under the name "Aussie Broadband". Most of the founders of the predecessor businesses continue to have an interest in Aussie Broadband as significant shareholders, board members and/or executives.

In 2016, Aussie Broadband turned its focus to the rollout of the NBN. At this time Aussie Broadband commissioned a national backbone from third party providers that was rolled out over a period of 12 months. Aussie Broadband elected to adopt an infrastructure leasing model rather than reselling a larger carrier's retail product. Aussie Broadband considers control of its own network and control over the customer experience to be critical to its success.

In 2018, Aussie Broadband partnered with Symbio and Fetch TV to add mobile and entertainment products respectively to its product offering. In 2020, it launched its Carbon Portal for larger business customers and managed service providers. In 2021, Aussie Broadband switched mobile partners launching a new offering under a mobile virtual network operator agreement with Optus.

The table below summarises Aussie Broadband's notable historical milestones.

2003	<ul style="list-style-type: none"><li>Phillip Britt and John Reisinger founded Wideband Networks in the Latrobe Valley, Victoria, with a view to provide high quality wireless internet to rural and regional areas often neglected by other providers.</li><li>Westvic Broadband was founded in Warrnambool, Victoria by Ian Watson, Patrick Greene, David Swan and others. Westvic</li></ul>
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<sup>8</sup> Based on Aussie Broadband shares on issue of 223,831,951.

	Broadband focussed on providing wireless services to western Victoria.
2006	<ul style="list-style-type: none"> <li>Westvic Broadband and Wideband Networks started selling satellite as well as wireless services. Westvic Broadband branded their satellite services 'Aussie Broadband'.</li> <li>Rolled out Digital Subscriber Line Access Multiplexer (DSLAM) services to provide customers with Asymmetric Digital Subscriber Line (ADSL) and Naked DSL services.</li> </ul>
2008	<ul style="list-style-type: none"> <li>Wideband Networks merged with Westvic Broadband to form Aussie Broadband Pty Ltd, to focus on providing high quality internet services to rural and regional areas.</li> </ul>
2010	<ul style="list-style-type: none"> <li>Sold its satellite customer base to Skymesh.</li> </ul>
2013	<ul style="list-style-type: none"> <li>Established its first direct connections to NBN POIs in regional Victoria and subsequently connected its first customers to the NBN.</li> </ul>
2015	<ul style="list-style-type: none"> <li>Began selling the NBN product nationally through a wholesale agreement with a major Australian telecommunications carrier in areas where it did not have a direct connection to an NBN POI.</li> </ul>
2016	<ul style="list-style-type: none"> <li>Commissioned its own national backhaul to all 121 NBN POIs across Australia and became the only telecommunications company other than the four largest Australian carriers at the time to do so.</li> </ul>
2018	<ul style="list-style-type: none"> <li>Became the first national internet service provider to publish daily bandwidth graphs.</li> <li>Launched custom built plans and partnerships with Fetch TV for entertainment services and Symbio for mobile SIMs using the Telstra wholesale network.</li> </ul>
2019	<ul style="list-style-type: none"> <li>Passed the 100,000th customer milestone.</li> <li>Launched its MyAussie App and portal for customer service.</li> <li>Expanded to a second major operating location in Lynbrook in Melbourne's south east.</li> <li>Managing Director, Phillip Britt, was inducted into the telecommunications industry's Edison Awards Hall of Fame.</li> </ul>
2020	<ul style="list-style-type: none"> <li>Recorded over 250,000 customers as at June 2020.</li> <li>Began the rollout of a Company-owned fibre infrastructure project.</li> <li>Launched its Carbon Portal for large business and managed service providers.</li> <li>Listed on the Australian Securities Exchange (October 2020).</li> </ul>
2021	<ul style="list-style-type: none"> <li>Reached over 385,000 customers as at June 2021.</li> <li>Achieved revenue of \$350.3 million for the financial year, up 84% on prior corresponding period (pcp) and 3.6% ahead of prospectus forecast.</li> <li>Raised \$129.6 million net of fees via an institutional placement and share purchase plan.</li> <li>Completed the build of the fibre network to 41 sites in September 2021.</li> <li>Migrated its mobile customer base from the Telstra network (via Symbio) to a direct agreement with Optus.</li> </ul>



	<ul style="list-style-type: none"> <li>▪ Signed a white label agreement with Origin Energy to provide broadband connectivity to the partners' customers. First customers serviced in July 2021.</li> <li>▪ Announced the proposed acquisition of Over the Wire in October 2021.</li> </ul>
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#### 7.4 Aussie Broadband strategy

Aussie Broadband's main strategic imperative is to be a disruptor in the telecommunications industry and to deliver business growth for its shareholders. Its strategy focuses on the following key pillars:

- strongly grow its market share by leveraging its evident customer loyalty to deliver new products and by investing in customer acquisition;
- to challenge larger telecommunication companies by delivering an exceptional customer experience and innovative products. Aussie Broadband is wholly committed to maintaining and improving its industry-leading customer experience through systems, processes and customer communications;
- invest in its own network infrastructure to enhance the customer experience while improving financial margins; and
- maintain a thriving workplace culture.

In addition to the organic growth plans for increasing market share and enhancement of the Aussie Broadband infrastructure, is the inorganic growth through merger and acquisition opportunities within the business. The continuing pursuit of acquisition opportunities is designed to achieve the following objectives:

- build capability to our people, processes and networks;
- add scale and consequently improve operating efficacy; and
- further diversification of revenues into adjacent verticals resulting in a sustainable profile of earnings.

#### 7.5 Aussie Broadband's business model

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

In support of this activity the Aussie Broadband Group has commenced the rollout of its own fibre optic network to 86 NBN POIs and 21 data centres. This network will enable a reduced reliance on third-party providers for backhaul services and facilitate the provision of direct broadband services to business customers.

##### (a) Broadband services

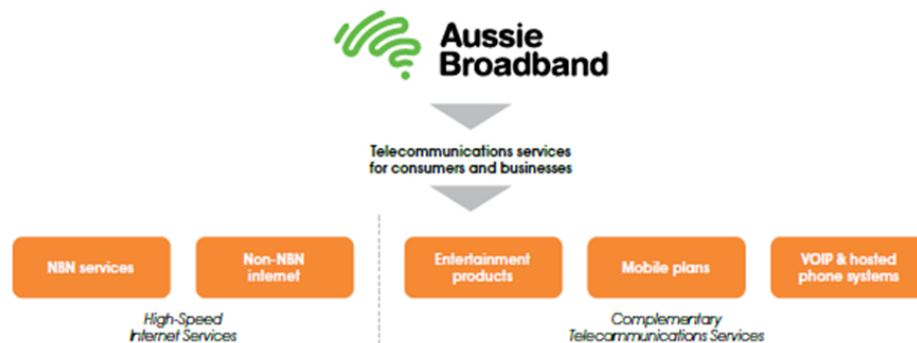
Aussie Broadband provides NBN and Opticomm broadband subscription plans and bundles to residential homes, small businesses, not-for-profits, corporate and enterprise customers and managed service providers. It services all states and territories in Australia and accesses the NBN using all of the connection technologies other than satellite.

##### (b) Other telecommunications services

Besides broadband services, Aussie Broadband offers a range of other telecommunications services including VOIP, mobile plans and devices and entertainment bundles through its partnership with Fetch TV.

In addition, Aussie Broadband offers businesses a range of services and solutions including multi-handset phone systems, voice connectivity, security, redundancy, and private networks. It also provides tailored support packages which include 24x7 enterprise support, uptime guarantees and NBN enhanced service level guarantees.

Figure: Aussie Broadband product verticals



### (c) Network and backhaul fibre

Aussie Broadband is directly connected to all 121 NBN POIs across Australia. It deploys Cisco hardware to run its NBN network and has purchased capacity on both legs of the Southern Cross cable, the Telstra Endeavour cable and Hawaiki cable system to the United States. Capacity has also been purchased on the Vocus Australia Singapore Cable (ASC) and Indigo West, providing multiple paths to Singapore.

Aussie Broadband maintains over 40 direct peering links with significant content providers including Netflix, Facebook, Fetch TV, Google, Apple, Akamai, Microsoft and Amazon, as well as connecting to multi-lateral peering exchanges including IX Australia, Megaport, EdgelX and the Equinix Internet Exchange.

## 7.6 Growth and development opportunities

Aussie Broadband's strategy remains focused on changing the telco game and continuing to expand its reach through growing its market share both through directly sourced customers and strategic white label partnerships. While white label focuses largely on the residential segment, the Aussie Broadband Group will continue to seek ways to enhance its business offering through a broader and deeper product set as well as leveraging the automation and speed to connect benefits that its Carbon Portal offers.

Additional focus will be placed on growing share in the business segment with additional products being added to the Carbon Portal over the coming months. The Aussie Broadband Group will also increase its business sales and support teams to enable further growth in this area and will continue to expand its systems to support these teams.

While the focus will continue to be on organic growth, the Aussie Broadband Group will undertake both 'bolt-on' and transformative acquisitions as they present themselves. Such opportunities will only be pursued where it is believed that they will deliver superior value to shareholders.

As a result of the VicTrack partnership, Aussie Broadband has increased the number of NBN Points of Interconnect to the Aussie fibre network to 86. In addition to the POI sites, which can then be serviced through its own fibre network.

Operationally, the fibre network remains on track to be completed within FY22 which will yield EBITDA margin benefits as the Aussie Broadband Group exits supplier contracts to provide backhaul support, which can then be serviced through its own fibre network.

The combination of these initiatives is aimed at meeting the Aussie Broadband Group's aspirational target of achieving one million customers. While this will likely take a number of years, no specific timeline has been targeted for this milestone and none of our goals can be achieved without the consideration of material risks to this strategy.

The company has a multi-channel approach to acquiring business customers, these being:

- **Call Centre:** Volume based sales channel that provides solutions for single site and non-complex multi-site businesses. Inbound and outbound lead generation for relationship sales team.
- **Relationship:** Business development managers and solutions engineers who build packages for multi-site businesses and create custom solutions.
- **Partnership:** Through the Carbon Portal, partner with managed service providers who are the trusted advisors of business and who can develop more complex solutions.
- **Tender:** Dedicated tender team (writers and solution engineering) that ensure we are on all government panels and respond to both public and private tenders/requests for pricing in market.

## 7.7 Aussie Broadband's operations

Aussie Broadband is managed by a senior leadership team with diverse experience across many industries. Its senior employees are hired based on shared corporate cultural values and commitment to Aussie Broadband's strategic direction, which includes a focus on customer service and a desire to create an alternative offering to the large incumbent Australian telecommunication carriers.

Aussie Broadband grew its workforce from 450 in June 2020 to 568 as of June 2021. It believes that by increasing employee satisfaction, it will be able to encourage its staff to provide higher levels of customer service, in turn leading to better outcomes for the business and shareholders. In 2020, Aussie Broadband became a Certified Great Place to Work and over the past four years, employees have consistently scored Aussie Broadband at 90% or higher against the question "is this is a great place to work?".

Aussie Broadband's culture is driven by its values, which are instructional rather than descriptive, and empowers staff to exhibit those values in their everyday interactions with customers. Aussie Broadband's core values are summarised below.

Don't be ordinary, be awesome	We always strive to go above and beyond what's expected – even if it's just injecting an element of humour where appropriate, or spending the extra time to make sure our customers are happy.
Think BIG	If someone tells us something can't be done, that's when we do our best work. We do things differently and we question the status quo. Just because something has always been done that way, does it have to stay like that?

No bullsh*t	We don't bullsh*t our customers – we tell it to them straight, even though it may be news that they don't want to hear or we don't want to tell them. We don't sell them things that they don't need and we take ownership when we're in the wrong. We're human and it's OK to make mistakes, if we clean them up and don't repeat them.
Be good to people	Above all, this company is a family for both our staff and our customers. Family is important, whether you've just joined or whether you've been here 15 years. We treat each other with respect and we're good to people because it's the right thing to do, not because it's a selling point.
Have fun	At Aussie Broadband, we love a joke, we banter and we're playful with our customers where appropriate. Belly laughs happen a lot. We think that if you're not having fun, you're in the wrong job or with the wrong company.

## 7.8 Aussie Broadband Board and senior executives

This Section provides details of the Aussie Broadband Directors and senior executives of Aussie Broadband as at the date of this Scheme Booklet.

### (a) Directors

#### **Adrian Fitzpatrick – BCom, FCA**

*Non-Executive Chair*

Adrian has extensive operational, financial management and strategic experience from a career that has spanned over 30 years. He has held senior leadership and management positions with Pitcher Partners, where he was one of the firm's founding partners. Adrian is a non-executive director of ARB Corporation Limited (ASX:ARB) and is a former director of RXP Services Limited (ASX:RXP) and the Accident Compensation Conciliation Service and holds one not-for-profit board position. He was appointed to the Aussie Broadband Board as Chair in July 2020.

#### **Phillip Britt**

*Executive Director and Managing Director*

Phillip is a highly experienced executive entrepreneurial innovator with 24 years in the telecommunications industry. He co-founded Wideband Networks in 2003 and became Managing Director when it merged with Westvic Broadband in 2008 under the name Aussie Broadband. He has served on the Board of Directors of Aussie Broadband since the merger and is also a director of Communications Alliance Limited. Phillip is a graduate of the JMW Leader of the Future program, has held voluntary leadership roles at a state and national level, was awarded the ACOMMS Communications Ambassador in 2020 and is an inductee into the telco industry Edison Awards Hall of Fame.

#### **John Reisinger – BComp**

*Executive Director and Chief Technology Officer (CTO)*

John has worked in the telco industry since 2001. He was a co-founder of Wideband Networks and has held the role of Chief Technology Officer at Aussie Broadband since 2008, also serving on the Aussie Broadband Board as a director since that time. He holds a Bachelor of Computing from Monash University and is a graduate of the JMW Leader of the Future program.

**Patrick Greene**

*Non-Executive Director*

Patrick has owned retail businesses since 1987 and has extensive sales, marketing, financial and management experience. He has won Franchisee of the Year Awards at a state and national level. Patrick was a co-founder of Westvic Broadband before it merged with Wideband Networks in 2008 and joined the Aussie Broadband Board as a non-executive director in 2017.

**Richard Dammary – BA, LLB, MBA, PhD, FAICD**

*Non-Executive Director*

Richard is an experienced director, currently serving on the boards of Australia Post, WiseTech Global Limited, Doctor Care Anywhere PLC, Nexus Day Hospitals Pty Ltd, and Creative Partnerships Australia. Richard was formerly a director of Quantum Group Holdings Pty Limited and Australian Leisure and Hospitality Group (now part of Endeavour Group Ltd). He is also an Adjunct Professor at Monash University where he teaches corporate governance in the business school. Richard has held senior leadership roles in a range of major Australian and New Zealand companies, most recently with Woolworths Group. His telco experience includes roles at Telstra, Telecom New Zealand and AAPT, and he has also served as a partner of major law firm Minter Ellison where he advised NBN, SingTel, Optus, M2 Telecommunications, and the Commonwealth Government Department of Communications. Richard joined the Aussie Broadband Board as a non-executive director in 2020.

**Vicky Papachristos – BE, MBRA, MAICD**

*Non-Executive Director*

Vicky is an experienced company director, executive and marketing and business development consultant with over 30 years' experience. She has worked in both Australia and the United States, across private, public/ASX, government, not-for-profit/mutual organisations and start-ups. She holds professional directorships with Big River Industries Limited, GMHBA Private Health Insurance, Scale Investors Limited and Camp Quality Revenue Committee. Vicky joined the Aussie Broadband Board as a non-executive director in 2020.

(b) **Senior executives**

**Phillip Britt**

Executive Director and Managing Director

Refer to Section 7.8(a) above for a summary of Phillip's qualifications and experience.

**John Reisinger – BComp**

Executive Director and Chief Technology Officer (CTO)

Refer to Section 7.8(a) above for a summary of John's qualifications and experience.

**Aaron O'Keeffe**

General Manager, Sales

Aaron worked as an IT professional for 10 years before shifting into telecommunications sales. He joined Aussie Broadband as a Business Development Manager in 2008, was promoted to National Sales Manager of Aussie Broadband's business division in 2014 and then to General Manager of Sales in 2017. Aaron brings his deep technical knowledge to the role and an ability to cut across all sales channels. He is responsible for securing some of Aussie Broadband's largest customers. Aaron is a graduate of the JMW Leader of the Future and Being a Leader programs.

**Brian Maher – BA, CA, GradDip ACG, FGIA, FCIS**

Company Secretary and Chief Financial Officer

Brian joined Aussie Broadband in 2019 as CFO and Company Secretary. He has worked in finance roles since 1990 across a range of industries including audit, industrial services, waste management, financial services and comparison sites. His experience includes time as CFO at AHM and LocalAgentFinder, the founding CFO of health.com.au and Insurance Box Pty Ltd, and as CEO of health.com.au. Brian is a Chartered Accountant and Chartered Secretary and holds a Bachelor of Arts from the University of Nottingham, and a Graduate Diploma of Applied Corporate Governance from the Governance Institute of Australia.

**Matthew Kusi-Appauh – BCom**

Chief Strategy Officer

Matthew worked as a professional in the university sector before joining Aussie Broadband in 2016 to establish its marketing and strategy functions. He became General Manager, Marketing and Corporate Strategy in 2018. Following his appointment in 2021, Matthew now leads Aussie Broadband's approach to strategy and brings an energetic focus to its product development initiatives as well as Aussie Broadband's business intelligence and marketing programs. He holds a Bachelor of Commerce from the University of Wollongong and is a graduate of the JMW Leader of the Future program.

**Janet Granger-Wilcox – MA, AdvCert IAP2**

General Manager, Corporate Affairs

Janet worked as a journalist for 12 years before moving into communication management, holding roles in the agriculture, disability and water sectors. She joined Aussie Broadband as Communications and PR Manager in 2016 and became General Manager, Corporate Affairs in 2018. Janet leads Aussie Broadband's strong focus on culture, its non-traditional approach to inclusion and diversity, its programs to impact communities, and its plain English approach to public relations and communications. She holds a Master of Arts (Communication Management) from the University of Technology Sydney and is a graduate of the JMW Leader of the Future program.

**Kevin Salerno**

General Manager, Customer Service

Kevin has extensive experience across the construction, mining and agricultural industries in a range of IT management and administration positions. He joined Aussie Broadband in 2014 to lead its technical support operations and became General Manager Customer Service in 2018. Kevin's detailed and practical approach to customer experience influences all parts of the business in support of residential, small business and corporate/enterprise customers. His IT engineering qualifications include ITIL and Microsoft System Engineer certifications.

**Leigh Markham – BComp**

General Manager, Service Delivery

Leigh has worked in the IT and telecommunications industry since 2003. He worked for Wideband Networks as a project manager from 2005-06 and joined again in 2011 to manage service delivery. Leigh became General Manager, Service Delivery in 2018. Leigh leads Aussie Broadband's pre-sales engineering procedures and ensures Aussie Broadband's complex projects are delivered on time and on budget. He has a Bachelor of Computing from Monash University, is ITIL certified and trained, and is a graduate of the JMW Leader of the Future program.

## 7.9 Capital structure

The capital structure of Aussie Broadband at the date of this Scheme Booklet is set out below:

Aussie Broadband security	Number on issue
Aussie Broadband Shares	223,831,951
Aussie Broadband Options <sup>1</sup>	3,050,616
Aussie Broadband Share Rights	Nil

### Notes:

1. Refer to Section 7.14 for details of the vesting conditions.

## 7.10 Share price history

Aussie Broadband Shares are listed on the ASX under the code 'ABB'.

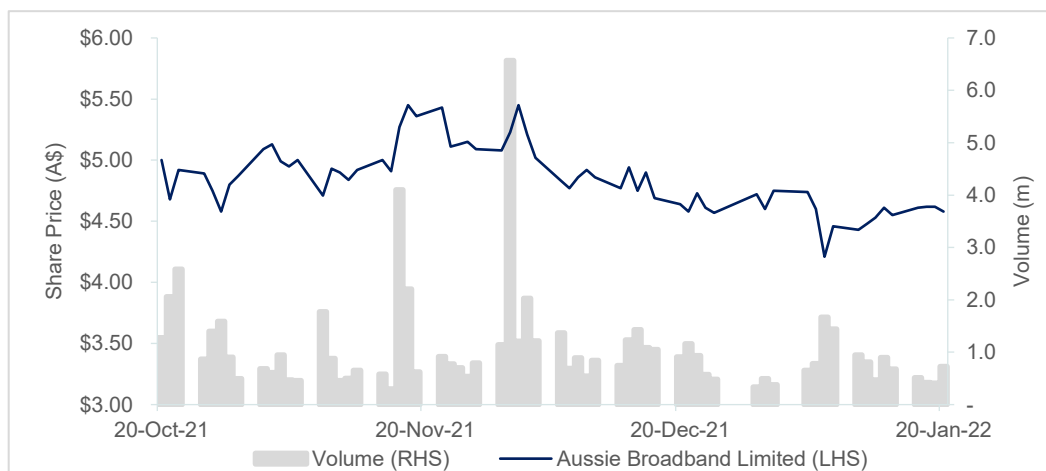
The closing price of Aussie Broadband Shares on the ASX on 1 December 2021, being the last trading day prior to the announcement of entry into the Implementation Deed, was \$5.45.

The closing price of Aussie Broadband Shares on the ASX on 21 October 2021, being the last trading day prior to Over the Wire's announcement on 22 October 2021 regarding the receipt of Aussie Broadband's proposal in relation to the Scheme, was \$4.68.

The closing price of Aussie Broadband Shares on the ASX on the Last Practicable Date was \$4.58. During the three months ending on the Last Practicable Date:

- (a) the highest recorded daily closing price for Aussie Broadband Shares on the ASX was \$5.45 on 1 December 2021; and
- (b) the lowest recorded daily closing price for Aussie Broadband Shares on the ASX was \$4.21 on 6 January 2022.

The diagram below shows the Aussie Broadband Share price performance over the three months to the Last Practicable Date.



## 7.11 Dividend policy

As at the date of this Scheme Booklet, Aussie Broadband does not have a formal dividend policy.

The Aussie Broadband Directors have no current intention to pay dividends on Aussie Broadband Shares, as it is their intention to reinvest all cash flow into the business and on Aussie Broadband's capital expenditure projects, in order to maximise its growth.

## 7.12 Substantial Aussie Broadband Shareholders

As at the Last Practicable Date, the substantial shareholders (5% or more) of Aussie Broadband Shares that had notified the ASX of their holdings are as follows:

Substantial shareholder	Number of Aussie Broadband Shares held	Voting power
Digital Interworks Pty Ltd (Phillip Britt)	17,946,809	8.20%
Intertubes Pty Ltd (John Reisinger)	17,946,809	8.20%
Challenger Limited and its associated entities	13,450,351	6.01%
Lennox Capital Partners Pty Ltd	13,450,351	6.01%
Panama Trial Pty Ltd (Patrick Greene)	12,148,342	5.55%
Bennelong Funds Management Group Pty Ltd and its affiliates	11,902,242	5.44%

## 7.13 Aussie Broadband Directors' interests in Aussie Broadband and Over the Wire securities

### (a) Interests in Aussie Broadband securities

As at the date of this Scheme Booklet, the interests of the Aussie Broadband Directors in Aussie Broadband securities are set out in the table below:

Director	Aussie Broadband Shares	Aussie Broadband Options
Adrian Fitzpatrick	65,000	-
Phillip Britt	17,946,809	698,228
John Reisinger	17,946,809	189,642
Patrick Greene	12,148,342	-
Richard Dammary	60,000	-
Vicky Papachristos	50,000	-

Aussie Broadband will notify ASX of any change in the interests of Aussie Broadband Directors after the date of this Scheme Booklet. As at the date of this Scheme Booklet, Aussie Broadband is not aware of any proposed change in the interests of Aussie Broadband Directors in Aussie Broadband Shares other than a proposed sell down by each of Phillip Britt, John Reisinger and Patrick Greene of Aussie Broadband Shares up to a total of approximately 2 million shares each for the purpose of funding personal tax liabilities which may occur prior to the implementation of the Scheme.



**(b) Interests in Over the Wire Shares**

As at the date of this Scheme Booklet, no Aussie Broadband Director has a Relevant Interest in any Over the Wire Shares.

As outlined in Section 8.5(c) below, if the Scheme is implemented, Michael Omeros, current Managing Director and Group CEO of Over the Wire, will join the Aussie Broadband Board upon implementation. Michael's Relevant Interest in Over the Wire Shares is set out in Section 11.1.

**(c) Disclosure of interests**

Except as otherwise provided in this Scheme Booklet, no:

- (i) Aussie Broadband Director or proposed director of Aussie Broadband;
- (ii) person named in this Scheme Booklet as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Scheme Booklet for or on behalf of Aussie Broadband; or
- (iii) promoter, stockbroker or underwriter of Aussie Broadband or the Combined Group, (together the Interested Persons) holds, or held at any time during the two years before the date of this Scheme Booklet any interests in:
  - (iv) the formation or promotion of Aussie Broadband or the Combined Group;
  - (v) property acquired or proposed to be acquired by Aussie Broadband in connection with the formation or promotion of Aussie Broadband or the Combined Group or the offer of Aussie Broadband Shares under the Scheme; or
  - (vi) the offer of Aussie Broadband Shares under the Scheme.

**(d) Disclosure of fees and other benefits**

Except as otherwise disclosed in this Scheme Booklet or pursuant to existing employment agreements, consulting arrangements or directorships, Aussie Broadband has not paid or agreed to pay any fees, or provided or agreed to provide any benefit:

- (i) to a director or proposed director of Aussie Broadband to induce them to become or qualify as a director of Aussie Broadband; or
- (ii) for services provided by any Interested Persons in connection with:
  - (A) the formation or promotion of Aussie Broadband or the Combined Group; or
  - (B) the offer of Aussie Broadband Shares under the Scheme.

**7.14 Aussie Broadband employee incentive plans**

The Aussie Broadband Board is responsible for defining Aussie Broadband's remuneration strategy and determining the structure and quantum of remuneration for senior executives to support and drive the achievement of Aussie Broadband's strategic objectives.

**(a) Short term incentive plan**

Under Aussie Broadband's short term incentive plan, senior executives may be eligible to receive an annual cash bonus equal to a percentage of their total fixed remuneration, subject to the achievement of a range of financial and non-financial key performance indicators which are

aligned to Aussie Broadband's strategic priorities and weighted in a manner determined by the Aussie Broadband Board.

(b) **Long term incentive plan**

Aussie Broadband's long term incentive plan (**LTI Plan**) has been designed to align long term executive reward with shareholders' interests.

Under the LTI Plan, Aussie Broadband Directors, senior executives and other key employees identified by the Aussie Broadband Board can be offered participation in the form of Aussie Broadband Options and/or performance rights (**Awards**). The vesting of those Awards will be subject to the satisfaction of any service-based conditions and/or performance hurdles attached to the Awards, as may be determined by the Aussie Broadband Board.

As at the date of this Scheme Booklet, Awards have been awarded in the form of Aussie Broadband Options to eligible participants with an exercise price indexed to the market price at the time of issue. The relevant Aussie Broadband Options vest after a 3-year period if the participants remain employed by Aussie Broadband (or one of its related entities) and are exercisable for a further period of up to 3 years.

The table below summarises the Aussie Broadband Options outstanding as at the date of this Scheme Booklet.

Expiry date	Vesting date	Exercise price	Number
30 June 2026	1 July 2023	\$1.00	1,911,937
30 June 2027	1 July 2024	\$2.85	1,138,679

(c) **Aussie Broadband Share Rights**

In July 2021, the Aussie Broadband Board approved establishing a Non-Executive Director's Fee Sacrifice Plan (**ABB NED Plan**) to further encourage and facilitate share ownership for Aussie Broadband's non-executive directors (**ABB NEDs**). The ABB NED Plan allows greater flexibility for ABB NEDs to sacrifice directors' fees and in return be allocated an equivalent value of Aussie Broadband Shares.

Under the terms of the ABB NED Plan, each ABB NED may voluntarily elect to sacrifice up to 100%, but no less than 20%, of the fees they are otherwise entitled to receive as non-executive directors into Aussie Broadband Share Rights which entitle the ABB NED to receive 1 Aussie Broadband Share for each Aussie Broadband Share Right.

The ABB NED Plan was approved by Aussie Broadband Shareholders at its 2021 Annual General Meeting.

As at the date of this Scheme Booklet, no Aussie Broadband Share Rights have been issued under the ABB NED Plan. However, Aussie Broadband expects to issue 21,946 Aussie Broadband Share Rights prior to implementation of the Scheme based on current elections made by certain ABB NEDs to sacrifice their fees for Aussie Broadband Share Rights.

For more information regarding the ABB NED Plan, please refer to Aussie Broadband's Notice of Annual General Meeting dated 28 September 2021 and available from the ASX website ([www.asx.com.au](http://www.asx.com.au)) or the Aussie Broadband website ([www.aussiebroadband.com.au/investor-centre/](http://www.aussiebroadband.com.au/investor-centre/)).

## 7.15 Funding of the Scheme Consideration

This Section outlines how Aussie Broadband intends to fund the Scheme Consideration. The Scheme is not subject to any financing condition precedent.

### (a) Cash Consideration

The Maximum Cash Consideration of approximately \$275.2 million will be funded from:

- (i) the proceeds of Aussie Broadband's recent institutional placement and share purchase plan of approximately \$129.6 million (net of fees), as announced to ASX on 8 September 2021;
- (ii) existing cash reserves in addition to the proceeds from its recent capital raise; and
- (iii) new debt facilities available of up to \$175.0 million, including a \$40.0 million bridging facility which may be drawn dependant on aggregate Elections of Over the Wire Shareholders.

### (b) Scrip Consideration

Aussie Broadband will issue a minimum of approximately 13.8 million and a maximum of approximately 39.6 million new Aussie Broadband Shares, with an implied value of approximately \$68.8 million and \$197.8 million respectively, based on an issue price of \$5.00 per Share.

## 7.16 Rights and liabilities attaching to Aussie Broadband Shares

The rights and liabilities attaching to new Aussie Broadband Shares which will be issued to Scheme Shareholders as Scheme Consideration will be the same as those attaching to existing Aussie Broadband Shares and will rank equally with all issued fully paid ordinary shares of Aussie Broadband from the date of their allotment. These rights and liabilities are detailed in the Aussie Broadband constitution and are subject to the Corporations Act and the Listing Rules.

The table below summarises some of the key rules in the Aussie Broadband constitution in relation to the rights and liabilities currently attaching to Aussie Broadband Shares. This summary does not purport to be exhaustive and must be read subject to the full text of the Aussie Broadband constitution. A copy of the Aussie Broadband constitution is available from the ASX website ([www.asx.com.au](http://www.asx.com.au)) or the Aussie Broadband website ([www.aussiebroadband.com.au/investor-centre/](http://www.aussiebroadband.com.au/investor-centre/)).

Over the Wire Shareholders should seek their own independent advice in relation to their rights and liabilities as potential holders of Aussie Broadband Shares in specific circumstances.

Item	Description
<b>Voting at a general meeting</b>	At a general meeting of Aussie Broadband, every Aussie Broadband Shareholder present in person or by proxy, representative or attorney has one vote on a show of hands and, on a poll, one vote for each Aussie Broadband Share held. In the case of an equality of votes on a resolution, the chairperson of the meeting does not have a casting vote and the resolution will be decided in the negative.
<b>Meetings of members</b>	Each Aussie Broadband Shareholder is entitled to receive notice of, attend and vote at general meetings of Aussie Broadband and to receive all notices, accounts and other documents required to be sent to Aussie Broadband Shareholders under the constitution,

Item	Description
	Corporations Act and Listing Rules. Aussie Broadband must give at least 28 days' written notice of a general meeting.
<b>Hybrid meetings</b>	<p>Aussie Broadband is permitted to hold hybrid meetings, being general meetings conducted from a physical location in combination with participation from other physical or virtual locations via electronic facilities. Aussie Broadband Directors may vary a notice of a hybrid meeting after it has been sent to Aussie Broadband Shareholders if Aussie Broadband Directors decide that it is impracticable or unreasonable to hold the hybrid meeting at the time and using the electronic facility stated in the notice of the hybrid meeting.</p> <p>The chairperson of the hybrid meeting must be satisfied that adequate facilities are available throughout the hybrid meeting to ensure that Aussie Broadband Shareholders attending by all means are able to participate in the business for which the hybrid meeting has been convened.</p> <p>Where a resolution is voted on at a hybrid meeting where Aussie Broadband Shareholders are participating electronically as well as at a physical meeting, the resolution will be decided by a poll.</p>
<b>Dividends</b>	The Aussie Broadband Board may pay any interim and final dividends that, in its judgement, the financial position of Aussie Broadband justifies. The Aussie Broadband Board may also pay any dividend required to be paid under the terms of issue of an Aussie Broadband Share, and fix a record date, for a dividend and the timing and method of payment.
<b>Transfer of Aussie Broadband Shares</b>	Subject to the constitution and to any restrictions attached to an Aussie Broadband Shareholder's shares, Aussie Broadband Shares may be transferred in accordance with the ASX Settlement Operating Rules, the Corporations Act and Listing Rules or by a written transfer in any usual form or in any other form approved by the Aussie Broadband Board and permitted by the relevant laws and ASX requirements. The Aussie Broadband Board may decline to register a transfer of Aussie Broadband Shares or apply a holding lock to prevent a transfer in accordance with the Corporations Act or the Listing Rules.
<b>Issue of further Aussie Broadband Shares</b>	The Aussie Broadband Board may, subject to the constitution, Corporations Act and the Listing Rules issue, allot or grant options for, or otherwise dispose of, shares in Aussie Broadband on such terms as the Aussie Broadband Board decides.
<b>Winding up</b>	If Aussie Broadband is wound up, then subject to the constitution, the Corporations Act and any rights or restrictions attached to any Aussie Broadband Shares or classes of shares, Aussie Broadband Shareholders will be entitled to a share in any surplus property of Aussie Broadband in proportion to the number of Aussie Broadband Shares held by them. If Aussie Broadband is wound up, the liquidator may, with the sanction of a special resolution, divide among the Aussie Broadband Shareholders the whole or part of Aussie Broadband's property and decide how the division is to be carried out as between Aussie Broadband Shareholders or different classes of shareholders.
<b>Non-marketable parcels</b>	In accordance with the Listing Rules, the Aussie Broadband Board may sell Aussie Broadband Shares that constitute less than a

Item	Description
	marketable parcel by following the procedures set out in the constitution. An unmarketable parcel of Aussie Broadband Shares is defined in the Listing Rules and is generally, a holding of Aussie Broadband Shares with a market value of less than \$500.
<b>Proportional takeover provisions</b>	The constitution contains provisions requiring Aussie Broadband Shareholder approval in relation to any proportional takeover bid. These provisions will cease to apply unless renewed by Aussie Broadband Shareholders passing a special resolution by the third anniversary of either the date those rules were adopted or the date those rules were last renewed.
<b>Variation of class rights</b>	<p>The procedure set out in the constitution must be followed for any variation of rights attached to the Aussie Broadband Shares. Under that section, and subject to the Corporations Act and the terms of issue of a class of shares, the rights attached to any class of shares may be varied:</p> <ul style="list-style-type: none"> <li>• with the consent in writing of the holders of 75% of the issued shares included in that class; or</li> <li>• by a special resolution passed at a separate meeting of the holders of those shares.</li> </ul>
<b>Directors – appointment and removal</b>	<p>Under the constitution, the Aussie Broadband Board is comprised of a minimum of three (3) directors and a maximum fixed by the Aussie Broadband Directors from time to time, but not exceeding ten (10) directors. Aussie Broadband Directors are elected or re-elected at annual general meetings of Aussie Broadband.</p> <p>No Aussie Broadband Director (excluding the managing director) may hold office without re-election beyond the third annual general meeting following the meeting at which the director was last elected or re-elected. The Aussie Broadband Board may also appoint any eligible person to be a director either to fill a casual vacancy on the Aussie Broadband Board or as an addition to the existing directors, who will then hold office until the conclusion of the next annual general meeting of Aussie Broadband following their appointment.</p>
<b>Amendment</b>	The constitution can only be amended by special resolution passed by at least three-quarters of Aussie Broadband Shareholders present (in person or by proxy) and entitled to vote on the resolution at a general meeting of Aussie Broadband.
<b>Ranking of Aussie Broadband Shares</b>	As at the date of this Scheme Booklet, all shares on issue in Aussie Broadband are of the same class and rank equally in all respects.
<b>Preference shares</b>	Aussie Broadband may issue preference shares with the rights attaching to preference shares as set out in the constitution, including preference shares that are subject to redemption or conversion to Aussie Broadband Shares. There are no preference shares on issue as at the date of this Scheme Booklet.
<b>Share buy-back</b>	Subject to the Corporations Act, the Listing Rules and ASX Settlement Operating Rules, Aussie Broadband may buy back Aussie Broadband Shares on terms and at times determined by the Aussie Broadband Board.
<b>Reduction of share capital</b>	Subject to the constitution, the Corporations Act and the Listing Rules, Aussie Broadband may make any reduction or alteration to its share capital in any way permissible by the Corporations Act.

Item	Description
<b>Dividend reinvestment plan</b>	The constitution permits the Aussie Broadband Directors to implement, on the terms and conditions they think fit, a dividend reinvestment plan under which any Aussie Broadband Shareholder or any class of Aussie Broadband Shareholders may elect that dividends payable by Aussie Broadband be reinvested by a subscription for Aussie Broadband Shares.

#### **7.17 Interests in Over the Wire Shares**

As at the date of this Scheme Booklet, neither Aussie Broadband nor any of its Associates has any Relevant Interest or voting power in any Over the Wire Shares or any class of securities of Over the Wire.

#### **7.18 Dealing in Over the Wire Shares in the previous four months**

Apart from Aussie Broadband's offer to acquire all Over the Wire Shares under the Scheme (as reflected in the Implementation Deed and Deed Poll), neither Aussie Broadband nor any of its Associates has provided, or agreed to provide, consideration for any Over the Wire Shares under any transaction or agreement during the period of four months before the date of this Scheme Booklet.

#### **7.19 No collateral benefits offered by Aussie Broadband in the last four months**

Other than as disclosed in this Scheme Booklet, during the four-month period before the date of this Scheme Booklet, neither Aussie Broadband, an Aussie Broadband Director or any Associate of Aussie Broadband gave, or offered to give or agreed to give a benefit to another person which was likely to induce the other person or an Associate of the other person to:

- (a) vote in favour of the Scheme; or
- (b) dispose of any Over the Wire Shares (as applicable),

which benefit was not offered to all Over the Wire Shareholders.

#### **7.20 Dealings of Aussie Broadband Directors in Over the Wire Shares**

No Aussie Broadband Director acquired or disposed of a Relevant Interest in any Over the Wire Shares in the four-month period ending on the Last Practicable Date.

#### **7.21 Benefits to Over the Wire officers**

Other than as disclosed in this Scheme Booklet, neither Aussie Broadband nor any of its Associates will be making any payment or giving any benefit to any current officers of Over the Wire as compensation for, or otherwise in connection with, their resignation from their respective offices if the Scheme is implemented.

#### **7.22 No other agreements or arrangements**

Other than as disclosed in this Scheme Booklet, there are no agreements or arrangements between, Aussie Broadband or its Associates and an Over the Wire Director in connection with, or conditional on the outcome of, the Scheme, other than in their capacity as an Over the Wire Shareholder.

## 7.23 Historical Financial Information

### (a) Basis of preparation

The historical financial information of the Aussie Broadband Group presented is in an abbreviated form and does not contain all the disclosures, presentation, statements, notes or comparatives that are usually provided in an annual report prepared in accordance with the Corporations Act, Australian Accounting Standards and other mandatory professional reporting requirements.

Aussie Broadband considers that for the purposes of this Scheme Booklet the historical financial information presented in an abbreviated form is more meaningful to Over the Wire Shareholders.

The consolidated financial statements are general purpose financial statements, which have been prepared in accordance with the requirements of the Corporations Act, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (**AASB**).

These consolidated financial statements also comply with the International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board (**IASB**).

The consolidated financial statements have been prepared on a historical cost basis.

The consolidated financial statements provide comparative information in respect of the previous period.

### (b) Consolidated historical income statements

<b>AUD \$'000</b>	<b>ABB Statutory Financials FY20</b>	<b>ABB Statutory Financials FY21</b>
Revenue	190,493	350,270
Network and hardware expenses	(145,700)	(251,996)
Employee expenses	(22,869)	(41,334)
Marketing expenses	(11,216)	(26,294)
Administration and other expenses	(7,270)	(11,616)
<b>EBITDA before IPO expenses and fair value adjustments</b>	<b>3,438</b>	<b>19,030</b>
IPO expenses	(374)	(1,187)
Depreciation and amortisation	(5,503)	(7,560)
Interest expenses	(6,984)	(2,257)
Interest income	102	93
Change in fair value of derivative	(2,978)	(12,273)
<b>Profit/(loss) before income tax expense</b>	<b>(12,299)</b>	<b>(4,154)</b>

### (c) Consolidated balance sheet

<b>AUD \$'000</b>	<b>ABB Statutory Financials FY20</b>	<b>ABB Statutory Financials FY21</b>
Cash and cash equivalents	21,435	57,010
Trade and other receivables	11,389	16,948
Inventories	1,692	5,500

<b>AUD \$'000</b>	<b>ABB Statutory Financials FY20</b>	<b>ABB Statutory Financials FY21</b>
Financial assets	1,947	15
Prepayments	590	2,017
<b>Total current assets</b>	<b>37,053</b>	<b>81,490</b>
Property, plant and equipment	5,408	17,393
Right-of-use assets	12,385	12,275
Intangibles	2,458	3,993
Deferred tax	-	1,080
Financial assets	228	682
<b>Total non-current assets</b>	<b>20,479</b>	<b>35,423</b>
<b>Total assets</b>	<b>57,532</b>	<b>116,913</b>
Trade and other payables	16,115	26,799
Contract liabilities	10,764	15,769
Current tax liabilities	-	654
Borrowings	27,238	-
Derivative	10,384	-
Lease liabilities	4,009	5,489
Employee benefits	1,970	3,232
<b>Total current liabilities</b>	<b>70,480</b>	<b>51,943</b>
Lease liabilities	7,541	5,075
Employee benefits	234	348
<b>Total non-current liabilities</b>	<b>7,775</b>	<b>5,423</b>
<b>Total liabilities</b>	<b>78,255</b>	<b>57,366</b>
<b>Net assets/(liabilities)</b>	<b>(20,723)</b>	<b>59,547</b>
Issued capital	10,632	95,088
Reserves	-	308
Accumulated losses	(31,355)	(35,849)
<b>Total surplus/(deficiency) in equity</b>	<b>(20,723)</b>	<b>59,547</b>

(c) **Consolidated cash flow statement**

<b>AUD \$'000</b>	<b>ABB Statutory Financials FY20</b>	<b>ABB Statutory Financials FY21</b>
Receipts from customers	209,303	384,736



AUD \$'000	ABB Statutory Financials FY20	ABB Statutory FinancialsFY21
Payments to suppliers and employees	(201,231)	(359,244)
Interest received	102	93
Interest and other finance costs paid	(1,277)	(302)
<b>Net cash from operating activities</b>	<b>6,897</b>	<b>25,283</b>
Cash flows from investing activities		
Payments for property, plant and equipment	(3,899)	(14,993)
Payments for intangibles	(1,529)	(2,140)
Proceeds from disposal of property, plant and equipment	63	1
<b>Net cash used in investing activities</b>	<b>(5,365)</b>	<b>(17,132)</b>
Equity proceeds (net of costs)	0	37,438
Payment of lease liabilities	(3,898)	(5,992)
Repayment of borrowings	0	(5,500)
Drawdown of debt facility	23,436	0
Net recovery of security deposits	(125)	1,478
<b>Net cash from financing activities</b>	<b>19,413</b>	<b>27,424</b>
Net increase in cash and cash equivalents	20,945	35,575
Cash and cash equivalents at the beginning of the financial year	490	21,435
<b>Cash and cash equivalents at the end of the financial year</b>	<b>21,435</b>	<b>57,010</b>

#### 7.24 Material changes in Aussie Broadband's financial position

To the knowledge of Aussie Broadband Directors, there have been no material changes to the financial position of Aussie Broadband since the financial report for the year ending 30 June 2021, other than:

- (a) as publicly disclosed on Aussie Broadband's ASX profile located on the ASX website at [www.asx.com.au](http://www.asx.com.au) or in this Scheme Booklet, including the \$129.6 million (net of fees) capital raising undertaken via an institutional placement and share purchase plan announced to ASX in September 2021;
- (b) as a result of the accumulation of profits in the ordinary course of trading since 30 June 2021 and ordinary course capital expenditure in particular in relation to Aussie Broadband's fibre project roll out; and
- (c) as a result of generally known market conditions.

## 7.25 Publicly available information

Aussie Broadband is a disclosing entity for the purposes of the Corporations Act and as such it is subject to regular reporting and disclosure obligations. As a company listed on ASX, Aussie Broadband is also subject to the Listing Rules which require continuous disclosure (with some exceptions) of any information which a reasonable person would expect to have a material effect on the price or value of Aussie Broadband Shares. In addition, Aussie Broadband is required to maintain periodic disclosure (including yearly and half-yearly financial statements) with ASIC in accordance with the Corporations Act and the ASX in accordance with the Listing Rules.

The information disclosed to the ASX is available free of charge from the ASX website ([www.asx.com.au](http://www.asx.com.au)) as well as the Aussie Broadband website ([www.aussiebroadband.com.au/investor-centre/](http://www.aussiebroadband.com.au/investor-centre/)). Copies of the documents lodged with ASIC by Aussie Broadband may be obtained from or inspected at any ASIC office.

On request to Aussie Broadband and free of charge, Over the Wire Shareholders may obtain a copy of:

- (a) the Annual Financial Report of Aussie Broadband for the year ended 30 June 2021 (being the Annual Financial Report most recently lodged with ASIC before lodgement of this Scheme Booklet with ASIC); and
- (b) any continuous disclosure notice given to ASX by Aussie Broadband since the lodgement with ASIC of the 30 June 2021 annual report for Aussie Broadband referred to above and before lodgement of this Scheme Booklet with ASIC

A list of announcements made by Aussie Broadband to ASX from the date of the 2021 annual report on 30 August 2021 to the Last Practicable Date is included below.

Date	Announcement
11 January 2021	Securities Trading Policy
22 December 2021	2Q FY22 connections update
2 December 2021	OTW Acquisition Presentation
2 December 2021	ABB & OTW sign Scheme Implementation Deed
2 December 2021	OTW: OTW & ABB sign Scheme Implementation Deed
28 October 2021	AGM Results
28 October 2021	2021 AGM Presentations
25 October 2021	Change in substantial holding from CGF
25 October 2021	Change in substantial holding
22 October 2021	OTW: Receipt of Proposal from Aussie Broadband
22 October 2021	Response to press speculation
20 October 2021	1Q FY22 Trading Update
12 October 2021	Annual General Meeting
7 October 2021	Application for quotation of securities - ABB
6 October 2021	Update - Proposed issue of securities - ABB
6 October 2021	Share Purchase Plan Result
28 September 2021	Annual General Meeting Notice

Date	Announcement
20 September 2021	Change in substantial holding
20 September 2021	Change in substantial holding
20 September 2021	Change in substantial holding
17 September 2021	Becoming a substantial holder
15 September 2021	Notification regarding unquoted securities - ABB
15 September 2021	Cleansing Notice
15 September 2021	Share Purchase Plan Offer Booklet
14 September 2021	Application for quotation of securities - ABB
13 September 2021	Response to ASX Query- Listing Rule 15.7
8 September 2021	Proposed issue of securities - ABB
8 September 2021	Capital Raise Presentation
8 September 2021	Successful \$114m Institutional Placement
7 September 2021	Trading halt
6 September 2021	Strategic Fibre Swap Agreement
30 August 2021	ABB Corporate Governance Statement & Appendix 4G
30 August 2021	ABB FY21 Results - Investor Presentation
30 August 2021	ABB FY21 Annual Results Announcement

#### 7.26 No other material information known to Aussie Broadband

Except as disclosed elsewhere in this Scheme Booklet, so far as Aussie Broadband is aware, as at the date of the Scheme Booklet, there is no other information that is:

- (a) material to the making of a decision by an Over the Wire Shareholder whether or not to vote in favour of the Scheme; and
- (b) known to Aussie Broadband, at the date of lodging this Scheme Booklet with ASIC for registration,

which has not previously been disclosed to Over the Wire Shareholders.

## 8. Overview of the Combined Group

### 8.1 Responsibility for information

The information set out in this Section was prepared by Aussie Broadband and Aussie Broadband is responsible for the information contained in this Section (except to the extent that Over the Wire has provided Aussie Broadband with information for the purpose of Aussie Broadband preparing this Section, for which Over the Wire takes responsibility).

The Combined Group financial information in Section 8.8 has been prepared by Aussie Broadband and Over the Wire and is the joint responsibility of Aussie Broadband and Over the Wire.

### 8.2 Overview of the Combined Group

The combination of Aussie Broadband and Over the Wire creates a large scale and diversified telecommunications offering while leveraging Aussie Broadband's growing fibre and network capabilities to reduce the operating costs of the Combined Group.

The acquisition of Over the Wire will accelerate the growth of Aussie Broadband's business segment, through the addition of highly skilled and expert staff, expansion into adjacent capabilities, product growth and the addition of recurring and contracted customer revenue.

The Combined Group with its increased market relevance, financial and network scale will be positioned to more competitively compete with the larger broadband and telecommunications providers within Australia and improve efficacy and margins of the growing Aussie Broadband infrastructure and network.

### 8.3 Overview of the potential cost synergies and efficiencies

The combination of Aussie Broadband and Over the Wire is anticipated to generate synergies and operational efficiencies of approximately \$8 million to 11 million per annum which are expected to be fully realisable within 2 years of implementation of the Scheme.

These synergies are expected through both operational and network cost savings, including:

- (a) integration of the Over the Wire and Aussie Broadband data networks to achieve scale and efficiencies;
- (b) migration of Aussie Broadband voice services currently on third party carriers onto Over the Wire's voice network;
- (c) further leveraging Aussie Broadband's network automation and Carbon Portal by combining it with Over the Wire's NetSIP voice automation platform;
- (d) on-boarding elements of Over the Wire's customer base to Aussie Broadband's internally developed integrated CRM and billing platform; and
- (e) reduced corporate and overhead costs.

### 8.4 Strategic rationale for the Scheme

The Transaction provides the ability to integrate the Over the Wire and Aussie Broadband networks to achieve operational and financial scale, efficacy and improved margins.

For Aussie Broadband Shareholders, the acquisition of Over the Wire is expected to provide the following benefits:

- exposure to a significantly larger and diversified telecommunications company, with a strong combined growth profile and customer mix, including approximately 440,000 residential customers and 29,000 business customers of Aussie Broadband with approximately 16,000 Over the Wire business, enterprise and government customers;
- accelerates product and skills capability in the Aussie Broadband business segment with the addition of recurring and contracted revenue derived from the Over the Wire customer base;
- the ability to share in the value creation from synergies as a result of the combination of two highly complementary business, noting that the Transaction is expected to deliver annual cost synergies of \$8 million to 11 million within 2 years and meaningful maintenance capital expenditure savings; and
- enhanced trading liquidity through a broadened shareholder base, and potential for enhanced analyst coverage and inclusion in the S&P/ASX200 index.

## **8.5 Aussie Broadband's intentions following implementation of the Scheme**

### **(a) Introduction**

If the Scheme is implemented, Aussie Broadband will acquire and hold all of the Over the Wire Shares on issue and, accordingly, Over the Wire will become a wholly owned Subsidiary of Aussie Broadband. This Section 8.5 sets out the intentions of Aussie Broadband with respect to Over the Wire if the Scheme is implemented.

The statements of intention made in this Section 8.5 are statements of present intention only. These intentions are based on the facts and information concerning Over the Wire (including certain non-public information made available by Over the Wire to Aussie Broadband prior to the entry into the Implementation Deed) and the general business environment that was known to Aussie Broadband at the time of preparation of this Scheme Booklet.

Aussie Broadband does not currently have full knowledge of all material information, facts and circumstances that are necessary to assess all of the operational, commercial, taxation and financial implications of its current intentions.

Final decisions on these matters will only be made by Aussie Broadband after it has conducted a detailed review of Over the Wire's business after implementation of the Scheme and Aussie Broadband's intentions may change as new information becomes available or as circumstances change.

### **(b) Business, operations and assets**

If the Scheme is implemented, Aussie Broadband intends to work with Over the Wire's management team to optimise the prospects and operating performance of the business of the Combined Group, including identifying potential new growth opportunities.

In order to achieve these outcomes, as part of its integration planning process, Aussie Broadband intends to undertake a detailed review of Over the Wire's operations covering strategic, financial and commercial operating matters. This review may identify opportunities to improve the performance of the Over the Wire business and realise any synergies or future opportunities available to Over the Wire as part of the larger Combined Group.

Final decisions about the future operating plan and management organisation for Over the Wire will be made following the completion of such review and based on the facts and circumstances at the relevant time.

Subject to the findings of this post Scheme implementation review referred to above, Aussie Broadband's current intention is to continue the current strategic direction of Over the Wire.

**(c) Board of the Combined Group**

If the Scheme is implemented, Michael Omeros, current Managing Director and Group CEO of Over the Wire, will join the Aussie Broadband Board upon implementation of the Scheme, replacing John Reisinger who will step down as a director upon implementation, but will remain as a senior executive with Aussie Broadband. It is intended that the composition of the Aussie Broadband Board will otherwise remain unchanged.

A summary of the qualifications and experience of Michael Omeros is set out in Section 6.5.

It is intended that the board of directors of Over the Wire and each of its subsidiaries will be reconstituted with directors nominated by Aussie Broadband with effect on and from the Implementation Date. Final decisions regarding the composition of the board of directors of Over the Wire and each of its subsidiaries will be made closer to the Implementation Date.

**(d) Management team and employees**

Aussie Broadband considers Over the Wire's management personnel and other employees to be an integral part of the success of the Over the Wire business.

Nevertheless, as part of the general review process described above, Aussie Broadband intends to consider and evaluate the future staffing requirements, and determine the optimal organisational structure, of the Combined Group. This may involve redeployment of some employees to other roles in relation to certain functions and/or redundancies in relation to other functions. No decisions have been made concerning such redeployment or redundancies. Accordingly, final decisions on these matters will, if necessary, only be made following completion of this post-implementation review based on all material facts and circumstances at the relevant time.

**(e) Delisting from ASX**

If the Scheme is implemented, it is intended that the quotation of Over the Wire Shares on the ASX will be terminated and Over the Wire will be removed from the official list of the ASX on or around the Business Day immediately following the Implementation Date and for Over the Wire to subsequently be converted into a proprietary company limited by shares.

**(f) Over the Wire constitution**

Consistent with its intention to convert Over the Wire into a proprietary company limited by shares, Aussie Broadband intends to replace Over the Wire's existing constitution with a constitution appropriate for a company limited by shares (and which is a Subsidiary of Aussie Broadband) following implementation of the Scheme.

The constitution will be considered as part of Aussie Broadband's broader review of Over the Wire. As the sole shareholder of Over the Wire, Aussie Broadband will alone be able to make changes to Over the Wire's constitution.

**(g) Dividend policy of the Combined Group**

If the Scheme is implemented, the Aussie Broadband Board will determine the dividend policy of the Combined Group having regard to its strategy, the growth opportunities in the market, its profits, its financial position and an assessment of the capital required to grow its businesses. However, the Aussie Broadband Directors have no current intention to pay dividends on Aussie Broadband Shares, as it is their intention to reinvest all cash flow into the business and on Aussie Broadband's capital expenditure projects, in order to maximise its growth.

## 8.6 Share capital of the Combined Group

If the Scheme is implemented, Aussie Broadband will issue between approximately 13.8 million and 39.6 million Aussie Broadband Shares to Scheme Shareholders who are entitled to receive Scrip Consideration. The eventual number will be dependent on the Elections made by Over the Wire Shareholders and the application of the Scaleback Mechanism.

As a result of the Scheme, the number of Aussie Broadband Shares on issue will increase from approximately 223.8 million (being the number on issue as at the date of this Scheme Booklet) to approximately between 237.6 million to 263.4 million as illustrated below:

Type of security	Number
Quoted securities	
Aussie Broadband Shares	237.6 million to 263.4 million
Unquoted securities	
Aussie Broadband Options	3,050,616
Aussie Broadband Share Rights	Nil

Upon implementation of the Scheme, Over the Wire Shareholders are expected to own approximately between 5.8% and 15.0% of the Combined Group with Aussie Broadband Shareholders owning the remaining approximately between 85.0% and 94.2% of the Combined Group.

## 8.7 Prospects of the Combined Group

Once the Scheme is implemented and integration has occurred, the combined business is expected to become a leading integrated telecommunications provider with impressive offerings to the residential, business, enterprise and wholesale sectors, as outlined below.

- (a) **Residential:** will be mainly focussed on the high speed residential market with the Combined Group providing a comprehensive offering including NBN and Opticomm broadband, voice, mobile and Fetch entertainment, with best in class Aussie customer service.
- (b) **Business:** will be focused on small and medium single site businesses, with offerings including broadband, hosted phone, mobile, managed Wi-Fi and security, backed by 24x7 Australian based support.
- (c) **Enterprise:** will be focused on large, multi-site businesses and government customers that require tailored solutions or have complex needs. Offerings will include connectivity, voice, mobile, managed services, security, Wi-Fi, infrastructure as a service and cloud hosting solutions in multiple availability zones.
- (d) **Wholesale, managed service providers and white label:** will be focused on wholesale customers with delivery through in-house developed Carbon Portal and NetSIP platforms, providing NBN resale, voice, backhaul, dark fibre, IP transit and colocation services, with locally based 24x7 support engineers. The existing white label offering will continue and additional clients will also be sought.

Aussie Broadband is confident that its current growth trajectory will be accelerated as a result of the combined offerings with Over the Wire. The Combined Group will leverage the existing Aussie Broadband customer experience and reputation with the expertise of Over the Wire's business, government and wholesale solutions.

## 8.8 Combined Group Unaudited Pro Forma Historical Consolidated Financial Information

### (a) Overview

This Section 8.8 contains the following pro forma financial information in respect of the Combined Group:

- pro forma historical consolidated income statement of the Combined Group (**Combined Group Unaudited Pro Forma Historical Consolidated Income Statement**);
- pro forma historical consolidated statement of cash flows of the Combined Group (**Combined Group Unaudited Pro Forma Historical Consolidated Statement of Cash Flows**); and
- pro forma historical consolidated statement of financial position of the Combined Group (**Combined Group Unaudited Pro Forma Historical Consolidated Statement of Financial Position**),

(together, the **Combined Group Unaudited Pro Forma Historical Consolidated Financial Information**).

The Combined Group Unaudited Pro Forma Historical Consolidated Financial Information should be read together with the:

- basis of preparation as set out in Section 8.8(b);
- risk factors set out in Section 10;
- historical financial information of Aussie Broadband and Over the Wire as set out in Sections 7.23 and 6.7 respectively; and
- other information contained in this Scheme Booklet.

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions are subject to the effect of rounding. Accordingly, totals in tables may not add due to rounding.

PKF Brisbane Audit has been appointed as the Investigating Accountant to prepare an Independent Limited Assurance Report in respect of the Combined Group Unaudited Pro Forma Historical Consolidated Financial Information, a copy of which is included in Annexure B of this Scheme Booklet.

### (b) Basis of preparation

The Combined Group Unaudited Pro Forma Historical Consolidated Financial Information has been prepared for illustrative purposes to provide Over the Wire Shareholders with an indication of the financial performance, financial position and cash flows of the Combined Group as if the Scheme had been implemented prior to 1 July 2020 in respect of the financial performance and cash flows, and prior to 30 June 2021 in respect of the financial position of the Combined Group.

By its nature, pro forma historical financial information is illustrative only. Consequently, it does not purport to reflect the actual financial performance, financial position or cash flows of the Combined Group if it had operated on a combined basis for the relevant periods. Past performance is not a guide to future performance.

The Combined Group Unaudited Pro Forma Historical Consolidated Financial Information has been prepared in accordance with the recognition and measurement principles contained in Australian Accounting Standards (including Australian Accounting Interpretations) (**AAS**) adopted by the AASB, which comply with the recognition and measurement principles of the International



Accounting Standards Board and interpretations adopted by the International Accounting Standards Board, other than that it includes adjustments which have been prepared in a manner consistent with AAS, that reflect the impact of certain transactions as if they occurred as at 30 June 2021 in the Combined Group Unaudited Pro Forma Historical Consolidated Statement of Financial Position and from 1 July 2020 in the Combined Group Unaudited Pro Forma Historical Consolidated Income Statement and the Combined Group Unaudited Pro Forma Historical Consolidated Statement of Cash Flows.

The Combined Group Unaudited Pro Forma Historical Consolidated Financial Information has been derived from:

- Aussie Broadband's 30 June 2021 Annual Financial Report (presented in Section 7.23 of this Scheme Booklet); and
- Over the Wire's 30 June 2021 Annual Financial Report and pro-forma adjustments as described in Section 6.7 above; and
- pro forma adjustments described in this Section 8.8.

The Aussie Broadband 30 June 2021 Annual Financial Report was audited by KPMG in accordance with Australian Auditing Standards. KPMG issued an unmodified audit opinion on these financial statements. Aussie Broadband's Annual Financial Report is available from Aussie Broadband's website and the ASX website ([www.asx.com.au](http://www.asx.com.au)).

The Over the Wire 30 June 2021 Annual Financial Report was audited by PKF in accordance with Australian Auditing Standards. PKF issued an unmodified audit opinion on these financial statements. Over the Wire's Annual Financial Reports are available from Over the Wire's website and the ASX website ([www.asx.com.au](http://www.asx.com.au)).

### **(c) Combined Group Consolidated Pro Forma Adjustments Overview**

#### **Over the Wire Acquisitions**

During FY21 Over the Wire made two significant acquisitions. The OTW Historical and Pro Forma Statements of Financial Performance includes pro forma adjustments to reflect the financial performance of Over the Wire as though the acquisitions occurred as at 1 July 2020. Refer Section 6.7 for further details.

#### **Cash received from share issue and new loans**

The Combined Group Unaudited Pro Forma Historical Consolidated Financial Information includes pro forma adjustments to reflect the change in cash to the Combined Group as a result of the raising of cash via share issues and new bank loan facilities.

In October 2021 Aussie Broadband raised \$129.6m (net of issue costs) by way of a share placement and a share purchase plan. These capital raises have been included as pro forma adjustments in the Combined Group Unaudited Pro Forma Historical Consolidated Financial Information.

As part of the Scheme, Aussie Broadband will enter into a new debt facility for up to \$175.0m. This will be used to refinance existing Over the Wire debt, fund the acquisition and working capital requirements. The increase to \$160.0m debt has been included as a pro forma adjustment in the Combined Group Unaudited Pro Forma Historical Consolidated Financial Information.

### Transaction accounting

The Combined Group Unaudited Pro Forma Historical Consolidated Financial Information has been prepared using preliminary purchase price accounting estimates. AAS provides the acquirer (determined as Aussie Broadband) up to one year from the acquisition date to record any material adjustments to the initial acquisition date estimates based on new information obtained about facts and circumstances that existed at the acquisition date. Aussie Broadband has not finalised the identification and valuation of Over the Wire's assets and liabilities (including for tax purposes) and this can only be done on implementation of the Scheme. Accordingly:

- the historical carrying value of assets and liabilities recognised in the 30 June 2021 Statement of Financial Position of Over the Wire are assumed to equal their value in accordance with AASB 3 Business Combinations (**AASB 3**), which is generally fair value; and
- for the purpose of preparing the Combined Group Unaudited Pro Forma Historical Consolidated Statement of Financial Position, it has been assumed that there has not been any reset in tax bases and pre-existing Australian tax losses are not available with any fair value uplifts being tax effected at 30%.

### Transaction Costs

Approximately \$12.3m of expected costs incurred in relation to the Transaction have been included as a pro forma adjustment in the Combined Group Unaudited Pro Forma Historical Consolidated Financial Information.

The Combined Group Unaudited Pro Forma Historical Consolidated Financial Information is provided for illustrative purposes only. Due to its nature, the Combined Group Unaudited Pro Forma Historical Consolidated Financial Information does not represent the Combined Group's actual or prospective financial position. A number of factors may impact the actual financial performance, financial position or cash flows of the Combined Group, including, but not limited to:

- the ultimate timing of implementation of the Scheme;
- differences between the estimated amount of Transaction costs as set out in the pro forma adjustments detailed in this Section and the amount ultimately incurred;
- finalisation of the acquisition accounting (in accordance with AASB 3), including determining appropriate purchase price allocations, such as the identification and valuation of all assets and liabilities acquired. Adjustments may include the allocation of purchase price notionally attributed to amortising assets, to non-amortising assets (such as indefinite life intangible assets, including goodwill) or between different amortising assets. Changes in the amount and allocation of the purchase price could positively or negatively impact future reported earnings of the Combined Group;
- finalisation of the availability of tax losses and the recalculation of the tax cost bases, including recognition of the associated deferred tax assets and liabilities, in accordance with AASB 112 Income Taxes; and
- the timing and realisation of potential synergies arising from the combination of Aussie Broadband and Over the Wire pursuant to the Scheme.

### **(d) Combined Group Unaudited Pro Forma Historical Consolidated Income Statement**

The Combined Group Unaudited Pro Forma Historical Consolidated Income Statement is presented the table below.

AUD \$'000	ABB Statutory Financials FY21	OTW Pro-forma Financials FY21	Combined Pro- forma Financials FY21
Revenue	350,270	122,094	472,364
Network and hardware expenses	(251,996)	(55,217)	(307,213)
Employee expenses	(41,334)	(34,695)	(76,029)
Marketing expenses	(26,294)	0	(26,294)
Administration and other expenses	(11,616)	(5,082)	(16,698)
<b>EBITDA before IPO expenses and fair value adjustments</b>	<b>19,030</b>	<b>27,101</b>	<b>46,131</b>
IPO expenses	(1,187)	0	(1,187)
Depreciation and amortisation	(7,560)	(18,610)	(26,170)
Interest expenses	(2,257)	(1,312)	(3,569)
Interest income	93	0	93
Change in fair value of derivative	(12,273)	0	(12,273)
<b>Profit/(loss) before income tax expense</b>	<b>(4,154)</b>	<b>7,177</b>	<b>3,024</b>

**(e) Items not reflected in the Combined Group Unaudited Pro Forma Historical Consolidated Income Statement**

The Combined Group Unaudited Pro Forma Historical Consolidated Income Statement has not been adjusted to reflect:

- the performance and operations of ABB and OTW since 30 June 2021;
- any potential synergies, including those expected synergies set out in Section 8.3, any costs of realising those synergies and business improvements arising following implementation of the Scheme;
- any Transaction costs and stamp duty arising from implementation of the Scheme;
- finalisation of the purchase price accounting for the Scheme, including identification and measurement of all purchase price accounting allocations and tax; or
- additional depreciation and amortisation relating to identified tangible and intangible assets which may arise as a result of implementation of the Scheme and the finalisation of the purchase price allocation exercise.

**(f) Combined Group Unaudited Pro Forma Historical Consolidated Statement of Financial Position**

The Combined Group Unaudited Pro Forma Historical Consolidated Statement of Financial Position is presented in the table below.

AUD \$'000	ABB Statutory Financials FY21	OTW Pro- forma Financials FY21	A: Net SPP & SP Capital Raise	B: New Debt & Re- finance	C: Transaction Costs	D: Transaction Accounting	Combined Pro-forma Financials FY21
Cash and cash equivalents	57,010	16,696	129,600	125,573	(12,295)	(275,173)	41,410
Trade and other receivables	16,948	10,717					27,665
Inventories	5,500	128					5,628
Financial assets	15	0					15
Prepayments	2,017	0					2,017
Other current assets	0	4,562					4,562
<b>Total current assets</b>	<b>81,490</b>	<b>32,103</b>	<b>129,600</b>	<b>125,573</b>	<b>(12,295)</b>	<b>(275,173)</b>	<b>81,297</b>
Property, plant and equipment	17,393	29,247					46,640
Right-of-use assets	12,275	0					12,275
Intangibles	3,993	147,722				243,651	395,366
Deferred tax	1,080	0					1,080
Financial assets	682	0					682
Other non-current assets	0	524					524
<b>Total non-current assets</b>	<b>35,423</b>	<b>177,493</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>243,651</b>	<b>456,567</b>
<b>Total assets</b>	<b>116,913</b>	<b>209,596</b>	<b>129,600</b>	<b>125,573</b>	<b>(12,295)</b>	<b>(31,522)</b>	<b>537,864</b>
Trade and other payables	26,799	14,446					41,245
Contract liabilities	15,769	0					15,769
Current tax liabilities	654	1,391					2,045
Borrowings	0	9,054		30,946			40,000
Lease liabilities	5,489	4,493					9,982
Employee benefits	3,232	3,129					6,361
Other current liabilities	0	9,746					9,746
<b>Total current liabilities</b>	<b>51,943</b>	<b>42,259</b>	<b>0</b>	<b>30,946</b>	<b>0</b>	<b>0</b>	<b>125,148</b>
Borrowings	0	25,373		94,627			120,000
Lease liabilities	5,075	14,814					19,889
Employee benefits	348	225					573
Other non-current liabilities	0	26,610					26,610

<b>Total non-current liabilities</b>	<b>5,423</b>	<b>67,022</b>	<b>0</b>	<b>94,627</b>	<b>0</b>	<b>0</b>	<b>167,072</b>
<b>Total liabilities</b>	<b>57,366</b>	<b>109,281</b>	<b>0</b>	<b>125,573</b>	<b>0</b>	<b>0</b>	<b>292,220</b>
<b>Net assets/(liabilities)</b>	<b>59,547</b>	<b>100,315</b>	<b>129,600</b>	<b>0</b>	<b>(12,295)</b>	<b>(31,522)</b>	<b>245,644</b>
Issued capital	95,088	74,710	129,600			(5,917)	293,481
Reserves	308	166				(166)	308
Accumulated losses	(35,849)	25,439			(12,295)	(25,439)	(48,144)
<b>Total surplus/(deficiency) in equity</b>	<b>59,547</b>	<b>100,315</b>	<b>129,600</b>	<b>0</b>	<b>(12,295)</b>	<b>(31,522)</b>	<b>245,644</b>

Note 1: Cash is not reflective of actual result and subject to adjustments formed by implementation

### Pro Forma Adjustments

Adjustment (A): Receipt of cash proceeds of \$129.6 million (net of fees) from the SPP & Institutional Placement in September 2021, representing the issue of 33.5 million Aussie Broadband Shares

Adjustment (B): Establishment and receipt of funds from the senior \$120.0 million facility and \$40.0 million bridging debt facilities amounting to \$160.0 million (net of fees) refer to Section 8.8(k) for further details.

Adjustment (C): Costs associated with the Transaction amounting to \$12.3 million, inclusive of GST (noting some but not all GST may be subject to reimbursement).

Adjustment (D): Effect of the acquisition of OTW by ABB as described in this Scheme Booklet assuming the Maximum Cash Consideration of \$275.2 million is paid and 13.8 million New ABB Shares are issued (assumed value of \$5.00 per New ABB Share).

### (g) Items not reflected in the Combined Group Unaudited Pro Forma Historical Consolidated Statement of Financial Position

The Combined Group Unaudited Pro Forma Historical Consolidated Statement of Financial Position has not been adjusted to reflect:

- the performance and operations of ABB and OTW since 30 June 2021;
- any potential synergies, including those expected synergies set out in Section 8.3, any costs of realising those synergies and business improvements arising following implementation of the Scheme; or
- any potential tax and stamp duty impact which may arise as a result of implementation of the Scheme and the finalisation of the accounting for the acquisition.

### (h) Combined Group Unaudited Pro Forma Historical Consolidated Statement of Cash Flows

The Combined Group Unaudited Pro Forma Historical Consolidated Statement of Cash Flows is presented in the table below.

AUD \$'000	ABB Statutory Financials FY21	OTW Pro- forma Financials FY21	A: Net SPP & SP Capital Raise	B: New Debt & Re- finance	C: Transaction Costs	D: Transaction Accounting	Combined Pro-forma Financials FY21
Receipts from customers	384,736	129,432	0	0	0	0	514,168
Payments to suppliers and employees	(359,244)	(103,656)	0	0	0	0	(462,900)
Interest received	93	23	0	0	0	0	116
Interest and other finance costs paid	(302)	(1,260)	0	0	0	0	(1,562)
<b>Net cash from operating activities</b>	<b>25,283</b>	<b>24,539</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>49,822</b>
Cash flows from investing activities							
Payments for property, plant and equipment	(14,993)	(6,415)	0	0	0	0	(21,408)
Payments for intangibles	(2,140)	(680)	0	0	0	0	(2,820)
Proceeds from disposal of property, plant and equipment	1	0	0	0	0	0	1
Payments for acquisition	0	(59,555)	0	0	(12,295)	(275,173)	(347,024)
<b>Net cash used in investing activities</b>	<b>(17,132)</b>	<b>(66,650)</b>	<b>0</b>	<b>0</b>	<b>(12,295)</b>	<b>(275,173)</b>	<b>(371,251)</b>
Equity proceeds (net of costs)	37,438	24,009	129,600	0	0	0	191,047
Payment of lease liabilities	(5,992)	(3,436)	0	0	0	0	(9,428)
Repayment of borrowings	(5,500)	(7,098)	0	0	0	0	(12,598)
Drawdown of debt facility	0	37,019	0	125,573	0	0	162,592
Net recovery of security deposits	1,478	0	0	0	0	0	1,478
Dividends paid	0	(2,123)	0	0	0	0	(2,123)
<b>Net cash from financing activities</b>	<b>27,424</b>	<b>48,371</b>	<b>129,600</b>	<b>125,573</b>	<b>0</b>	<b>0</b>	<b>330,968</b>
Net increase in cash and cash equivalents	35,575	6,260	129,600	125,573	(12,295)	(275,173)	9,539
Cash and cash equivalents at the beginning of the financial year	21,435	10,435	0	0	0	0	31,870
Foreign exchange movement	0	1	0	0	0	0	1

Cash and cash equivalents at the end of the financial year	57,010	16,696	129,600	125,573	(12,295)	(275,173)	41,410
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Note 1: Cash is not reflective of actual result and subject to adjustments formed by implementation

### Pro Forma Adjustments

Adjustment (A): Receipt of cash proceeds of \$129.6 million (net of fees) from the SPP & Institutional Placement in September 2021, representing the issue of 33.5 million Aussie Broadband Shares

Adjustment (B): Establishment and receipt of funds from the senior \$120.0 million facility and \$40.0 million bridging debt facilities amounting to \$160.0 million (net of fees) refer to Section 8.8(k) for further details.

Adjustment (C): Costs associated with Transaction amounting to \$12.3 million, inclusive of GST (noting some but not all GST may be subject to reimbursement).

Adjustment (D): Effect of the acquisition of OTW by ABB as described in this Scheme Booklet assuming the Maximum Cash Consideration of \$275.2 million is paid and 13.8 million New ABB Shares are issued (assumed value of \$5.00 per New ABB Share).

#### (i) Items not reflected in the Combined Group Unaudited Pro Forma Historical Consolidated Statement of Cash Flows

The Combined Group Unaudited Pro Forma Historical Consolidated Statement of Cash Flows has not been adjusted to reflect:

- the cash flows resulting from the performance and operations of ABB and OTW since 30 June 2021;
- any potential synergies, including those expected synergies set out in Section 8.3, any costs of realising those synergies and business improvements arising following implementation of the Scheme; or
- any potential tax and stamp duty impact which may arise as a result of implementation of the Scheme and the finalisation of the accounting for the acquisition.

#### (j) Combined Financial Forecasts

The Aussie Broadband Board has given careful consideration as to whether a reasonable basis exists to produce reliable and meaningful forecast financial information in relation to the Combined Group. Other than the FY22 guidance provided by the Over the Wire Board and the synergies detailed in Section 8.3, the Aussie Broadband Board has concluded that such forecast financial information would have the potential to be misleading and a reasonable basis does not exist for producing forecasts that would be sufficiently meaningful and reliable to be of value to either Aussie Broadband Shareholders or Over the Wire Shareholders.

#### (k) Debt Facilities and Cash

Aussie Broadband has entered into a letter of commitment for a new \$175.0 million syndicated facility, including a \$40.0 million bridging facility and a \$15.0 million working capital facility

provided from Westpac Banking Corporation, Commonwealth Bank of Australia and Citibank to fund the cash component of the Scheme Consideration.

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## 9. Tax Implications

### 9.1 Introduction

The following is a general summary of the potential Australian capital gains tax (**CGT**) consequences for Over the Wire Shareholders disposing of Over the Wire Shares under the Scheme. This summary is based on the law and practice on the date of this Scheme Booklet. However, the summary is not intended to be an authoritative or complete statement of the law applicable to the particular circumstances of every Over the Wire Shareholder.

In particular, the summary is only relevant to Over the Wire Shareholders who hold Over the Wire Shares on capital account for investment purposes and only considers the Australian tax position. Over the Wire Shareholders who are residents of or subject to tax in other countries will need to obtain advice on the tax consequences of that country.

Each shareholder's circumstances will determine how tax laws apply to them. A shareholder should obtain tax advice from a professional adviser on these issues. The OTW Directors are not licensed under the tax agent services regime and cannot give tax advice to OTW Shareholders.

All Over the Wire Shareholders are advised to seek independent professional advice about their particular circumstances, including for non-resident OTW Shareholders on the foreign tax consequences of the Scheme.

### 9.2 Application for Class Ruling

Over the Wire has applied to the Australian Taxation Office (**ATO**) for a class ruling on behalf of the Over the Wire Shareholders. This ruling is expected to confirm the availability of scrip for scrip CGT rollover relief in respect of any Aussie Broadband Shares issued to Over the Wire Shareholders under the Scheme. CGT rollover relief will not be available with respect to the cash component of any Scheme Consideration received by an Over the Wire Shareholder.

In accordance with usual practice, a class ruling will only be issued sometime after the public announcement of the Transaction and will not become operative until it is published in the Government Gazette. Once issued, copies of the class ruling will be available on [www.ato.gov.au](http://www.ato.gov.au) and on the Over the Wire website, [www.overthewire.com.au](http://www.overthewire.com.au).

### 9.3 Australian resident shareholders – CGT consequences

#### (a) CGT event on disposal of Over the Wire Shares

The disposal of Over the Wire Shares will constitute a CGT event for Australian resident Over the Wire Shareholders. The CGT event will occur on the Implementation Date.

Subject to the availability of rollover relief (discussed below), Over the Wire Shareholders will derive a capital gain on the disposal of their Over the Wire Shares to the extent the market value of the total consideration received under the Scheme (capital proceeds) exceeds the tax cost base of their Over the Wire Shares. Conversely, Over the Wire Shareholders will incur a capital loss on the disposal of their Over the Wire Shares to the extent that the market value of the total consideration received under the Scheme (capital proceeds) is less than the reduced tax cost base of their Over the Wire Shares.

The sum of all capital gains incurred by an Over the Wire Shareholder in the year in which the Implementation Date occurs, reduced by any capital loss incurred during that year or carried forward from prior years (known as the net capital gain), should be included in the assessable income of the Over the Wire Shareholder (subject to the availability of CGT rollover relief, as outlined below).

Alternatively, an Over the Wire Shareholder may make a capital loss on the sale of their Over the Wire Shares to Aussie Broadband, equal to the amount by which the reduced cost base of their Over the Wire Shares is more than the capital proceeds they receive under the Scheme. Any capital loss may be used to offset a capital gain made in the same income year or carried forward to offset a capital gain made in a future income year (subject to the satisfaction of certain loss recoupment tests which apply if the Over the Wire Shareholder is a company or trust).

#### **(b) Capital proceeds received under the Scheme**

The capital proceeds received for the disposal of the Over the Wire Shares include the Scheme Consideration (that is, the cash payment and/or the market value of Aussie Broadband Shares an Over the Wire Shareholder receives under the Scheme).

The market value of each Aussie Broadband Share may be calculated as the VWAP of an Aussie Broadband Share on the Implementation Date.

#### **(c) Cost base**

Generally, the tax cost base of any Over the Wire Shares will be equal to the consideration paid to acquire the Over the Wire Shares. Other incidental costs incurred by an Over the Wire Shareholder for their acquisition or ownership of Over the Wire Shares (such as undeducted borrowing costs) may also be included in the cost base of shares they own.

#### **Availability of CGT rollover relief**

If an Over the Wire Shareholder makes a capital gain on the disposal of the Over the Wire Shares, they should be eligible to make a choice whether or not to seek CGT rollover relief to defer some or all of that gain, in accordance with Subdivision 124-M of the *Income Tax Assessment Act 1997* (Cth).

If an Over the Wire Shareholder elects to apply CGT rollover relief, the capital gain that they would otherwise make on the disposal of their Over the Wire Shares will be disregarded to the extent that the capital proceeds received are Aussie Broadband Shares.

If rollover relief is available and chosen, the tax cost base of the Aussie Broadband Shares received by the Over the Wire Shareholder should equal that proportion of the shareholders' tax cost base of their Over the Wire Shares for which rollover relief is available. This tax cost base is allocated on a proportionate basis across the Aussie Broadband Shares received.

Rollover will not generally be available for the portion of the gain for which cash is received.

The benefit of choosing scrip for scrip rollover relief will depend on the individual circumstances of each Over the Wire Shareholder and therefore Over the Wire Shareholders should discuss this with their tax advisers.

Generally, if Over the Wire Shareholders prepare their income tax returns on the basis that CGT rollover has been applied to the share consideration this will be sufficient evidence of making the choice.

#### **(d) CGT discount**

If an Over the Wire Shareholder derives a capital gain on the disposal of their Over the Wire Shares and does not choose rollover relief, they may be entitled to a 'CGT discount'. Any Australian resident Over the Wire Shareholder who is an individual, the trustee of a trust or a complying superannuation entity may be entitled to claim the CGT discount in calculating any capital gain if their Over the Wire Shares were acquired at least 12 months before disposal under the Scheme.

The CGT discount is applied to the capital gain after any available capital losses are first offset against that capital gain.

An Over the Wire Shareholder that is an individual or the trustee of a trust may discount the capital gain by 50% and include only 50% of the capital gain in the taxable income of that individual or trust.

An Over the Wire Shareholder that is a complying superannuation entity may discount the capital gain by 33 1/3% and include 66 2/3% of the capital gain in the taxable income of that complying superannuation entity.

The CGT discount is not available to an Over the Wire Shareholder that is a company.

#### **9.4 Australian residents – Implications of holding Aussie Broadband Shares**

##### **(a) Subsequent disposal of Aussie Broadband Shares**

If an Over the Wire Shareholder sells their Aussie Broadband Shares after the Implementation Date, any gain or loss is subject to CGT as the Aussie Broadband Shares received by the Over the Wire Shareholder are an asset for CGT purposes.

For Over the Wire Shareholders who elect for scrip for scrip rollover relief to apply, the cost base or reduced cost base for the Aussie Broadband Shares they own reflects the cost base or reduced cost base of the Over the Wire Shares that were exchanged by the Over the Wire Shareholder.

For the purposes of determining whether the CGT discount applies on any subsequent disposal of the Aussie Broadband Shares, the acquisition date for Over the Wire Shareholders who elected for scrip for scrip rollover relief to apply will be the day they acquired their original Over the Wire Shares.

If an election for scrip for scrip rollover relief is not made, the cost base of the Aussie Broadband Shares is equal to the market value of the replacement Aussie Broadband Shares at the Implementation Date. The CGT discount is only available once the shareholder has held their Aussie Broadband Shares for at least 12 months.

##### **(b) Dividends from Aussie Broadband**

Any dividends and franking credits received from Aussie Broadband should be included in the assessable income of the shareholder. If the shareholder is a resident individual or complying superannuation fund, and the shareholder has excess franking credits available for the income year, those excess franking credits may be refunded to the shareholder.

While corporate shareholders are not eligible to receive a refund of excess franking credits, they may be entitled to convert any excess credits into a loss that may be used to offset income earned in future years (subject to the satisfaction of the loss utilisation rules).

Shareholders are generally required to have held their shares 'at risk' for 45 days in order to be eligible for the franking benefits outlined above. Taxpayers should obtain their own advice on the application of these rules to their circumstances.

#### **9.5 Stamp duty**

Neither the sale of Over the Wire Shares, nor the issue of Aussie Broadband Shares should give rise to any stamp duty liabilities for existing Over the Wire Shareholders. However, Aussie Broadband has agreed to pay the stamp duty, if any, for the transfer of Over the Wire Shares under the Scheme.

## 9.6 Goods and Services Tax

The sale of Over the Wire Shares by existing shareholders as contemplated does not attract GST. Similarly, no GST is payable on the acquisition of Aussie Broadband Shares.

If shareholders are registered or required to be registered for GST, any GST incurred on expenses that relate to the sale of existing shares or acquisition of new shares may not be recoverable if the individual shareholder exceeds the financial acquisitions threshold as set out in the relevant GST legislation. However, a reduced input tax credit equal to 75% of the GST incurred may still be available if the acquisition constitutes a reduced credit acquisition.

If Over the Wire Shareholders are not registered, or required to be registered for GST, no GST implications should arise for the Scheme.

## 9.7 Foreign residents – Australian tax considerations

### Australian CGT

Over the Wire Shareholders that are non-residents of Australia for tax purposes and those that do not carry on business in Australia at or through a permanent establishment in Australia are not generally subject to Australian CGT on the disposal of their Over the Wire Shares.

Australian CGT only applies for foreign resident Over the Wire Shareholders if:

- (a) the shareholder, together with their Associates, own more than 10% of the shares in Over the Wire for any continuous 12-month period in the two years before the Implementation Date (**Ownership Threshold**); and
- (b) the Over the Wire Shares are an indirect real property interest.

Based on the financial statements of Over the Wire (reproduced at Section 6.7 of this Scheme Booklet), the Over the Wire Shares should not be indirect Australian real property interests and no Australian CGT should be payable by foreign residents who dispose of their Over the Wire Shares under the Scheme.

## 10. Risk factors

### 10.1 Introduction

This Section describes certain key risks associated with the Scheme. You should carefully consider the risk factors in this Section, as well as the other information contained throughout the Scheme Booklet before voting on the Scheme.

This Section 10 outlines:

- specific risks relating to the Scheme and the creation of the Combined Group;
- operational risks relating to the Combined Group;
- general risks relating to the Combined Group; and
- risks if the Scheme does not proceed.

The outline of risks in this Section 10 is a summary only and should not be considered exhaustive. This Section 10 does not attempt to set out every risk that may be associated with an investment in Over the Wire, Aussie Broadband or the Combined Group now or in the future. The occurrence or consequences of some of the risks described in this Section 10 may be partially or completely outside the control of Over the Wire, Aussie Broadband or the Combined Group.

While Over the Wire, Aussie Broadband and the Combined Group have in place a number of strategies to minimise the exposure to, and mitigate the effects of, some of these risks, there can be no assurance that such arrangements will protect Over the Wire, Aussie Broadband or the Combined Group fully.

In addition, certain risks will remain outside the control of each of Over the Wire, Aussie Broadband and the Combined Group. This Scheme Booklet does not take into account the investment objectives, financial situation, or the particular needs or risk profiles of individual OTW Shareholders. You should carefully consider the following risks, as well as the other information contained in this Scheme Booklet, and seek independent professional advice before deciding whether to vote on the Scheme.

### 10.2 Risk factors applicable to Combined Group if the Scheme does proceed

If the Scheme is implemented:

- (a) OTW Shareholders who elect for Scrip Consideration (or receive Scrip Consideration as part of the Scaleback Mechanisms or the Default Consideration) will become holders of Aussie Broadband Shares; and
- (b) Over the Wire will become part of the Combined Group.

As the holder of Aussie Broadband Shares, you will be exposed to the business performance of, and have an opportunity to participate in the potential financial returns generated by, the Combined Group. There are risks inherent with investing in the Combined Group which you should consider carefully in deciding how to vote.

As an 100% owner of Over the Wire, Aussie Broadband will be exposed to all of the risks referred to in Sections 10.4 and 10.5 below. There are also additional risks associated with the implementation of the Scheme and with the business operations of Aussie Broadband specifically. These are outlined below.

### 10.3 Specific risks relating to the Scheme and the creation of the Combined Group

#### Implied value of Scheme Consideration

Under the terms of the Scheme, OTW Shareholders (other than Ineligible Foreign Shareholders) may elect to receive a Consideration Option that has a scrip component, or may receive a portion of Scrip Consideration as part of the Scaleback Mechanisms or the Default Consideration, where a valid Election has not been made. If an OTW Shareholder receives Scrip Consideration, the value that such OTW Shareholder may realise on the sale of the New ABB Shares issued as the Scrip Consideration will depend on the price at which Aussie Broadband Shares trade on the ASX after the Implementation Date.

Some OTW Shareholders may not wish to continue to hold the New ABB Shares received under the Scheme and may sell them on the ASX soon after the Implementation Date. There is a risk that such sales may drive down the price of Aussie Broadband Shares in the short term.

In any event, there is no guarantee regarding the market price of Aussie Broadband Shares before the Scheme Meeting or after the Implementation Date. The value of Aussie Broadband Shares may fluctuate before the New ABB Shares are issued on the Implementation Date. The table in Section 4.4 illustrates the implied value of the Scheme Consideration per OTW Share under various Election Scenarios (assuming there is no scaleback under the Scaleback Mechanisms). Future market prices may be either above or below current or historical market prices. Information about the current trading prices of Aussie Broadband Shares may be obtained from [asx.com.au](http://asx.com.au).

#### Completion of the Scheme is subject to various Conditions Precedent

The implementation of the Scheme is subject to the satisfaction or waiver of various Conditions Precedent (which are summarised in Section 5.15 of this Scheme Booklet).

The Scheme will not proceed to the Second Court Date unless the Conditions Precedent are satisfied or waived (as applicable). Given that there are Conditions Precedent which are yet to be satisfied, there is a risk that the Second Court Date will be delayed, which will in turn delay the Implementation Date.

The Scheme will not proceed if the Conditions Precedent are not satisfied or waived (as applicable) before the End Date.

There can be no certainty, nor can Over the Wire provide any assurance, that these conditions will be satisfied or waived (where applicable), or if satisfied or waived (where applicable), when that will occur. There are also a number of conditions which are outside the control of Over the Wire, including, but not limited to, approval of the Scheme by the Requisite Majority of OTW Shareholders.

A failure to satisfy any of the relevant Conditions Precedent, or a delay in satisfying the relevant Conditions Precedent and implementing the Scheme, may adversely affect the market price of OTW Shares.

#### Integration risk and realisation of synergies

There is a risk that integration could take longer or cost more than anticipated, including as a result of the COVID-19 pandemic and applicable physical separation requirements, or that the expected benefits and synergies of the combination of Over the Wire and Aussie Broadband may be less than expected. Any failure to achieve expected synergies may impact on the financial performance and position of the Combined Group and the future price of Aussie Broadband Shares.

### **Implementation Deed may be terminated**

Each of Over the Wire and Aussie Broadband has the right to terminate the Implementation Deed in certain circumstances as set out in Section 5.19 of this Scheme Booklet. Accordingly, there is no certainty that the Implementation Deed will not be terminated by either Over the Wire or Aussie Broadband before the implementation of the Scheme.

If the Implementation Deed is terminated, there is no assurance that the Over the Wire Board will be able to find a party willing to pay an equivalent or greater price for OTW Shares than the price to be paid pursuant to the terms of the Implementation Deed.

### **Court approval**

There is a risk that the Court may not approve the Scheme, either at all or in the form proposed, or the Court's approval of the Scheme may be delayed. In particular, if there is a material change in circumstances between the Scheme Meeting and the Second Court Date, the Court will take the change into account in deciding whether it should approve the Scheme. If there is a material change of sufficient importance so as to materially alter the Scheme, there is a risk that the Court may not approve the Scheme on the Second Court Date.

### **Transaction costs may vary**

Transaction costs and other costs incurred (or which are expected to be incurred by Over the Wire) in relation to the successful implementation of the Transaction are currently estimated at approximately \$8.3 million (exclusive of GST and disbursements).

### **Contract risk**

Some contracts to which Over the Wire is a party may contain 'change of control' provisions (or equivalent) that could be triggered by implementation of the Scheme, allowing the counterparty to renegotiate or terminate the contract. If a counterparty to any such contract were to terminate or seek to renegotiate the contract this may have an adverse effect on the Combined Group, depending on the relevant contract.

### **Change in risk and investment profile**

After implementation of the Scheme, Scheme Shareholders who receive Scrip Consideration will be exposed to certain additional risks relating to the Combined Group.

While the operations of Over the Wire and Aussie Broadband are similar in a number of ways, there will be differences between the size, capital structure, infrastructure, business offerings and clients of the Combined Group and Over the Wire currently which may give rise to a different investment risk profile.

### **Tax consequences**

If the Scheme proceeds, there may be tax consequences for Scheme Shareholders. Scheme Shareholders should seek their own professional advice regarding the individual tax consequences of the Scheme.

General information on the Australian tax consequences of the Scheme is set out in Section 9 of the Scheme Booklet.

## **10.4 Combined Group Operational Risks**

The following risks are relevant to each of Over the Wire and Aussie Broadband as standalone entities, unless otherwise identified. Accordingly, they will also be relevant to the Combined Group after Implementation of the Scheme.

## **Competition**

Aussie Broadband operates primarily in the retail broadband market where it faces significant competition within Australia with the sector dominated by 4 major telecommunication carriers, being Telstra, TPG, Optus and Vocus, whom collectively hold approximately 91% of the market share.

Competition is based on price and product quality, with Aussie Broadband focused on delivering a quality product at an appropriate price. Periodic incentives are offered to retail service providers by NBN in order to increase its revenue. These incentives often create increased competitive activity that can impact new sales.

Competitor activity more generally has the ability to impact on new sales and customer retention.

New technologies also present potential threats and while the emergence of 5G and low orbit satellite services offer genuine alternatives to broadband services, they are expected to have only a modest impact on Aussie Broadband's core customer demographic.

## **Community and environmental risks**

Aussie Broadband considers social, political and physical environments when assessing the risks it faces. The ongoing COVID-19 pandemic is the most immediate and apparent risk that has the potential to impact Aussie Broadband in a number of areas, including supply chain and workforce challenges. This risk will continue to be monitored, managed and mitigated. Beyond COVID-19, Aussie Broadband does not anticipate climate change to have a material impact on its prospects in the near term but remains alert to the evidence of any emerging risks and runs a program to identify measures to minimise its own impact on the environment.

## **Population growth and new dwelling construction**

The growth and performance of Aussie Broadband is partly dependent on the demand for new NBN connections, which is influenced by, among other things, population growth, housing construction and home relocation. These factors are affected by general global economic conditions which in turn impact the Australian economy. Accordingly, any adverse impact on the factors which typically generate demand for NBN services is likely to have negative impact on Aussie Broadband's operations and financial performance. Furthermore, a decline in the natural rate of growth of NBN connections may result in increased competition between market participants in the Australian telecommunications industry, which may further impact Aussie Broadband's margins, financial performance and market share.

## **Loss of customers**

While Aussie Broadband does not consider any single customer relationship to be material, it believes that maintaining a responsive customer service capability, a quality service offering, and competitive prices are critical to attracting and retaining customers. Failure to maintain these capabilities may lead to customers seeking alternative providers, which could increase the customer churn of Aussie Broadband and have an adverse impact on profitability. Aussie Broadband aims to mitigate this risk by endeavouring to continue to provide quality customer service, sales capability and services to its customers.

Aussie Broadband has historically had low customer churn rates, with residential customer churn being 1.59%, 1.66% and 1.76% during FY18, FY19 and FY20 respectively. However, if Aussie Broadband's customer churn rates were to increase, this would have an adverse effect on the revenue and therefore financial performance and profitability of Aussie Broadband. If Aussie Broadband is not able to acquire new customers to replace the departing customers, then this will have a significant adverse impact on its revenue and profitability.

Further, a lack of customer demand may impact the growth prospects and/or financial performance of Aussie Broadband.



### **Innovation and product development risks**

The Combined Group's performance and financial position may be impacted by the inability of the Combined Group to keep up with innovation within the industry. An inability to develop new products and services in a timely and successful manner may result in loss of market share and deterioration in the Combined Group's margins.

The Combined Group may introduce new products or services that are intended to enhance the user experience or deliver greater levels of customer satisfaction. There is a risk that these initiatives may result in unforeseen costs or risks, may not perform as intended or may not deliver growth in customers.

### **Bandwidth and network requirements**

A key aspect of the delivery of Aussie Broadband's services is providing sufficient fixed line broadband bandwidth for customers. In addition, Aussie Broadband's ability to operate as a competitive internet services provider is dependent upon its access to sufficient network infrastructure. If Aussie Broadband were unable to deploy sufficient network infrastructure it would be less able to provide its services to new and existing customers economically and efficiently, which may limit revenue growth and profitability.

### **Bandwidth utilisation and NBN pricing**

Customer usage of bandwidth grows significantly year-on-year and the nature of NBN pricing through its CVC overage construct exposes Aussie Broadband to potentially significant cost increases. Aussie Broadband mitigates this risk by engaging in industry-wide consultation with the ACCC and NBN Co around changes to future pricing models. At an operational level, Aussie Broadband constantly reviews ways of optimising bandwidth use and CVC provisioning. In the absence of relief in the pricing model, Aussie Broadband will consider product pricing, and if ultimately necessary, product design to offset unsustainable cost increases.

### **Regulation and compliance**

Aussie Broadband operates in a heavily regulated environment and has established compliance protocols to ensure the fitness for purpose of its products and services. However, there is a risk that a supply of products or services may breach the *Competition and Consumer Act 2010* (Cth), the Australian Consumer Law or other relevant consumer law. This may result in infringement notices, enforceable undertakings or more formal legal action, any of which could have a material impact on Aussie Broadband's business and performance.

Aussie Broadband and Over the Wire each hold a carrier licence under the *Telecommunications Act 1997* (Cth) and must comply with the applicable licence conditions set out in that Act. These licences are essential for Aussie Broadband and Over the Wire to operate as carriers of telecommunications infrastructure. If one or more of those licences were to be cancelled (depending on which licences they were) it could severely restrict the ability of Aussie Broadband and Over the Wire to operate and could result in Aussie Broadband and/or Over the Wire breaching a number of its contractual obligations.

Aussie Broadband and Over the Wire each review their carrier licence compliance obligations on a regular basis and will endeavour to take all reasonable steps to prevent the cancellation, expiry, lapsing or such other adverse effect to their carrier licences.

The Combined Group will also be subject to having its market behaviour monitored and regulated by the Australian Communications and Media Authority, the ACCC and the Telecommunications Industry Ombudsman as well as state Fair Trading Bodies. There are also a number of consumer groups that monitor the conduct of major providers and report persistent failure to comply with consumer and trading and telecommunications regulations.

Any substantial failure by the Combined Group to comply with applicable regulations could result in cessation of, or restrictions on, parts or all of its business, penalties or other liabilities to the Combined Group, significant remedy costs, damage to the Combined Group's brand and loss of

revenue. Such damage may adversely affect the growth and financial performance of the Combined Group's business.

### **Data security risk**

Protection of company, customer, employee and third-party data is critical to Aussie Broadband's ongoing business and Aussie Broadband has adopted robust data protection systems for this purpose. However, any failure of such systems may result in reputational damage, regulatory impositions (such as for breaches of the *Privacy Act 1988* (Cth)) and financial loss, including claims for compensation by customers or penalties by telecommunications regulators or other authorities.

Cyber-attacks, data theft and hacking may lead to a compromise or even breach of the technology and service platforms used by Aussie Broadband to protect confidential information. It is possible that the measures taken by Aussie Broadband will not be sufficient to detect or prevent unauthorised access to, or disclosure of, personal or confidential information about Aussie Broadband, its customers, employees or third parties. Any such disclosure, whether accidental or intentional, may subject Aussie Broadband to reputational damage, claims from those affected, loss of customers, legal action and increased regulatory scrutiny.

There is also a risk that if a cyberattack is successful, any data security breaches or Aussie Broadband's failure to protect confidential information could result in loss of information integrity, breaches of Aussie Broadband's obligations under applicable laws or customer agreements, or website and system outages and fraud, each of which may potentially have a material adverse effect on Aussie Broadband's reputation and financial performance.

### **Brand maintenance**

The Combined Group's reputation and the value of its brand may be damaged as a result of negative customer or end-user experiences due to poor product performance or product failures, adverse media coverage or other publicity or disputes with customers, suppliers or employees. Erosion of the Combined Group's reputation as a result of one or a combination of these factors may adversely impact the Combined Group's ability to attract and retain customers, thereby affecting revenue performance and profitability.

### **Network infrastructure risk**

Various aspects of Aussie Broadband's operations depend on the performance, reliability and availability of its infrastructure technology. There is a risk that these technologies, platforms and systems may be adversely affected by a number of factors, including damage, equipment faults, power failure, computer viruses, misuse by employees or contractors, or external or malicious interventions, such as hacking, fire, natural disasters or weather interventions. Events of that nature may cause significant disruption to Aussie Broadband's business or impact the availability of its technology platform or services resulting in financial loss or increased customer churn.

In addition, services to customers can be impacted by faults and outages that occur outside of Aussie Broadband's network – for example, outages experienced in the NBN, a data centre, or over backhaul. All of these outages can have a negative impact on the service provided to Aussie Broadband's customers and Aussie Broadband may have limited or no ability to immediately remedy them.

Furthermore, network risks such as cyber-attacks, data theft and hacking may lead to loss, theft or corruption of data, each of which may result in Aussie Broadband breaching its obligations under applicable laws and/or its contractual arrangements, as well as potentially having a material adverse impact on Aussie Broadband's reputation and financial performance.

### **Design, construction, and development risk**

As Aussie Broadband continues to construct its own backhaul fibre optic network, any major capital expenditure, project delays or unexpected costs associated with the design, construction, and development may adversely impact Aussie Broadband's operating results or reduce or impair

the financial benefits Aussie Broadband expects to derive from construction of its own backhaul fibre optic network.

### **Supplier concentration risk**

Aussie Broadband contracts third party suppliers to provide network equipment and other services. If these suppliers' services were interrupted, or if Aussie Broadband was unable to contract with these suppliers, Aussie Broadband may experience a disruption in its service.

Aussie Broadband relies on key business relationships to deliver its services, such as IP transit, backhaul, data centres, high sites and equipment. While there are multiple suppliers for Aussie Broadband to contract with there is a risk that certain brands, licences or products may no longer be available for use by Aussie Broadband in its network.

### **Key personnel**

The success and growth strategy for the Combined Group depend on its ability to attract and retain key management and operating personnel. Both Aussie Broadband and Over the Wire have qualified and experienced management teams who have intimate knowledge of the respective businesses. The loss of any key members of these teams, or the Combined Group's inability to attract the requisite personnel with suitable experience, could have an adverse effect on Aussie Broadband or Over the Wire and the performance of the Combined Group. There is no assurance as to the continued availability of any such key personnel.

### **Growth strategies**

Aussie Broadband has a number of strategies in place to generate future growth and earnings, including the ongoing construction of an internally owned and operated fibre optic network. There is a risk that the implementation of these strategies will be subject to delays or cost overruns and there is no guarantee that these strategies will generate the customer demand, full financial benefits anticipated or result in future sales and earnings growth and may not deliver a return on investment. Furthermore, the implementation of these growth strategies may lead to changes to Aussie Broadband's business or the customer experience which may result in unintended adverse consequences if such changes affect customers' willingness to buy Aussie Broadband's services.

### **Acquisitions**

Aussie Broadband's long-term business strategy includes pursuing acquisitions. There can be no assurance that Aussie Broadband will identify suitable acquisition opportunities at acceptable prices, or successfully execute those opportunities.

In addition, Aussie Broadband and Over the Wire's past and future acquisitions may be subject to unanticipated risks and liabilities, or may disrupt the operations of the Combined Group.

There is also a risk that the expected benefit of any acquisition will not be realised due to an inability to successfully integrate any acquired business. These types of integration risks may detract from the expected benefits contemplated by Aussie Broadband or Over the Wire and affect the financial performance and growth of, or damage the reputation and branding of, Aussie Broadband, Over the Wire or the Combined Group.

### **Finance risks**

The Combined Group will rely on access to debt and equity financing. The ability to secure financing, or financing on acceptable terms, may be materially adversely affected by volatility in financial markets, either globally or affecting a particular geographic region, industry or economic sector, or by a downgrade in the credit rating of Aussie Broadband, Over the Wire or the Combined Group. For these or other reasons, financing may be unavailable or the cost of financing may significantly increase. Such inability to obtain, or increase to the costs of obtaining, financing could materially adversely affect the Combined Group's operations or financial performance.

### **Risk associated with debt facility**

The Combined Group's ability to service its debt depends upon its financial position, financial performance and cash flows which to some extent are subject to general economic, financial, regulatory and other factors beyond the control of the Combined Group. If the Combined Group is unable to generate sufficient cash flow to meet specific debt repayment obligations, it may face additional financial penalties, higher interest rates or difficulty obtaining further funding in the future.

The debt is also subject to the adherence to certain covenants related to financial performance and position. There is a risk that these covenants may be breached and the facilities may be repayable sooner than anticipated.

The Combined Group is also subject to the risk that it may not be able to refinance its bank facilities when they fall due or that the terms (including in relation to pricing) on refinancing will be less favourable than the existing terms. If there is a deterioration in the level of debt market liquidity, this may prevent the Combined Group from being able to refinance some or all of its debt.

## **10.5 General risks relating to the Combined Group**

### **Macroeconomic and socioeconomic factors**

The performance of the Combined Group will continue to be influenced by the overall condition of the economy in Australia and any deterioration in employment or economic growth could adversely affect the Combined Group's business.

In light of recent Australian and global macroeconomic events, including though not limited to the impact of COVID-19, Australia may experience an economic recession or downturn of uncertain severity and duration which will continue to impact on the operating and financial performance and prospects of the Combined Group and continue to impair the Combined Group's business and prospects.

Other socioeconomic and macroeconomic factors could have a material adverse impact on the Combined Group's business and financial performance, including unemployment rates, lower household income levels and lower birth rates.

### **General market, liquidity and share price risks**

There are general risks associated with any investment in the share market. The price of Aussie Broadband Shares may increase or decrease due to a number of factors. Those factors include fluctuations in domestic or global financial markets and general economic conditions, including interest rates, inflation rates, exchange rates, commodity and oil prices, changes to government fiscal, monetary or regulatory policies, legislation or regulation, the removal or inclusion of Aussie Broadband from market indices, and the nature of markets in which Aussie Broadband operates.

Any investment in the Combined Group is subject to the liquidity of Aussie Broadband Shares on the ASX and is dependent on market appetite, the size of the shareholding and the price sought for any Aussie Broadband Shares. There is a risk that any Aussie Broadband Shares owned by an investor will be illiquid and not able to be sold at a desired price, or at all.

### **COVID-19**

The global impact of the COVID-19 pandemic, and the advice and responses from health and regulatory authorities, is continuously developing. The global economic outlook is facing uncertainty due to the COVID-19 pandemic which has had, and may continue to have, significant impact on capital markets and share prices.

The Combined Group may be impacted both by deterioration in macroeconomic conditions generally and specifically in relation to its operations. Many of the operational and general risks relating to the Combined Group highlighted in this Section are likely to be heightened due to the impacts of the COVID-19 pandemic. To date, COVID-19 has affected, amongst other things,

economic conditions, employment markets, equity markets, regulatory policy and caused governmental action including, mandatory quarantine, self-isolations and other travel related restrictions.

### **Accounting standards**

The Australian Accounting Standards are set by the Australian Accounting Standards Board and are outside the control of Aussie Broadband and Over the Wire. Any changes to the accounting standards or to the interpretation of those standards may have an adverse impact on the reported financial performance and position of Aussie Broadband, Over the Wire or the Combined Group.

### **Tax**

A change to the current tax regime may affect Over the Wire, Aussie Broadband or the Combined Group, and Scheme Shareholders.

Any changes to the current rate of company income tax may impact shareholder returns. In addition, any change in tax rules and tax arrangements could have an adverse effect on the level of dividend franking and shareholder returns. Personal tax liabilities are the responsibility of each individual Scheme Shareholder. Over the Wire, Aussie Broadband and the Combined Group are not responsible for tax or penalties incurred by Scheme Shareholders.

### **Dividends**

There are a range of factors that determine the payment of dividends on Aussie Broadband's shares. These include the profitability of the business, its cash reserves, future capital requirements and obligations under debt facilities. Aussie Broadband's Board will determine any future dividend levels based upon Aussie Broadband's operating results and financial standing at the time. There is no guarantee that any dividend will be paid by Aussie Broadband, or guarantee that future dividends will equal or exceed previous payments made by Aussie Broadband or Over the Wire.

### **Litigation**

Legal proceedings and claims may arise from time to time in the ordinary course of the Combined Group's business and may result in high legal costs, adverse monetary judgments and/or damage to the Combined Group's reputation which could have an adverse impact on the Combined Group's financial position or performance and the price of Aussie Broadband Shares. There is, however, to the best of the OTW Directors' knowledge, no litigation, mediation, conciliation or administrative proceeding taking place, pending or threatened against Over the Wire. There is also, to the best of the ABB Directors' knowledge, no litigation, mediation, conciliation or administrative proceeding taking place, pending or threatened against Aussie Broadband.

### **Dilution risk**

Aussie Broadband may issue further shares or other securities from time to time. Aussie Broadband cannot predict the size of future issues or the impact, if any, that future issues of securities will have on the market price of its shares.

Issues of substantial numbers of shares, or the perception that the issue or sale of substantial numbers of shares could occur, may adversely impact prevailing market prices of Aussie Broadband Shares.

While Aussie Broadband will be subject to the constraints of the Listing Rules relating to the issue of shares or other securities, with any additional issue of shares, investors will suffer dilution to their voting power and Aussie Broadband may experience dilution in its earnings per share.

### **Force majeure events**

Events may occur within or outside the markets in which the Combined Group operates that could impact upon global or regional economies, the operations of the Combined Group and/or the price of Aussie Broadband Shares. The events include, but are not limited to, acts of

terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease and pandemics, or other natural or manmade events or occurrences that can have an adverse impact on the demand for Combined Group's services or its ability to conduct business. The Combined Group has a limited ability to insure against some of the risks mentioned above.

### **Insurance**

The Combined Group has obtained insurance where it is considered appropriate for its needs. However, the Combined Group would not expect to be insured against all risks, either because appropriate cover is not available or because the directors of the Combined Group consider the required premiums to be excessive having regard to the benefits that would accrue.

Accordingly, the Combined Group may not be fully insured against all losses and liabilities that could unintentionally arise from its operations. If the Combined Group incurs losses or liabilities for which it is uninsured, the value of Aussie Broadband Shares may be at risk.

### **Additional risks and uncertainties**

Additional risks and uncertainties not currently known to Over the Wire or Aussie Broadband may also have a materially adverse effect on Aussie Broadband, Over the Wire or the Combined Group and the information set out above does not purport to be, nor should it be construed as representing, an exhaustive list of the risks affecting Aussie Broadband, Over the Wire or the Combined Group.

## **10.6 Risk factors applicable to Over the Wire if the Scheme does not proceed**

If the Scheme does not proceed and no other acceptable proposal is received, Over the Wire will continue on a standalone basis and OTW Shareholders will retain their OTW Shares. In these circumstances there is a risk that OTW Shares may trade below their current market price.

OTW Shareholders will also remain exposed to the normal risks inherent in the Over the Wire business if the Scheme and the acquisition of Over the Wire by Aussie Broadband does not proceed.

If the Scheme is not implemented, Over the Wire expects to pay an aggregate of approximately \$8.3 million in external transaction costs in connection with the Scheme. These transaction costs are primarily payable to Over the Wire's financial, legal, tax and accounting advisors, the Independent Expert and the Over the Wire Share Registry. In addition, under the Implementation Deed, Over the Wire is required to pay a break fee of approximately \$3.4 million to Aussie Broadband if the Scheme does not proceed in certain circumstances. See Section 5.16(g) for further information on the break fee.

## 11. Additional Information

### 11.1 Interests of OTW Directors

#### 11.1.1 Securities in Over the Wire held by, or on behalf of, OTW Directors

Except as set out in this Section:

- (a) there are no marketable securities of Over the Wire owned by or on behalf of OTW Directors as at the date of this Scheme Booklet;
- (b) no OTW Director owns, or has any interest in, marketable securities of Aussie Broadband or any other member of the Aussie Broadband Group; and
- (c) there has been no dealing by any of the OTW Directors in any marketable securities of Over the Wire or Aussie Broadband or any other member of the Aussie Broadband Group in the four months preceding the Last Practicable Date.

#### 11.1.2 Interests of OTW Directors in securities of Over the Wire

The table below sets out the interests of each OTW Director in Over the Wire securities as at the Last Practicable Date:

Director	Over the Wire Shares	% voting power in Over the Wire	Number of Performance Rights
Mr Stephe Wilks	0	0%	Nil
Mr Michael Omeros	13,031,195	21.86%	Nil
Mr Brent Paddon	11,500,000	19.29%	Nil
Ms Susan Forrester	186,920	0.31%	Nil
Ms Cathy Aston	0	0%	Nil

The table includes Over the Wire securities in which the OTW Directors have a Relevant Interest or an interest because those securities are held by close family members or an entity the OTW Director Controls.

#### 11.1.3 Dealings of OTW Directors in Over the Wire securities

No OTW Director acquired or disposed of a Relevant Interest in any Over the Wire securities in the four-month period ending on the Last Practicable Date.

#### 11.1.4 Interests of OTW Directors in securities of Aussie Broadband

The table below sets out the interests of each OTW Director in Aussie Broadband securities as at the Last Practicable Date:

Director	Aussie Broadband Shares	% voting power in Aussie Broadband
Mr Stephe Wilks	Nil	Nil
Mr Michael Omeros	Nil	Nil

Director	Aussie Broadband Shares	% voting power in Aussie Broadband
Mr Brent Paddon <sup>9</sup>	52,000	0.023%
Ms Susan Forrester	Nil	Nil
Ms Cathy Aston	Nil	Nil

The table includes Aussie Broadband securities in which the OTW Directors have a Relevant Interest or an interest because those securities are held by close family members or an entity the OTW Director Controls.

#### 11.1.5 Payments and other benefits to directors, secretaries or executive officers of OTW

Michael Omeros currently has an entitlement to a long-term incentive cash payment of \$266,667 which shall vest and be paid to him upon implementation of the Scheme.

The vesting conditions for Mr Omeros' incentive rights are based upon his tenure and a cash earnings per share (EPS) annual growth rate hurdle of:

- from FY2020 to FY2023, 15% per annum (for 100% attainment, or a pro rata attainment where the EPS hurdle is at least 10% or above per annum), being an amount equal to \$200,000 (**FY2020 to FY2023 Hurdle**); and
- from FY2021 to FY2024, 15% per annum (for 100% attainment, or a pro rata attainment where the EPS hurdle is at least 10% or above per annum), being an amount equal to \$200,000 (**FY2021 to FY2024 Hurdle**).

In the absence of the Transaction, and subject to the above vesting conditions having been satisfied, these amounts would become payable to Mr Omeros in September 2023 and September 2024 respectively. Accordingly, the OTW Directors have agreed that Mr Omeros' incentive rights shall vest and be paid to him upon implementation of the Scheme in the following amounts:

- \$200,000 in respect of the FY2020 to FY2023 Hurdle (being 100% of the maximum possible entitlement payable to Mr Omeros); and
- \$66,667 in respect of the FY2021 to FY2024 Hurdle (being 33.3% of the maximum possible entitlement payable to Mr Omeros).

Other than as disclosed in this Scheme Booklet, no payment or other benefit is proposed to be made or given to any OTW Director, secretary or executive officer of Over the Wire or of its Related Bodies Corporate as compensation for loss of, or as consideration for their retirement from, office in Over the Wire or any of its Related Bodies Corporate.

### 11.2 Agreements or arrangements with OTW Directors

#### 11.2.1 Agreements or arrangements connected with or conditional on the Scheme

Other than as set out set out in this Scheme Booklet, there are no agreements or arrangements made between any OTW Director and another person in connection with, or conditional on, the outcome of the Scheme other than in their capacity as an OTW Shareholder.

<sup>9</sup> Acquired on 15 September 2021.



### **11.2.2 Benefits under the Scheme**

Other than as set out in this Scheme Booklet, no OTW Director, secretary or executive officer of Over the Wire (or any of its Related Bodies Corporate) has agreed to receive, or is entitled to receive, any payment or benefit from Aussie Broadband which is conditional on, or is related to, the Scheme, other than in their capacity as an OTW Shareholder.

### **11.2.3 Interests of OTW Directors in Aussie Broadband contracts**

No OTW Director has any interest in a contract entered into by Aussie Broadband or any of its Related Bodies Corporate.

## **11.3 Creditors of Over the Wire**

The Scheme, if implemented, is not expected to materially prejudice Over the Wire's ability to pay its creditors as it involves the acquisition of shares in Over the Wire for consideration provided by a third party. No material new liability (other than transaction costs) is expected to be incurred by Over the Wire because of the implementation of the Scheme. Over the Wire has paid and is paying all of its creditors within normal terms and is solvent and trading in an ordinary commercial manner.

## **11.4 Consents to be named**

The Independent Expert has consented to the inclusion of the Independent Expert's Report at Annexure A and to the references to the Independent Expert's Report in this Scheme Booklet being made in the form and context in which each reference is included and has not withdrawn that consent before the date of this Scheme Booklet. Other than in respect of the Independent Expert's Report and any other statements attributed to the Independent Expert, the Independent Expert has not authorised or caused the issue of this Scheme Booklet, and has not made, or purported to make, any statement in this Scheme Booklet.

Macquarie Capital has given and has not withdrawn its consent to be named as financial adviser to Over the Wire in the form and context in which it is named and has not withdrawn that consent before the date of this Scheme Booklet. Other than in respect of those statements attributed to Macquarie Capital, Macquarie Capital has not caused or authorised the issue of the Scheme Booklet, and makes no representation or warranty, express or implied, as to the fairness, accuracy or completeness of the information contained in the Scheme Booklet.

The Investigating Accountant has given, and not withdrawn before the date of this Scheme Booklet, its written consent to be named in this Scheme Booklet in the form and context in which it is so named and to the inclusion of its Independent Limited Assurance Report contained in Annexure B. The Investigating Accountant has not caused or authorised the issue of this Scheme Booklet, and, other than any reference to its name and the Independent Limited Assurance Report contained in Annexure B, takes no responsibility for any other part of this Scheme Booklet.

McCullough Robertson has given and has not withdrawn its consent to be named as legal adviser to Over the Wire in the form and context in which it is named and has not withdrawn that consent before the date of this Scheme Booklet. Other than in respect of those statements attributed to McCullough Robertson, McCullough Robertson has not authorised or caused the issue of this Scheme Booklet, and has not made, or purported to make, any statement in this Scheme Booklet.

Aussie Broadband has consented to the inclusion of the Aussie Broadband Information in the form and context in which that information appears and has not withdrawn that consent before the date of this Scheme Booklet. Other than in respect of those statements attributed to Aussie Broadband, Aussie Broadband has not authorised or caused the issue of this Scheme Booklet, and has not made, or purported to make, any statement in this Scheme Booklet.

Link has given, and not withdrawn before the date of this Scheme Booklet, its written consent to be named in this Scheme Booklet in the form and context in which it is so named. Link has not made any statement that is included in the Scheme Booklet or any statement on which a statement in this Scheme Booklet is based. Link has not caused or authorised the issue of this Scheme Booklet, and, other than any reference to its name, takes no responsibility for any other part of this Scheme Booklet.

#### **11.5 Information lodged with ASIC**

Over the Wire is an ASX listed public company and a 'disclosing entity' for the purposes of the Corporations Act and is therefore subject to regular reporting and disclosure obligations. As a listed company, Over the Wire is also subject to the Listing Rules, which require (subject to limited exceptions) continuous disclosure to the market of any information of which Over the Wire is aware that a reasonable person would expect to have a material effect on the price or value of its securities.

Documents lodged with ASIC about Over the Wire may be obtained from, or inspected at the offices of ASIC. Information publicly disclosed to ASX by Over the Wire is available from ASX at [www.asx.com.au](http://www.asx.com.au) (ASX code: OTW).

To obtain further information, contact your broker or financial adviser.

#### **11.6 Over the Wire documents**

Over the Wire will make available free of charge, to any OTW Shareholder who requests it before the Scheme Meeting, a copy of:

- (a) the audited financial report of Over the Wire and its controlled entities for the year ended 30 June 2021 (being the annual financial report most recently lodged with ASIC before this Scheme Booklet was lodged with ASIC); and
- (b) each continuous disclosure notice given to ASX by Over the Wire under Listing Rule 3.1 and section 674 of the Corporations Act after lodgement with ASX of the annual report referred to above and before the Scheme Meeting.

#### **11.7 Lodgement of this Scheme Booklet**

This Scheme Booklet was given to ASIC on 24 December 2021 as required by section 411(2)(b) of the Corporations Act.

#### **11.8 No unacceptable circumstances**

The OTW Directors believe that the Scheme does not involve any circumstances in relation to the affairs of OTW that could reasonably be characterised as constituting 'unacceptable circumstances' for the purposes of section 657A of the Corporations Act.

#### **11.9 Formula for entitlement to New ABB Shares**

The formula to be applied with respect to the New ABB Shares to be issued as Scrip Consideration is set out in the Scheme in Annexure E.

The formula is 1.1500 New ABB Shares for each Scheme Share held by a Scheme Participant for which a valid Election to receive Scrip Consideration is made, subject to the Scrip Scaleback Mechanism.

The formula was agreed through negotiations between Over the Wire and Aussie Broadband.

### **11.10 Other material information**

Other than as contained or referred to in this Scheme Booklet there is no information material to the making of a decision by OTW Shareholders whether or not to vote in favour of the Scheme that is known to any OTW Director and which has not previously been disclosed to OTW Shareholders.

### **11.11 Transaction costs**

Over the Wire will incur external transaction costs in connection with the Scheme. Certain of these costs are conditional on the Scheme proceeding, and if the Scheme is implemented these will effectively be borne by Aussie Broadband who will have acquired Over the Wire from implementation.

If the Scheme is not implemented, Over the Wire expects to pay an aggregate of approximately \$8.3 million in external transaction costs in connection with the Scheme. These transaction costs are primarily payable to Over the Wire's financial, legal, tax and accounting advisors, the Independent Expert, the Investigating Accountant and the Over the Wire Share Registry.

These transaction costs do not include any break fee that may be payable by Over the Wire (see Section 5.16(g) for information on the circumstances in which a break fee may be payable by Over the Wire).

### **11.12 Supplementary information**

Over the Wire will issue a supplementary document to this Scheme Booklet if it becomes aware of any of the following between the date of lodgement of this Scheme Booklet for registration by ASIC and the Scheme Meeting:

- (a) a material statement in this Scheme Booklet is false or misleading;
- (b) a material omission from this Scheme Booklet;
- (c) a significant change affecting a matter included in this Scheme Booklet; or
- (d) a significant new matter has arisen that would have been required to be included in this Scheme Booklet if it had arisen before the date of lodgement of this Scheme Booklet for registration by ASIC.

Depending on the nature and timing of the changed circumstances and subject to obtaining any relevant approvals, Over the Wire may circulate and publish any supplementary document by:

- (a) approaching the Court for a direction as to what is appropriate in the circumstances;
- (b) placing an advertisement in a prominently published newspaper which is circulated generally throughout Australia;
- (c) posting the supplementary document on Over the Wire's website; or
- (d) making an announcement to ASX.

Disclosure as to the outcome of Conditions Precedent to the Scheme which would require disclosure under the continuous disclosure obligations set out in Listing Rule 3.1, will be addressed by announcement to ASX.

### **11.13 Foreign selling restrictions**

Law may restrict the distribution of this Scheme Booklet outside of Australia and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure

to comply with such restrictions may contravene applicable securities law. Over the Wire disclaims all liabilities to such persons. OTW Shareholders who are nominees, trustees or custodians are encouraged to seek independent advice as to how they should proceed.

No action has been taken to register or qualify this Scheme Booklet or any aspect of the Scheme in any jurisdiction outside of Australia.

This Scheme Booklet is not a New Zealand disclosure document and has not been registered, filed with or approved by any New Zealand regulatory authority under any relevant New Zealand law. Aussie Broadband is entitled to offer New ABB Shares to Over the Wire Shareholders in New Zealand pursuant to the New Zealand Financial Markets Conduct (Incidental Offers) Exemption Notice 2021 and, accordingly, this Scheme Booklet may not contain all the information that a disclosure document is required to contain under New Zealand law.

## 12. Glossary

<b>AEDT</b>	means Australian Eastern Daylight Time.
<b>Aggregate Elected Cash Consideration</b>	means the aggregate value of cash elected by Scheme Shareholders under all valid Elections, plus the aggregate value of cash attributable to Scheme Shareholders who did not make a valid Election. However, this does not include the aggregate of the Cash Consideration payable to Ineligible Foreign Shareholders.
<b>Aggregate Elected Scrip Consideration</b>	means the aggregate number of Aussie Broadband Shares elected by Scheme Shareholders under all valid Elections, plus the aggregate number of Aussie Broadband Shares attributable to Scheme Shareholders who did not make a valid Election.
<b>All Cash Consideration</b>	means consideration provided in the form of \$5.75 in cash for each Scheme Share held on the Record Date.
<b>All Cash Consideration Election</b>	means an Election by an OTW Shareholder to receive All Cash Consideration.
<b>All Cash Consideration Option</b>	means the option for the consideration for each Scheme Share held by a Scheme Shareholder to be satisfied solely by All Cash Consideration.
<b>All Scrip Consideration</b>	means 1.1500 Aussie Broadband Shares for each Over the Wire Share that is held by the Scheme Shareholder at the Record Date.
<b>All Scrip Consideration Election</b>	means an Election by an OTW Shareholder to receive All Scrip Consideration.
<b>All Scrip Consideration Option</b>	means the option for the consideration for each Scheme Share held by a Scheme Shareholder to be satisfied solely by All Scrip Consideration.
<b>Annexure</b>	means an annexure to this Scheme Booklet.
<b>Announcement</b>	means OTW's announcement to the ASX on 2 December 2021 regarding the entry by OTW and ABB into the Implementation Deed.
<b>ASIC</b>	means the Australian Securities and Investments Commission.
<b>Associate</b>	has the meaning given to that term in section 12 of the Corporations Act.
<b>ASX</b>	means ASX Limited ACN 008 624 691 or the securities exchange operated by it (as the case requires).
<b>Annual Financial Report</b>	means the Annual Financial Report lodged with ASIC for the year ended 30 June 2021.
<b>Aussie Broadband or ABB</b>	means Aussie Broadband Limited ACN 132 090 192.
<b>Aussie Broadband Board</b>	means the Aussie Broadband board of directors.
<b>Aussie Broadband Directors</b>	means the directors of Aussie Broadband, being, as at the date of this Scheme Booklet, the individuals listed in Section 7.8 of this Scheme Booklet.
<b>Aussie Broadband Group</b>	means Aussie Broadband and each of its Subsidiaries.

<b>Aussie Broadband Information</b>	means the information regarding the Aussie Broadband Group and the Combined Group provided by Aussie Broadband to Over the Wire for inclusion in this Scheme Booklet, being: (a) the letter from the Chairman of Aussie Broadband; (b) the information contained in Section 7; and (c) the information contained in Section 8. (d) the information contained in Sections 10.4 and 10.5; and (e) the information contained in the above Sections as summarised in Section 3, except to the extent it relates to Over the Wire or Over the Wire's contribution to the information regarding the Combined Group.
<b>Aussie Broadband Option</b>	means an option to acquire an Aussie Broadband Share.
<b>Aussie Broadband Prescribed Occurrence</b>	has the meaning given to the term 'Bidder Prescribed Occurrence' in clause 1.1 of the Implementation Deed.
<b>Aussie Broadband Representations and Warranties</b>	has the meaning given to the term 'Bidder Representations and Warranties' in clause 1.1 of the Implementation Deed.
<b>Aussie Broadband Share</b>	means a fully paid ordinary share in the capital of Aussie Broadband.
<b>Aussie Broadband Share Right</b>	means a right to acquire an Aussie Broadband Share granted under Aussie Broadband's Non-Executive Director's Fee Sacrifice Plan.
<b>Aussie Broadband Shareholder</b>	means a person who is the registered holder of Aussie Broadband Shares.
<b>Business Day</b>	means a day that is not a Saturday, Sunday, public holiday or bank holiday in Brisbane, Australia or Melbourne, Australia.
<b>Carbon Portal</b>	means Aussie Broadband's customer service platform for business NBN customers.
<b>Cash Consideration</b>	means Scheme Consideration provided in the form of cash for each Scheme Share held on the Record Date.
<b>Cash Scaleback Mechanism</b>	means the Cash Scaleback Mechanism as defined in the Scheme, and summarised in Section 5.2(b) of this Scheme Booklet.
<b>CGT</b>	means capital gains tax.
<b>Combined Group</b>	means Aussie Broadband and its Subsidiaries after the implementation of the Scheme (which will include the OTW Group).
<b>Competing Transaction</b>	means any offer or proposal which, if entered into or completed in accordance with its terms, would result in any person (other than Aussie Broadband or its Associates or Related Bodies Corporate): (a) acquiring directly or indirectly an interest (including an economic interest by way of an equity swap, contract for difference or similar transaction or arrangement) or Relevant Interest in 20% or more of the shares in the capital of Over the Wire (other than as custodian, nominee or bare trustee); (b) acquiring directly or indirectly (including by way of joint venture, alliance or dual listed company structure) any

	<p>interest in all or a substantial part of the business conducted by, or assets of, Over the Wire;</p> <p>(c) acquiring Control of, or merging or amalgamating with, Over the Wire or any of its Subsidiaries, including by way of takeover bid, scheme of arrangement, dual listed company structure, or capital reduction; or</p> <p>(d) implementing any reorganisation of capital, dissolution or any proposal which affects, prejudices or jeopardises, or might reasonably be expected to affect, prejudice or jeopardise, the completion of the Transaction (except as previously announced prior to the date of the Implementation Deed.</p>
<b>Conditions Precedent</b>	means the conditions precedent in clause 3.1 of the Implementation Deed and clause 3.1 of the terms of the Scheme and summarised in Section 5.15 of this Scheme Booklet.
<b>Consideration Options</b>	<p>means the:</p> <p>(a) Default Consideration Option;</p> <p>(b) All Cash Consideration Option;</p> <p>(c) All Scrip Consideration Option; and</p> <p>(d) Mix and Match Consideration Option,</p> <p>and <b>Consideration Option</b> means any one of them.</p>
<b>Control</b>	has the meaning given to that term in section 50AA of the Corporations Act and Controlled has a corresponding meaning.
<b>Corporations Act</b>	means <i>Corporations Act 2001</i> (Cth).
<b>Court</b>	means the New South Wales registry of the Federal Court of Australia or other Court as the parties may agree.
<b>CRM</b>	means Customer Relationship Management.
<b>Cut-Off Time</b>	means 8.00am of the Second Court Date.
<b>Deed Poll</b>	means the Deed Poll dated 20 January 2022 signed by Aussie Broadband in relation to the Scheme, a copy of which is included at Annexure F.
<b>Default Consideration</b>	means \$4.60 of cash and 0.2300 New ABB Shares for each Scheme Share held on the Record Date.
<b>Default Consideration Election</b>	means an Election by an OTW Shareholder to receive the Default Consideration.
<b>Default Consideration Option</b>	means the option for the consideration for each Scheme Share held by a Scheme Shareholder to be satisfied by the Default Consideration.
<b>EBITDA</b>	means earnings before interest, tax, depreciation and amortisation.
<b>Effective</b>	means, when used about the Scheme, the coming into effect, under section 411(10) of the Corporations Act, of the Court order made under section 411(4)(b) of the Corporations Act, but in any event at no time before an office copy of the Court order is lodged with ASIC.
<b>Effective Date</b>	means the date on which the Scheme becomes Effective.

<b>Election</b>	means the choice between: (a) Default Consideration Election; (b) Cash Consideration Election; (c) Scrip Consideration Election; and (d) Mix and Match Consideration Election.
<b>Election Date</b>	means 5.00pm on 17 February 2022.
<b>Election Form</b>	means the form of Election under which an OTW Shareholder is offered the opportunity to make an Election, sent to OTW Shareholders with this Scheme Booklet.
<b>Election Portal</b>	means the voting portal operated by the Over the Wire Share Registry for the purposes of the Scheme at <a href="https://events.miraql.com/otw-scheme">https://events.miraql.com/otw-scheme</a> .
<b>Employee Retention</b>	means no more than two of the top eleven employees of the OTW Group (as determined by total remuneration in accordance with the Implementation Deed) ceasing to be employed by the OTW Group between the date of the Implementation Deed and the Cut-Off Time.
<b>End Date</b>	means the date which is six months after the date of the Implementation Deed or another date as agreed by Over the Wire and Aussie Broadband in writing.
<b>Exclusivity Period</b>	has the meaning given to that term in clause 1.1 of the Implementation Deed.
<b>Fiduciary Exception</b>	means the taking of any action, or refusal to take any action, with respect to the Competing Transaction that would constitute, or would be reasonably likely to constitute, a breach of the OTW Directors' fiduciary or statutory duties.
<b>First Court Date</b>	means the first day on which an application is made to the Court for an order under sub-Section 411(1) convening the Scheme Meeting, as set out in the indicative timetable in the key dates Section of this Scheme Booklet.
<b>First Court Hearing</b>	means the Court hearing on the First Court Date
<b>Government Agency</b>	means: (a) a government or government department or other body; (b) a governmental, semi-governmental or judicial person; or (c) a person (whether autonomous or not) who is charged with the administration of a law.
<b>GST</b>	means goods and services tax.
<b>Implementation Date</b>	means the date which is five Business Days after the Record Date.
<b>Implementation Deed</b>	means the scheme implementation deed dated 2 December 2021 between Aussie Broadband and Over the Wire (as amended and restated on 20 January 2022), a copy of which is set out in Annexure D.
<b>Independent Expert</b>	means Grant Thornton Corporate Finance Pty Ltd ACN 003 265 987.
<b>Independent Expert's Report</b>	means the report of the Independent Expert about the Scheme at Annexure A.



<b>Independent Limited Assurance Report</b>	means the report of the Investigating Accountant at Annexure B.
<b>Ineligible Foreign Shareholder</b>	means an OTW Shareholder who has an address on the register on the Record Date in a place other than Australia and New Zealand.
<b>Investigating Accountant</b>	means PKF Brisbane Audit.
<b>Last Practicable Date</b>	means 20 January 2022, being the last practicable trading day prior to the date of this Scheme Booklet.
<b>Listing Rules</b>	means the official Listing Rules of the ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX.
<b>Maximum Cash Consideration</b>	means \$275,172,902.
<b>Maximum Scrip Consideration</b>	means 39,556,105 Aussie Broadband Shares.
<b>Mix and Match Consideration</b>	means the consideration for each Scheme Share that is satisfied by: (a) at least 1% but less than 100% of Scrip Consideration; plus (b) Cash Consideration in respect of the remainder of the consideration.
<b>Mix and Match Consideration Election</b>	means an Election by an OTW Shareholder to receive Mix and Match Consideration for the Scheme Shares held by that OTW Shareholder in the percentages specified in their Election.
<b>Mix and Match Consideration Option</b>	means the option for the consideration for each Scheme Share held by a Scheme Shareholder to be satisfied solely by the Mix and Match Consideration in the percentages specified in their Election.
<b>NBN</b>	means NBN, Australia's national broadband network.
<b>New ABB Shares</b>	means Aussie Broadband Shares to be issued pursuant to the Scheme as Scheme Consideration
<b>Notice of Scheme Meeting</b>	means the notice of meeting for the Scheme Meeting at Annexure C.
<b>OTW Board</b>	means the board of directors of Over the Wire.
<b>OTW Directors</b>	means the directors of Over the Wire being, as at the date of this Scheme Booklet, the individuals listed in Section 6.5 of this Scheme Booklet..
<b>OTW Group</b>	means Over the Wire and each of its Subsidiaries.
<b>OTW Representations and Warranties</b>	has the meaning given to the term 'Target Representations and Warranties' in clause 1.1 of the Implementation Deed.
<b>Over the Wire or OTW</b>	means Over the Wire Holdings Limited ACN 151 872 730.
<b>Over the Wire Information</b>	means the information in this Scheme Booklet, other than the Aussie Broadband Information and the Independent Expert's Report.
<b>Over the Wire Material Adverse Change</b>	has the meaning given to the term 'Target Material Adverse Change' in clause 1.1 of the Implementation Deed.
<b>Over the Wire Prescribed Occurrence</b>	has the meaning given to the term 'Target Prescribed Occurrence' in clause 1.1 of the Implementation Deed.
<b>Over the Wire Share</b>	means a fully paid ordinary share in the capital of Over the Wire.

<b>Over the Wire Share Register</b>	means the register of members of Over the Wire maintained in accordance with the Corporations Act.
<b>Over the Wire Share Registry</b>	means Link Market Services Limited ACN 083 214 537.
<b>Over the Wire Shareholder or OTW Shareholder</b>	means a person who is the registered holder of Over the Wire Shares.
<b>OTW Shareholder Information Line</b>	means the contact for OTW Shareholder information on 1800 645 237 (within Australia) or +61 1800 645 237 (from overseas) between 8:30am and 5:30pm AEDT.
<b>Performance Rights</b>	means Performance Rights on issue in Over the Wire.
<b>POI</b>	means Points of Interconnect, a location where retail service providers connect to the NBN.
<b>Record Date</b>	means 5.00pm on the date which is two Business Days after the Effective Date.
<b>Related Bodies Corporate</b>	has the meaning given to that term in section 50 of the Corporations Act, as modified by any legislative instrument issued by ASIC.
<b>Relative Bidder Share Price Fall or Relative Bidder Share Price Fall Event</b>	has the meaning given to the term 'Relative Bidder Share Price Fall Event' in the Implementation Deed and summarised in Section 5.17 of this Scheme Booklet.
<b>Relevant Interest</b>	has the meaning given to that term in sections 608 and 609 of the Corporations Act, as modified by any legislative instrument issued by ASIC.
<b>Representatives</b>	has the same meaning as given to that term in clause 1.1 of the Implementation Deed.
<b>Requisite Majority</b>	<p>in relation to the Scheme Resolution, a resolution passed by:</p> <ul style="list-style-type: none"> <li>(a) a majority in number (more than 50%) of OTW Shareholders present and voting at the Scheme Meeting (online or by proxy, attorney or, in the case of corporate OTW Shareholders, corporate representative); and</li> <li>(b) at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting by OTW Shareholders present and voting at the Scheme Meeting (online or by proxy, attorney or, in the case of corporate OTW Shareholders, corporate representative).</li> </ul> <p>The Court has the discretion to waive the first of these two requirements if the Court considers it appropriate to do so.</p>
<b>Scaleback Mechanism</b>	means the Cash Scaleback Mechanism and the Scrip Scaleback Mechanism (as applicable).
<b>Scheme</b>	means the proposed acquisition of Over the Wire Shares by Aussie Broadband under the scheme of arrangement at Annexure E.
<b>Scheme Booklet</b>	means this scheme booklet, issued under section 412 of the Corporations Act.
<b>Scheme Consideration</b>	means depending on the relevant Election and subject to the Scaleback Mechanisms and the terms of the Scheme, the consideration to be provided to each Scheme Shareholder for the transfer to Aussie Broadband of each Scheme Share, being either:

	<p>(a) Default Consideration;</p> <p>(b) All Cash Consideration;</p> <p>(c) All Scrip Consideration; or</p> <p>(d) Mix and Match Consideration.</p>
<b>Scheme Consideration Trust Account</b>	means the trust account to be operated by Over the Wire as trustee for the Scheme Shareholders for the purpose of paying the Cash Consideration to each Scheme Shareholder.
<b>Scheme Meeting</b>	means the meeting of OTW Shareholders, ordered by the Court to be convened under section 411(1) of the Corporations Act to consider and if thought fit approve the Scheme.
<b>Scheme Resolution</b>	means the resolution to be put to the Scheme Meeting to approve the Scheme.
<b>Scheme Share</b>	means a fully paid ordinary share in the capital of Over the Wire, on issue on the Record Date.
<b>Scheme Shareholder</b>	means a person who is the registered holder of one of more Scheme Shares.
<b>Scrip Consideration</b>	means consideration provided in the form of New ABB Shares for each Scheme Share held on the Record Date.
<b>Scrip Scaleback Mechanism</b>	means the Scrip Scaleback Mechanism as defined in the Scheme, and summarised in Section 5.2(c) of this Scheme Booklet.
<b>Second Court Date</b>	means the first day on which the Second Court Hearing is heard or if the hearing is adjourned for any reason, the first day of the adjourned hearing.
<b>Second Court Hearing</b>	means the hearing of an application made to the Court for an order approving the Scheme under section 411(4)(b) of the Corporations Act.
<b>SIP</b>	means Session Initiation Protocol.
<b>Subsidiary</b>	has the meaning given to that term in section 9 of the Corporations Act.
<b>Superior Proposal</b>	<p>means a bona fide Competing Transaction which the OTW Board, acting in good faith in order to satisfy what the OTW Board considers to be its fiduciary or statutory duties and after taking advice from Over the Wire's legal and financial advisers, determines:</p> <p>(a) is reasonably likely to be completed in accordance with its terms, taking into account all aspects of the Competing Transaction, including its conditionality and the ability of the proposing party to fund, or obtain funding to, consummate the transactions contemplated by the Competing Transaction; and</p> <p>(b) would, if completed substantially in accordance with its terms, result in a transaction that is more favourable to Over the Wire Shareholders than the Transaction, taking into account all the terms and conditions of the Competing Transaction.</p>
<b>Transaction</b>	means the acquisition of Over the Wire by Aussie Broadband through the implementation of the Scheme in accordance with the terms of the Implementation Deed.

<b>VOIP</b>	means voice over internet protocol (internet based telephony).
<b>VPN</b>	means Virtual Private Network.
<b>VWAP</b>	means in relation to particular securities for a particular period, the volume weighted average price of trading in those securities on the ASX market over that period, excluding block trades, large portfolio trades, permitted trades during the pre-trading hours period, permitted trades during the post-trading hours period, out of hours trades and exchange traded option exercises.

## Annexure A – Independent Expert’s Report



Grant Thornton

An instinct for growth™

# Over the Wire Holdings Limited

Independent Expert's Report and Financial Services Guide

20 January 2022

For personal use only

The Directors  
Over the Wire Holdings Limited  
Level 24, 100 Creek Street  
Brisbane, QLD 4000

20 January 2022

**Grant Thornton Corporate Finance Pty Ltd**  
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Dear Directors

## Introduction

Over the Wire Holdings Limited (“OTW” or “the Company”) is an ASX listed telecommunications, cloud and IT solution provider with a national footprint across all the major Australian capital cities and Auckland in New Zealand. The Company offers a variety of telecommunication services to business customers including data networks, data-centre co-location, cloud, voice over internet protocol (“VoIP”) and managed services. OTW has grown significantly by acquisitions over the last few years and as at 18 January 2022, it had a market capitalisation of approximately A\$327.3<sup>1</sup> million.

Aussie Broadband Limited (“ABB” or “Aussie Broadband”) focuses on National Broadband Network (“NBN”) subscription plans and bundles for residential homes, small businesses, not for profits, corporates and managed service providers. As a licensed carrier, ABB services its clients via a wholesale agreement with NBN Co Limited (“NBN Co”), a mix of leased infrastructure and its own network equipment<sup>2</sup>. It also offers a broader range of services including mobile plans and handsets, entertainment bundles and others. ABB listed on the ASX in October 2020 at A\$1.00 per share and it had a market capitalisation of A\$1,011.0<sup>3</sup> million as at 18 January 2022.

Following the receipt on 14 October 2021<sup>4</sup> of an unsolicited, non-binding indicative offer (“NBIO”) from ABB to acquire all of the shares in OTW at A\$5.75 in value<sup>5</sup> per share, the parties entered into a Scheme Implementation Deed (“SID”) on 2 December 2021 under which it is proposed that ABB will acquire 100% of the equity interest in OTW (“OTW Shares”) by way of a scheme of arrangement (“Scheme”) to combine the two companies (“Combined Group” or “Combined Entity”).

Under the terms of the Scheme, OTW shareholders (“Shareholders”) will have the option to receive consideration representing A\$5.75 per OTW Share (“Scheme Consideration”) in one of four ways:

- 80% cash and 20% scrip equating to A\$4.60 cash and 0.2300 ABB shares for each OTW Share (“Default Consideration”).
- 100% cash consideration of A\$5.75 per share (“Cash Consideration”).

<sup>1</sup> Based on the closing share price of A\$5.49 as at 18 January 2022.

<sup>2</sup> In 2020, it launched a project to build its own fibre network at a total cost of A\$67 million which is expected to be completed in FY22.

<sup>3</sup> Based on the closing share price of A\$4.62 as at 18 January 2022.

<sup>4</sup> The receipt of the non-binding indicative offer was announced to the ASX on 22 October 2021.

<sup>5</sup> With the mix of cash and scrip consideration to be determined.

- 100% scrip consideration equating to 1.1500 ABB Share for each OTW Share ("Scrip Consideration").
- At least 1% but less than 100% Scrip Consideration with the balance payable as Cash Consideration ("Mix and Match Consideration").

OTW Shareholders who do not make an election or who make an invalid election will receive the Default Consideration. For the purposes of determining the number of shares to be issued under the various consideration structures, the value of ABB Shares has been agreed at A\$5.00 per share. The closing share price on the ASX as at 18 January 2022 was A\$4.62 per share.

The parties have agreed certain caps to the total Cash Consideration and the total Scrip Consideration as outlined below:

- The maximum Cash Consideration payable by ABB has been set at approximately A\$275.2 million ("Maximum Cash Consideration"). If this limit is exceeded, those OTW Shareholders who have elected to receive cash (or by the terms of the Scheme are required to receive cash) will have their cash consideration scaled back and receive approximately 0.0020 ABB Shares for each 1 cent of cash scaled back.
- The maximum number of ABB Shares to be issued under the Scrip Consideration has been set at approximately 39.6 million ABB Shares ("Maximum Scrip Consideration") representing 57.5% of the total value of the Scheme Consideration. If this limit is exceeded, those OTW Shareholders who have elected to receive scrip (or by the terms of the Scheme are required to receive scrip) will have their scrip consideration scaled back and receive approximately 1 cent of cash for each 0.0020 ABB Shares scaled back.

If the Scheme is implemented, the following will occur:

- OTW Shareholders will collectively hold 5.8%<sup>6</sup> of the Combined Group if they all elect to receive the Default Consideration and a minimum of 5.8% if the Maximum Cash Consideration is triggered and a maximum of 15.0% in conjunction with the Maximum Scrip Consideration.
- The Combined Group will continue to be led by the ABB Management Team and Directors, however, Michael Omeros, current Managing Director and CEO of OTW, will join the Board of ABB replacing John Reisinger who will step down as a Director on implementation of the Scheme.
- ABB has estimated cost synergies of between A\$8.0 million and A\$11.0 million per annum (before tax and excluding one-off implementation costs) within two years and ongoing replacement capital expenditure savings and other strategic benefits.
- The Combined Group will have pro-forma statutory FY21 Revenue of A\$472.4 million and EBITDA of A\$46.1 million excluding synergies, and it is expected to be earnings per share accretive both pre and post synergies.

The Scheme is subject to OTW Shareholder and Court approval of the Scheme, no material adverse change as well as other conditions precedent as discussed in Section 1. The Scheme may be

<sup>6</sup> Assumes 223,831,951 ABB shares outstanding.



terminated by OTW if ABB's share price falls by 17.5% or more after the date of the SID relative to movements in the S&P/ASX 200 index and subject to minimum volumes of ABB Shares being traded.

The Scheme contains customary exclusivity provisions including no shop, no talk and no due diligence restrictions and a notification obligation, subject to OTW Directors' fiduciary obligations. The SID also details circumstances under which OTW may be required to pay a break fee of A\$3.44 million to ABB if the Scheme is not implemented (refer to Section 1 for more details).

The Directors of OTW ("OTW Directors") unanimously recommend that OTW Shareholders vote in favour of the Scheme in the absence of a superior proposal and subject to an independent expert concluding and continuing to conclude that the Scheme is in the best interests of OTW Shareholders. Subject to the same qualifications, the Directors intend to vote or cause to be voted the OTW Shares held or controlled by them in favour of the Scheme.

## Purpose of the report

There is no legal requirement for an independent expert's report ("IER") to be prepared in respect of the Scheme. However, the Directors of OTW have requested Grant Thornton Corporate Finance Pty Ltd ("Grant Thornton Corporate Finance") to prepare an independent expert's report to express an opinion as to whether the Scheme is in the best interests of OTW Shareholders.

The Scheme is subject to a number of conditions precedent, including an independent expert concluding that the Scheme is in the best interests of OTW Shareholders. In addition, the OTW Directors' recommendation of the Scheme is subject to the same condition.

When preparing the IER, Grant Thornton Corporate Finance has had regard to the Australian Securities and Investments Commission ("ASIC") Regulatory Guide 111 *Contents of expert reports* ("RG 111") and Regulatory Guide 112 *Independence of experts* ("RG 112"). The IER also includes other information and disclosures as required by ASIC.

## Summary of opinion

**Grant Thornton Corporate Finance has concluded that the Scheme is FAIR AND REASONABLE and hence in the BEST INTERESTS of OTW Shareholders.**

### ***Fairness Assessment***

In reaching our opinion in relation to the fairness of the Scheme, we have compared the fair value per OTW Share before the Scheme on a control basis to the value of the Default Consideration. We have also considered the implications for OTW Shareholders if they elect to receive the Cash Consideration or the Scrip Consideration. A summary of our calculations is set out in the table below.

Fairness assessment	Section Reference	Low	High
A\$ per share			
<b>Default Consideration (80% Cash and 20% Scrip)</b>			
Fair market value of OTW shares before the Proposed Scheme (control)	8.0	5.35	6.31
Fair market value of the Scheme Consideration (Default Consideration)	9.0	5.68	5.75
<b>Premium/(discount)</b>		<b>0.33</b>	<b>(0.56)</b>
<b>Premium/(discount) (%)</b>		<b>6.1%</b>	<b>(8.8%)</b>
<b>FAIRNESS ASSESSMENT</b>		<b>FAIR</b>	
<b>100% Cash Consideration</b>			
Fair market value of OTW shares before the Proposed Scheme (control)	8.0	5.35	6.31
Fair market value of the Scheme Consideration (100% Cash Consideration)	9.0	5.75	5.75
<b>Premium/(discount)</b>		<b>0.40</b>	<b>(0.56)</b>
<b>Premium/(discount) (%)</b>		<b>7.4%</b>	<b>(8.8%)</b>
<b>FAIRNESS ASSESSMENT</b>		<b>FAIR</b>	
<b>100% Scrip Consideration</b>			
Fair market value of OTW shares before the Proposed Scheme (control)	8.0	5.35	6.31
Fair market value of the Scheme Consideration (100% Scrip Consideration)	9.0	5.41	5.75
<b>Premium/(discount)</b>		<b>0.05</b>	<b>(0.56)</b>
<b>Premium/(discount) (%)</b>		<b>1.0%</b>	<b>(8.8%)</b>
<b>FAIRNESS ASSESSMENT</b>		<b>FAIR</b>	

Source: GTCF analysis

As illustrated above, the value of the Default Consideration and the other forms of Scheme Consideration<sup>7</sup> are **within** our valuation range of OTW before Scheme on a 100% and fully diluted basis. Accordingly, we conclude that the Scheme is **FAIR** to OTW Shareholders.

The proportion of the Scheme Consideration which depends on ABB trading prices varies between 0% for the Cash Consideration<sup>8</sup>, 20% for the Default Consideration and 100% for the Scrip Consideration<sup>9</sup>. Accordingly, we have set out below a sensitivity analysis of the value of the Default Consideration and Scrip Consideration in conjunction with different levels of ABB trading prices.

Default Consideration sensitivity											
A\$											
ABB Share price	3.50	3.70	3.90	4.10	4.30	4.50	4.70	4.90	5.10	5.30	5.60
Cash consideration	4.60	4.60	4.60	4.60	4.60	4.60	4.60	4.60	4.60	4.60	4.60
Scrip consideration	0.81	0.85	0.90	0.94	0.99	1.04	1.08	1.13	1.17	1.22	1.29
<b>Total Default Consideration</b>	<b>5.41</b>	<b>5.45</b>	<b>5.50</b>	<b>5.54</b>	<b>5.59</b>	<b>5.64</b>	<b>5.68</b>	<b>5.73</b>	<b>5.77</b>	<b>5.82</b>	<b>5.89</b>

Source: GTCF analysis

Note: Calculated as A\$4.60 plus [0.23\* ABB share price]

100% Scrip Consideration sensitivity											
A\$											
ABB Share price	3.50	3.70	3.90	4.10	4.30	4.50	4.70	4.90	5.10	5.30	5.60
<b>Total 100% Scrip Consideration</b>	<b>4.03</b>	<b>4.26</b>	<b>4.49</b>	<b>4.72</b>	<b>4.95</b>	<b>5.18</b>	<b>5.41</b>	<b>5.64</b>	<b>5.87</b>	<b>6.10</b>	<b>6.44</b>

Source: GTCF analysis

Note: Calculated as 1.15 \* ABB share price

<sup>7</sup> Including the Mix and Match Consideration even if it is not outlined in the table above. If the Cash Consideration and the Scrip Consideration are both fair even any combination of them under the Mix and Match Consideration is fair.

<sup>8</sup> Subject to the Maximum Cash Consideration.

<sup>9</sup> Subject to the Maximum Scrip Consideration.

As set out above, even if ABB trading prices reduce to A\$3.50 per share, the Default Consideration would still be fair as it would be above the low-end of our assessment of OTW on a control basis before the Scheme.

OTW Shareholders should be aware that our assessment of the value per OTW or ABB Shares should not be considered to reflect the price at which OTW or ABB Shares will trade if the Scheme is or is not implemented. The price at which OTW or ABB Shares will ultimately trade depends on a range of factors, including: their liquidity; macro-economic conditions; the regulatory and political environment; and the performance of the underlying businesses.

#### Valuation assessment of OTW

We have assessed the fair market value of OTW Shares on a control basis by adopting a market based approach having regard to the enterprise value as a multiple of EBITDA ("EBITDA Multiple") as our primary approach, which we have cross checked with the Quoted Share Price Method.

#### *EBITDA multiple approach*

EBITDA multiples are widely used to benchmark the value of integrated telecommunication and IT service providers as they are considered the best proxy for measuring a company's underlying financial performance and cash flow. In support of our decision to utilise EBITDA, we note that OTW has a history of stable profitability at the EBITDA level, which is expected to continue and investment analysts and other market commentators in the sector also typically adopt EBITDA multiples. Set out below is our valuation assessment of OTW on a control basis having regard to the EBITDA multiple approach:

FME Method - valuation summary A\$ '000 (except where stated otherwise)	Section Reference	Low	High
GT Assessed FY22 EBITDA	8.1.1	32,000	34,000
Assessed EBITDA Multiple (control basis)	8.1.2	11.5x	12.5x
<b>Enterprise value (control basis)</b>		<b>368,000</b>	<b>425,000</b>
Less: Net debt and other adjustments	8.1.4	(47,830)	(47,830)
<b>Equity value</b>		<b>320,170</b>	<b>377,170</b>
Number of outstanding shares ('000s) - fully diluted	8.1.5	59,820	59,820
<b>Value per share (A\$ per Share)</b>		<b>5.35</b>	<b>6.31</b>

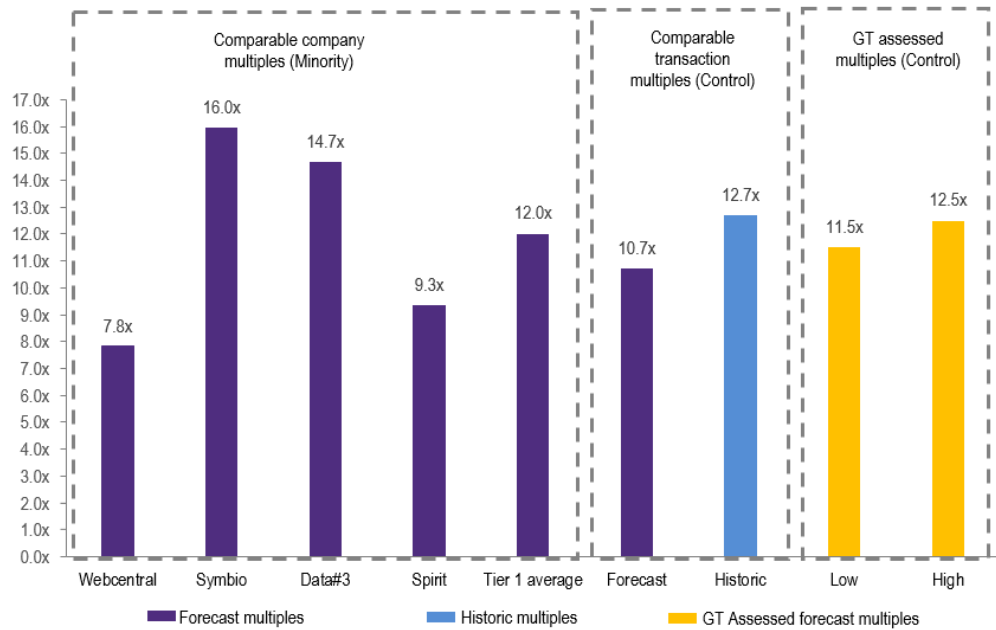
Source: GTCF analysis

We have outlined below the basis for the key assumptions adopted in our valuation assessment:

- **FY22 EBITDA** – It is substantially aligned with the FY22 guidance released by OTW as well as broker consensus forecasts. OTW has a high degree of visibility on future financial performance as over 90% of revenues are recurring<sup>10</sup>. We have also reviewed YTD financial performance and note this is in line with OTW's FY22 internal projections.
- **EBITDA multiple** – The selected EBITDA multiple ranges between 11.5x to 12.5x on a post AASB 16 basis. This is based on the trading multiples of comparable companies as well as the implied multiples from historic comparable transactions as outlined in the table below:

<sup>10</sup> Based on FY21 revenue

### Conclusion on the EBITDA Multiple



Sources: S&P Global, GTCF analysis

As per the chart above, our selected EBITDA multiples were made with reference to the following:

- They are at significant premium to Webcentral Ltd (“Webcentral”), even after the application of a typical premium for control, whose valuation is currently subject to a degree of uncertainty and volatility in relation to the recent merger with 5GN Networks Limited (“5GN”) and the hostile on-market takeover launched for Cirrus Networks Holdings Ltd (“Cirrus”). The EBITDA multiples are also at a premium to Spirit Technology Solutions Ltd (“Spirit”) even after a premium for control is taken into account which we believe is due to market perceived risks associated with the company’s recent six acquisitions in FY21 which grew revenue from A\$35 million in FY20 to A\$105 million in FY21. Further, Spirit has a greater focus on managed services which represents c. 48.6% of FY21 revenue and are less predictable and recurring.
- The selected multiples are discounted relative to those of Symbio Holdings Ltd (“Symbio”) on a minority basis which have been recently re-rated to reflect the reposition of the business to focus on wholesale clients (large and hyperscale businesses) which have a greater level of entrenchment and more likely to enter into long term contracts. Symbio has also been successful in removing non-core services whilst increasing profitability and it has a well-defined growth prospects internationally with substantial expansion into Asia. The EBITDA multiples are also discounted relative to Data #3 (minority basis), which is one of the leading providers of public cloud services in the Australian market. Data#3 achieved FY21 revenue of A\$791.6 million as at 30 June 2021 and exhibited 9x revenue growth over the last five years.
- The average EBITDA multiples of the comparable transaction set on a forecast basis is 10.7x representing controlling interests which is broadly towards the low-end of our assessment multiple. The historical FY21 EBITDA multiple implied in our mid-point

valuation assessment is 16.8x11 which is materially in excess of the historical EBITDA multiple of the comparable transactions of 12.7x. The implied transaction multiples may incorporate various levels of control premium paid for by the acquirers. We note that the assessed multiples are also prepared on the same control basis.

- We note that the multiples of the listed comparable companies are calculated on a minority basis and differ to the assessed multiples which are prepared on a control basis. If we apply a typical control premium of 30%<sup>12</sup> to the FY22 EBITDA multiple range observed for the tier 1 comparable companies, this results in a range of 10.1x to 20.7x FY22 EBITDA on a control basis. We note that the GT assessed multiple range falls within the range of comparable companies when adjusted for control.

#### Quoted share price method

Based on the analysis set out in section 8.2, we have assessed the fair market value of OTW Shares using the quoted share price to be between A\$4.50 and A\$5.00 per share on a minority basis which implies a premium for control based on our assessed valuation range between 19% to 26%. Whilst this analysis should be taken with caution given the relative low level of liquidity in OTW Shares, the implied premium for control is at the low-end of the premium for control typically applied in the Australian market for successful takeovers between 20% and 40%. We are of the opinion that it is due to the following:

- After OTW released the full year results on 19 August 2021, the share price reduced from A\$4.33 per share<sup>13</sup> to A\$4.15 per share on 26 August 2021. Then from there up to the NBIO announcement on 22 October 2021, the stock experienced a large upswing, rising by c. 20.5%. Between these dates, we note that OTW did not release any additional price sensitive announcements. During the same period, the Technology Index fell by 6.6% with many of the other listed peers<sup>14</sup> also growing less than OTW or reducing (with the exception of ABB) as set out in the graph below.

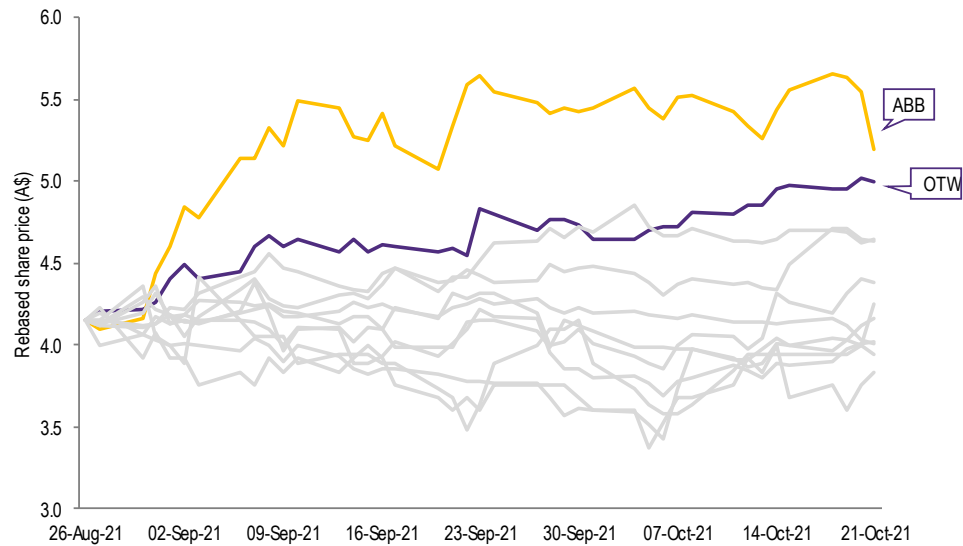
<sup>11</sup> Calculated as the mid-point enterprise value of A\$396.5 million divided by FY21 EBITDA of A\$23.5 million.

<sup>12</sup> See Appendix C for further analysis.

<sup>13</sup> Closing share price on 18 August 2021.

<sup>14</sup> We note that TPG and Symbio were the only other comparable companies which had substantially large increases over the same time period.

**OTW, ABB and Listed Peers share prices between 26 August and 22 October 2021**



Source: S&P Global, GTCF analysis

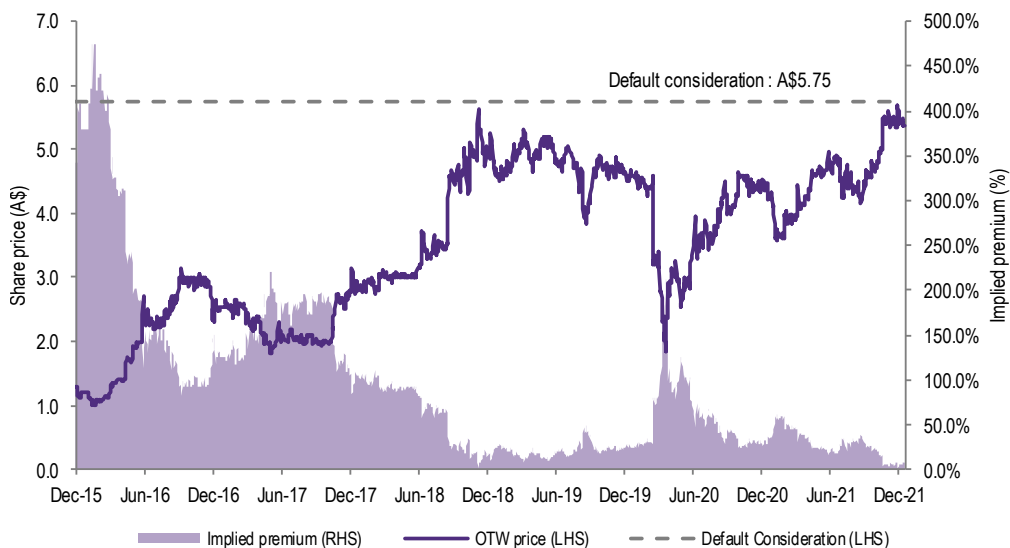
- At the beginning of this period, on 8 September 2021, ABB announced the completion of an institutional placement and share purchase plan to raise A\$134 million to pursue acquisition opportunities<sup>15</sup> among other reasons. At the time, ABB was one of the few listed larger telecommunication providers not to have cloud or managed service and support offerings and the company had ambitions to be a “one stop shop” for customers. The market may have been speculating a potential combination between the two businesses.
- On 21 October 21, the day before the announcement of the Scheme, The Australian newspaper reported that unnamed sources had disclosed that ABB was in exclusive talks to buy OTW after looking at the company earlier in the year. We note that the article was published after trading hours and that OTW went into a trading halt on the morning of the 22 October 2021. OTW addressed the press speculation from The Australian on the 22 October 2021 and acknowledged the Company was in exclusivity talks with ABB.

As a result of the above analysis, we are of the opinion that the trading prices of OTW immediately before the announcement of the NBIO may already reflected potential market speculation in relation to the combination of the two businesses with a significant upward swing of OTW trading prices which was not supported by specific announcements or general market movements.

In our cross check based on the trading prices, we have also considered that OTW Shares have never closed above A\$5.75 of value implied in the Scheme Consideration since listing on the ASX, with the highest closing share price before the NBIO being A\$5.64 on 12 November 2018.

<sup>15</sup> ABB Capital Raise Presentation, 8 September 2021.

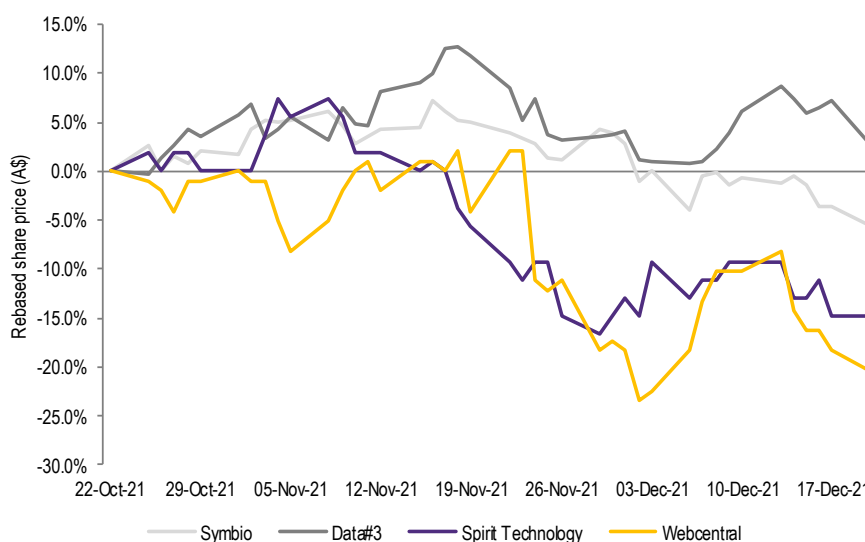
### OTW historical prices with implied premium



Source: S&P Global, GTCF analysis

Further, the highest price after the announcement of the NBIO was A\$5.69 on 2 December 2021 straight after the announcement of the SID. We note that if the market did not consider the premium for control to be adequate, the OTW price could have potentially traded higher than A\$5.75. We also note that since the announcement of the NBIO, the trading prices of the Tier 1 listed peers (refer to section 8.1.2 for details) have been volatile and they have mostly trended downwards as set out in the graph below. In the absence of the Scheme, OTW shares may have also followed the same pattern which would have resulted in a higher premium for control, all other things being the same.

### Peers share price post the announcement of NBIO



Source: S&P Global, GTCF analysis

### Value of the Scheme Consideration

All the various forms of Scheme Consideration include different degrees of ABB Shares, with the exception of the Cash Consideration (subject to the Maximum Cash Consideration). In our valuation assessment of the Scheme Consideration, we have relied on the trading prices of ABB following the

announcement of the Scheme as a proxy of the market value of that component of the Scheme Consideration represented by ABB Shares. We have assumed that OTW Shareholders will be able to realise the ABB Shares received as consideration in the short term. The decision to continue to hold ABB Shares beyond the short term period following implementation of the Scheme is a separate investment decision which depends on the individual circumstances of OTW Shareholders and accordingly it has not been considered in this Report.

We have summarised below our assessment of the Scheme Consideration.

Valuation assessment of the Scheme Consideration A\$'000 (except where otherwise stated)	Section Reference	Low	High
<b>Default Consideration (80% Cash, 20% Scrip):</b>			
Grant Thornton Assessed value of ABB Shares (minority basis)	9.1	4.70	5.00
Number of ABB Shares per OTW Share	1	0.23	0.23
Value of scrip component of Default Consideration		1.08	1.15
Value of cash component of Default Consideration	1	4.60	4.60
<b>Assessed value of the Default Consideration</b>		<b>5.68</b>	<b>5.75</b>
<b>100% Scrip Consideration:</b>			
Grant Thornton Assessed value of ABB Shares (minority basis)	9.1	4.70	5.00
Number of ABB shares per OTW share	1	1.15	1.15
<b>Assessed Value of 100% Scrip Consideration</b>		<b>5.41</b>	<b>5.75</b>
<b>100% Cash Consideration:</b>			
<b>Assessed value of the 100% Cash Consideration</b>	<b>1</b>	<b>5.75</b>	<b>5.75</b>

Source: GTCF analysis

As outlined above and discussed in details in section 9.1, we have assessed the value of ABB trading prices between A\$4.70 and A\$5.00 per share on a minority basis. ABB trading prices raised materially in the period shortly before the announcement of the NBIO<sup>16</sup> which may impact and increase the risk attached to the value of the Scheme Consideration. Whilst there were specific reasons for the performance of the trading prices<sup>17</sup>, ABB is currently trading at an FY22 EBITDA multiple of c. 30x<sup>18</sup> which is materially in excess of most of the listed peers. Whilst the EBITDA multiple of ABB is high, ABB is still in the early/growth stage of maturity and exhibits high levels of growth, with large reinvestment in marketing, customer product development and internal infrastructure which are all expected to support margin improvements and increasing market share going forward. The value of businesses displaying these characteristics are predominantly driven by their growth potential and capacity to increase market share, as opposed to short term earnings, cash flow generation and dividend distributions. As a result, we are of the opinion that the EBITDA multiple of ABB is not as relevant from a valuation perspective and the company is more valued with reference to revenue multiple. As set out in the graph below, the revenue multiple of ABB is more modest and lower than the revenue multiple of OTW.

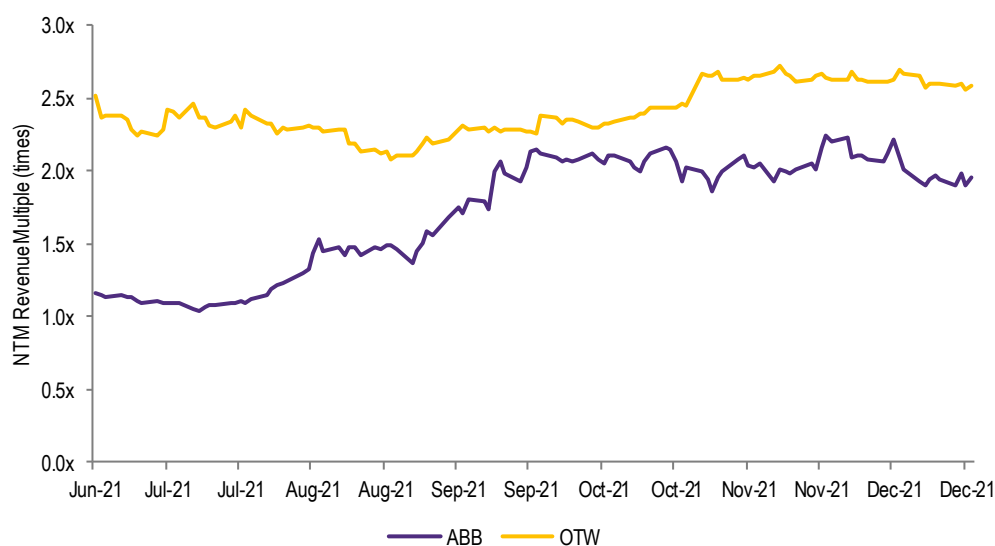
<sup>16</sup> ABB share price increased from A\$2.92 on 2 August 2021 to A\$5.09 on 23 September, a 74% increase in under two months.

<sup>17</sup> The strong share price gain came on the back of strong business performance and FY21 results and completion of the institutional placement which was 4 times oversubscribed.

<sup>18</sup> As of 14 December 2021.



### Rolling NTM Revenue Multiples



Sources: S&P Global, GTCF analysis

Whilst risks of potential correction in ABB trading prices remain if the company does not continue to deliver in full or exceed market's growth expectations, the structure of the Default Consideration (80% cash) and the analysis above limit the potential downside risk for OTW Shareholders.

### Reasonableness Assessment

In considering the reasonableness of the Scheme, we have assessed the following advantages, disadvantages and other factors.

#### Advantages

##### *Premium for control*

A premium for control is applicable when the acquisition of control of a company or business would give rise to benefits such as the ability to realise synergies, access cash flows and tax benefits and control of the board of Directors of the company.

The calculation of the premium for control in relation to the Scheme is not straight forward and it varies with the different form of Scheme Consideration. In the table below, we have calculated the premium for control implied with the Default Consideration, the Cash Consideration (assuming the Maximum Cash Consideration is reached) and the Scrip Consideration (assuming the Maximum Scrip Consideration limit is triggered).

Control premium A\$ per share	Low <sup>1</sup>	Mid	High
<b>Default Consideration (80% Cash and 20% Scrip)</b>			
Trading prices of OTW	5.06	4.94	4.80
Fair market value of the Scheme Consideration (Default Consideration) <sup>2</sup>	5.68	5.72	5.75
<b>Control premium: Default Consideration</b>	<b>12.2%</b>	<b>15.6%</b>	<b>19.9%</b>
<b>100% Cash Consideration</b>			
Trading prices of OTW	5.06	4.94	4.80
Fair market value of the Scheme Consideration (100% Cash Consideration) <sup>2</sup>	5.75	5.75	5.75
<b>Control premium: 100% Cash</b>	<b>13.5%</b>	<b>16.3%</b>	<b>19.9%</b>
<b>100% Scrip Consideration</b>			
Trading prices of OTW	5.06	4.94	4.80
Fair market value of the Scheme Consideration (100% Scrip Consideration) <sup>2</sup>	5.41	5.58	5.75
<b>Control premium: 100% Scrip</b>	<b>6.7%</b>	<b>12.8%</b>	<b>19.9%</b>

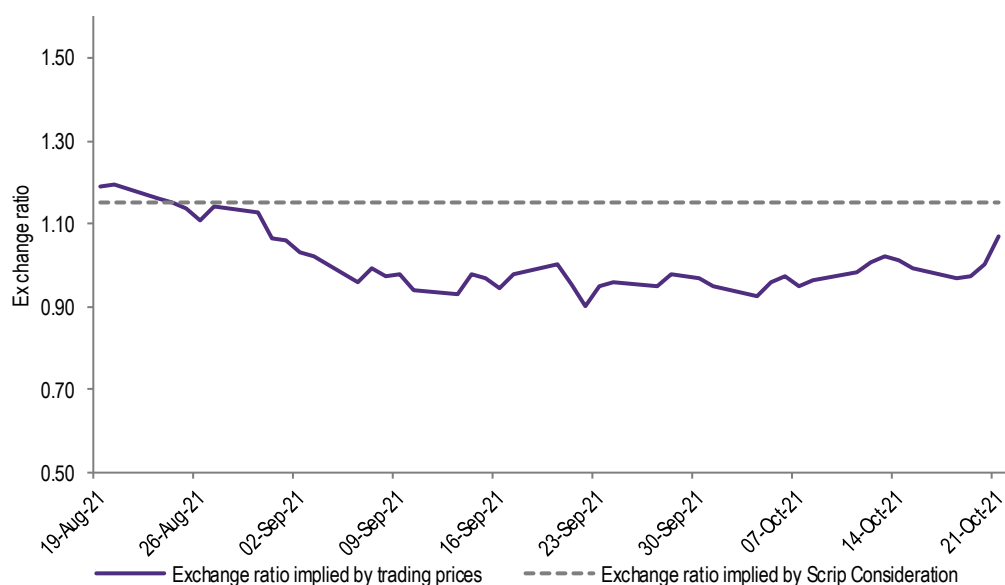
Source: S&P Global, GTCF analysis.

Note (1): Low, Mid and High OTW share prices are based on the 1-day, 10-day and 1 month VWAP respectively before the announcement of the receipt of proposal on 22 October 2021. Note (2): The Mid value for the Fair market value per share of the Scheme Consideration was calculated using the mid-point between the Low and High.

Based on the various permutations above, the Scheme Consideration implies a premium for control between 6.7% to 19.9% depending on the election made by OTW Shareholders. Whilst this is at the low-end of the premium for control usually paid in Australia for successful takeovers, there are specific reasons to support it as discussed in our fairness assessment. The mid-point of the Default Consideration is also above the value that OTW Shares have ever traded and above the value that OTW Shareholders may realise in the absence of the Scheme or a superior proposal

The premium for control is also evident when comparing the exchange ratio of 1.15 implied in the Scrip Consideration with the exchange ratio embedded in the trading prices before the announcement of the NBIO indicating that OTW Shareholders will receive a greater portion of ABB Shares that implied by the historic prices of the two companies over the period.

#### Exchange ratio implied



Source: S&P Global, GTCF analysis

*Certainty of the Scheme Consideration (for OTW Shareholders electing to receive the Cash Consideration and the Default Consideration<sup>19</sup> to a less extent)*

If the Scheme is implemented, OTW Shareholders will no longer be exposed to the ongoing risks associated with holding an investment in OTW<sup>20</sup> which are summarised below in a non-exhaustive manner:

- *Industry Competition* - OTW operates in a highly competitive market with players that are significantly larger and have access to greater resources. We note that one of the Company's key competitive advantages in acquiring new customers is to offer differentiated, customer centric services at lower prices. There is a risk that larger competitors with greater capital and economies of scale could potentially offer a similar or improved user product and experience, which may represent a challenge for OTW to achieve organic growth.
- *Inorganic Growth* - Whilst OTW has a strong and successful history of growing via acquisitions, there is a risk that if the M&A growth and momentum stops or slows down, the trading prices may be adversely affected. The M&A strategy that OTW has been successfully implementing during the years is riskier than organic growth as the integration of new businesses may take longer than expected and the expected synergies may not be realised within the anticipated timeframe, to their full extent or at all and there is always risk of unforeseen customer churn.
- *Current COVID-19 Outbreak* - The outbreak of COVID-19 has caused considerable economic turmoil over the last 24 months and whilst the effects cannot be fully quantified, the future impact of the virus and potential new variants can pose material challenges for the industry and for the economy in general. Significant uncertainty remains around the highly contagious nature of the Omicron variant, with the effects on humans, the health system and the economy not fully known. Whilst many of OTW's key markets have benefited from increased demand associated with a rise in people working-from-home, the wider effects of the virus on the financial markets and economies pose a risk to OTW.
- *Rapid Change in Technology* – OTW operates in a tech-lead, dynamic industry which is often subject to dramatic changes as a result of new technologies. With the introduction of the 5G network, Low Earth Orbit satellites and other communication and software technologies in the industry, there is risk that OTW's products and services may lose market share and margin to emerging technologies.
- *Government Intervention and Regulation* – Some of OTW's products and services operate in highly regulated markets. For example, we are aware that NBN Co, a wholly owned government corporation, is currently reviewing their pricing structure which will come into effect in December 2022. Whilst we are unaware of the new pricing structure and how it will impact OTW and the market, this risk, along with other potential regulatory changes, can impact the Company's operations and the trading prices.

*Strategic benefit (for OTW Shareholders electing to receive the Scrip Consideration and the Default Consideration<sup>21</sup> to a less extent)*

<sup>19</sup> 80% cash.

<sup>20</sup> OTW Shareholders electing to receive the Cash Consideration or other form of Scheme Consideration but realising the ABB Shares received as consideration in the short term.

<sup>21</sup> 20% scrip.

The Scheme will create an enlarged entity which could enhance the ability of OTW to pursue growth opportunities, access greater quantities of resources and have a broader commercial reach due to the following:

- Significant cross selling opportunities are expected to be derived in the data network and voice product given that OTW does not have any direct NBN Point of Interconnections ("POIs") whereas ABB is directly interconnected to all 121 POIs and it owns 1,200 km of fibre (complete or under construction) which can be offered to OTW customers. Both companies have extensive presence in third party data centres which can be optimised and streamlined. From a voice perspective, OTW is a Tier 1 carrier whereas ABB is a wholesale customer of other Tier 1 carriers, so again significant synergies and cost savings can be targeted.
- Following the implementation of the Scheme, it is expected that a proportion of the overhead expenses would be rationalised as OTW will become a wholly-owned subsidiary of ABB. As a result, the larger business size of ABB and the integration of the similar businesses currently held, the two entities are expected to reduce certain operating costs through the streamlining of activities and economies of scale. ABB has estimated annual cost synergies<sup>22</sup> between A\$8.0 and A\$11.0 million to be fully realised within two years including corporate overhead and shared service synergies as well as some of the operational synergies discussed above. Whilst not currently factored in, there are also potential revenue synergies through cross selling opportunities to their respective clients and going to market with a broader service offering.
- The Combined Group should be able to raise debt and equity, if required, on more attractive terms than those available to OTW on a stand-alone basis, providing additional financial flexibility and an enhanced capacity to exploit growth opportunities.
- The market capitalisation of the Combined Group will be significantly higher than OTW's market capitalisation on a stand-alone basis. The Company anticipates that the Combined Group may be eligible to enter into the S&P/ASX 200 Information Technology Index. This should result in greater analysts' coverage and investors' awareness which should lead to greater liquidity.

*Likelihood to receive a premium for control in the future*

As discussed before, we have estimated that OTW Shareholders will receive a premium for control in conjunction with the Scheme.

In addition, given the shareholders' structure of the Combined Group, no shareholders will be able to exert a significant influence over the strategic and operational decisions of the Combined Group or block/prevent the Combined Group from receiving a premium for control in the future. Assuming the Default Consideration, we note that the two largest shareholders of the Combined Group would both each hold up to approximately 7.55% of the issued capital<sup>23</sup>.

<sup>22</sup> Pre-tax and implementation costs.

<sup>23</sup> Digital Interworks Pty Ltd and Intertubes Pty Ltd both each own 17,946,809 shares in ABB, representing 7.55% each of the Combined Group. This is based on the Combined Group total shares outstanding being 237,590,596, assuming full uptake of the Default Consideration.

## Disadvantages

### *Share price of ABB*

The various Scheme Considerations include different proportions of ABB Shares (with the exclusion of the Cash Consideration subject to the Maximum Cash Consideration). The trading prices of ABB increased materially in the lead-up to the NBIO from A\$2.66 per share on 20 July 2021 to A\$4.74 on 13 October 2021 (or c. 78% increase). Based on a review of publicly available information, we are of the opinion that such a substantial increase in the trading prices in such a short period of time may have been due to the following:

- ABB released FY21 results on 30 August 2021 in which ABB disclosed an increase in revenue of 84%, an increase in EBITDA of 433% and total broadband services up 53%.
- The ACCC, in its review/monitoring of the broadband market in September 2021, disclosed that Aussie Broadband continued to make strong market share gains and accounted for almost one third of the wholesale services added in the September quarter, lifting its market share to 5.1%.
- In September and October 2021, ABB completed an institutional placement to raise A\$114 million (before costs) and an SPP to raise an additional A\$20 million, both at A\$4.00 per share, which were heavily oversubscribed which may have created significant additional demand for the shares in the following period.
- ABB disclosed that the proceeds of the raising were expected to support M&A, new business product and technology development, and/or further fibre and network build. This may have created market speculation of potential large value accretive transactions.

Since entering into the Scheme, trading prices have been volatile and ABB closing share prices have ranged between A\$5.45 on 1 December 2021 and A\$4.21 on 6 January 2022.

OTW Shareholders electing to retain ABB Shares following completion of the Scheme are exposed to potential continued volatility in the trading prices.

### *Cannot participate in potential future upside of standalone OTW business<sup>24</sup>*

If the Scheme is implemented, OTW Shareholders will no longer be exposed to the following potential growth opportunities, or only exposed proportionally to their interest in ABB (if any):

- Historically OTW has created significant shareholders' value true accretive mergers and acquisitions. The Company has a successful history on purchasing smaller business at c. 5x EBITDA and bolting them into the core business which is trading at significantly higher EBITDA multiples.
- OTW's revenue base consists of c.90% of recurring revenue which makes OTW a highly attractive target. Recurring revenue provides visibility of projected revenue and related earnings over the coming years, which de-risks the business operations. A large degree of recurring revenue typically aligns with lower incremental customer acquisition costs and scalability, as the revenue base provides predictable cash flows to invest in the growth of the company.

<sup>24</sup> Assuming OTW Shareholders will dispose of the ABB Shares received as consideration (if any) in the short term.

- OTW has recently completed its multi-year Carrier Interconnect Project which has led to the creation of its own interconnected voice network which allows the Company to provide full service voice capabilities and obtain a Tier 1 voice carrier status<sup>25</sup>. The completion of the Carrier Interconnect Project is expected to generate significant financial and operational benefits which are yet to be fully realised.
- OTW acquired J2's voice and data business and Digital Sense on 31 August 2020 and 30 October 2020 respectively. The integration of these two companies is still undergoing with the full synergistic benefits potentially not yet realised in full.

#### *Positive industry outlook*

OTW benefits from operating in a growing industry with a positive long-term outlook driven by the following:

- COVID-19 has accelerated an unprecedented digital transformation to satisfy requirements for remote working, education, entertainment and shopping. Gartner forecasts global IT spending related to remote work will total US\$332.9 billion in 2021, an increase of 4.9% from 2020 with areas such as cloud computing, core business applications, security and customer experience at the forefront of future growth. Spending on technology products and services in Australia is projected to exceed A\$109 billion in 2022, an increase of 6.5% from 2021.
- The worldwide public cloud services market is forecast to continue to grow at rapid rates with services like desktop as a service ("DaaS"), software as a service ("SaaS") and infrastructure as a service ("IaaS") to continue to drive above market growth with the ongoing shift from on-premises software, hardware and support teams to subscription-based models.
- Broadband services are now considered an essential rather than a discretionary service with consumers and businesses heavily reliant on the internet and data connectivity to carry out every day activities and access basic services. Data use and speed demands are expected to continue to grow as more bandwidth intensive applications and services are introduced and adopted. Data downloaded over the NBN increased by 59% between December 2019 and December 2020.

If the Scheme is approved, OTW Shareholders will no longer be exposed to the potential upside and growth opportunity of the sector.

#### *Risk in integrations of companies*

There is a risk that the integration of the businesses of OTW and ABB may take longer or cost more than expected, including as a result of the Covid-19 pandemic. OTW Shareholders, to the extent that they continue to hold shares in the Combined Group, share the risk of the Combined Entity not being able to at least deliver the synergies and efficiencies estimated between A\$8 million and A\$11 million. A failure to achieve targeted synergies may have an adverse impact on the operations and financial performance and position of the Combined Entity and the value of its shares. However, based on discussions with the Management Team of OTW, they believe this risk is limited and it is

<sup>25</sup> The only other Tier 1 Carriers are Telstra, Optus, TPG, MyNetFone and Vocus.

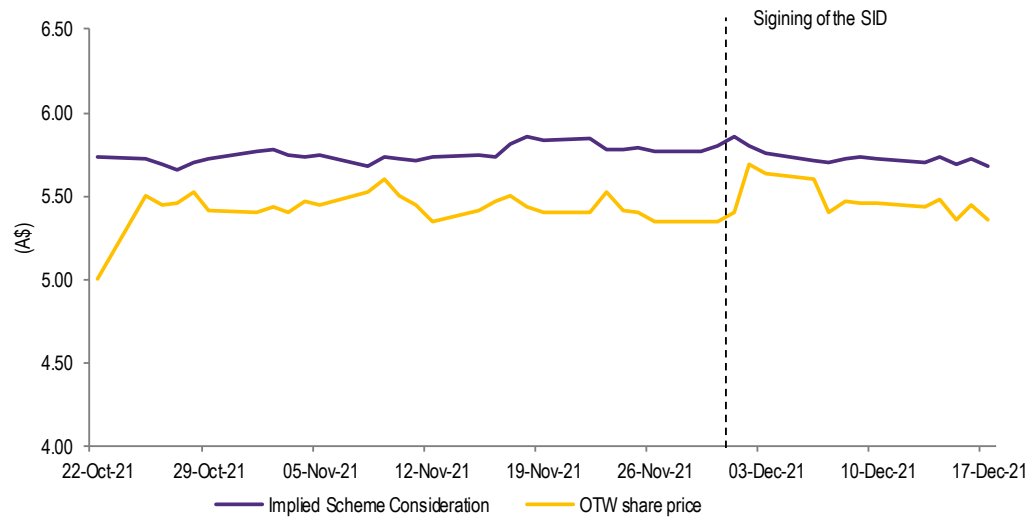
materially mitigated by the collaborative and pro-active steps undertaken by all the stakeholders involved to ensure a smooth integration process upon implementation of the Scheme.

## Other factors

### *OTW Share price after the announcement*

As set out below, following the announcement of the Scheme, OTW Shares have traded broadly in line with the Default Consideration which is affected by ABB Shares price. OTW trading price after the announcement of the Scheme seems to indicate good support from investors for the Scheme Consideration and perceived low risk of the Scheme not being implemented.

### **Default Consideration<sup>1</sup> vs OTW share price after the NBIO**



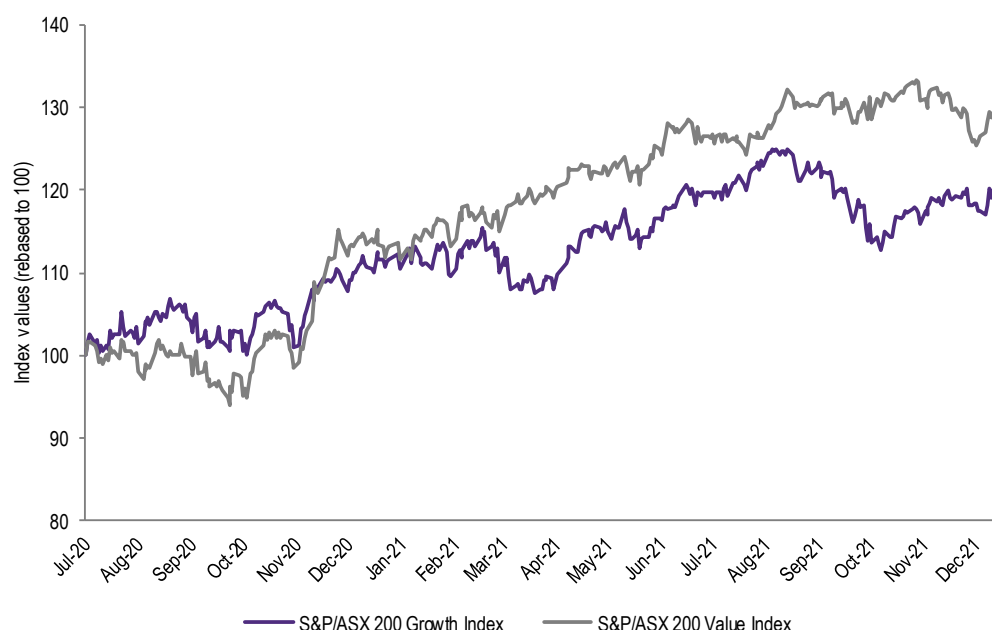
Source: S&P Global, GTCF analysis

Note: (1) Computed as ABB's closing share price divided by the exchange ratio under the Default Consideration plus the fixed cash component of A\$4.60 per share.

### *Rotation from growth to value*

Since the end of 2020 with the uncertainty in relation to the US election being removed, the positive news on vaccine triggered and the gradual reopening of the global economics have triggered a rotation from growth to value stocks as outlined in the chart below:

### S&P/ASX 200 Value Index and S&P/ASX 200 Growth Index (rebased to 100)



Source: S&P Global, GTCF analysis

Value stocks usually include companies that are exposed to the economic cycle and which have historically performed well coming out of recessions and with increasing interest rates. OTW and more so ABB are more akin to growth stocks. Whilst the value index has performed better than the growth index, market conditions have remained volatile and financial markets have not really provided a clear direction. However, market momentum and rotation can have a large influence on the underlying value of companies at different points in time.

#### *Potential overhang*

We have assessed the fair market value of the Default Consideration and Scrip Consideration based on the trading price of ABB after the announcement of the Scheme (plus the cash component for the Default Consideration) which, in our opinion, represents a proxy of the value of the consideration received by OTW Shareholders.

OTW Shareholders will collectively receive a minimum of 13,758,645 ABB Shares<sup>26</sup> up to a maximum of approximately 39.6 million ABB Shares or c. 15% of the ABB enlarged issued capital. If OTW Shareholders seek to sell ABB Shares shortly after they receive them, it may create an overhang effect and depress ABB trading prices. Under those circumstances, the price that OTW Shareholders will be able to realise from the sale of ABB Shares may be lower than our valuation assessment.

#### *Prospect of a superior offer or alternative transaction*

Whilst OTW has agreed not to solicit any competing proposals or to participate in discussions or negotiations in relation to any competing proposals, there are no impediments to an alternative proposal being submitted by potential interested parties. The transaction process should act as a catalyst for potentially interested parties, and it will provide significant additional information in the

<sup>26</sup> If the Maximum Cash Consideration is reached. Assumes no foreign shareholder participation.



Scheme Booklet and independent expert's report to assess the merits of potential alternative transactions.

If an alternative proposal on better terms were to emerge, it is expected that this would occur prior to the shareholders' meeting convened to consider the Scheme. We note that there will be a significant time-lag between the dispatching of the Scheme Booklet to OTW Shareholders and the shareholders meeting. In the event that an alternative offer on better terms emerges, shareholders will be entitled to vote against the Scheme, or the Scheme meeting will be adjourned.

#### *Tax implications*

The tax implications of the Scheme for OTW Shareholders depend on the election they make in relation to the Scheme Consideration. OTW Shareholders should review the tax section of the Scheme Booklet before taking this decision.

#### *Implication if the Scheme is not implemented*

If the Scheme is not implemented, it would be the current Directors' intention to continue operating the Company in line with its objectives. OTW Shareholders, who retain their shares, would continue to share any benefits and risks in relation to OTW's ongoing business.

OTW has incurred significant costs in pursuing the proposed transaction to the point that it is capable of being submitted to OTW Shareholders for their consideration. Pursuant to the Scheme Implementation Deed, each of OTW and ABB must pay its own costs and expenses in connection with the proposed, attempted, or actual implementation of the Scheme.

#### *Directors' recommendations and intentions*

In the absence of a superior proposal and subject to the independent expert opinion that the Scheme is in the best interest of OTW Shareholders:

- The Directors of OTW unanimously recommend that OTW Shareholders vote in favour of the Scheme; and
- All the Directors of OTW intend to vote in favour of the Scheme any OTW Shares in which they have a relevant interest and in respect of which they have the power to vote.

#### *No brokerage charges*

OTW Shareholders will not incur any brokerage costs on the disposal of their OTW Shares to ABB under the Scheme.

#### *Break Fees*

In the event that a competing and/or superior proposal emerges before the implementation of the Scheme, and is recommended by the OTW Directors or the OTW Directors withdraw their recommendations in relation to the Scheme, OTW may be required to pay ABB a break fee of c. A\$3.4 million.

## Reasonableness conclusion

Based on the qualitative factors identified above, it is our opinion that the Scheme is **REASONABLE** to OTW Shareholders.

## Overall conclusion

After considering the abovementioned quantitative and qualitative factors, Grant Thornton Corporate Finance has concluded that the Scheme is **FAIR AND REASONABLE** and hence in the **BEST INTERESTS** of the OTW Shareholders in the absence of a superior alternative proposal emerging.

## Other matters

Grant Thornton Corporate Finance has prepared a Financial Services Guide in accordance with the Corporations Act. The Financial Services Guide is set out in the following section.

The decision of whether or not to vote in favour of the Scheme is a matter for each OTW Shareholder to decide based on their own views of value of OTW and expectations about future market conditions, OTW's performance, risk profile and investment strategy. If OTW Shareholders are in doubt about the action they should take in relation to the Scheme, they should seek their own professional advice.

Yours faithfully

GRANT THORNTON CORPORATE FINANCE PTY LTD



ANDREA DE CIAN  
Director



Jannaya James  
Director

## Financial Services Guide

### 1 Grant Thornton Corporate Finance Pty Ltd

Grant Thornton Corporate Finance carries on a business, and has a registered office, at Level 17, 383 Kent Street, Sydney NSW 2000. Grant Thornton Corporate Finance holds Australian Financial Services Licence No 247140 authorising it to provide financial product advice in relation to securities and superannuation funds to wholesale and retail clients.

Grant Thornton Corporate Finance has been engaged by OTW to provide general financial product advice in the form of an independent expert's report in relation to the Scheme. This report is included in OTW's Scheme Booklet.

### 2 Financial Services Guide

This Financial Services Guide ("FSG") has been prepared in accordance with the Corporations Act, 2001 and provides important information to help retail clients make a decision as to their use of general financial product advice in a report, the services we offer, information about us, our dispute resolution process and how we are remunerated.

### 3 General financial product advice

In our report we provide general financial product advice. The advice in a report does not take into account your personal objectives, financial situation or needs.

Grant Thornton Corporate Finance does not accept instructions from retail clients. Grant Thornton Corporate Finance provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. Grant Thornton Corporate Finance does not provide any personal retail financial product advice directly to retail investors nor does it provide market-related advice directly to retail investors.

### 4 Remuneration

When providing the Report, Grant Thornton Corporate Finance's client is the Company. Grant Thornton Corporate Finance receives its remuneration from the Company. In respect of the Report, Grant Thornton Corporate Finance will receive from OTW a fixed fee of A\$130,000 plus GST which is based on commercial rates, plus reimbursement of out-of-pocket expenses for the preparation of the report. Our directors and employees providing financial services receive an annual salary, a performance bonus or profit share depending on their level of seniority.

Except for the fees referred to above, no related body corporate of Grant Thornton Corporate Finance, or any of the directors or employees of Grant Thornton Corporate Finance or any of those related bodies or any associate receives any other remuneration or other benefit attributable to the preparation of and provision of this report.

### 5 Independence

Grant Thornton Corporate Finance is required to be independent of OTW in order to provide this report. The guidelines for independence in the preparation of independent expert's reports are set out in RG 112 *Independence of expert* issued by ASIC. The following information in relation to the independence of Grant Thornton Corporate Finance is stated below.



*“Grant Thornton Corporate Finance and its related entities do not have at the date of this report, and have not had within the previous two years, any shareholding in or other relationship with OTW (and associated entities) that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Scheme.*

*Grant Thornton Corporate Finance has no involvement with, or interest in the outcome of the Scheme, other than the preparation of this report.*

*Grant Thornton Corporate Finance will receive a fee based on commercial rates for the preparation of this report. This fee is not contingent on the outcome of the Scheme. Grant Thornton Corporate Finance’s out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Thornton Corporate Finance will receive no other benefit for the preparation of this report.*

*Grant Thornton Corporate Finance considers itself to be independent in terms of RG 112 “Independence of experts” issued by the ASIC.”*

## **6 Complaints process**

Grant Thornton Corporate Finance has an internal complaint handling mechanism and is a member of the Financial Ombudsman Service (membership no. 11800). All complaints must be in writing and addressed to the Chief Executive Officer at Grant Thornton Corporate Finance. We will endeavour to resolve all complaints within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Financial Ombudsman Service who can be contacted at:

Financial Ombudsman Service Limited  
GPO Box 3  
Melbourne, VIC 3001  
Telephone: 1800 367 287

Grant Thornton Corporate Finance is only responsible for this report and FSG. Complaints or questions about the Scheme should not be directed to Grant Thornton Corporate Finance. Grant Thornton Corporate Finance will not respond in any way that might involve any provision of financial product advice to any retail investor.

## **7 Compensation arrangements**

Grant Thornton Corporate Finance has professional indemnity insurance cover under its professional indemnity insurance policy. This policy meets the compensation arrangement requirements of section 912B of the Corporations Act, 2001.

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## 1 Outline of the Scheme

### 1.1 Other key terms of the Scheme

Set out below are some of the other key terms of the SID (refer to the Scheme Booklet and SID for further details):

- *Conditions precedent* – the SID includes the following conditions precedent which are listed in a non-exhaustive manner:
  - Approval of the Scheme by OTW Shareholders at the Scheme Meeting.
  - Approval of the Scheme by the Court in accordance with Section 411 of the Corporations Act.
  - The independent expert stating that in its opinion the Scheme is in the best interests of OTW Shareholders and the independent expert does not change or publicly withdraw this conclusion before 8.00am on the Second Court Date
  - Other conditions precedent customary for a transaction of this type including material adverse changes, employee retention, and prescribed occurrences.
- *Termination of the SID* – The Scheme may be terminated by OTW if ABB's share price falls by 17.5% or more after the date of the SID relative to movements in the S&P/ASX 200 index and subject to minimum volumes of ABB Shares being traded.
- *OTW Performance Rights* – As at the announcement date of the Scheme, OTW had 76,924 Performance Rights on issue plus 117,592 Performance Rights to be issued under the Long Term Incentive grant. The vesting of the Performance Rights will be accelerated so that the OTW Shares to be issued upon vesting will be able to participate in the Scheme.
- *Break Fee* – Under certain circumstances as outlined in the SID, OTW may be required to pay ABB a Break Fee of c. A\$3.44 million (excluding GST) if during the exclusivity period:
  - Any OTW Director fails to recommend the Scheme.
  - Any OTW Director adversely changes, or qualifies, withdraws or otherwise makes a public statement indicating they no longer support the Scheme (other than where the IER concludes the Scheme is not in the best interests of OTW Shareholders) and the reason for the Independent Expert's conclusion is not due wholly or partly to the existence of a Competing Transaction.
  - A competing transaction (as defined in the SID) is announced by a third party during the exclusivity period and it completes within twelve months from its announcement.
  - ABB terminates the SID due to a material breach by OTW of the terms of the SID.
- *Others* – Other terms common for a transaction of this nature, including customary exclusivity arrangements such as “no shop”, “no talk”, and “no due diligence” and a right for ABB to be notified of and to match any competing proposals.

## 2 Purpose and scope of the report

### 2.1 Purpose

#### *Section 411 of the Corporations Act*

Section 411 of the Corporations Act 2001 regulates schemes of arrangement between companies and their members. Part 3 of Schedule 8 of the Corporations Regulations 2001 prescribes information to be sent to shareholders and creditors in relation to members' and creditors' schemes of arrangement pursuant to Section 411 of the Corporations Act.

Part 3 of Schedule 8 (s640) of the Corporations Regulations requires an independent expert's report in relation to a scheme to be prepared when a party to that scheme has a shareholding greater than 30% in the company subject to the scheme, or where any of its directors are also directors of the company subject to the scheme. In those circumstances, the independent expert's report must state whether a scheme is in the best interests of shareholders and state reasons for that opinion. Even where there is no requirement for an independent expert's report, documentation for a scheme of arrangement typically includes an independent expert's report.

While there is no legal requirement for an independent expert's report to be prepared in respect of the Scheme, the Directors of OTW have requested that Grant Thornton Corporate Finance prepare an independent expert's report to express an opinion as to whether the Scheme is in the best interests of OTW Shareholders.

### 2.2 Basis of assessment

In determining whether the Scheme is in the best interests of the OTW Shareholders, Grant Thornton Corporate Finance has had regard to relevant Regulatory Guides issued by the ASIC, including RG 111, Regulatory Guide 60 Scheme of arrangement ("RG60") and RG 112. The IER also includes other information and disclosures as required by ASIC. We note that neither the Corporations Act nor the Corporations Regulations define the term "in the best interests of members".

RG 111 establishes certain guidelines in respect of independent expert's reports prepared for the purposes of the Corporations Act. RG111 is framed largely in relation to reports prepared pursuant to Section 640 of the Corporations Act and comments on the meaning of "fair and reasonable" in the context of a takeover offer. RG111 requires an independent expert's report prepared for a change of control transaction implemented by way of scheme of arrangement to undertake an analysis substantially the same as for a takeover bid. However, the opinion of the expert should be whether or not the proposed scheme is "in the best interests of the members of the company". If an expert were to conclude that a proposal was "fair and reasonable" if it was in the form of a takeover bid, it will also conclude that the proposed scheme is "in the best interests of the members of the company".

Pursuant to RG111, an offer is "fair" if the value of the offer price or consideration is equal to or greater than the value of the securities that are subject of the offer. A comparison must be made assuming 100% ownership of the target company.

RG111 considers an offer to be "reasonable" if it is fair. An offer may also be reasonable if, despite not being "fair" but after considering other significant factors, shareholders should accept the offer in the absence of any higher bid before the close of the offer.



In our opinion, the most appropriate way to evaluate the fairness of the Scheme is to compare the fair market value of OTW on a control basis with the Default Consideration and also provide observation in relation to the other forms of Scheme Consideration.

In considering whether the Scheme is in the best interests of OTW Shareholders, we have considered a number of factors, including:

- Whether the Scheme is fair.
- The implications to OTW Shareholders if the Scheme is not approved.
- Other likely advantages and disadvantages associated with the Scheme.
- Other costs and risks associated with the Scheme that could potentially affect OTW Shareholders.

## 2.3 Independence

Prior to accepting this engagement, Grant Thornton Corporate Finance (a 100% subsidiary of Grant Thornton Australia Limited) considered its independence with respect to the proposed Scheme with reference to RG 112 issued by ASIC.

Grant Thornton Corporate Finance has no involvement with, or interest in, the outcome of the approval of the Scheme other than that of an independent expert. Grant Thornton Corporate Finance is entitled to receive a fee based on commercial rates and including reimbursement of out-of-pocket expenses for the preparation of this report.

Except for these fees, Grant Thornton Corporate Finance will not be entitled to any other pecuniary or other benefit, whether direct or indirect, in connection with the issuing of this report. The payment of this fee is in no way contingent upon the success or failure of the proposed Scheme.

In our opinion, Grant Thornton Corporate Finance is independent of OTW, OTW Directors and all other relevant parties of the Scheme.

## 2.4 Consent and other matters

Our report is to be read in conjunction with the Scheme Booklet dated on or around 20 January 2022 in which this report is included, and is prepared for the exclusive purpose of assisting OTW Shareholders in their consideration of the Scheme Booklet. This report should not be used for any other purpose.

Grant Thornton Corporate Finance consents to the issue of this report in its form and context and consents to its inclusion in the Scheme Booklet.

This report constitutes general financial product advice only and in undertaking our assessment, we have considered the likely impact of the proposed Scheme to OTW Shareholders as a whole. We have not considered the potential impact of the Scheme on individual OTW shareholders. Individual shareholders have different financial circumstances and it is neither practicable nor possible to consider the implications of the proposed Scheme on individual shareholders.





The decision of whether or not to approve the Scheme is a matter for each OTW Shareholder based on their views on the value of OTW and expectations about future market conditions, together with OTW's performance, risk profile and investment strategy. If OTW Shareholders are in doubt about the action they should take in relation to the proposed Scheme, they should seek their own professional advice.

## 2.5 Compliance with APES 225 Valuation Services

This report has been prepared in accordance with the requirements of the professional standard APES 225 Valuation Services ("APES 225") as issued by the Accounting Professional & Ethical Standards Board. In accordance with the requirements of APES 225, we advise that this assignment is a Valuation Engagement as defined by that standard as follows:

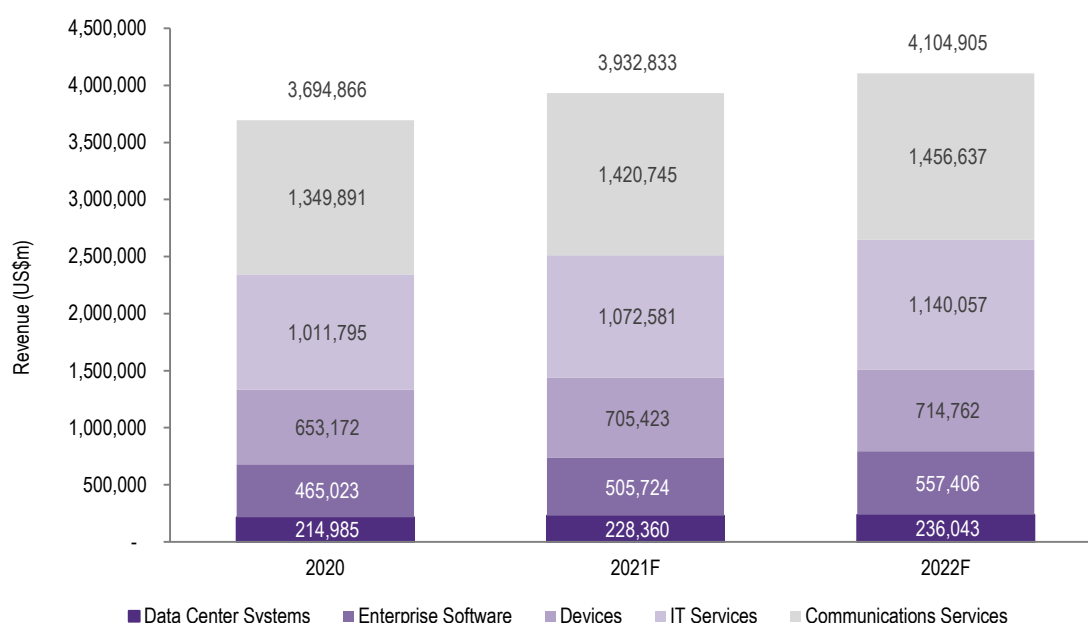
*"An Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Member is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Member at that time."*

### 3 Industry overview

#### 3.1 IT Industry

OTW is an integrated telecommunication and IT service provider that operates across a number of subsectors within the broader IT industry. Worldwide IT spending is projected to total US\$3.9 trillion in 2021, an increase of 6.2% from 2020. COVID-19 has accelerated an unprecedented digital transformation to satisfy requirements for remote working, education and shopping during lockdowns around the world. All IT spending segments are forecast to return to growth in 2021 with enterprise software leading the industry as remote work environments are expanded and improved. Global IT spending related to remote work will total US\$332.9 billion in 2021, an increase of 4.9% from 2020 with areas such as cloud computing, core business applications, cyber security and customer experience at the forefront of future growth.

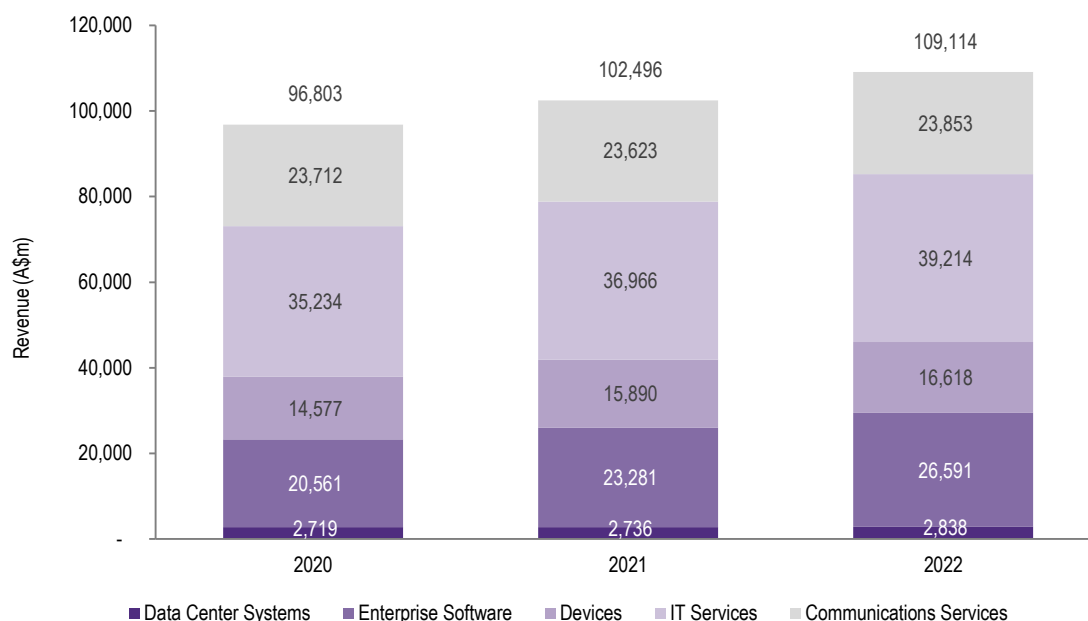
#### Worldwide IT Spending Forecast FY20 to FY22



Source: Gartner

Spending on technology products and services in Australia is projected to exceed A\$109 billion in 2022 (or 6.5% on 2021). Spending growth on devices (primarily PCs and tablets) increased substantially as both consumers and enterprises invest in multiple devices for remote or hybrid work settings. The total installed base of PCs in Australia has grown by 25% in 2020 and a further 20% growth forecast for 2021.

### Australia IT Spending Forecast FY20 to FY22

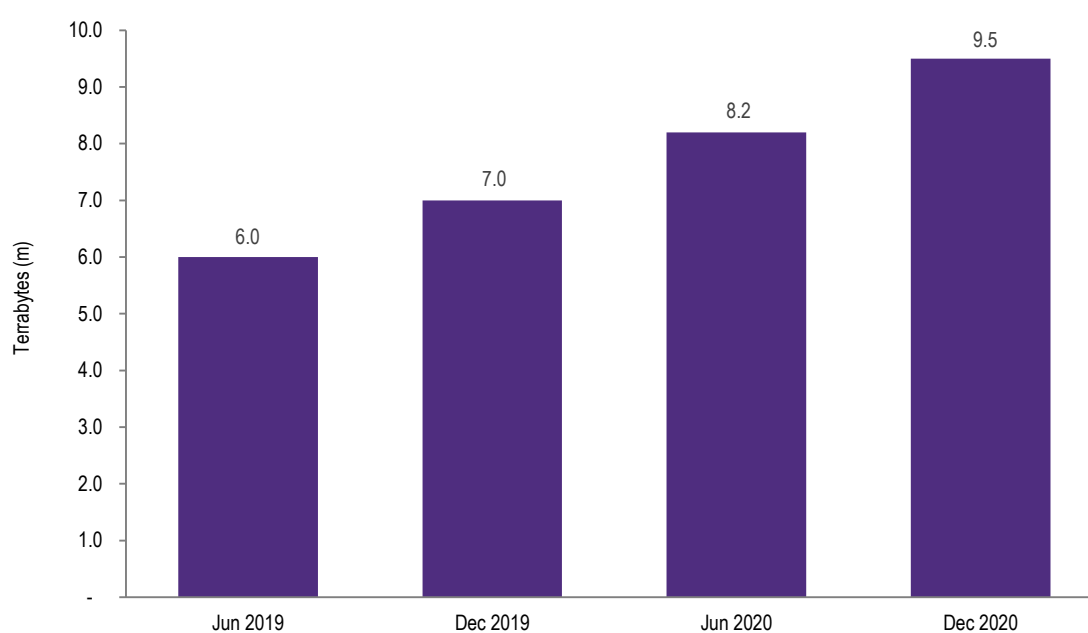


Source: Gartner

#### 3.1.1 Cloud and hosting

The telecommunication, cloud and IT services industry has gone through significant changes over the last few years in conjunction with technological advancements, change in consumers behaviour and corporate initiatives which have led to, among other things, the shift to cloud based computing and a fast increase in the data usage by both residential and business clients. These trends have accelerated with the outbreak of COVID-19 with total download of data up 60% since June 2019 as set out in the graph below.

#### Total downloads in Australia June 2019 to December 2020



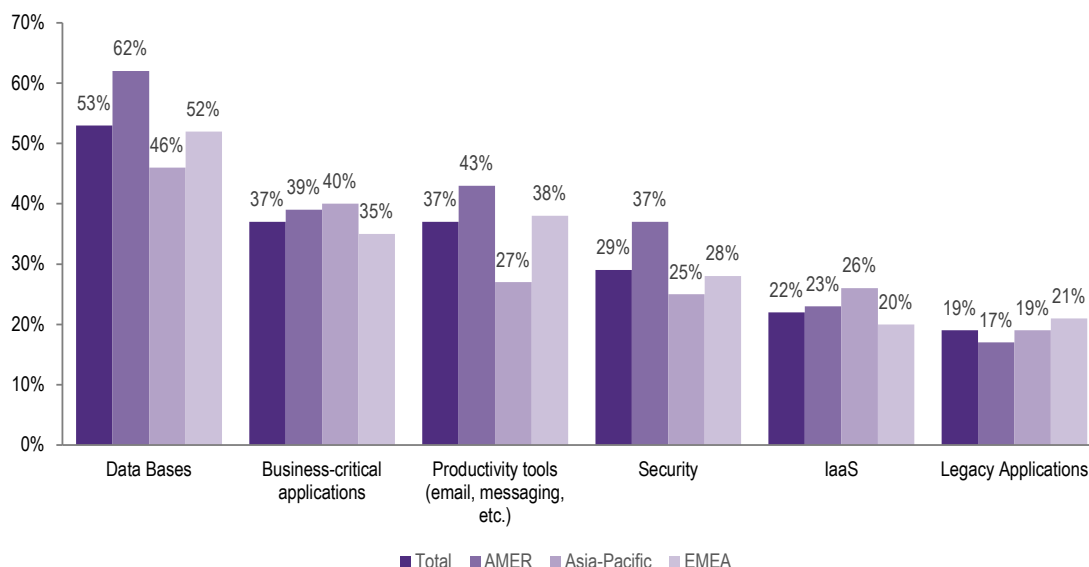
Source: NBN

Rising domestic internet traffic, and the expanding volume and availability of data have driven industry revenue growth over the past five years which is expected to continue as more businesses and governments invest in moving internal systems to the cloud. The digital shift has been slow for some sectors, such as health and education, and the industry is projected to benefit as operators upgrade their technology. The continued expansion of mobile services will increase internet usage and create more data to be analysed and processed.

Cloud services are typically broken down between public cloud services which are provided by public cloud infrastructure companies like Amazon Web Services and Microsoft Azure, and private cloud services (hosted data centre) where the need for security and protection of the data is perceived by the client to be greater. Private cloud allows the client to directly manage servers, replication and infrastructure without the need for their own computer rooms and data centres. Historically private clouds companies would build large data centres as part of premises builds, which were often prohibitively expensive to build and run. A private cloud delineates the responsibilities between the facilities such as power, air conditioning, racking, ISP ("Internet Service Provider") interconnects being the responsibility of the managed service vendor with the servers, switches and routers being the responsibility of the customer (in most cases). Co-location data centres are usually carrier neutral where more than one telecommunications provider is housed which is highly desirable from customers as it allows flexibility and movement between telco providers within the same facility and for super-fast connection to private clouds.

Across regions, databases are the most common function to transition to the cloud, at 53%, however, there has been a significant year-on-year growth of companies also moving business-critical applications to the cloud.

#### Transitions to the Cloud 2020 to 2021

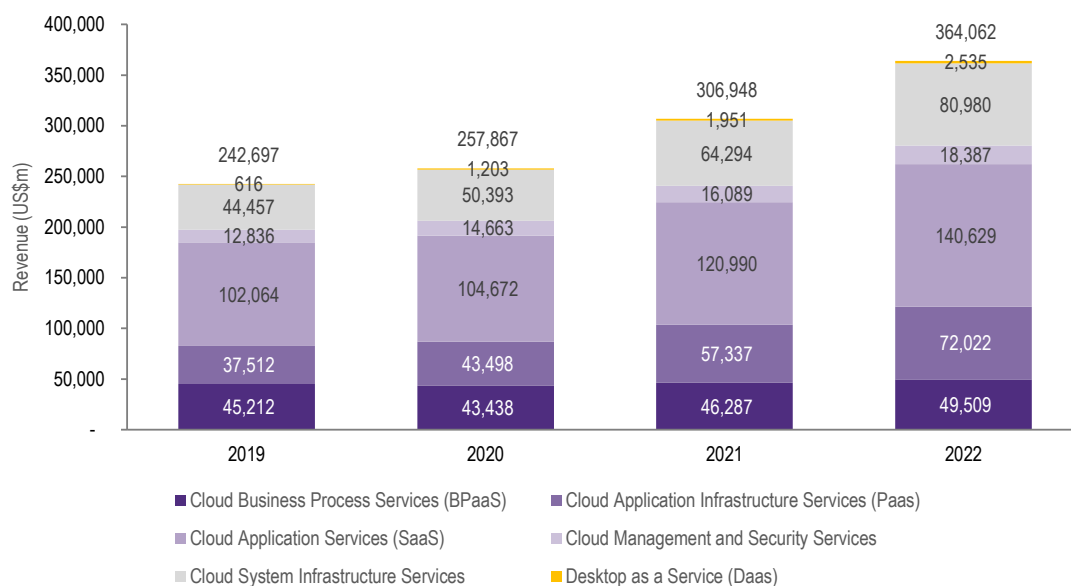


Source: Equinix "Beyond COVID-19: Digital Transformation Trends in the Wake of the Pandemic"

The worldwide public cloud services market is forecast to grow 6.3% in 2020 to total US\$257.9 billion, up from US\$242.7 billion in 2019, according to Gartner. Desktop as a service (DaaS) is expected to have the most significant growth in 2020, increasing 95.4% to US\$1.2 billion. DaaS offers an inexpensive option for enterprises that are supporting the surge of remote workers and their need to securely access enterprise applications from multiple devices and locations.

SaaS remains the largest market segment in the cloud and is forecast to grow to US\$104.7 billion in 2020 as the continued shift from on-premises license software to subscription-based SaaS models. This growth is due to the need to increase software collaboration tools during COVID-19 and the ability to automate processes using API driven automation. The second-largest market segment is cloud system infrastructure services, or infrastructure as a service (IaaS), which is forecast to grow 13.4% to US\$50.4 billion in 2020. The effects of the global economic downturn are intensifying organisations' urgency to move off of legacy infrastructure operating models.

#### Worldwide Public Cloud Service Revenue Forecast 2019 to 2022



Source: Gartner

Australia is one of the most advanced public cloud markets in APAC with spending on cloud services on track to reach A\$13.8 billion in 2021, before growing a further 23.4% next year to A\$16.7 billion. The largest users among industry verticals are media and gaming, retail and consumer, financial services, and the public sector. The Australian Infrastructure as a service (IaaS) market has benefitted from a pandemic-driven digital transformation that saw organisations spend A\$1.4 billion on IaaS in Australia in 2020, a 40.4% increase on previous year.

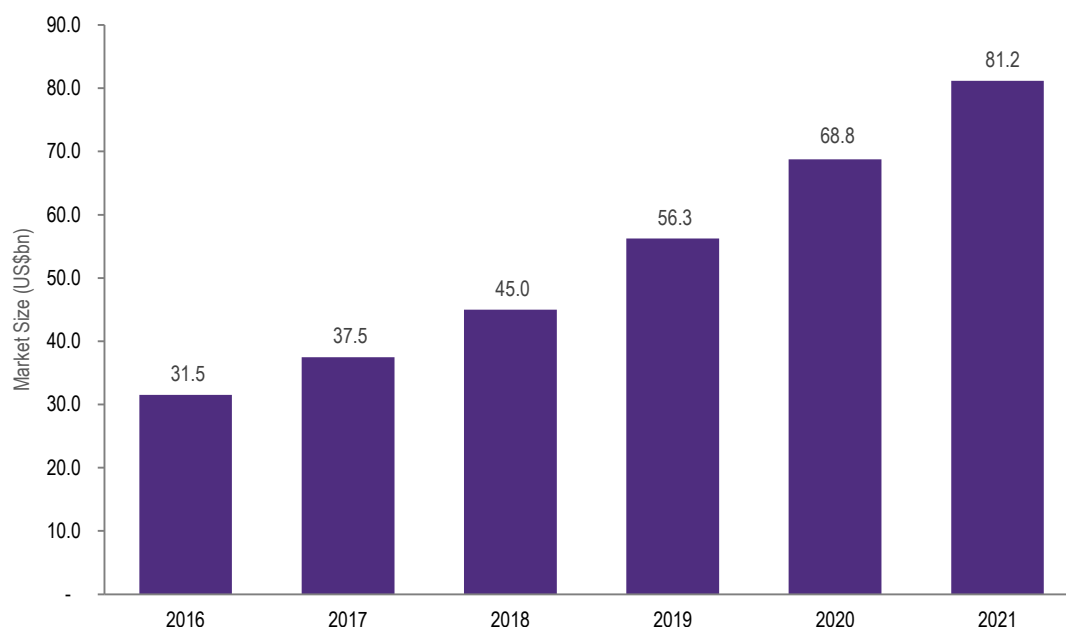
#### 3.1.2 VoIP

VoIP ("Voice over Internet Protocol") refers to a number of different technologies which allow the conversion of an analogue audio signal into digital data that can be transmitted over the internet, essentially replacing the need for a traditional Private Automatic Branch Exchange (PABX). VoIP services can be deployed over the Internet or private IP networks (LAN/WLAN). In Australia, VoIP services are often provided by ISPs as a managed service usually bundled with data services. Higher speed broadband connectivity, driven by the rollout of the NBN, has also facilitated further acceptance of VoIP in the business market and generating substantial cost savings over traditional PABX solutions.

The outbreak of the COVID-19 pandemic has significantly boosted the market for VoIP services in conjunction with lockdowns and working from home arrangements. In addition, several countries, including

Australia, are currently advanced in the rollout of the 5G<sup>27</sup>, which further enhances connectivity across the industries.

#### VoIP market worldwide 2016 to 2021



Source: Statista February 2020

### 3.2 Telecommunication industry

#### 3.2.1 Introduction

OTW Shareholders will have varying exposures to the business of ABB depending to the type of Scheme Consideration they elect to receive. Accordingly, we have provided below a high level overview of the Australian telecommunication industry with a particular focus on broadband services. This does not intend to be a comprehensive review, but just briefly outline some of key factors that may affect ABB.

#### 3.2.2 NBN overview

The NBN is Australia's publicly owned wholesale broadband network established by the Federal Government to provide reliable and affordable broadband services around Australia. NBN Co Limited was established in 2009 to deliver the NBN as a wholesale open access network and it is subject to the ACCC scrutiny. Construction of the NBN started as fibre to the premises ("FTTP") but it was subsequently converted into a multi-technology network also comprising fibre to the node ("FTTN"), hybrid fibre coaxial ("HFC") and fibre to the basement ("FTTB").

Access to the NBN by retail service providers ("RSPs") occurs at uniformed wholesale prices around the country which has assisted to break down barriers to entry, enhance competition and reduce prices for the consumers. RSPs have access to the NBN on a non-discriminatory basis and they can then on-sell data to Australian residential consumers and businesses. Access to the NBN is primarily obtained by RSPs by leasing capacity from one of the large telecommunication carriers which provides connectivity between data centres, the 121 NBN POIs, IP transit and international capacity. RSPs are typically divided between

<sup>27</sup> Telstra's 5G network now covers over 75% of the Australian population, with the target of rising to 95% of the population in 2025. Coverage spans Melbourne, Sydney, Canberra, Brisbane, Adelaide, Perth and Hobart.

direct and indirect access seekers with the former that control their own network by owning or leasing a backhaul network and they are customers of the NBN Co and lodge their order directly. The indirect access seekers buy access to the NBN via the direct access seekers.

In September 2021, 12 million Australian homes and businesses were connected to the NBN compared with 11.8 million in September 2020. Of this, 8.3 million homes and businesses are connected to a plan over the NBN compared with 7.7 million in September 2020. The NBN was declared built and fully operational in December 2020 and the migration phase of customers into the network was considered substantially completed. During the migration, customers had to choose between service providers which offered a unique opportunity to new RSPs, like ABB, to gain market share. Alternative service providers such as ABB and OTW have been successful in winning customers from larger companies on the back of a more consumer friendly approach and service premised around automation and digitalisation.

RSPs pay two key fees (among others) to NBN Co in order to access the network: an Access Virtual Circuit ("AVC") charge and a Connectivity Virtual Circuit ("CVC").

While the AVC charge is a fixed monthly fee on a per-user basis and provides a specific bandwidth allocation for each home, the CVC is a charge that service providers pay to cover the amount of bandwidth they provide to their customers. The higher the CVC a provider pays, the more bandwidth its customers can access and there is a lower chance of congestion affecting the broadband speed. The CVC charge covers the full amount of bandwidth the provider wants to pass between its own network and the NBN's network. When the CVC purchased by a RSPs reaches 100% utilisation across its users, the speeds will fall across all of them. From an operational perspective, ABB aims to provide sufficient CVC to avoid congestion impacting on customer's experience.

To respond to the increased data usage as a result of lockdowns and working from home arrangements, RSPs acquired more CVC capacity in 2021. With the increase in usage over the NBN network driven/caused by COVID-19 lockdowns, NBN Co adopted a relief package that rebated some excess wholesale charge costs for RSPs in the period July 2021 to September 2021. In October 2021, a new methodology was adopted that increased the potential amount of relief available for RSPs. NBN Co has also recently proposed a number of alternative ways of charging RSPs that could see it move away from the CVC model in the future.

NBN monopoly faces increased competition in the enterprise, business, and new developments markets from existing infrastructure providers, 4G and now 5GN networks. 5GN is the next generation in mobile technology and Optus and Telstra and Vodafone have already begun offering 5GN home internet plans via wireless modem or 5GN enabled devices. In particular, Telstra announced in June 2021 that it had achieved the milestone of 75% of all Australians being able to access to its 5GN network from their homes.

Although 5GN has the capacity to offer internet faster than NBN, its wireless nature also makes it vulnerable to interference and it is affected by the coverage inside the premises as the 5GN network can be impeded by obstacles. However, Optus and Telstra have recently launched 5GN-based fixed wireless services which are increasingly marketed as NBN alternatives to lower-tier users.

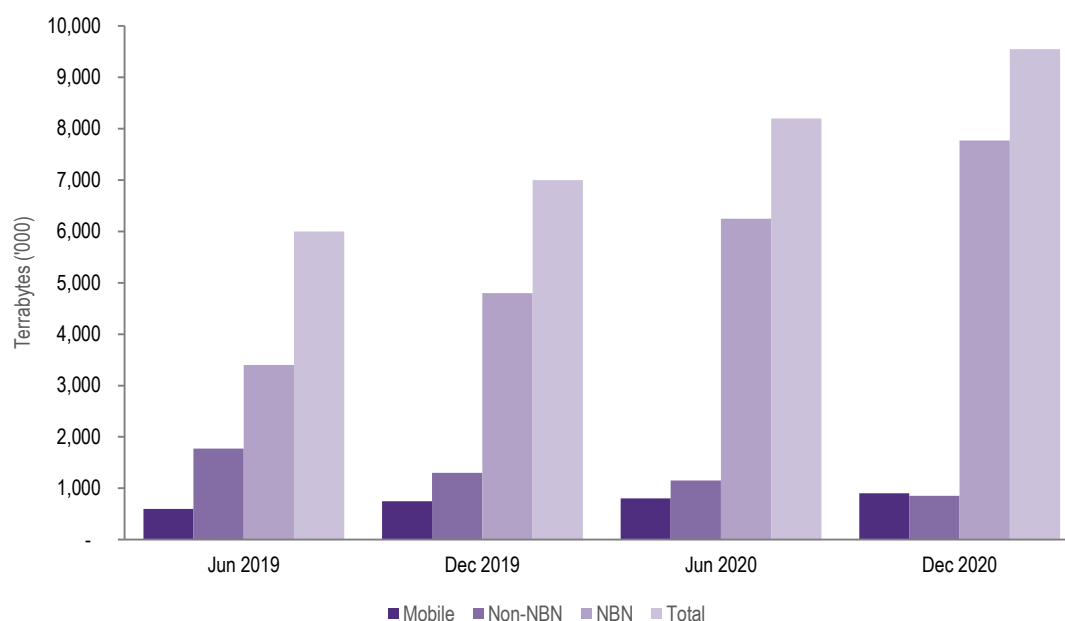
The actual take-up of 5GN and the effective competition to the NBN remains to be seen, however the 5GN network represents a recent and alternative option compared with the NBN which may affect market participants.

### 3.2.3 National broadband market

Broadband services are now considered essential rather than a discretionary service with consumers and businesses heavily reliant on the internet and data connectivity to carry out every day activities and access basic services. Data use and speed demands are expected to continue to grow as more bandwidth intensive applications and services are introduced and adopted.

The COVID-19 pandemic continued to influence data download volumes as many consumers continue to work from home. There were 8.6 million Terabytes ("TB") of data downloaded across retail broadband internet services in the three months ending 31 December 2020, with 90% downloaded via NBN services. The total volume of data downloaded over the NBN increased from 4.9 million TB to 7.7 million TB between December 2019 and December 2020 (an increase of 59%) whilst the data downloaded over non-NBN services continued to fall and downloads over mobile services increasing.

#### Total volume of data downloaded June 2019 to December 2020

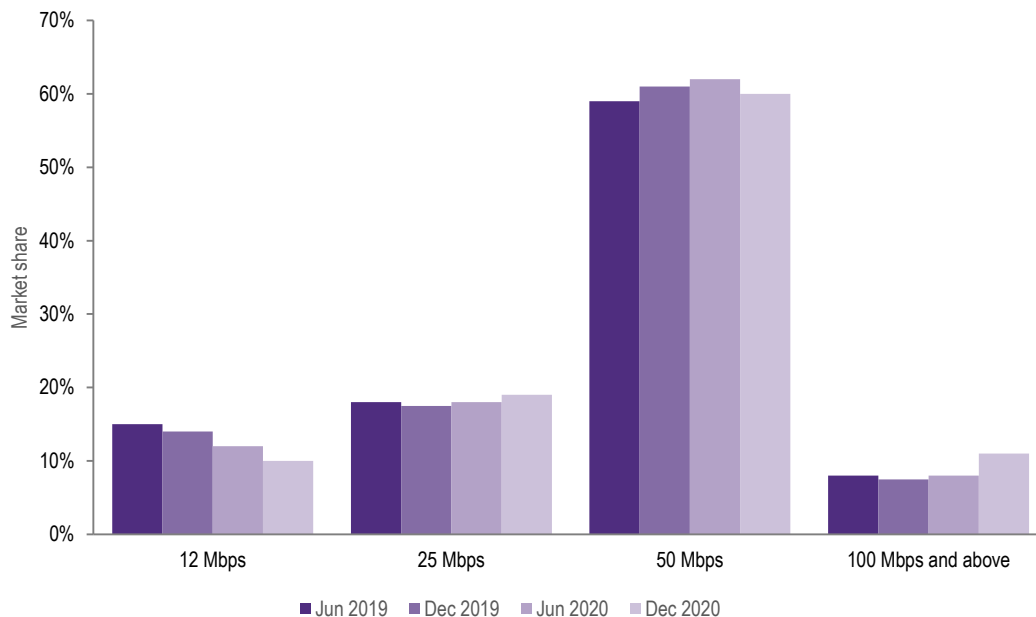


Source: ACCC Internet Activity Report for the period ending 31 December 2020

The proportion of retail NBN services with no data limit continues to increase which is consistent with the trend experienced by ABB on its data plans with the 50 Mbps speed plan being the most popular and the 100 Mbps or greater plan being the fastest growing as set out in the graph below.



#### NBN retail broadband internet by wholesale speed tier June 2019 to December 2020



Source: NBN

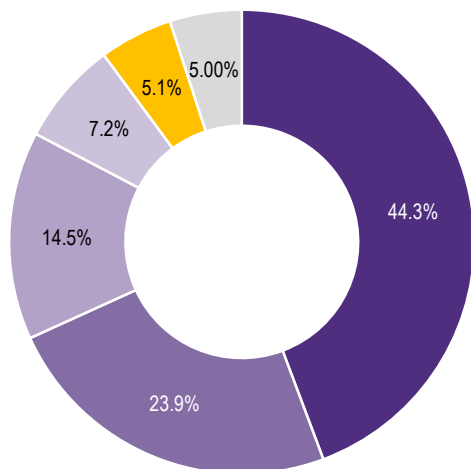
This trend is expected to continue going forward with the NBN Co having announced a A\$4.5 billion commitment to make the highest wholesale speed plans available in more areas across Australia, up to 75% of households and businesses in the fixed-line network by 2023. This is expected to be achieved by increasing the number of buildings serviced by fibre and by upgrading capacity on the HFC network.

For new greenfield residential and business premises, NBN Co competes with other providers, such as Opticomm, which has established a partnership with ABB.

#### 3.2.4 NBN competition

Whilst there are several RPSs, the market is highly concentrated with the big four providers owning c. 90% market share as set out in the graph below.

**Wholesale access seeker market share – September 2021**



■ Telstra ■ TPG ■ Optus ■ Vocus Group ■ ABB ■ Others

Source: ACCC

Wholesale market shares for Telstra, TPG and Vocus remained fairly stable in the September quarter whereas Optus' market share reduced by 1.1% as a result of Exetel's customer base migrating to Superloop following the merger of the two companies. Aussie Broadband continued to make strong gains and accounted for almost one third of the wholesale services added in the September quarter, lifting its market share to 5.1%. Superloop also increased its share in the September quarter and, after acquiring Exetel in August, now has the sixth highest market share with 1.5%.

## 4 Profile of OTW

### 4.1 Company history and acquisitions

OTW is an integrated telecommunication and IT service provider which operates a national network with points of presence ("POPs") in all major Australian capital cities and in Auckland, New Zealand. It is headquartered in Brisbane and it currently employs c. 300 FTEs in Australia. It was established by Michael Omeros and Brent Paddon in 2005, opened its first data centre in 2007 and it listed on the ASX at the end of 2015 at a price of A\$1.00 per share.

Since then, the business has grown significantly driven by the successful completion and integration of several acquisitions and favourable market conditions such as an increasing number of companies migrating their IT services from on-premise and capex based to the cloud and consumption-driven. Acquisitions have been used by the Company to enter new geographic markets, build scale in existing segments and to expand the service offering. The details of the acquisitions completed by the OTW over the last five years are set out below.

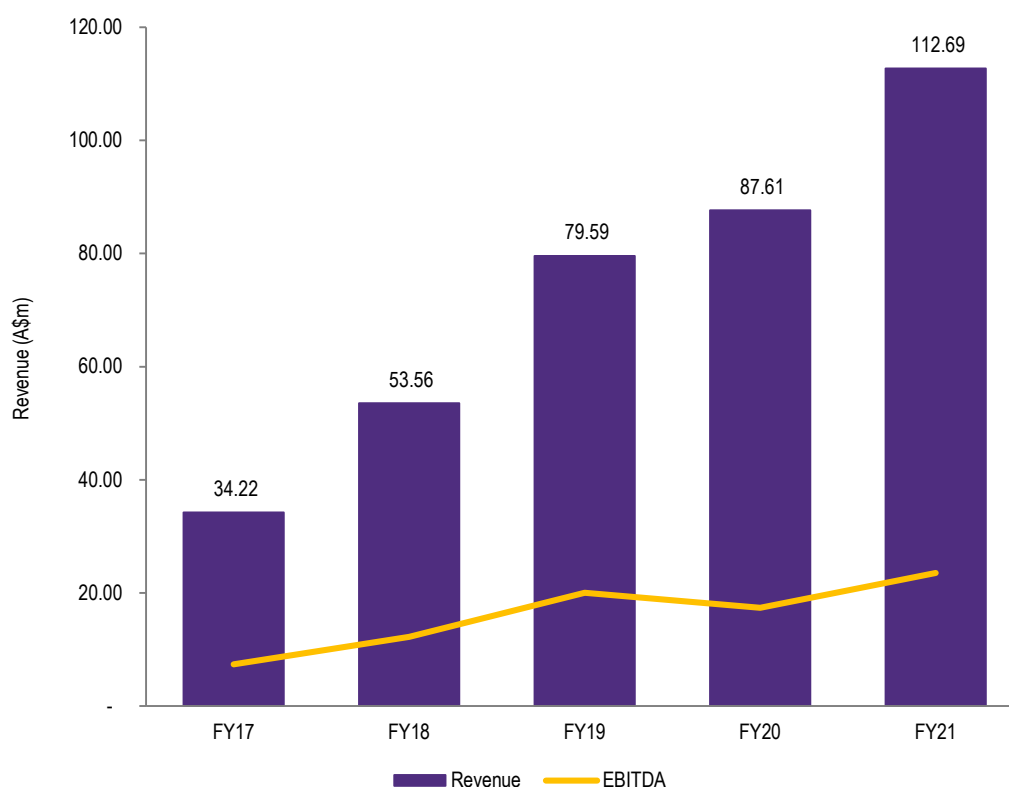
Acquisition <sup>28</sup>	Product	Acquisition price and contribution	Comments
Digital Sense (Oct 2020)	Hosting	Consideration of A\$27m upfront plus A\$12m deferred contingent on growth target. It generated revenue and EBITDA of A\$18.3m and A\$5.4m respectively in FY20 (5.0x FY20 EBITDA).	It was founded in 2008 and it provides customisable and scalable cloud offering to enterprise and government customers. Digital Sense owns and operates a data centre facility in Brisbane. The revenue is relatively concentrated with 60% generated by the top-10 customers with the largest three customers being local or State Government. In excess of 90% of recurring revenue. The acquisition introduced further solution capabilities in the cloud offering.
Voice business of J2 in AU and NZ (Aug 2020)	Voice	Enterprise value of A\$36m with A\$19m revenue and A\$6m EBITDA in FY20 (6x FY20 EBITDA)	Provider of 13, 1300 and 1800 inbound telecommunication services with over 9,000 active business customers with 80 employees across Auckland, Sydney (HQ) and Brisbane. The business trades via the brands Fonebox and Zintel which have been leaders in inbound telecommunications in Australia and New Zealand for several years. In excess of 95% recurring revenue. The acquisition introduced new capabilities to OTW such as call routing intelligence, data intelligence, call management and analytics via a proprietary technology.
Access Digital Networks (Oct 2018)	Hosting	Upfront consideration of A\$13m plus deferred consideration of A\$1.45m based on staff and customers retention. It generated revenue of A\$8.5m and pro-forma EBITDA of A\$2.9m in FY18 (4.5x FY18 EBITDA)	It provides business grade telecommunication services including data networks, voice and private cloud solutions and services to business clients.
Comlinx (Oct 2018)	Voice	Upfront consideration of A\$16m plus deferred consideration of A\$4m based on FY19 financial performance. It generated revenue of A\$16.1m and pro-forma EBITDA of A\$3.2m in FY18 (5x FY18 EBITDA)	IT managed solutions to corporate, enterprise and government with a particular focus on software defined WAN.
VPN Solutions (Oct 2017)	Hosting	Upfront consideration of A\$15.6m plus deferred consideration of A\$1.7m based on a number of performance measures. It generated revenue of A\$11.9m and EBITDA of A\$3.1m in FY17 (5x FY17 EBITDA)	VPN delivers business grade telecommunications solutions to SME and corporate clients. It delivers complex managed network solutions.
Telarus (Dec 2016)	Hosting and Voice	Consideration of A\$7.6m. It generated revenue of A\$11.6m and EBITDA of A\$1.5m in FY16 (5x FY16 EBITDA)	Telarus provides data networks, managed security, cloud and voice services to SME and customers clients

<sup>28</sup> The date represents the date of the announcement.

The “Over the Wire” brand is used as umbrella brand to provide data and network services whereas the other brands are used for niche products and markets or retained from acquisitions depending on their intrinsic value.

Notwithstanding the several acquisitions undertaken, the Company has completed limited capital raisings over the years as the business has been supported from historical high cash generation. EBITDA conversion into cash flows from operations has consistently been around 100% which is a reflection of the quality of the underlying revenue and stable and mature operations. We have set out below a summary of the historical revenue and EBITDA since FY17.

#### OTW reported Revenue and EBITDA FY17 to FY21



Source: OTW Annual Reports

As set out in the graph above, the impact of COVID-19 on the business was limited with strong demand for voice and data services during lockdown. However, the positive impact was partially offset by the delay in offering certain data services which required customer site access and a reduction in one-off projects as businesses adopted a cautionary approach to capex. The reduction in EBITDA in FY20 was due to the FY19 release of the stretch target earn out payable on the acquisition of Comlinx which inflated the FY19 financial performance with this one-off non-cash gain of A\$4.1 million.

#### 4.2 Business model

The Company operates four product lines which can be delivered as stand-alone services or bundled to provide an integrated solution. The four product lines are briefly discussed below:

- **Data Networks and Internet** – OTW makes available both public and private networks but it focuses on custom built, private connections to create a fully managed Wide Area Network (“WAN”) using,

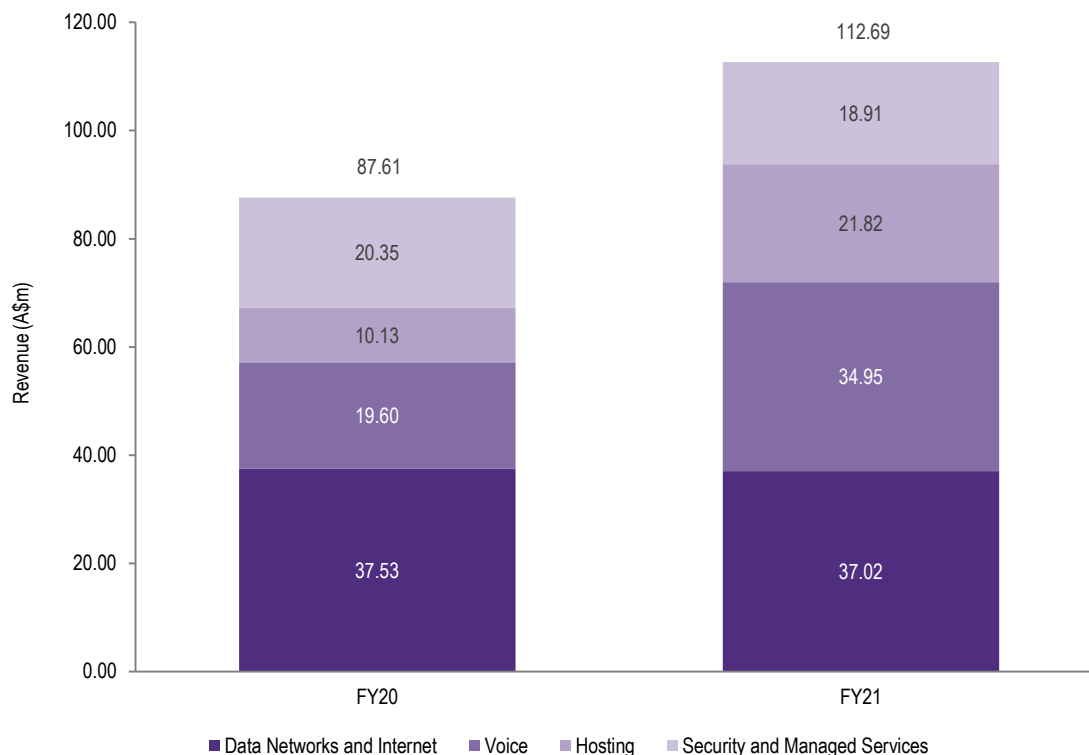
among others, MPLS protocol which ensure greater speed and security. OTW also uses SD-WAN to create private bridges between company sites securely over the internet simulating a traditional WAN. It also provides its clients (small to large businesses) with high speed and reliable internet connection and mobile data for cloud based applications and services, including video-conferencing, SaaS applications and online collaboration. The SD-WAN offering contributed to significant new client wins in H2 FY21, including a new contract with Eagers Automotive with SD-WAN, WAN carriage, on-going maintenance services and assisting with internet security across its Australia and New Zealand operations.

- *Voice* – OTW offers voice solutions to clients via NetSIP which can support a different range of client usage scenarios. NetSIP is the backbone of OTW voice platform, with full carrier interconnection in Australia. Under this product, the Company also offers a hosted private branch exchange (“PBX”) which replace traditional on-premise equipment providing greater functionality and flexibility. OTW is also currently working on a white labelled voice and cloud PBX offering to wholesale and partner markets which is expected to be launched in FY22.
- *Hosting* – The Company provides a range of different services including full outsource infrastructure as a solution (IaaS) to its clients, data centre co-location which host client’s equipment in a stable, secured and with redundant capacity environment and hosted telephony solutions. OTW offers both private cloud and public cloud solutions where the confidentiality requirements are less demanding. OTW’s public cloud connections are via dedicated leased lines which avoid the public internet. OTW’s hosting capabilities were materially enhanced from the Digital Sense acquisition and in FY22, the Company is focussed on rolling-out the Digital Sense cloud platform infrastructure to Melbourne and Sydney. In May 2020, OTW announced that it had entered into a strategic partnership with NEXTDC whereby the Company will migrate core parts of its network and private cloud infrastructure into NEXTDC data centres to bring the Company’s network closer to cloud providers.
- *Security & Managed Services* – The Company provides a range of security options and a range of infrastructure managed services spanning from basic maintenance to full outsourced IT support and administration. In addition, this division includes one-off projects and the sale of equipment to maximise network performance and reliability which have resulted in some historical volatility in revenue and earnings. However the sale of equipment is considered by management an important component of the business model as it provides access to higher quality clients and the opportunity to cross sell services. For example, on 29 June 2021 the Company announced that due to manufacturing shipping delays, it was unable to deliver a major hardware supply to a key customer before 30 June 2021 which resulted in FY21 revenue and EBITDA to be lower by A\$5 million and A\$1.5 million respectively<sup>29</sup>.

We have set out below a breakdown of the historical revenue by products.

<sup>29</sup> This was just a timing issues as the Company delivered into the contract in early FY22.

### OTW Contract Revenue by Product FY20 and FY21



Source: OTW FY21 Annual Report

The revenue of the data network, voice and hosting products are almost 100% recurring whereas the revenue of the Security Managed Services is affected by one-off upfront implementation costs and the sale of equipment with 55% of FY21 revenue being of this nature.

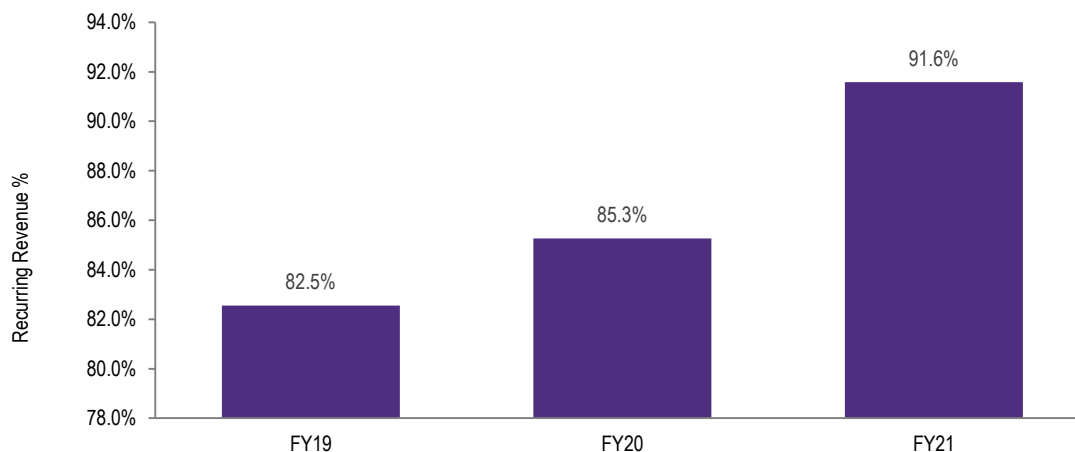
The key value drivers of the business have been premised around the following:

- National network** – OTW has recently completed its multi-year Carrier Interconnect Project which has led to the creation of its own interconnected voice network which allows the Company to provide full service voice capabilities and obtain a Tier 1 voice carrier status<sup>30</sup>. This has been achieved by building connectivity between the OTW platform and other Tier 1 carriers with infrastructure located at multiple data centres around the country to create a high-quality telephony network that works with the Company's products. The completion of the Carrier Interconnect Project has generated a number of financial and operational benefits for the business, including immediate cost savings of A\$2 million per annum, increased call quality across its voice network and increased control and network redundancy levels which should allow the business to target larger national and multinational clients.
- Successfully growing and integrating several acquisitions** – The Company has a successful history of growing via acquisition having completed eight of them since their IPO. Acquisitions have been used to enter into new products or geographies. For example the significant increase in voice revenue between FY20 and FY21 was mainly driven by the acquisition of Zintel/Fonebox which contributed A\$14.6 million of revenue in FY21. Similarly, the acquisition of Digital Sense increased hosting revenue by c. A\$13.4 million in FY21.

<sup>30</sup> The only other Tier 1 Carriers are Telstra, Optus, TPG, MyNetFone and Vocus.

- *Customer retention and recurring revenue* – The Company benefits from strong customer retention which have varied between 96.0% and 98.6% since FY19 and it was 97.8% in FY21. Recurring revenue accounts for more than 90% of total revenue and this proportion is expected to continue to increase over time. The historical proportion of recurring revenue is set out below.

#### OTW ARR FY19 to FY21



Source: OTW Annual Reports

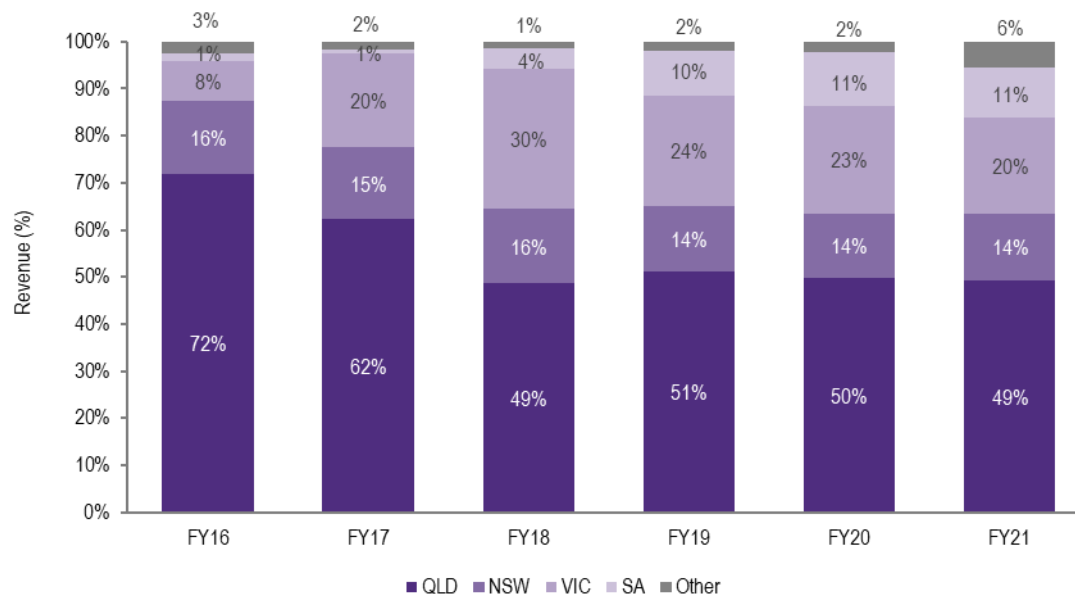
### 4.3 Customers

OTW focusses entirely on business customers who usually enter into contracts for a period between one and three years and they are invoiced on a monthly basis. They are usually charged a fixed amount for an agreed level of service rather than being charged based on usage. As at 30 June 2021, the Company has over 700,000 active numbers on the NetSIP voice network with a goal to increase it to over 1 million by the end of FY22 and over 16,000 business, government and wholesale customers.

The majority of customers are SMEs with less than 200 employees. The acquired businesses have assisted to both increase the services provided but also to diversify the geographic footprint of the business, as illustrated below, which was historically heavily weighted towards Queensland but it is more balance around Australia and with a growing presence in New Zealand.



OTW Revenue by State FY16 to FY21



Source: Company information

Note: Other consists domestically of the ACT, NT, TAS and WA as well as other international operations including New Zealand.



#### 4.4 Financial information

##### 4.4.1 Financial performance

The table below illustrates the Company's consolidated statements of comprehensive income.

Consolidated statements of financial performance	FY19	FY20	FY21
A\$'000s	Audited	Audited	Audited
Revenue	79,589	87,611	112,687
Other income	4,123	50	131
Data Centre and Colocation Expense	(3,501)	(3,516)	(6,881)
Calls and Communications Expense	(24,846)	(27,157)	(30,244)
Other Cost of Goods Sold	(13,032)	(15,343)	(15,128)
Employee Benefits Expense	(18,511)	(20,711)	(32,010)
Other Expenses	(2,482)	(3,538)	(5,022)
<b>EBITDA</b>	<b>21,340</b>	<b>17,396</b>	<b>23,533</b>
<i>EBITDA margin</i>	26.8%	19.9%	20.9%
Depreciation and Amortisation Expense	(7,956)	(9,756)	(17,425)
<b>EBIT</b>	<b>13,384</b>	<b>7,640</b>	<b>6,108</b>
<i>EBIT margin</i>	16.8%	8.7%	5.4%
Finance Costs	(579)	(426)	(1,260)
<b>Net profit / (loss) before tax from continuing operations</b>	<b>12,805</b>	<b>7,214</b>	<b>4,848</b>
Tax expense	(2,643)	(2,181)	(1,413)
<b>Net profit / (loss) after tax from continuing operations</b>	<b>10,162</b>	<b>5,033</b>	<b>3,436</b>
<i>Net profit margin</i>	12.8%	5.7%	3.0%

Sources: OTW's annual reports, management accounts, GTCF analysis

OTW's financial performance over the past three years reflects the strong growth via M&A and the progress made in integrating these business and the organic growth in operations. We make the following observations:

- The increase in revenue and EBITDA in FY21 was predominately due to the acquisitions of J2's voice and data business and Digital Sense as well as organic growth, whereas the reduction in NPAT was caused by the additional amortisation of intangible assets with limited life (c. A\$3.9 million additional) arising from the aforementioned acquisitions.
- The Company continued to focus on its strategy of increasing recurring revenue which reached A\$103.2 million in FY21, an increase of 38% on FY20. As previously discussed, the non-recurring revenue was impacted by the timing on the delivery of a large equipment order which was expected to generate an additional A\$5 million revenue in FY21.
- The increase in the cost structure reflects the size of the business however in the second half of the year, OTW started to benefit from their Tier 1 voice carrier status which should continue to improve margins. We note that call and communications cost of sales accounted for c. 34% of the total costs and accordingly the opportunity to streamline the cost structure is significant. Employee costs were the other major cost representing again c. 36% of the total costs.

#### 4.4.2 Financial position

The consolidated statement of financial position of OTW for the last three financial years is presented below:

Consolidated statements of financial position A\$'000s	FY19 Audited	FY20 Audited	FY21 Audited
<b>Assets</b>			
Cash and Cash Equivalents	10,325	10,435	16,696
Trade and other receivables	8,920	9,328	10,717
Inventories	217	292	128
Other Current Assets	2,253	2,658	4,562
<b>Total current assets</b>	<b>21,715</b>	<b>22,713</b>	<b>32,103</b>
Other Non-Current Assets	204	198	524
Property, Plant and Equipment	10,397	16,778	29,247
Intangibles	74,844	70,354	147,722
<b>Total non-current assets</b>	<b>85,445</b>	<b>87,330</b>	<b>177,493</b>
<b>Total assets</b>	<b>107,160</b>	<b>110,043</b>	<b>209,596</b>
<b>Liabilities</b>			
Trade and other payables	10,732	9,310	14,446
Borrowings	3,924	3,925	9,054
Lease Liability	1,149	1,426	4,493
Current Tax Liability	1,046	987	1,391
Employee Benefits	1,872	1,954	3,129
Unearned Income	2,384	2,567	5,060
Deferred Consideration	1,392	-	4,686
<b>Total current liabilities</b>	<b>22,499</b>	<b>20,169</b>	<b>42,259</b>
Borrowings	5,626	1,600	25,373
Lease Liability	2,504	9,523	14,814
Employee Benefits	239	115	225
Unearned Income	256	342	717
Deferred Consideration	-	-	4,684
Deferred Tax	11,016	9,349	21,209
<b>Total non-current liabilities</b>	<b>19,641</b>	<b>20,929</b>	<b>67,022</b>
<b>Total liabilities</b>	<b>42,140</b>	<b>41,098</b>	<b>109,281</b>
<b>Net assets</b>	<b>65,020</b>	<b>68,945</b>	<b>100,315</b>

Sources: OTW's annual reports and management accounts

We note the following in relation to the table above:

- The increase in cash was the net effect of the cash inflows from the capital raising completed in October 2020 for A\$24 million net of transaction costs to partially fund the acquisition of Digital Sense and the cash flows generated from operations which was substantially in line with EBITDA.
- PPE increased as a result of the acquisition of Digital Sense which included A\$8.6 million of PPE on the completion balance sheet.

- The Company had a negative net working capital balance<sup>31</sup> in FY21 of A\$4 million as a result of the business model with customers paying upfront on a monthly basis. The net working capital was in a break-even position in FY20 with the difference driven by the increased size of the business and the one-off movements in conjunction with the sale of equipment.
- The large intangible assets balance includes goodwill of A\$62 million and customer lists of A\$77 million. The customers lists are amortised on an annual basis having regard to the expected useful life of the intangibles (amortisation of A\$8.2 million in FY21) whereas goodwill is tested for impairment using a discount rate<sup>32</sup> of 9% and EBITDA growth rate during the discrete five year forecast period of 7%.
- Unearned income increased materially due to a significant customer deposit made in June 2021 for a large sale of equipment.
- The Company entered into a new finance facility to partly fund the acquisitions completed in FY21 with a total limit of A\$36 million comprising a term loan facility and multi-option facility. The Company is required to comply with financial covenants being a Debt Service Coverage Ratio of 2.25x, Net Leverage Ratio of 2.25x and Debt to Capital Ratio of no more than 50%.
- The deferred consideration for the acquisition of Digital Sense was A\$12 million which was payable in three instalments in January 2021 (paid), September 2021 (current) and September 2022 (non-current) calculated with reference to agreed profitability and revenue scaling targets and conditional on continuity of employment of the vendors. Deferred consideration of A\$9.37 million remains unpaid as at 30 June 2021 and it has been recorded on the basis that the full amount will be due and payable.

<sup>31</sup> Receivables plus other current assets less payable and unearned income.

<sup>32</sup> Weighted Average Cost of Capital ("WACC").

#### 4.4.3 Cash flows

The cash flows statement of OTW for the last three financial years is presented below:

Consolidated statements of cash flow	FY19	FY20	FY21
A\$'000s	Audited	Audited	Audited
<b>Cash flows from operating activities</b>			
Receipts from customers	83,224	96,396	129,432
Payments to Suppliers & Employees	(66,074)	(80,691)	(99,644)
Interest Received	35	29	23
Interest Paid & Other Finance Costs Paid	(579)	(426)	(1,260)
Income Taxes Paid	(4,092)	(3,669)	(4,012)
<b>Net cash inflow from operating activities</b>	<b>12,514</b>	<b>11,639</b>	<b>24,539</b>
<b>Cash flows from investing activities</b>			
Payments for Business Combinations (net of cash acquired)	(24,821)	(1,427)	(59,555)
Payments for Property, Plant & Equipment	(2,602)	(4,404)	(6,415)
Payments for Intangible Assets	(896)	(864)	(680)
Proceeds from Sale of Property, Plant & Equipment	12		
<b>Net cash outflow from investing activities</b>	<b>(28,307)</b>	<b>(6,695)</b>	<b>(66,650)</b>
<b>Cash flow from financing activities</b>			
Proceeds from Issue of Shares (net of transaction costs)	25,441		24,009
Proceeds from Borrowings		2,170	37,019
Repayment of Borrowings	(3,502)	(4,025)	(7,098)
Repayment of Lease Liabilities	(1,529)	(1,219)	(3,436)
Dividends Paid	(1,305)	(1,760)	(2,123)
<b>Net cash (outflow)/inflow from financing activities</b>	<b>19,105</b>	<b>(4,834)</b>	<b>48,371</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>3,312</b>	<b>110</b>	<b>6,260</b>
Net Increase (Decrease) in Cash & Cash Equivalents	3,312	110	6,260
Cash & Cash Equivalents at the Beginning of the Year	7,013	10,325	10,435
Foreign exchange movement in cash			1
<b>Cash and cash equivalents at year end</b>	<b>10,325</b>	<b>10,435</b>	<b>16,696</b>

Sources: OTW's annual reports and management accounts

We note the following in relation to the table above:

- The Company has strong cash flow generation and conversion of EBITDA into cash given the large depreciation and amortisation expenses which affect the financial performance.
- Net working capital<sup>33</sup> passed from a break-even position in FY20 to a negative A\$4 million in FY21 which assisted in the increase of cash flow from operating activities<sup>34</sup>.
- Payments for business combinations includes the cash component of the following acquisitions:

<sup>33</sup> Receivables plus other current assets less payable and unearned income.

<sup>34</sup> If the negative working capital increases, it generates cash release for the business.

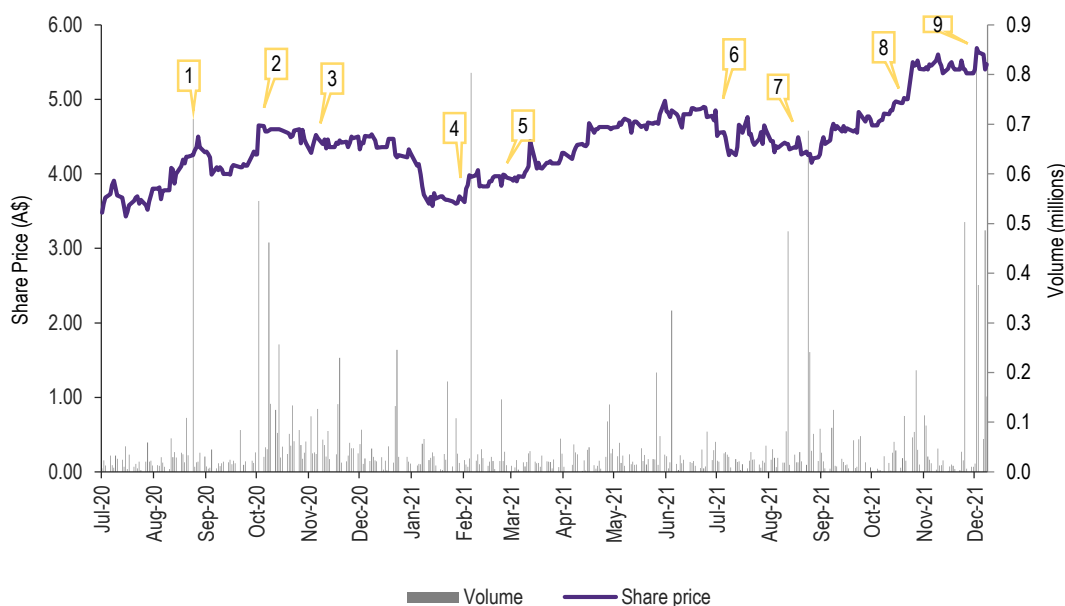
- J2's voice and data business acquisition – A\$36 million upfront cash consideration.
- Digital Sense acquisition – A\$27 million upfront consideration comprising of A\$21.6 million in cash and the balance in OTW Shares at an issue price of A\$3.64 per share plus a deferred consideration of up to A\$12 million.
- Proceeds from borrowing relates to the draw down of the new term loan facility to fund the acquisitions.
- At the end of 2020 OTW completed a capital raising via an institutional placement which raised A\$20 million (before costs) and A\$5 million via a Share Purchase Plan both at A\$4.00 per share.
- The Board declared a final dividend for 30 June 2021 of 2.25 cents per share fully franked, taking the full year payout to 4.0 cents, up from 3.75 cents per share in FY20.

#### 4.5 Share capital structure

As at the date of this report, OTW had 59,625,680 ordinary shares on issue and 194,516 Performance Rights whose vesting will be accelerated so they will be able to participate in the Scheme.

Our analysis of the daily movements in the OTW's share price and volumes for the period from July 2020 is set out below:

#### Historical share trading prices and volume of OTW from July 2020



Sources: S&P Global and GTCF analysis

The following table illustrates the key events from July 2020 to December 2021, which may have impacted the share price and volume movements shown above.

Event	Date	Comment
1	20 Aug 20	The Company announced its financial results for the year ended 30 June 2020, which included the following: - Revenue of A\$87.6M, consistent with market consensus; - EBITDA of A\$17.4M, slightly above market consensus; - Recurring Revenue growth of A\$9M, a 14% increase; and - Customer Revenue Retention of 98.5%, the best result since Over the Wire's first year of reporting this metric.
2	2 Oct 20	The Company announced that it had entered into a binding agreement to acquire all of the shares Digital Sense Hosting Pty Ltd.
3	5 Nov 20	The Company held its Annual General Meeting ("AGM"). We note the following from the AGM: - Total revenue lifted by 10% to A\$87.6m, - Recurring revenue grew by 14%, which included a 10% lift in organic revenue growth; - Customer retention was 98.5%; and - The full year dividend increased by 15%.
4	29 Jan 21	Naos Asset Management acquired 645,386 ordinary shares in the Company, increasing its voting power from 13.41% to 14.50%.
5	24 Feb 21	The Company released its Half Year Financial report and we note the following: - Revenue increased by 17% as compared to last year and EBITDA increased by 28% as compared to last year. - Net Profit after Tax decreased by 23%, a change from A\$2.3m (31 December 2019) to A\$1.8m in (31 December 2020). - The Board declared an interim dividend of 1.75 cents per share fully franked, to be paid in April 2021.
6	29 Jun 21	The Company provided a business update which included that a major hardware supply contract (for which a substantial deposit had been received) would not be delivered to the customer until the new financial year. As a result, the revenue and earnings for that contract would be recognised in FY22, and not FY21.
7	19 Aug 21	The Company released its investor presentation for FY21 results and we note the following: - Revenue increased by 29% as compared to last year and EBITDA increased by 35% as compared to last year. - Earnings per share increased by 3% from 16.26c (FY20) to 16.37c (FY21) - Recurring revenue increased by 38% to A\$103.2 million and a customer retention rate of 97.8% - The Company became a Tier 1 voice provider following the completion of a multi-year Carrier Interconnect project
8	22 Oct 21	The Company announced that on 14 October 2021 it received an unsolicited, non-binding indicative offer ("NBIO") from Aussie Broadband Limited to acquire all of OTW's shares by way of a scheme of arrangement representing A\$5.75 value per OTW share.
9	26 Nov 21	The Company held its Annual General Meeting ("AGM"). We note the following from the AGM: - It was on its way to increased active numbers on the NetSIP voice network from ~600,000 in FY21 to greater than 1 million by the end of this financial year. - Completion of the Carrier Interconnect project; and - It remained confident of meeting the target of 15% growth in organic recurring revenue.

Source: OTW's ASX announcements

The monthly share price performance of OTW since January 2021 is summarised below:

Over the Wire Holdings Limited	Share Price			Average
	High \$	Low \$	Close \$	weekly volume 000'
<b>Month ended</b>				
Jan 2021	4.130	3.570	3.700	45.50
Feb 2021	4.050	3.620	3.950	68.00
Mar 2021	4.440	3.900	4.280	18.59
Apr 2021	4.680	4.200	4.620	34.46
May 2021	4.980	4.550	4.980	36.67
Jun 2021	4.900	4.620	4.850	38.07
Jul 2021	4.760	4.250	4.580	25.75
Aug 2021	4.490	4.150	4.260	97.47
Sep 2021	4.830	4.400	4.730	36.02
Oct 2021	5.520	4.650	5.410	32.85
Nov 2021	5.600	5.350	5.350	50.14
<b>Week ended</b>				
2 Jul 2021	4.850	4.510	4.550	34.18
9 Jul 2021	4.560	4.250	4.310	30.17
16 Jul 2021	4.660	4.250	4.550	17.24
23 Jul 2021	4.760	4.390	4.390	23.74
30 Jul 2021	4.650	4.400	4.580	23.44
6 Aug 2021	4.440	4.290	4.350	27.19
13 Aug 2021	4.420	4.330	4.330	123.44
20 Aug 2021	4.490	4.260	4.260	26.98
27 Aug 2021	4.300	4.150	4.210	212.27
3 Sep 2021	4.490	4.220	4.400	35.14
10 Sep 2021	4.670	4.450	4.640	48.64
17 Sep 2021	4.640	4.570	4.600	16.38
24 Sep 2021	4.830	4.550	4.800	43.93
1 Oct 2021	4.770	4.650	4.650	6.12
8 Oct 2021	4.810	4.650	4.810	8.93
15 Oct 2021	4.970	4.800	4.970	32.44
22 Oct 2021	5.020	4.950	5.000	34.06
29 Oct 2021	5.520	5.410	5.410	82.69
5 Nov 2021	5.470	5.400	5.450	56.01
12 Nov 2021	5.600	5.350	5.350	20.25
19 Nov 2021	5.500	5.400	5.400	8.98
26 Nov 2021	5.520	5.350	5.350	115.32
3 Dec 2021	5.690	5.350	5.630	246

Sources: S&P Global, GTCF analysis

#### 4.5.1 Top shareholders

We have set out below the top 20 shareholders of OTW as at 30 September 2021:

Top 20 shareholders as at 30 September 2021			
Rank	Name	No. of shares	Interest (%)
1	Michael Nictarios Omeros (Including Related Entities And Indirect Holdings)	13,031,141	21.9%
2	National Nominees Limited	12,560,298	21.1%
3	Brent Evans Paddon (Including Related Entities And Indirect Holdings)	11,500,000	19.3%
4	J P Morgan Nominees Australia Pty Limited	2,928,319	4.9%
5	UBS Nominees Pty Ltd	2,080,796	3.5%
6	Jay Heddon Binks	1,364,802	2.3%
7	BNP Paribas Noms Pty Ltd	1,279,236	2.1%
8	Agim Isai	741,759	1.2%
9	Eway Online Pty Ltd	741,759	1.2%
10	Christopher Peter Marciano	567,000	1.0%
11	Citicorp Nominees Pty Limited 0.80%	476,436	0.8%
12	CS Fourth Nominees Pty Limited	431,566	0.7%
13	HSBC Custody Nominees (Australia) Limited	401,373	0.7%
14	Michael Stabb (Including Related Entities And Indirect Holdings)	381,732	0.6%
15	Scott Anthony Smith (Including Related Entities And Indirect Holdings)	375,112	0.6%
16	Wayne Albert Shaw	347,827	0.6%
17	Birkdale Holdings (QLD) Pty Ltd	337,139	0.6%
18	CS Third Nominees Pty Ltd	307,919	0.5%
19	BNP Paribas Nominees Pty Ltd Hub24 Custodial Serv Ltd	188,312	0.3%
20	Ms Susan Margaret Forrester & Mr Bruce Forrester	186,920	0.3%
<b>Top 20 shareholders total</b>		<b>50,229,446</b>	<b>84.3%</b>
<b>Remaining shareholders</b>		<b>9,332,381</b>	<b>15.7%</b>
<b>Total ordinary shares outstanding</b>		<b>59,561,827</b>	<b>100.0%</b>

Sources: OTW Management, GTCF analysis



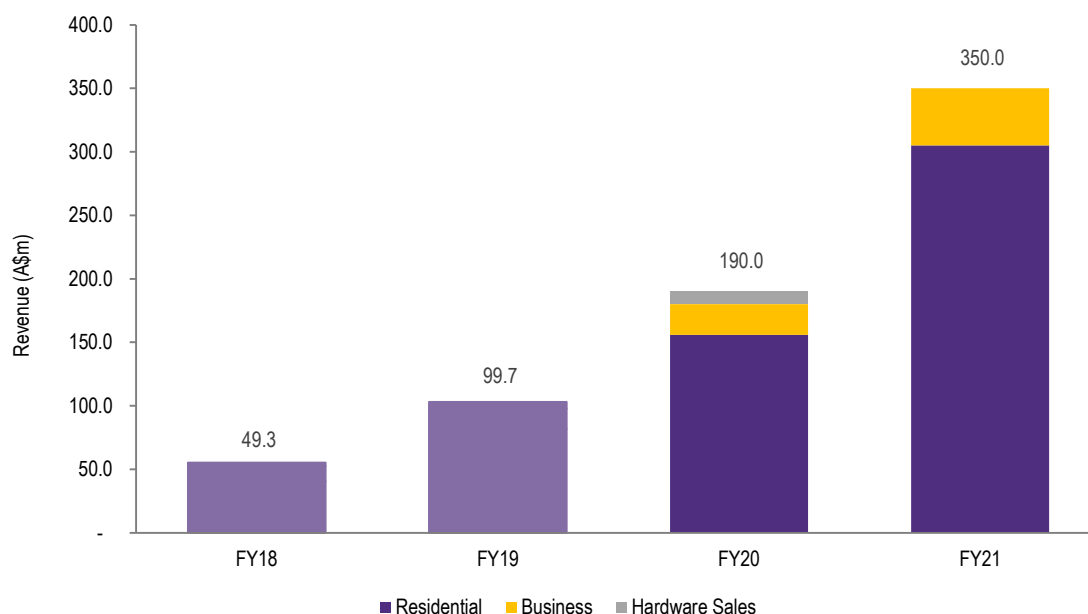
## 5 Profile of ABB

### 5.1 Company overview

ABB is Australia's fifth largest NBN services provider with approximately c. 446k total broadband active services (both residential and business) as at 30 September 2021. The main focus of ABB is to provide NBN broadband services to residential, small businesses and enterprises. Aussie Broadband also sells mobile phone plans and handsets, entertainment content via its partnership with Fetch TV and other telecommunication products and services.

ABB was founded in 2008 in Victoria after the merger of two smaller regional internet providers but expanded across Australia over the next 10 years, in particular since the rollout of the NBN in 2011 and its non-discriminatory pricing and infrastructure. In 2016, ABB commissioned a national backbone and connected to all 121 POIs across Australia to become the only telco company outside the four largest Australian carriers to do so and in 2019 surpassed the milestone of 100,000 customers. In the same year, it launched the MyAussie app to enhance customer service, satisfaction and interactions which have always been an issue in the industry. At the end of 2020, it listed on the ASX raising A\$40 million at A\$1.00 per share and in the same year it began the rollout of its owned fibre infrastructure project. Its share of all activated NBN premises has increased from 1.1% in June 2017 to 5.1% in September 2021 which is reflected in the revenue growth outlined below.

#### ABB Revenue by Customer FY18 to FY21



Sources: Broker Reports, GTCF analysis

Note: revenue breakdown by type of customer is not available for FY18 and FY19, and hardware sales have not been separated out for FY21.

The increase in revenue has been achieved via year on year increases in the number of connections, low churn rates and an increase in the ARPU driven by product mix moving towards higher broadband speed plans. Whilst hardware sales increased from A\$10.0 million in FY20 to A\$16.0 million in FY21, as a proportion of total revenue they decreased over FY21 once the NBN migration completed, as the customers churning from other providers already have the necessary hardware.

The outbreak of COVID-19 presented a number of growth opportunities and challenges for the business but overall it did not have an adverse impact. During lockdown periods, demand and usage for broadband

increased materially and ABB provided additional free daytime data to those customers affected by lockdowns. Further, ABB eased its credit management policies and worked with some of its customers experiencing difficulties, however bad debts still increased by 38% in FY21 when compared to the previous year. ABB has also faced increased charges for CVC expenses as the NBN usage increased substantially compared to pre-lockdown levels. In the first quarter of FY22, CVC expenses have gone up by 137% on the previous quarter after accounting for the NBN relief and benefits<sup>35</sup>.

Over the years, ABB has invested heavily in technology to seek to automate processes and customer's interactions in order to improve the customer experience and satisfaction which has always been an issue in the industry. This has occurred via the following:

- Development of its primary management and billing systems based on an IT platform internally developed over 15 years which has allowed ABB to significantly automate its billing processes, customer management, lead management, sales service, customer service/problem solving and network operations.
- The launch of MyAussie App for residential customers and of the Carbon Portal for businesses have enhanced the customer experience, expedite services and reduce the need for human interactions for residential and business customers respectively.
- The capacity across ABB's NBN network is managed via CVCBot, an internally developed software which allows ABB to upgrade or downgrade bandwidth in response to prevailing bandwidth usage. The software assists ABB in cost optimisation whilst providing the best speed. The software ensures that their customers receive the best possible speed during peak hours at a lower cost to ABB.

The investment in IT which has materially improved the customer experience, together with an on-shore call centre and the continuous focus on customer service have been some of the key ingredients of ABB's success over the years.

In September and October 2021, ABB completed an institutional placement to raise A\$114 million (before costs) and an SPP to raise an additional A\$20 million, both at A\$4.00 per share, with the proceeds to be used to support M&A (including the cash component of the Scheme Consideration), new business products and technology development, and/or build further fibre and networks.

## 5.2 Residential offering

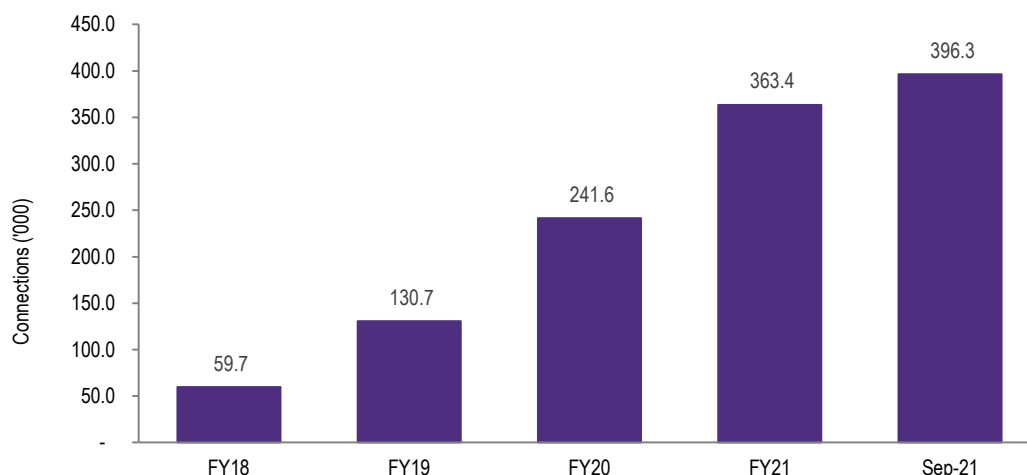
ABB offers a variety of broadband products to its residential customers, all with unlimited data with a monthly cost ranging between A\$59 (typical evening speed of 11/Mbps) to A\$149 (typical evening speed of 600/Mbps). With household data speed and requirements continuously increasing, ABB customers have shifted towards higher speed services with the 50 Mbps plan<sup>36</sup> (A\$79/month) having the highest take-up as at 30 June 2021 but the 250 Mbps (A\$129/month) being the fastest growing.

Residential NBN connections grew by 38% to 396,328 at the end September 2021 compared with 286,251 at the end of September 2020. The historical growth in the number of residential customers is set out in the graph below.

<sup>35</sup> On 1 October 2021, NBN announced further changes to the lockdown CVC rebate scheme which will apply from the same date.

<sup>36</sup> Typical evening speed.

#### ABB Residential NBN connections FY18 to FY21

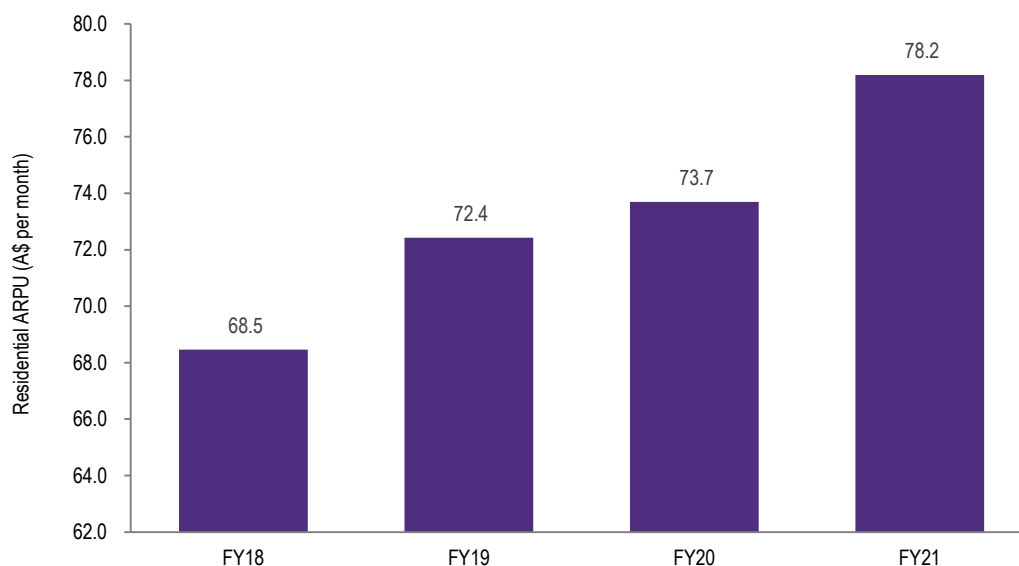


Source: Broker Reports, GTCF analysis

The growth in the number of residential customers has not been confined to any particular region and has been across all states in Australia with Victoria having the greatest market share.

Residential customers pay a monthly subscription fee but they are not locked-into long term contracts. As set out in the graph below, the ARPU<sup>37</sup> has significantly increased over the years as residential customers required higher internet speeds, bundles sales with the entertainment offers and the increase in plan pricing.

#### ABB Residential ARPU FY18 to FY21



Sources: ABB Annual Reports

In August 2020, ABB launched a wholesale supply agreement with OptiComm to provide residential services over the OptiComm network, a fibre infrastructure provider which offers competing services to

<sup>37</sup> Calculated as residential revenue (excluding hardware sales) divided by residential connections (average for the financial year) excluding GST.

NBN in greenfield developments. As at 30 June 2021, ABB provided 7,654 services on the OptiComm network<sup>38</sup>.

ABB also provides a number of non-NBN services to residential customers including VoIP, mobile plans/devices and entertainment bundles through its partnership with Fetch TV with the latter being a non-exclusive wholesale agreement under which Fetch TV provides ABB with the ability to offer Fetch TV subscriptions to its customers. Growth in Fetch TV services materially slowed down in H2 FY21 as increasing streaming options have entered the market which are not currently available on Fetch TV (such as Disney+) and smart TVs increasingly include streaming applications as part of their software removing the need for additional external box.

#### 5.2.1 Mobile services

In May 2021, ABB entered into a new Mobile Virtual Network Operator ("MVNO") agreement with Optus and it experienced migration in excess of 90% from the existing Telstra mobile base. The new agreement also ensures access to 5GN coverage for ABB customers which should represent a differentiating factor for ABB. As part of this agreement, the company connected its CRM and billing systems with the Optus mobile platform which led to an increase take-up of mobile services of 86%.

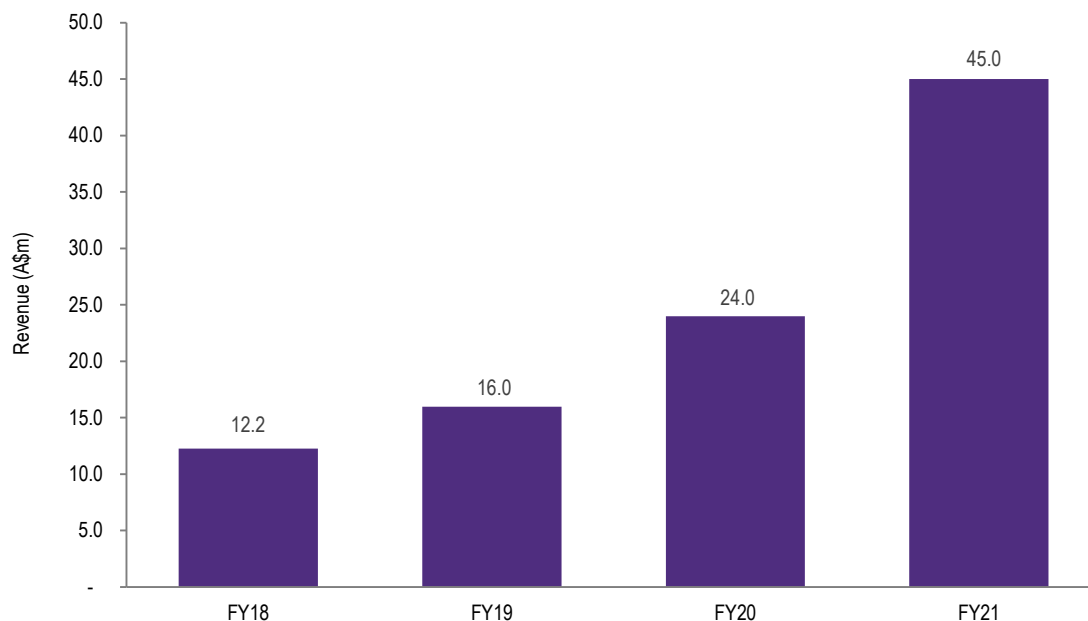
### 5.3 Business offering

Business customers include those who have more complex service requirements and ABB tailors its services to their needs. In addition to offering basic connection options available to residential customers, ABB offers to businesses the NBN Enterprise Ethernet solution which is an OTT service on NBN's fibre infrastructure where the client can have priority and committed (guaranteed speed) bandwidth. In addition to fibre connection, enterprises can choose the preferred level of support package which affects the uptime, time for fault restoration and support team availability. ABB also offers a fibre enterprise product where ABB deploys, owns and operates the fibre connection from the premise into the domestic network. Whilst ABB incurs upfront capital expenditure, it then retains 100% of the margin without passing a portion of it to NBN. Installation is usually free if the business enters into a contract for a three year period. This product offers speeds of up to 10 Gbps.

Business connections have grown 85% from 21,635 at the end of September 2020 to 39,993 at the end of September 2021 thanks to the introduction of new products, increased sales team and superior customer services which resulted in a significant revenue growth rate as set out below.

<sup>38</sup> ABB FY21 annual report.

#### ABB Business Revenue FY18 to FY21



Source: Broker Reports

One of the key success factors with business customers was the launch of the internally developed Carbon Platform, to assist larger businesses and managed service providers with the ability to design and order their own telecommunication services. The Carbon Portal introduced much needed automation and increased responsiveness in relation to order processes and troubleshooting in the industry. As at 30 June 2021, 425 partners were signed on the platform with billing in excess of A\$0.5 million per month.

Among the notable client wins in this segment, in December 2019, ABB entered into a Master Supply Agreement with Westpac Banking Corporation for the supply of carriage services and other products and services for a term of three years with the ability for Westpac to extend it by a further 12 months. The services include data centre connect and fibre services, enterprise NBN services and NBN Enterprise Ethernet services.

The company also provides white label solutions to third party providers which enables brands in non-competing industries, such as energy, banks and airlines, to sell NBN broadband services under their own brand to their customer bases. In April/May 2021, ABB announced that it had launched its first white label solution for Origin Australia to sell internet and VoIP services under its own brand. As part of the agreement, ABB expects up to 31,000 customers to be transferred on its network. Under the white label products, ABB provides broadband, VoIP services in addition to customer support, account and credit management whilst the white label third party undertakes their own sales and marketing activities.

#### 5.4 Network

ABB is directly connected to all 121 NBN POIs across Australia via leased backhaul capacity using Cisco hardware and it has a number of key supply agreements in place with incumbent telco providers and NBN as summarised below in a non-exhaustive manner:

- NBN – It provides ABB access to the NBN via a range of wholesale products which ABB sells to both business and residential customers.

- Telstra – It provides connectivity between the majority of the 121 POIs and key capital cities data centres plus IP transit and international capacity to Singapore and the US.
- Vocus – It supplies dark fibre, data centre space, wavelengths between capital cities and sub-sea cable capacity between Perth and Singapore.

In addition, ABB has agreements in place with NEXTDC and Equinix to house network equipment in their data centres.

In 2020, it launched a project to build its own fibre network at a total cost of A\$67 million<sup>39</sup> to connect 78 NBN POIs and accordingly replacing c. 63% of the leased backhaul capacity, reducing reliance on third party networks and associated costs. The new dark fibre network also allows ABB to provide direct services to end customers bypassing the NBN. The project is expected to be finalised in FY22 with 41 sites completed at the end of September 2021. It is expected to generate leasing cost savings of A\$15 million per annum from FY23.

In addition to its own network roll-out, ABB has recently announced the following key agreements:

- Vic Track – In September 2021, ABB entered into a swap capacity agreement with Vic Track for a ten year period (plus two ten year options) to swap access to their respective fibre network. The agreement will significantly increase the geographic reach of the ABB fibre network in regional VIC. As a result of this agreement, the company will be able to increase the number of POIs that will be connected to ABB fibre network from 78 to 86.
- Telstra Wholesale – In August 2021, the company entered into a five year agreement with Telstra Wholesale to provide backhaul capacity between 42 POIs and data centres in the remaining areas not covered by ABB's fibre network. This agreement is expected to bring forward some of the expected cost savings on leasing arrangements. As a result, the ABB fibre network plus the Telstra Wholesale Agreement will provide fully diverse and protected capacity to all 121 POIs connecting each POI to two separate data centres substantially increasing the redundancy capacity and quality of the network.

<sup>39</sup> We note that c. A\$52.0 million is for core build and c. A\$15.0 million is for demand driven customer links, constructed as required.

## 5.5 Financial information

### 5.5.1 Financial performance

The table below illustrates the company's consolidated statements of comprehensive income for FY19, FY20 and FY21.

Consolidated statements of financial performance	FY19	FY20	FY21
A\$'000s	Audited	Audited	Audited
Revenue	99,652	190,493	350,270
Network and hardware expenses	(81,764)	(145,700)	(251,996)
<b>Gross profit</b>	<b>17,888</b>	<b>44,793</b>	<b>98,274</b>
<i>Gross margin</i>	<i>18.0%</i>	<i>23.5%</i>	<i>28.1%</i>
Employee expenses	(11,644)	(22,869)	(41,334)
Marketing expenses	(3,830)	(11,216)	(26,294)
Administration and other expenses	(4,787)	(7,644)	(12,803)
<b>EBITDA</b>	<b>(2,373)</b>	<b>3,064</b>	<b>17,843</b>
<i>EBITDA margin</i>	<i>-2.4%</i>	<i>1.6%</i>	<i>5.1%</i>
Depreciation and Amortisation Expense	(1,656)	(5,503)	(7,560)
<b>EBIT</b>	<b>(4,029)</b>	<b>(2,439)</b>	<b>10,283</b>
<i>EBIT margin</i>	<i>(4.0%)</i>	<i>(1.3%)</i>	<i>2.9%</i>
Net interest (expense) / revenue	(860)	(6,882)	(2,164)
Change in fair value of derivative		(2,978)	(12,273)
<b>Net profit / (loss) before tax from continuing operations</b>	<b>(4,889)</b>	<b>(12,299)</b>	<b>(4,154)</b>
Tax expense		-	(340)
<b>Net profit / (loss) after tax from continuing operations</b>	<b>(4,889)</b>	<b>(12,299)</b>	<b>(4,494)</b>
<i>Net profit margin</i>	<i>(4.9%)</i>	<i>(6.5%)</i>	<i>(1.3%)</i>

Source: ABB financial reports

In relation to the above, we note the following:

- The rapid revenue growth was due to increased number of connections, low churn and price increases. In FY21, ABB benefited from a marked increase in gross margin largely driven by the change of the product mix towards higher speed, CVC relief and more expensive products.
- Employee expenses grew in line with the business with FTEs at 30 June 2021 of 568. Marketing expenses materially ramped up in FY21 to continue to grow the business in conjunction with challenging market conditions and ABB placing greater focus on customer churn from other providers given that the NBN migration substantially completed in December 2020. In 2H FY21, ABB launched a new brand campaign which increased brand awareness and assisted to increase ABB's share of net service activation orders to 25.8% in June 2021 from c. 10% in June 2020.
- Administration expenses include one-off costs of A\$1.2 million in FY21 and A\$0.4 million in FY20 in relation to the IPO.
- The increase in the depreciation reflects the capital expenditure program in relation to the fibre network.

- The fair value adjustments relate to convertible notes issued before the IPO which fully converted on IPO and accordingly it represents a legacy of the previous capital structure.

#### 5.5.2 Financial position

The consolidated statement of financial position of ABB as at 30 June 2019, 30 June 2020 and 20 June 2021 is summarised in the table below.

Consolidated statements of financial position A\$'000s	FY19 Audited	FY20 Audited	FY21 Audited
<b>Assets</b>			
Cash and Cash Equivalents	490	21,435	57,010
Trade and other receivables	7,427	11,389	16,948
Inventories	384	1,692	5,500
Financial Assets	1,900	1,947	15
Prepayments	228	590	2,017
<b>Total current assets</b>	<b>10,429</b>	<b>37,053</b>	<b>81,490</b>
Property, Plant and Equipment	7,991	5,408	17,393
Right-of-use assets	-	12,385	12,275
Intangibles	1,417	2,458	3,993
Deferred tax	-	-	1,080
Financial assets	172	228	682
<b>Total non-current assets</b>	<b>9,580</b>	<b>20,479</b>	<b>35,423</b>
<b>Total assets</b>	<b>20,009</b>	<b>57,532</b>	<b>116,913</b>
<b>Liabilities</b>			
Trade and other payables	10,346	16,115	26,799
Contract Liabilities	7,098	10,764	15,769
Current Tax Liability	-	-	654
Borrowings	7,013	27,238	-
Derivative	-	10,384	-
Leave Liabilities	-	4,009	5,489
Employee Benefits	1,087	1,970	3,232
<b>Total current liabilities</b>	<b>25,544</b>	<b>70,480</b>	<b>51,943</b>
Borrowings	2,750	-	-
Lease Liability	-	7,541	5,075
Employee Benefits	139	234	348
<b>Total non-current liabilities</b>	<b>2,889</b>	<b>7,775</b>	<b>5,423</b>
<b>Total liabilities</b>	<b>28,433</b>	<b>78,255</b>	<b>57,366</b>
<b>Net assets</b>	<b>(8,424)</b>	<b>(20,723)</b>	<b>59,547</b>

Source: ABB financial reports

We note the following in relation to ABB's financial position:

- Increases in cash and cash equivalents follows the IPO capital raise and strong cash flow generation in FY21. In September and October 2021, ABB completed an institutional placement to raise A\$114 million (before costs) and an SPP to raise an additional A\$20 million, both at A\$4.00 per share, with the proceeds used to support M&A (including funding the cash component of the Scheme)



Consideration), new business products and technology development, and/or further fibre and network build.

- ABB had a negative net working capital balance<sup>40</sup> in FY21 of c. A\$5.4 million as a result of the business model with customers paying upfront on a monthly basis. The net working capital was also negative in FY20 by c. A\$3.8 million. Contract liabilities is part of working capital and it represents customer pre-payments which is substantially equivalent to unearned income for ABB.
- ABB has a pretty simple balance sheet with limited intangible assets and no external debt.

### 5.5.3 Cash flow statement

The cash flow statements of ABB for the last three financial years are summarised in the table below.

Consolidated statements of cash flow A\$'000s	FY19 Audited	FY20 Audited	FY21 Audited
<b>Cash flows from operating activities</b>			
Receipts from customers	103,046	209,303	384,736
Payments to Suppliers & Employees	(101,240)	(201,231)	(359,244)
Interest Received	-	102	93
Interest Paid & Other Finance Costs Paid	(866)	(1,277)	(302)
<b>Net cash inflow from operating activities</b>	<b>940</b>	<b>6,897</b>	<b>25,283</b>
<b>Cash flows from investing activities</b>			
Payments for Property, Plant & Equipment	(2,181)	(3,899)	(14,993)
Payments for Intangible Assets	(725)	(1,529)	(2,140)
Proceeds from Sale of Property, Plant & Equipment	4	63	1
<b>Net cash outflow from investing activities</b>	<b>(2,902)</b>	<b>(5,365)</b>	<b>(17,132)</b>
<b>Cash flow from financing activities</b>			
Hire purchase repayments	(1,064)	-	-
Equity proceeds (net of costs)	-	-	37,438
Payment of lease liabilities	-	(3,898)	(5,992)
Repayment of borrowings	(350)	-	(5,500)
Draw down of debt facility	5,500	23,436	-
Net recovery of security deposits	(1,900)	(125)	1,478
Dividends paid	(120)	-	-
<b>Net cash (outflow)/inflow from financing activities</b>	<b>2,066</b>	<b>19,413</b>	<b>27,424</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>104</b>	<b>20,945</b>	<b>35,575</b>
Net Increase (Decrease) in Cash & Cash Equivalents	104	20,945	35,575
Cash & Cash Equivalents at the Beginning of the Year	386	490	21,435
<b>Cash and cash equivalents at year end</b>	<b>490</b>	<b>21,435</b>	<b>57,010</b>

Sources: ABB financial reports

We note the following in relation to the table above:

<sup>40</sup> Receivables plus inventory plus other current assets less payable and contract liabilities.

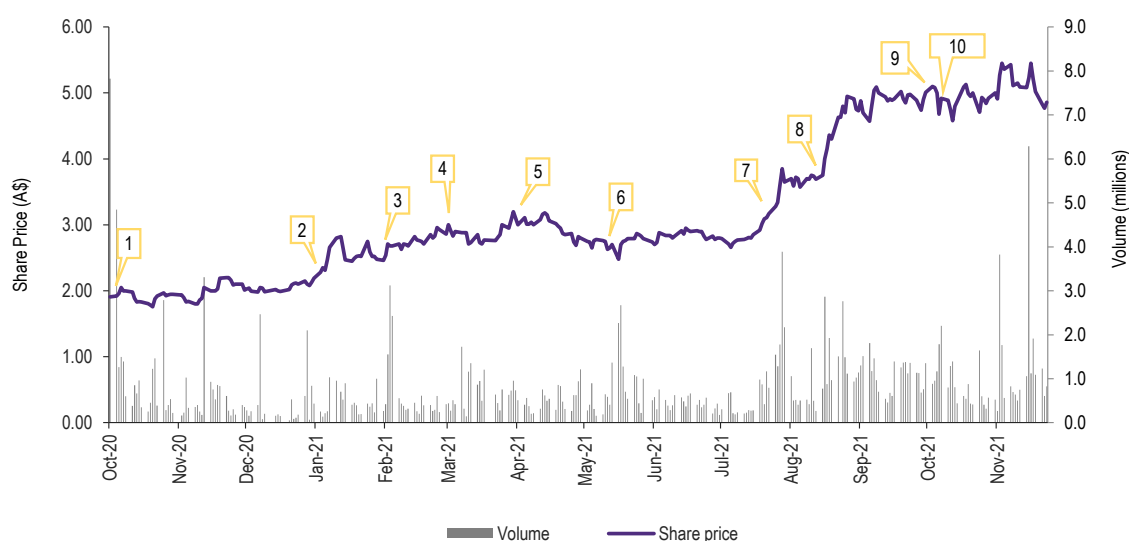
- ABB has consistently generated positive cash flows from operations driven, among other things, by the negative working capital cycle of the business which assists in the self-funding the operations.
- Capital expenditure of A\$15.0 million was mainly in relation to the construction of the fibre network.
- Payments for intangible assets refer to internally developed software, IPv4 addresses and external software.
- ABB repaid all external debt facilities during the course of FY21.
- As part of the IPO in October 2020, ABB issued 40 million shares at A\$1.00 to raise A\$40 million before transaction costs.
- No dividends were paid in the current or previous financial year.

## 5.6 Share capital structure

As at the date of this report, ABB has 223,831,951 ordinary shares and 3,050,616 options on issue.

Our analysis of the daily movements in ABB's share price and volumes since the IPO is set out below:

### ABB – Historical share trading price and volume



Sources: S&P Global and GTCF analysis

The following table illustrates the key events since the IPO, which may have impacted the share price and volume movements shown above.

Event	Date	Comment
1	16/10/2020	ABB was admitted to the Official list of ASX Limited on Friday, 16 October 2020
2	22/01/2021	ABB announced that from its unaudited management accounts it expects half year EBITDA to be in the range of A\$6.9m to A\$7.4m with EBITDA excluding IPO costs in the range of A\$8.0m to A\$8.5m.
3	17/02/2021	ABB released its half yearly results for FY21 and we note the below:

Event	Date	Comment
		<ul style="list-style-type: none"> <li>- Revenue increased by 89% from A\$83m (31 December 2019) to A\$157m (31 December 2020)</li> <li>- EBITDA of A\$7.3 million, an increase of 87% on pcp and ahead of forecast</li> <li>- Net loss after tax decreased by 673%</li> <li>- Signed mobile virtual network operator (MVNO) agreement with Optus Wholesale</li> <li>- Completed 79km of dark fibre construction connecting 6 data centres and 7 NBN POIs (Points of Interconnect), which represents 7% of the project and is tracking to schedule and budget.</li> </ul>
4	12/03/2021	ABB is added to the ASX All Ordinaries index.
5	13/04/2021	<p>ABB announced it had launched a new white label solution for major retail brands that allows them to sell Aussie's internet and VoIP services under their own brand.</p> <p>ABB also announced had already signed its first white label customer, a large retail business with more than 3 million customers across Australia.</p>
6	28/05/2021	<p>ABB announced an upgrade to full year EBITDA forecast to be between A\$17 million and A\$20 million excluding IPO costs.</p> <ul style="list-style-type: none"> <li>- Implementation and transfer of white label product progressing as planned.</li> <li>- Fibre rollout continuing to advance in multiple states, with 28 to 31 NBN POIs and data centre sites to be completed by 30 June 2021.</li> <li>- Downgraded residential connection forecast, impacted by NBN's significant issues with its appointment system, and its announcement of a further delay to the restart of HFC connections.</li> </ul>
7	11/08/2021	ABB announces a five year deal with Telstra Wholesale to provide fibre connectivity to 42 NBN POIs (point of interconnect) and data centre connectivity not covered by Aussie Broadband's own fibre network. This would bring forward combined savings of A\$1m in FY22 and A\$15 million annually from FY 23 onwards
8	30/08/2021	<p>ABB releases its FY21 results and we note the below:</p> <ul style="list-style-type: none"> <li>- Revenue of A\$350.3 million, up 84% on prior corresponding period (pcp) and 3.6% ahead of prospectus forecast</li> <li>- EBITDA (before IPO expenses) of A\$19.1 million, up 433% on pcp and 55% ahead of prospectus forecast</li> <li>- 400,848 total broadband services, up 53% on pcp</li> <li>- 37,498 broadband business &amp; wholesale services, up 90% on pcp</li> <li>- 25,606 mobile services, up 102% on pcp.</li> </ul>
9	20/10/2021	<p>ABB announces a trading update and we note the following:</p> <ul style="list-style-type: none"> <li>- 1Q overall broadband connections increased 11% and business broadband connections increased 13% on the previous quarter.</li> <li>- 1Q mobile services increased 15% from the previous quarter, from 25,606 to 29,447 services.</li> <li>- 1Q FY22 revenue grew 11.3% quarter on quarter (QoQ).</li> <li>- Signed strategic fibre swap agreement with VicTrack.</li> </ul>
10	22/10/2021	Over The Wire Holdings Limited advises that on 14 October 2021, it received an unsolicited, non-binding indicative offer from Aussie Broadband Limited to acquire all of OTW's shares by way of a scheme of arrangement representing A\$5.75 value per OTW share.

Source: ASX announcements

The monthly share price performance of ABB since the IPO is summarised below:

Aussie Broadband Limited	Share Price			Average
	High \$	Low \$	Close \$	weekly volume 000'
Month ended				
Oct 2020	2.050	1.830	1.830	3,461.68
Nov 2020	2.050	1.760	2.000	713.52
Dec 2020	2.200	1.980	1.990	459.88
Jan 2021	2.820	2.020	2.470	551.32
Feb 2021	2.750	2.450	2.680	694.82
Mar 2021	3.000	2.710	2.710	524.52
Apr 2021	3.200	2.760	3.060	569.45
May 2021	3.020	2.480	2.480	585.19
Jun 2021	2.950	2.700	2.950	831.38
Jul 2021	2.920	2.660	2.850	387.21
Aug 2021	4.000	2.920	4.000	1,064.97
Sep 2021	5.090	4.150	4.890	1,316.26
Oct 2021	5.100	4.580	4.870	1,078.48
Nov 2021	5.450	4.710	5.230	838.54
Week ended				
2 Jul 2021	2.950	2.860	2.900	541.56
9 Jul 2021	2.910	2.780	2.780	450.56
16 Jul 2021	2.830	2.780	2.790	289.26
23 Jul 2021	2.770	2.660	2.770	399.43
30 Jul 2021	2.850	2.780	2.850	255.23
6 Aug 2021	3.170	2.920	3.170	846.88
13 Aug 2021	3.850	3.280	3.650	2,133.23
20 Aug 2021	3.720	3.570	3.570	600.09
27 Aug 2021	3.750	3.690	3.690	679.67
3 Sep 2021	4.360	3.750	4.300	1,482.59
10 Sep 2021	4.950	4.630	4.950	1,375.58
17 Sep 2021	4.910	4.700	4.700	1,183.31
24 Sep 2021	5.090	4.570	5.000	1,223.54
1 Oct 2021	4.940	4.880	4.910	735.78
8 Oct 2021	5.020	4.850	4.980	1,297.53
15 Oct 2021	5.010	4.740	5.010	1,014.28
22 Oct 2021	5.100	4.680	4.920	1,398.44
29 Oct 2021	4.890	4.580	4.870	946.35
5 Nov 2021	5.130	4.950	5.000	575.07
12 Nov 2021	4.930	4.710	4.920	708.02
19 Nov 2021	5.450	4.910	5.360	1,388.44
26 Nov 2021	5.430	5.090	5.090	682.63
3 Dec 2021	5.450	5.020	5.020	2,293

Sources: S&P Global, GTCF analysis

#### 5.6.1 Top shareholders

We have set out below ABB's substantial shareholders as at 14 December 2021:

Substantial ordinary shareholders	Number of shares	%
Digital Interworks Pty Ltd	17,946,809	8.0%
Intertubes Pty Ltd	17,946,809	8.0%
Lennox Capital Partners	12,258,871	5.5%
Panama Trial Pty Ltd	12,148,342	5.4%
Bennelong Australian Equity Partners	11,589,742	5.2%

Source: Management information, Scheme Booklet

Note: Digital Interworks, Intertubes and Panama Trial relate to the founders and Directors of ABB.

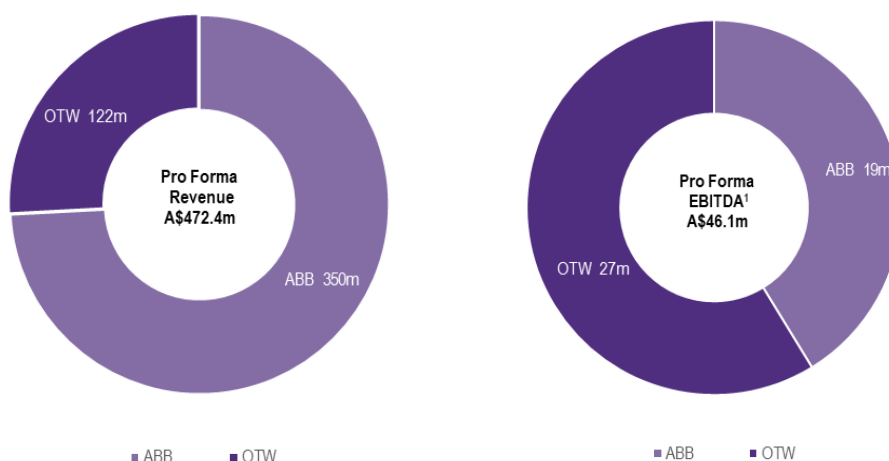


## 6 Overview of the Combined Group

### 6.1 Overview of the Combined Group

The graphs below provide an illustration of the Combined Group pro-forma FY21 revenue and EBITDA excluding synergies.

#### Combined Group pro-forma FY21 Revenue and EBITDA



Source: Management information, Scheme Booklet

Note: EBITDA before IPO expenses and fair value adjustments. OTW pro-forma unaudited FY21 has been adjusted for Digital Sense and Fonebox/Zintel acquisitions. See Scheme Booklet for further detail.

If the Scheme is implemented, the Combined Group will have the following characteristics:

- A compatible customer base and network comprising c. 440,000 residential and 45,000<sup>41</sup> business, government and wholesale customers with over 700,000 active numbers on NetSIP voice network and 470,000 active broadband services<sup>42</sup>.
- Significant cross selling opportunities are expected to be derived in the data and network and voice product given that OTW does not have any direct NBN POIs whereas ABB is directly interconnected to all 121 POIs and it owns 1,200 km of fibre (complete or under construction) which can be offered to OTW customers. Both companies have extensive presence in third parties data centres which can be optimised and streamlined. From a Voice perspective, OTW is a Tier 1 carrier whereas ABB is a wholesale customer of other Tier 1 carries, so again significant synergies and cost savings can be targeted. ABB has estimated annual cost synergies<sup>43</sup> between A\$8.0 and A\$11.0 million to be realised within two years including corporate overhead and shared service synergies as well as ongoing replacement capex savings and some of the operational synergies discussed above. Whilst not currently factored in, there are also potential revenue synergies through cross selling opportunities to their respective clients and going to market with a broader service offering.
- A combined team of over 1,000 people (before synergies) all based in Australia.

<sup>41</sup> 29,000 business, MSP and government customers for ABB plus 16,000 business, government and wholesale customer for OTW.

<sup>42</sup> ABB announcement on ASX, "Aussie Broadband to acquire Over the Wire in a recommended transaction", 2 December 2021.

<sup>43</sup> Pre-tax and implementation costs.

- An improved ability to tender for new opportunities, given both the complementary nature of the businesses as well as the tendering expertise and relationships of both groups of Management, which are likely to be strengthened.
- A large-scale business with enhanced capacity to access the equity markets to fund future investments and acquisitions.
- The acquisition is expected to be earnings per share accretive for ABB on a pre and post synergies basis having regard to pro-forma FY21.
- The Combined Entity will continue to be led by ABB Management Team and Directors, however, Michael Omeros, current Managing Director and CEO of OTW, will join the Board of ABB replacing John Reisinger who will step down as a Director on implementation of the Scheme.

## 6.2 Pro-forma financial information

The pro forma financial information (excluding synergies) extracted from the Scheme Booklet of the Combined Group are summarised below.

Consolidated Pro-forma financial performance			Combined FY21 Pro-forma
A \$'000s	ABB FY21 Audited	OTW FY21 Pro-forma	
Revenue	350,270	122,094	472,364
Network and hardware expenses	(251,996)	(55,217)	(307,213)
<b>Gross profit</b>	<b>98,274</b>	<b>66,877</b>	<b>165,151</b>
Employee expenses	(41,334)	(34,695)	(76,029)
Marketing expenses	(26,294)	-	(26,294)
Administration and other expenses	(11,616)	(5,082)	(16,698)
<b>EBITDA before IPO expenses and fair value adjustments</b>	<b>19,030</b>	<b>27,101</b>	<b>46,131</b>
<i>EBITDA margin</i>	5.4%	22.2%	9.8%
IPO expenses	(1,187)	-	(1,187)
Depreciation and amortisation	(7,560)	(18,610)	(26,170)
Interest expenses	(2,257)	(1,312)	(3,569)
Interest income	93	-	93
Change in fair value of derivative	(12,273)	-	(12,273)
<b>Profit/(loss) before income tax expense</b>	<b>(4,154)</b>	<b>7,177</b>	<b>3,024</b>

Source: Management information, Scheme Booklet

Note: OTW pro-forma unaudited FY21 has been adjusted for Digital Sense and Fonebox/Zintel acquisitions. See Scheme Booklet for further detail.

Consolidated Pro-forma financial position A \$'000s	ABB FY21 Audited	OTW FY21 Pro-forma	Net SPP & Capital raise	New Debt & Refinance	Transaction Costs	Transaction Accounting	Combined Group FY21 Pro-forma
Cash and cash equivalents	57,010	16,696	129,600	125,573	(12,295)	(275,173)	41,410
Trade and other receivables	16,948	10,717					27,665
Inventories	5,500	128					5,628
Financial assets	15	-					15
Prepayments	2,017	-					2,017
Other current assets	-	4,562					4,562
<b>Total current assets</b>	<b>81,490</b>	<b>32,103</b>	<b>129,600</b>	<b>125,573</b>	<b>(12,295)</b>	<b>(275,173)</b>	<b>81,297</b>
Property, plant and equipment	17,393	29,247					46,640
Right-of-use assets	12,275	-					12,275
Intangibles	3,993	147,722				243,651	395,366
Deferred tax	1,080	-					1,080
Financial assets	682	-					682
Other non-current assets	-	524					524
<b>Total non-current assets</b>	<b>35,423</b>	<b>177,493</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>243,651</b>	<b>456,567</b>
<b>Total assets</b>	<b>116,913</b>	<b>209,596</b>	<b>129,600</b>	<b>125,573</b>	<b>(12,295)</b>	<b>(31,522)</b>	<b>537,864</b>
Trade and other payables	26,799	14,446					41,245
Contract liabilities	15,769	-					15,769
Current tax liabilities	654	1,391					2,045
Borrowings	-	9,054		30,946			40,000
Lease liabilities	5,489	4,493					9,982
Employee benefits	3,232	3,129					6,361
Other current liabilities	-	9,746					9,746
<b>Total current liabilities</b>	<b>51,943</b>	<b>42,259</b>	<b>-</b>	<b>30,946</b>	<b>-</b>	<b>-</b>	<b>125,148</b>
Borrowings	-	25,373		94,627			120,000
Lease liabilities	5,075	14,814					19,889
Employee benefits	348	225					573
Other non-current liabilities	-	26,610					26,610
<b>Total non-current liabilities</b>	<b>5,423</b>	<b>67,022</b>	<b>-</b>	<b>94,627</b>	<b>-</b>	<b>-</b>	<b>167,072</b>
<b>Total liabilities</b>	<b>57,366</b>	<b>109,281</b>	<b>-</b>	<b>125,573</b>	<b>-</b>	<b>-</b>	<b>292,220</b>
<b>Net assets/(liabilities)</b>	<b>59,547</b>	<b>100,315</b>	<b>129,600</b>	<b>-</b>	<b>(12,295)</b>	<b>(31,522)</b>	<b>245,644</b>

Source: Management information, Scheme Booklet

Note: Based on full take up the Default Consideration. See Scheme Booklet for further detail.

### 6.3 Net debt position

We have set out below the pro-forma debt structure of ABB based on the Default Consideration and 100% Cash Consideration basis<sup>44</sup>.

<sup>44</sup> We note that if shareholders elect 100% Cash Consideration, it will scale back to 80% maximum cash and be equal to the equivalent of the full Default Consideration election.



Pro-forma net debt: Default Consideration A \$'000s	ABB FY21 Audited	OTW FY21 Pro-forma	Net SPP & Capital raise	New Debt & Refinance	Transaction Costs	Transaction Accounting	Combined Group FY21 Pro-forma
Borrowings		34,427		125,573			160,000
Lease liabilities	10,564	19,307					29,871
Deferred consideration		9,370					9,370
Cash and cash equivalents	(57,010)	(16,696)	(129,600)	(125,573)	12,295	275,173	(41,411)
<b>Net debt</b>	<b>(46,446)</b>	<b>46,408</b>	<b>(129,600)</b>	<b>-</b>	<b>12,295</b>	<b>275,173</b>	<b>157,830</b>

Source: Management information, Scheme Booklet

Note: Based on full take-up of the Default Consideration. This is also equivalent to the 100% Cash Consideration, as it will scale back to 80% maximum cash and be equal to the full Default Consideration election. See Scheme Booklet for further detail.

We have also set out the pro-forma debt structure under the 100% Scrip Consideration basis<sup>45</sup>.

Pro-forma net debt 100% Scrip (57.5% scaled back) A \$'000s	ABB FY21 Audited	OTW FY21 Pro-forma	Net SPP & Capital raise	New Debt & Refinance	Transaction Costs	Transaction Accounting	Combined Group FY21 Pro-forma
Borrowings		34,427		125,573			160,000
Lease liabilities	10,564	19,307					29,871
Deferred consideration		9,370					9,370
Cash and cash equivalents	(57,010)	(16,696)	(129,600)	(125,573)	12,295	146,186	(170,398)
<b>Net debt</b>	<b>(46,446)</b>	<b>46,408</b>	<b>(129,600)</b>	<b>-</b>	<b>12,295</b>	<b>146,186</b>	<b>28,843</b>

Source: Management information, Scheme Booklet

Note: Based on 100% Scrip Consideration, scaled back to 57.5%. See Scheme Booklet for further detail.

## 6.4 Shareholding

Set out below is the expected shareholding structure of the Combined Group under the Default Consideration:

Combined Group total shares outstanding: Default Consideration A \$'000s	Number of shares	%
Existing shares on issue	223,832	94.2%
Scrip Consideration: Default Consideration	13,759	5.8%
<b>Total</b>	<b>237,591</b>	<b>100%</b>

Source: Management information, Scheme Booklet

Based on full take-up of the Default Consideration, assumes no foreign shareholder participation. This is also equivalent to the 100% Cash Consideration, as it will scale back to 80% maximum cash and be equal to the full Default Consideration election. See Scheme Booklet for further detail

We have also set out the pro-forma shareholder structure under the 100% Scrip Consideration basis:

Combined Group total shares outstanding: 100% Scrip (57.5% scaled back) A \$'000s	Number of shares	%
Existing shares on issue	223,832	85.0%
Scrip Consideration: 100% Scrip (57.5% scaled back)	39,556	15.0%
<b>Total</b>	<b>263,388</b>	<b>100%</b>

Source: Management information, Scheme Booklet

Note: Based on 100% Scrip Consideration, scaled back to 57.5%. See Scheme Booklet for further detail.

<sup>45</sup> We note that if shareholders elect 100% Scrip Consideration, it will scale back to 57.5% maximum scrip and 42.5% cash.

## 7 Valuation methodologies

### 7.1 Introduction

As discussed in section 2, our fairness assessment involves comparing the fair market value of OTW Shares on a control and fully diluted basis with the value of the Scheme Consideration

Grant Thornton Corporate Finance has assessed the value of OTW and ABB using the concept of fair market value. Fair market value is commonly defined as:

*“the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller acting at arm’s length.”*

Fair market value excludes any special value. Special value is the value that may accrue to a particular purchaser. In a competitive bidding situation, potential purchasers may be prepared to pay part, or all, of the special value that they expect to realise from the acquisition to the seller.

### 7.2 Valuation methodologies

RG 111 outlines the appropriate methodologies that a valuer should generally consider when valuing assets or securities for the purposes of, amongst other things, share buy-backs, selective capital reductions, Takeover Offers of arrangement, takeovers and prospectuses. These include:

- Discounted cash flow and the estimated realisable value of any surplus assets (“DCF Method”).
- Application of earnings multiples to the estimated future maintainable earnings or cash flows of the entity, added to the estimated realisable value of any surplus assets (“FME Method”).
- Amount available for distribution to security holders on an orderly realisation of assets (“NAV Method”).
- Quoted price for listed securities, when there is a liquid and active market (“Quoted Security Price Method”).
- Any recent genuine offers received by the target for any business units or assets as a basis for valuation of those business units or assets.

Further details on these methodologies are set out in Appendix A to this report. Each of these methodologies is appropriate in certain circumstances.

RG111 does not prescribe any above methodologies as the method(s) that an expert should use in preparing their report. The decision as to which methodology to use lies with the expert based on the expert’s skill and judgement and after considering the unique circumstances of the entity or asset being valued. In general, an expert would have regard to valuation theory, the accepted and most common market practice in valuing the entity or asset in question and the availability of relevant information.

### 7.3 Selected valuation methods

#### 7.3.1 Valuation of OTW

In our assessment of the fair value of OTW, Grant Thornton Corporate Finance has relied on two valuation methodologies as outlined below:

- *EBITDA Multiple Approach:* Grant Thornton Corporate Finance has selected the EBITDA Multiple approach as the primary approach to assess the fair market value of OTW due to the following key considerations:
  - EBITDA is a frequently used valuation metric to assess the value of a company irrespective of the differences in earnings caused by varying capital structures and depreciation and amortisation policies.
  - Investment analysts and other market commentators in the telecommunications and internet services sectors typically adopt EBITDA metrics to assess the value of companies as it better approximates the true underlying cash flow of the business.
  - OTW has a history of stable profitability at the EBITDA level, which is expected to continue.
  - OTW did not prepare long term projections and accordingly the discounted cash flow methodology was not adoptable.

The EBITDA Multiple Approach involves the following key processes:

- Selecting an appropriate level of normalised EBITDA, having regard to the historical and budgeted operating results after adjusting for non-recurring items of income and expenditure, and other known factors likely to affect the future operating performance of the business.
  - Determining appropriate EV/EBITDA multiples having regard to the trading multiples of comparable companies and comparable transaction evidence, and the specific circumstances of the company in question.
- *Quoted Security Price Method:* In the absence of a takeover or other share offers, the trading share price represents the value at which minority shareholders could realise their portfolio investment. We have adopted this approach for the purposes of a cross-check for the valuation of OTW.

#### 7.3.2 Value of the Consideration

When considering the value of the Scheme Consideration, we note that the Default Consideration includes cash at 80% with the balance in ABB Shares, but OTW Shareholders can also elect to receive the Cash Consideration, Scrip Consideration, or a combination of the two. In the valuation of the various Scheme Considerations which include ABB Shares, we have assumed that OTW Shareholders will be able to realise the ABB Shares received as consideration in the short term.

In the valuation assessment of the Scheme Consideration, we have relied on the trading price of ABB (where relevant) after the announcement of the Scheme. We are of the opinion that this approach is reasonable due to the following.

- ABB is actively traded on the ASX and it is covered by five investment banking analysts<sup>46</sup> who provide market updates on a regular basis. Accordingly, the trading prices of ABB after the announcement of the proposed Scheme represents a reasonable proxy of the fair market value to be received by OTW Shareholders.
- The decision to continue to hold ABB Shares beyond the short term period following implementation of the Scheme is a separate investment decision which depends on the individual circumstances of OTW Shareholders and accordingly, it has not been considered in this Report.
- The OTW Shareholders do not have any lock-in period or restrictions on the sale of ABB Shares received as consideration.

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<sup>46</sup> As of 8 December 2021.

## 8 Valuation assessment of OTW

As discussed in Section 7 of this report, we have selected the EBITDA Multiple method as our primary approach to assess the fair market value of OTW on a control basis and the Quoted Security Price Method as a cross-check.

### 8.1 EBITDA Multiple method

A summary of our valuation assessment of OTW under the EBITDA Multiple approach is set out below.

FME Method - valuation summary A\$ '000 (except where stated otherwise)	Section Reference	Low	High
GT Assessed FY22 EBITDA	8.1.1	32,000	34,000
Assessed EBITDA Multiple (control basis)	8.1.2	11.5x	12.5x
<b>Enterprise value (control basis)</b>		<b>368,000</b>	<b>425,000</b>
Less: Net debt and other adjustments	8.1.4	(47,830)	(47,830)
<b>Equity value</b>		<b>320,170</b>	<b>377,170</b>
Number of outstanding shares ('000s) - fully diluted	8.1.5	59,820	59,820
<b>Value per share (A\$ per Share)</b>		<b>5.35</b>	<b>6.31</b>

Sources: OTW annual reports, OTW Management, GTCF analysis

Note (1): EBITDA and EBITDA multiples prepared on a post-AASB 16 basis.

Note (2): Net debt includes cash of A\$16.7 million, lease liabilities of A\$19.3 million of which A\$17.1 million relate to right-of-use assets, and interest bearing net debt of A\$34.4 million (estimated at completion).

#### 8.1.1 FY22 EBITDA adopted for valuation purposes

Our assessment of the FY22 EBITDA of OTW adopted for our valuation is an exercise of judgement that takes into consideration a number of factors. In the table below, we provide a benchmark with OTW's historical underlying earnings, broker consensus estimates and OTW FY22 market guidance. We note that OTW adopted the AASB 16 accounting standard on 1 July 2019 and accordingly applied it in FY20 (with the FY19 financials being restated) and FY21, which all other things being equal, results in an increase of the EBITDA.

A\$ '000 (except where stated otherwise)	From the Financial Statements <sup>1</sup>					Guidance	Broker forecast
	FY17	FY18	FY19 <sup>2</sup>	FY20	FY21	FY22	FY22
Revenue	34,217	53,561	79,589	87,611	112,687	ND	139,200
Revenue growth		56.5%	48.6%	10.1%	28.6%	NA	23.5%
Underlying EBITDA	7,369	12,256	17,282	17,396	23,533	33,000	32,936
EBITDA margin	21.5%	22.9%	21.7%	19.9%	20.9%	NA	23.7%
EBITDA growth		66.3%	41.0%	0.7%	35.3%	40.2%	40.0%
<b>Adopted FY22 EBITDA range</b>						<b>32,000 to 34,000</b>	

Sources: OTW annual reports, S&P Global, GTCF analysis

Note (1): AASB 16 was adopted in FY20 on 1 July 2019. Guidance and broker forecasts are also prepared on a post AASB 16 basis.

Note (2): We note that the FY19 financial statements were restated for the purpose of AASB 16, which we have presented in the table above.

For comparative purposes, we have also removed A\$4.1 million of other income in FY19 which relates to earn-out payable as well as COVID-19 sales adjustments.

As set out above, we have assessed the FY22 EBITDA in the range of A\$32.0 million and A\$34.0 on a post-AASB 16 basis, for the purpose of our valuation assessment. In the selection of the EBITDA range adopted, we have considered the following:

#### *Historical financial performance*

- As illustrated in the table above, revenue has steadily increased over the last 4 years at a compound annual growth rate ("CAGR") of c. 36.8%. FY18 saw an increase in revenue of 56.5% which was driven by organic growth and the successful acquisition of VPN Solutions on 1 November 2017. We also note that FY18 EBITDA grew by 66.3% due to an increase in revenue, exhibiting a 1.4% EBITDA margin improvement through operating expense management. In FY19, this trend continued with revenue and EBITDA growth of 48.6% and 21.7% respectively. The Company also made two acquisitions in November 2018, Access Digital Networks and Comlinx, which helped boost sales in the Data Networks and Cloud and Managed Services product lines respectively.
- Although the onset of the COVID-19 pandemic and resulting Government mandated lockdowns resulted in a reduction in non-recurring sales as customers tightened their working capital policies, the social distancing restrictions generated strong demand for voice and collaboration technologies in the second half of FY20 which benefited the business. As such, revenue grew by 10.1% in FY20 with increases across all four product lines. We note that in response to the pandemic, the Company postponed non-essential capital expenditure and reduced full time staff hours by 10% between April and June 2020. As such, OTW still managed to achieve a slight FY20 EBITDA increase even if at slightly reduced margin.
- In FY21, OTW achieved a c.28.6% increase in top line revenue to A\$112.7 million, which included increases in recurring revenue to A\$103.2 million. The financial year also saw OTW complete its multi-year Carrier Interconnect Project, resulting in the Company becoming a Tier 1 voice provider. This enables OTW to offer full-service voice capabilities and compete with other Tier 1 carriers including Optus, Telstra and TPG. The increase in EBITDA was primarily due to the acquisitions of Fonebox/Zintel and Digital Sense in the first half of FY21.

#### *Market guidance and brokers' consensus*

As part of the Scheme announcement on 2 December 2021, OTW also released FY22 EBITDA market guidance of A\$33.0 million, a 40.2% increase from reported FY21. Whilst corresponding revenue and other financials were not provided, this provides an additional data point to help support the selected FY22 EBITDA used in our valuation assessment.

The currently available<sup>47</sup> broker consensus forecast estimates for OTW are set out below:

<sup>47</sup> As of 7 December 2021

Broker consensus forecast estimates		
A\$m	Date	FY22
<b>Revenue</b>		
Broker 1	2/12/2021	138.3
Broker 2	2/12/2021	141.0
Broker 3 <sup>1</sup>	ND	141.5
Broker 4	25/10/2021	139.2
<b>Broker consensus (median)<sup>2</sup></b>		139.2
<i>Growth from FY21</i>		23.5%
<b>EBITDA</b>		
Broker 1	2/12/2021	33.0
Broker 2	2/12/2021	32.9
Broker 3 <sup>1</sup>	ND	32.8
Broker 4 <sup>3</sup>	2/12/2021	31.4
<b>Broker consensus (median)<sup>2</sup></b>		32.94
<i>EBITDA margin</i>		23.7%

Sources: S&P Global, GTCF analysis as at 14 December 2021

Note (1): We have excluded this broker forecast from the median due to lack of information available.

Note (2): Estimates reflect the Acquisition of Digital Sense, J2 Australia Cloud Connect and Zintel Communications.

Note (3): This broker estimate does not consider the most recent OTW market guidance hence we have also excluded it from the median.

The available FY22 broker forecasts all reflect the market sentiment and industry outlook, substantial revenue growth and EBITDA margin improvement expected in FY22 as a result of the full run rate contribution from the acquisitions completed in FY21. We note that brokers' consensus EBITDA substantially aligned with FY22 guidance provided by OTW once released.

#### *Management FY22 Budget and YTD performance*

Management has provided us with their internal monthly projections for the business for FY22 ("FY22 Internal Projection") and we have compared them with the YTD performance for the 3 month period ending 30 September 2021. Grant Thornton Corporate Finance has considered the FY22 Internal Projection for the purpose of our valuation assessment.

#### *Conclusion on the adopted EBITDA*

Overall, we have assessed the FY22 EBITDA for the purpose of our valuation between A\$32.0 million and A\$34.0 on a post-AASB 16 basis, with the mid-point substantially aligned with FY22 guidance and consensus forecast. Whilst this is a significant increase on FY21 EBITDA of A\$23.5 million, we are of the opinion that it is not unreasonable due to the following:

- FY21 EBITDA only included pro-rata contribution from the acquisition of the J2 voice and data business and Digital Sense. These transactions completed on 31 August 2020 and 30 October 2020 respectively.
- Over 90% of FY21 revenue were recurring in nature and accordingly OTW has a high degree of visibility on future financial performance.
- The YTD financial performance is in line with the FY22 Internal Projection.

- OTW is on track to realise margin improvements from completion of the Carrier Interconnect Project estimated at A\$2.0 million per annum plus strategic benefits which are expected to result in increased sales from enhanced call quality and control across its voice network which should allow the business to target larger national and multinational clients.

## 8.1.2 EBITDA Multiple

### 8.1.2.1 Comparable Company multiples

In selecting the comparable companies for OTW, we have considered telecommunications, internet service and managed service providers that operate in Australia. Summarised below are the EV/EBITDA trading multiples of the selected companies, we note that the EBITDA multiples are prepared on a post-AASB16 basis and they reflect the value of underlying companies on a minority basis and do not include a premium for control.

Company Name	Market Capitalisation (A\$M)	Enterprise Value (A\$M)	Enterprise Value / EBITDA		
			FY21	FY22	FY23
<b><u>Tier 1</u></b>					
Webcentral Limited	168.8	163.2	10.5x	7.8x	6.7x
Symbio Holdings Limited	590.2	585.4	13.6x	16.0x	13.3x
Data#3 Limited	909.1	731.7	16.8x	14.7x	13.0x
Spirit Technology Solutions Ltd	154.3	159.8	13.9x	9.3x	7.8x
<b>Tier 1</b>		Average	13.7x	12.0x	10.2x
		Median	13.7x	12.0x	10.4x
<b><u>Tier 2</u></b>					
Aussie Broadband Limited	1,024.2	977.7	51.2x	30.6x	17.2x
Macquarie Telecom Group Limited	1,371.5	1,560.1	21.1x	19.1x	14.4x
Uniti Group Limited	3,047.7	3,258.2	34.8x	22.5x	20.1x
<b>Tier 2</b>		Average	35.7x	24.1x	17.2x
		Median	34.8x	22.5x	17.2x
<b><u>Tier 3</u></b>					
TPG Telecom Limited	11,230.4	16,993.4	9.7x	9.8x	9.2x
Telstra Corporation Limited	48,317.0	64,617.0	8.5x	8.8x	8.3x
<b>Tier 3</b>		Average	9.1x	9.3x	8.8x
		Median	9.1x	9.3x	8.8x

Sources: S&P Global, GTCF analysis

Note: The trading multiples are based on the share prices as at 14 December 2021 except ABB, which was calculated on 21 October 2021 to exclude the effects of the period of exclusivity announcement and Scheme announcement. All multiples are presented on a post-AASB 16/IFRS 16 basis in Australian dollars (A\$). Multiples are calculated using the underlying, adjusted EBITDA provided in the annual financial statements when available. TPG has a December fiscal year end, we have converted this to correspond to a financial year end of 30 June.

We have selected Australian based comparable companies and separated them into three tiers based on their size and level of comparability of services. Tier 1 contains internet service and middle market communications companies<sup>48</sup>, whilst Tier 2 includes larger providers with a different product focus or assets base and Tier 3 consists of TPG and Telstra market leading, diversified and integrated telecom providers. We have primarily relied on the Tier 1 companies for the purpose of our valuation assessment, however, we have still provided some observations on Tier 2 noting that we have not considered Tier 3 companies. In our benchmark, we have also sought to exclude companies who have a large data centre

<sup>48</sup> We have considered, but not included in our analysis companies that are not covered by brokers and do not have broker forecasted multiples.



footprint as these assets are trading based on different value drivers. Whilst we note that OTW owns and operates 5 data centres, they are not part of the core business or a key area of growth going forward.

OTW is characterised by historical and forecast high-growth in revenues with a high proportion of recurring revenue as well as relatively stable EBITDA margins. As part of our analysis, we have set out below a summary of the historical and forecast financial performance of OTW and the selected comparable companies (based on brokers' consensus forecast) to gather some further insights into their valuation:

Company Name	Revenue growth				EBITDA Margin				
	FY21	FY22	FY23	FY24	FY20	FY21	FY22	FY23	FY24
<b>Tier 1</b>									
Webcentral Limited	76.6%	26.3%	9.3%	7.1%	12.8%	17.8%	19.0%	20.3%	21.5%
Symbio Holdings Limited	-5.2%	11.5%	8.4%	11.9%	17.8%	21.2%	16.2%	17.9%	19.4%
Data#3 Limited	20.4%	11.5%	8.8%	6.2%	2.5%	2.2%	2.3%	2.4%	2.8%
Spirit Technology Solutions Ltd	198.5%	38.7%	9.7%	6.9%	10.8%	11.2%	12.0%	13.2%	13.7%
Average	72.6%	22.0%	9.0%	8.0%	11.0%	13.1%	12.4%	13.4%	14.3%
Median	48.5%	18.9%	9.0%	7.0%	11.8%	14.5%	14.1%	15.5%	16.5%
<b>Tier 2</b>									
Aussie Broadband Limited	83.9%	49.5%	54.9%	18.1%	1.9%	5.5%	5.8%	11.6%	13.3%
Macquarie Telecom Group Limited	7.1%	8.4%	16.7%	12.4%	24.6%	25.9%	26.6%	30.0%	30.1%
Uniti Group Limited	174.6%	49.3%	12.4%	12.0%	45.6%	58.6%	60.8%	60.3%	60.4%
Average	88.5%	35.7%	28.0%	14.2%	24.0%	30.0%	31.0%	34.0%	34.6%
Median	83.9%	49.3%	16.7%	12.4%	24.6%	25.9%	26.6%	30.0%	30.1%

Sources: S&P Global, GTCF analysis

Note: FY22, FY23 and FY24 revenue growth and EBITDA margin are based on brokers' consensus forecast.

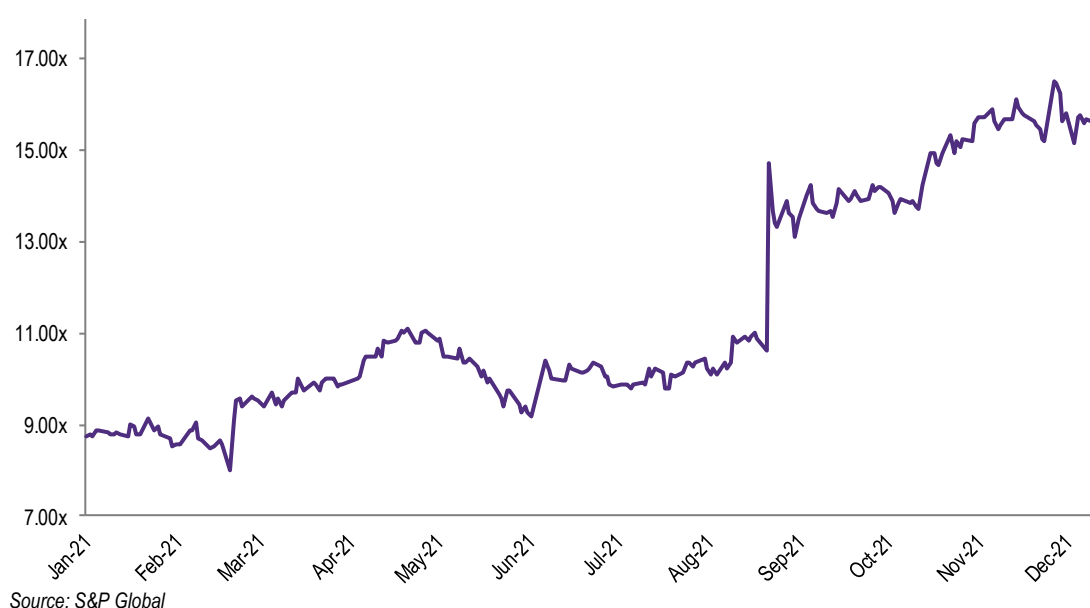
#### Tier 1 companies

- **Webcentral** – A telecommunications carrier in Australia and New Zealand offering data connectivity, domain services, networks, cloud, data centre, and managed services. The company has recently completed a significant merger with 5GN which focuses on cloud, telco and managed IT services offerings which has enhanced the level of comparability of Webcentral with OTW. However, Webcentral still has a large domain and digital marketing offerings collectively contributing c. 30% to FY21 revenue. At a similar time of the merger with 5GN, in July 2021, Webcentral launched an on-market unsolicited takeover of Cirrus which closed in September 2021 with Webcentral having acquired a 16.74% interest in Cirrus<sup>49</sup>. Webcentral's intentions are to seek to install its nominees on the Board of Cirrus and make changes to the operations. We are of the opinion that the EBITDA multiple of Webcentral is adversely affected by the protracted and hostile attempt to acquire Cirrus as well as the uncertainty in relation to the ability of the merged entity to deliver the expected growth plan and synergies.
- **Symbio** – Symbio, previously known as MNF Group, is a Tier 1 operator and it provides voice, data, cloud and other communication services to residential, business, government, and wholesale customers in Australia, New Zealand and Singapore. We are of the opinion that the high EBITDA multiple reflects the repositioning of the business since the announcement of the strategic review in February 2021 with Symbio refocussing its services on wholesale clients (large and hyperscale businesses) which have a greater level of entrenchment and more likely to enter into long term contracts. Since then, the company has demonstrated an ability to successfully simplify its business by removing non-core services (and the associated revenue) whilst increasing profitability at the same time. After the strategic review, it disposed of c. A\$18.7 million of revenue and A\$10.7 million of gross

<sup>49</sup> Later on increased to 17.96%.

margin (on an annualised basis) and released A\$30 million in capital for re-investment. At the same time, underlying EBITDA has increased from A\$38.2 million in FY20 to A\$43.1 million in FY21. It also has strong growth prospects focused internationally with an aim of substantial expansion into Asia, including Malaysia, Vietnam, South Korea, Taiwan and Japan by 2025. We note that the successful 2021 launch of the Symbio Singapore Network places the company in a strong position and increases the likelihood of achieving this target. Symbio can also benefit from a strong balance sheet with no debt and a strong cash position. As set out in the graph below, the rolling NTM<sup>50</sup> EBITDA multiple of the company materially increased in conjunction with the release of the FY21 results in August 2021 when the above achievements were announced to the market.

#### Rolling NTM EBITDA Multiple – Symbio



- **Data#3** – An Australian based cloud, IT, consulting and managed service provider with operations in every Australian state as well Fiji and other Pacific islands<sup>51</sup>. The core Data#3 business is structured into three segments; software, infrastructure and services, which delivered FY21 revenue growth of c. 20%. We note that c. 62% of total revenue is recurring which is achieved from contracts with government and large corporate customers. Data #3 is one of the leading providers of public cloud services in the Australian market with FY21 revenue of A\$791.6 million as at 30 June 2021, representing 9x growth over the last five years and which is the key value driver of the business. The EBITDA multiple reflects its size, market position and growth prospects in the public cloud market.
- **Spirit Technology Solutions** – The company provides telecommunication, cloud, managed IT, and cyber security services to small, medium, and enterprises in Australia. Spirit has been highly acquisitive, completing 6 acquisitions in FY21 which grew revenue from A\$35 million in FY20 to A\$105 million in FY21. From a service offering perspective, Spirit is similar to OWT with comparable products in a number of key markets, particularly in the SME sector. However, Spirit has a strong focus on managed services which represents c. 48.6% of FY21 revenue. As set out in the graph below, the NTM EBITDA multiple of the company has progressively reduced over the year in conjunction with completion of the acquisitions and it reflects, in our opinion, potential uncertainty in

<sup>50</sup> Next Twelve Months ("NTM").

<sup>51</sup> We note that Fiji and other Pacific Islands only constitute c.1% of FY21 revenue.

relation to the ability of Spirit to successfully integrate so many businesses acquired in such a short period of time and consolidate the client base.

#### Rolling NTM EBITDA Multiple – Spirit Technology Solutions



Source: S&P Global

#### Tier 2 companies

In relation to the Tier 2 companies, we have not particularly relied on them due to the following:

- **ABB** – As discussed in Section 5, ABB is the fifth largest NBN services provider in Australia with a focus on residential, small businesses and corporate customers which is a different service offering from OTW. Further, ABB is still in the early/growth stage of maturity and exhibits high levels of growth, with large reinvestment in marketing, product development (My Aussie, Carbon Portal and CVCBot) and infrastructure. As discussed in the executive summary, we are of the opinion that the revenue multiple may be more relevant for ABB compared with the EBITDA multiple.
- **Uniti Group** – Uniti is a core telecommunication infrastructure company with fibre and technology infrastructure accounting for 84% of FY21 EBITDA which makes it materially different from OTW. It is substantially larger than OTW, has above average revenue growth and has the highest forecast EBITDA margins among the entire comparable company set given its infrastructure base revenue focus. Uniti also spent nearly A\$700.0 million on mergers and acquisitions in FY21 which helped sustaining the share price growth and also pushing the company into the ASX 200 Index, further increasing the price due to passive inflows associated with index rebalancing.
- **Macquarie Telecom Group** – Similarly to Uniti, it is a telco infrastructure company with a large data centre business which limit the comparability to OTW. Whilst Macquarie Telecom has similar product lines to OTW, its telecommunications segment offering voice and mobile phone coverage is less comparable and contributes 46.6% of FY21 revenues. Macquarie also has substantially larger ownership of data centres and other communications infrastructure.

### 8.1.2.2 Comparable Transaction multiples

We note that despite several comparable transactions completing over the past few years, they mostly involved private companies being acquired by private equity firms. As a result, financial details of the transactions were not disclosed, hence limiting the amount of available data significantly. We have limited the analysis to the transactions that occurred in the last couple of years considering the change in market conditions and valuation in the IT and data services since the outbreak of COVID-19.

Date	Target	Acquiror name	EV (A\$M)	EBITDA	EV / EBITDA	EV / EBITDA
				margin (%)	Historical	Forecast
November 2021	Empired Ltd	Capgemini Australia Pty Ltd	242.2	10%	13.7x	ND
November 2021	Rhipe Ltd	Crayon Group	342.2	25%	20.6x	15.9x
August 2021	Exetel Pty Ltd	Superloop Ltd	110.0	7%	ND	10.0x
January 2021	DWS Ltd	HCL Technologies Ltd	188.7	17%	6.6x	ND
November 2020	OptiComm Ltd	Uniti Group Ltd	697.8	54%	17.5x	ND
February 2020	CSG Limited	Fuji Xerox Asia Pacific Pte Ltd	181.6	9%	10.6x	ND
December 2019	1300 Holdings Pty Ltd	Uniti Group Ltd	78.0	ND	7.2x	6.5x
November 2019	OPENetworks Pty Ltd	Uniti Group Ltd	27.5	ND	ND	11.0x
October 2019	LBNC Holdings Pty Ltd	Uniti Group Ltd	102.9	52%	12.5x	10.2x
<b>Mean</b>				25%	12.7x	10.7x
<b>Median</b>				17%	12.5x	10.2x

Sources: S&P Global, GTCF analysis

In relation to the multiples implied by the comparable transactions, we note that:

- The implied transaction multiples may incorporate various levels of control premiums and special values paid for by the acquirers. In particular, the multiples may reflect synergies paid which are unique to the acquirers.
- We have primarily relied on transactions with Australian based target companies of a similar size to OTW. We also note that some of the transactions involved unlisted companies and as such, the level of public information is limited.
- We have excluded earn-out and contingent consideration in deriving the purchase consideration for the transactions as the vesting hurdles are not disclosed. For consistency, we have calculated the multiple based on the actual EBITDA.
- The transactions observed took place during the period between October 2019 and November 2021. As such, economic and market factors like competition dynamics and prices may be materially different to those current as at the date of valuation. This includes the valuation of technology-related stocks, which have experienced a significant uplift in FY21. These factors may influence the amounts paid by the acquirers for these businesses. We also note that the impact of the COVID-19 pandemic, resulting Government mandated stay-at-home-orders and lockdowns, and Government economic policies<sup>52</sup> may also have had an effect on these transactions.

<sup>52</sup> This includes government and central bank based fiscal, monetary and quantitative easing economic policies.

- Due to the limited information available for some transactions, we have not been able to verify whether the EBITDA is reported on a pre or post AASB 16 basis.

None of the comparable transactions are perfectly comparable to OTW and some of them they just broadly operate in the same industry but they are specialised on niche products. However, they overall provide direction support in the selection of the applicable multiple.

- *Empired Ltd* – An IT services provider which was listed on the ASX with operations in Australia, New Zealand (trading as Intergen) and the USA. The company specialises in managed services and digital transformation consulting with a focus on cloud, cyber security, business applications, digital data and artificial intelligence. Empired services medium to large corporate and government organisations in a diverse range of sectors. The transaction was priced at a 64.6% premium to the closing price.
- *Rhipe Ltd* – It specialises in subscription-based cloud licenses, infrastructure, and services in Oceania and Asia and focussed on the licensing of Microsoft Azure cloud products.
- *Exetel Pty Ltd* – An independent internet service provider across NBN, fibre broadband, mobile and business telco services which was acquired by Superloop to increase scale in its consumer and business customer segment and accelerating utilisation of Superloop infrastructure assets. Exetel is more similar to ABB given that it is focussed on the provision of NBN connectivity for c. 45% of FY21 revenue with the balance being derived from data, fibre and VoIP. At the time of the acquisition, it had 110,000 consumer and business customers and A\$150 million forecast FY21 revenue with c. 95% recurring (similar to OTW).
- *DWS Ltd* – Based out of Melbourne, it provides IT services including digital transformation, application development, program and project management in both Australia and New Zealand. DWS has a wide range of clients from sectors including government, defence, finance, utilities, transport, healthcare, IT and communication. In January 2021, the company was purchased by the Indian based information technology services company HCL Technologies Ltd, which was looking to expand further into Australia. DWS also provided greater revenue diversification for HCL Technologies. We note the DWS transaction multiple of 6.6x EBITDA is the lowest among our set of comparable transactions. This is partly explained by low average revenue growth rate experienced by the company, with a 4 year CAGR of 3.7% from FY16 to FY20.
- *OptiComm Ltd*, – An Australian licensed carrier and wholesale network infrastructure operator, which designs, constructs, operates, and maintains fibre-to-the-premises network solutions. The company was listed on the ASX and offers its services to retail services providers, developers, and other customers and it is a competitors of the NBN. The high EBITDA multiple was supported by the infrastructure nature of its assets base which translated into high EBITDA margin of c.54% as well as the transaction providing Uniti with a number of other key benefits and synergies. We note the addition of Opticomm enabled Uniti to become the largest private operator of fibre infrastructure in the greenfield residential fibre-to-premises market (second only to NBN Co), and also increased the size of the company which enabled it to join the S&P ASX 200 index<sup>53</sup>.
- *CSG Limited* – A once listed Australian technology solutions business providing print and display solution, equipment financing, managed IT and cloud telephony. We note that the managed services and cloud telephony, services which overlap with OTW, only account for c. 21% of FY19 revenue.

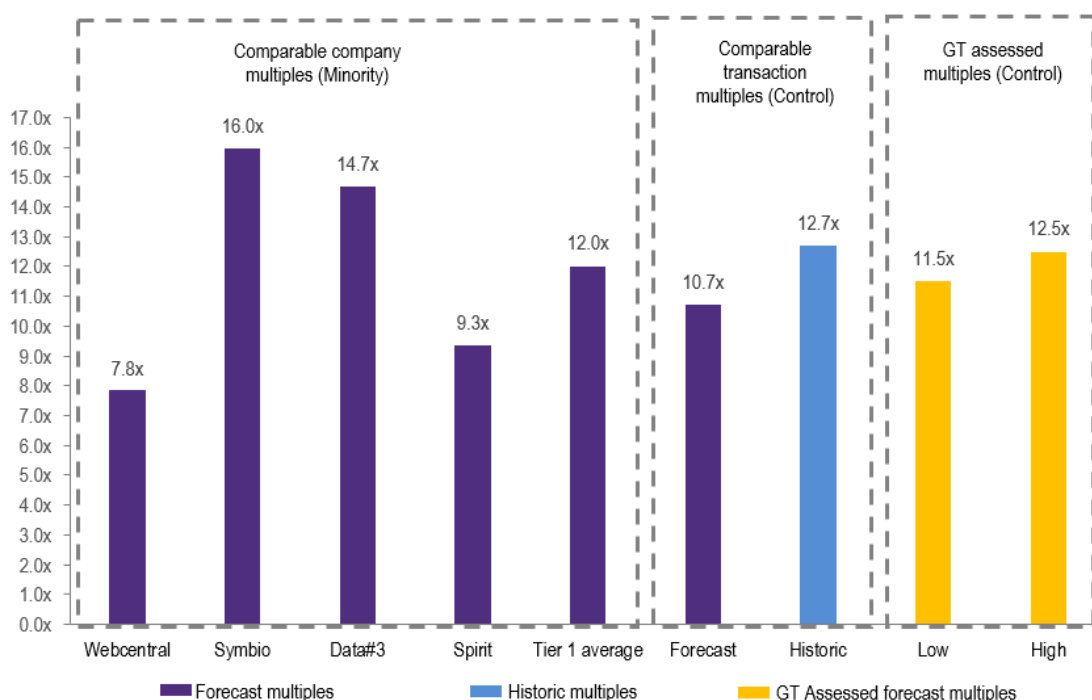
<sup>53</sup> Uniti Group joined the S&P ASX 200 index in June 2021.

- **1300 Holdings Pty Ltd** – A private Australian company that leases phonewords to customers and holds the largest inventory of phonewords nationally. The leasing of phonewords works on an annuity basis and has infrastructure-like characteristics providing high margin, stable returns and strong cash generation. The addition of 1300 to Uniti was highly accretive adding a 40% increase in acquired earnings within 3 months of the transaction closing.
- **OPENetworks Pty Ltd** – Another private Australian company that operates as a wholesale licensed telecommunications carrier specialising in private, fibre to the premises networks in new and existing developments. In November 2019, Uniti acquired 100% of OPENetworks for total consideration of A\$27.5 million. This was a core strategic purchase for Uniti as it helped build up its fibre operating business in combination with the OptiComm and LBNCo Holdings acquisitions. At the time of acquisition, an additional 11,000 premises were in the contract pipeline to be connected to the network and transaction was expected be at least than 10% EPS accretive.
- **LBNCo Holdings Pty Ltd** – Similar to OPENetworks, LBNCois owns, builds and operates private fibre to the premises networks with a focus on multi-dwelling units and broadacre residential estates to wholesale and corporate partners across Australia. At the time of acquisition, LBNCo and Uniti were the second and third largest private fibre operators in Australia with LBNCO having an additional 22,000 premises in the contract pipeline to be connected over c. 2 years.

#### 8.1.3 Conclusion on EV/EBITDA multiple

Based on the analysis of listed comparable companies and comparable transactions, we have assessed an FY22 EBITDA multiple for the valuation of OTW in the range of 11.5x to 12.5x on a control basis. Refer to the executive summary for detailed discussions and explanations of the selected multiple.

#### Conclusion on the EBITDA Multiple



Sources: S&P Global, GTCF analysis

#### 8.1.4 Net debt and other adjustments

In our valuation assessment, we have relied on the 30 June 2021 balance for our net debt balance and also included an adjustment to reflect the dividend paid on 14 October 2021. We have also reviewed the unaudited 31 October 2021 balance sheet and note that it is not significantly different after taking into account the payment of the dividend.

Net debt and other adjustments A\$ '000	Section Reference	30-Jun
Borrowings	Note 1	34,427
Lease liabilities	Note 2	19,307
Deferred consideration	Note 3	9,370
Add: Dividend paid	Note 4	1,422
Less: Cash balance		(16,696)
<b>Net debt and other adjustments</b>		<b>47,830</b>

Sources: Management, ASX announcements, GTCF analysis

Note: Presented on a post-AASB 16 basis.

We note the following in our calculation of net debt:

- *Note 1:* Borrowings relate to the term loan facility with a maturity date of 28 August 2023.
- *Note 2:* OTW leases office and data centre premises as well as equipment. We note that A\$17.1 million of the lease liabilities balance relates to right-of-use assets under AASB 16. Given the selected EBITDA is on a post AASB16 basis, we have included the lease liabilities in our assessment of the net debt.
- *Note 3:* Deferred consideration pertains to the acquisition of Digital Sense which was payable in three instalments in January 2021 (paid), September 2021 and September 2022. Given that we have relied on the balance sheet as at 30 June 2021, we have included the two outstanding instalments.
- *Note 4:* A dividend was announced on 19 August for 2.25 cents, we estimate the total amount payable as A\$1.4 million<sup>54</sup>.

#### 8.1.5 OTW Shares outstanding and options on issue

OTW has 59,820,196 fully diluted shares outstanding including 194,516 Performance Rights. Based on the terms of the SID, vesting of the Performance Rights will be accelerated so that they can participate into the Scheme. This is a fairly standard approach in Scheme of Arrangements and change of control transactions and accordingly, we have adopted a fully diluted share capital for the purpose of our valuation assessment.

## 8.2 Valuation cross-check – Quoted share price

Prior to reaching our valuation conclusion, we have considered the quoted security price of OTW Shares to cross-check our valuation assessment under the EBITDA multiple method.

<sup>54</sup> Calculated as 2.25 cents\*56,895,000 shares outstanding as at 30 June 2021.



The adopted value of OTW based on the trading prices is an exercise of professional judgement that takes into consideration the depth of the market for the listed securities, volatility of the market price, and whether or not the trading prices are likely to represent the underlying value of OTW.

#### 8.2.1 Liquidity analysis

In accordance with the requirements of RG111, we have analysed the liquidity of OTW Shares by considering the trading volume from April 2020 and September 2021 as a percentage of the total shares outstanding as well as free float shares outstanding, as outlined in the table below.

Trading volume analysis				Cumulative		Cumulative	
Month end	Volume traded ('000)	Monthly VWAP (\$)	Total value of shares traded (\$'000)	Volume traded as % of total shares	Volume traded as % of total shares	Volume traded as % of free float shares	Volume traded as % of free float shares
Apr 2020	443	2.9722	1,318	0.9%	0.9%	1.7%	1.7%
May 2020	1,110	2.8601	3,175	2.1%	3.0%	4.3%	6.0%
Jun 2020	1,033	3.5219	3,640	2.0%	5.0%	4.0%	10.1%
Jul 2020	474	3.6308	1,721	0.9%	5.9%	1.8%	11.9%
Aug 2020	1,320	4.1362	5,461	2.6%	8.5%	5.1%	17.0%
Sep 2020	441	4.1133	1,814	0.9%	9.3%	1.7%	18.8%
Oct 2020	2,434	4.6000	11,195	4.7%	14.0%	9.5%	28.2%
Nov 2020	1,274	4.4153	5,623	2.2%	16.2%	4.4%	32.6%
Dec 2020	932	4.3053	4,012	1.6%	17.8%	3.2%	35.7%
Jan 2021	728	3.7042	2,696	1.2%	19.0%	2.5%	38.2%
Feb 2021	1,360	3.8905	5,291	2.3%	21.3%	4.6%	42.8%
Mar 2021	485	4.1094	1,994	0.8%	22.1%	1.6%	44.4%
Apr 2021	689	4.5019	3,102	1.2%	23.3%	2.3%	46.7%
May 2021	768	4.6705	3,588	1.3%	24.6%	2.6%	49.3%
Jun 2021	830	4.7813	3,968	1.4%	26.0%	2.8%	52.1%
Jul 2021	516	4.4867	2,316	0.9%	26.8%	1.7%	53.9%
Aug 2021	2,058	4.3081	8,867	3.5%	30.3%	6.9%	60.8%
Sep 2021	640	4.6007	2,946	1.1%	31.4%	2.2%	63.0%
<b>Min</b>				<b>0.82%</b>		<b>1.64%</b>	
<b>Average</b>				<b>1.74%</b>		<b>3.50%</b>	
<b>Median</b>				<b>1.34%</b>		<b>2.69%</b>	
<b>Max</b>				<b>4.71%</b>		<b>9.46%</b>	

Sources: S&P Global, GTCF analysis

With regard to the above analysis, we note that:

- The level of free float for OTW is c. 49.8%. From April 2020 to September 2021, c. 63.0% of the free float shares were traded with an average monthly volume of 3.5% of the total free float shares. This indicates that stock has limited liquidity.
- In the absence of a takeover or alternative transactions, the trading prices represent the value at which minority shareholders could realise their portfolio investment.



- In October 2020, the relatively higher trading was associated with the Company announcing a Share Purchase Plan ("SPP") which allowed the shareholders to purchase additional shares at a discount of 6.1% to the closing price on 30 September 2020<sup>55</sup>.
- OTW complies with the full disclosure regime required by the ASX. As a result, the market is fully informed about the performance of OTW. In addition, OTW provides updates to the market on a regular quarterly basis with information regarding past and future performance.
- OTW is covered by at least 4 investment analysts who provide updates to the market on a regular basis.

As set out in the table below, the free float of OTW Shares and average volume traded as percentage of total shares are both at lower end compared to its industry peers.

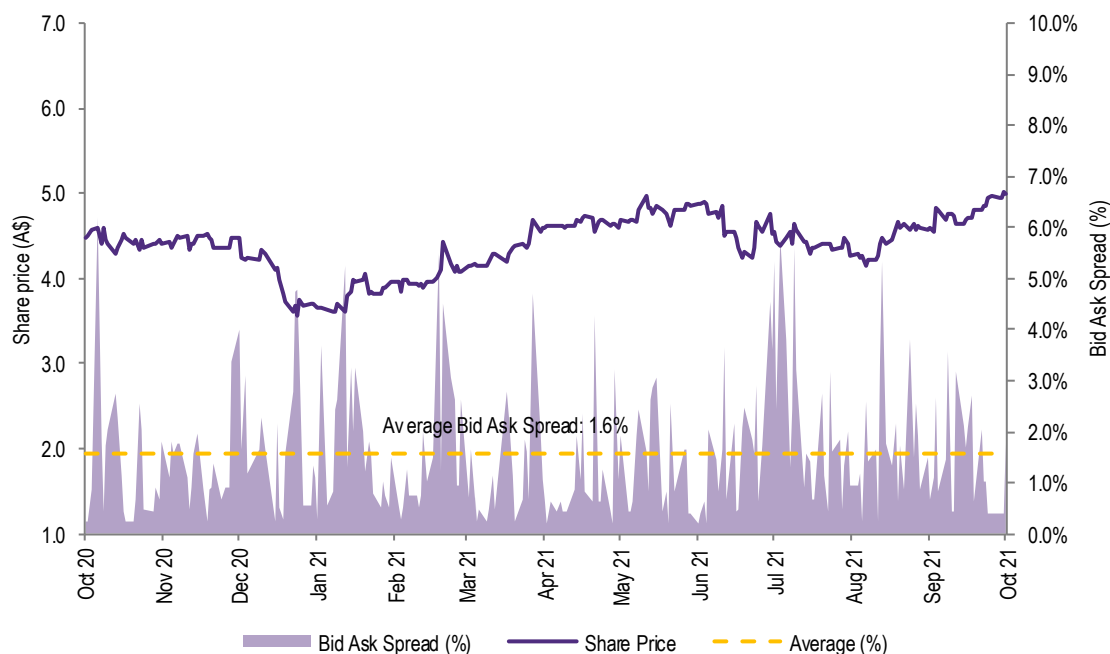
Liquidity analysis			Average	Average	Cumulative	Cumulative
			volume traded	volume traded	volume traded	volume traded
			as a % of	as a % of free	as a % of	as a % of free
Company	Country	Free float (%)	total shares	float shares	total shares	float shares
Over the Wire Holdings Limited	Australia	49.8%	1.8%	3.7%	31.4%	63.0%
<b>Tier 1 comparable companies</b>						
Aussie Broadband Limited	Australia	66.2%	7.6%	11.5%	84.0%	126.8%
Symbio Holdings Limited	Australia	68.3%	3.2%	4.7%	65.7%	96.1%
Data#3 Limited	Australia	90.7%	5.6%	6.1%	121.6%	134.1%
Spirit Technology Solutions Ltd	Australia	57.4%	2.9%	5.0%	68.1%	118.6%
<b>Average - Tier 1</b>		<b>69.5%</b>	<b>5.1%</b>	<b>7.6%</b>	<b>94.2%</b>	<b>133.6%</b>
<b>Median - Tier 1</b>		<b>68.3%</b>	<b>4.4%</b>	<b>7.1%</b>	<b>76.0%</b>	<b>122.7%</b>
<b>Tier 2 comparable companies</b>						
Macquarie Telecom Group Limited	Australia	34.4%	0.9%	2.6%	16.9%	49.0%
Uniti Group Limited	Australia	84.8%	9.8%	11.5%	195.1%	230.1%
TPG Telecom Limited	Australia	19.6%	2.1%	10.8%	30.2%	153.8%
Telstra Corporation Limited	Australia	99.6%	4.0%	4.0%	80.4%	80.7%
<b>Average - Tier 2</b>		<b>59.6%</b>	<b>4.2%</b>	<b>7.2%</b>	<b>80.6%</b>	<b>128.4%</b>
<b>Median - Tier 2</b>		<b>59.6%</b>	<b>3.1%</b>	<b>7.4%</b>	<b>55.3%</b>	<b>117.2%</b>

Sources: S&P Global, GTCF analysis

Where a company's stock is not heavily traded or is relatively illiquid, the market typically observes a difference between the 'bid' and 'ask' price for the stock as there may be a difference in opinion between the buyer and seller on the underlying value. The historical difference between the bid and ask price has been consistently low over the last 12 months preceding the date of the announcement of the Scheme averaging 1.6% as set out the chart below.

<sup>55</sup> Being the last trading day prior to announcement of the S5P.

#### OTW – 12 months bid-ask spread



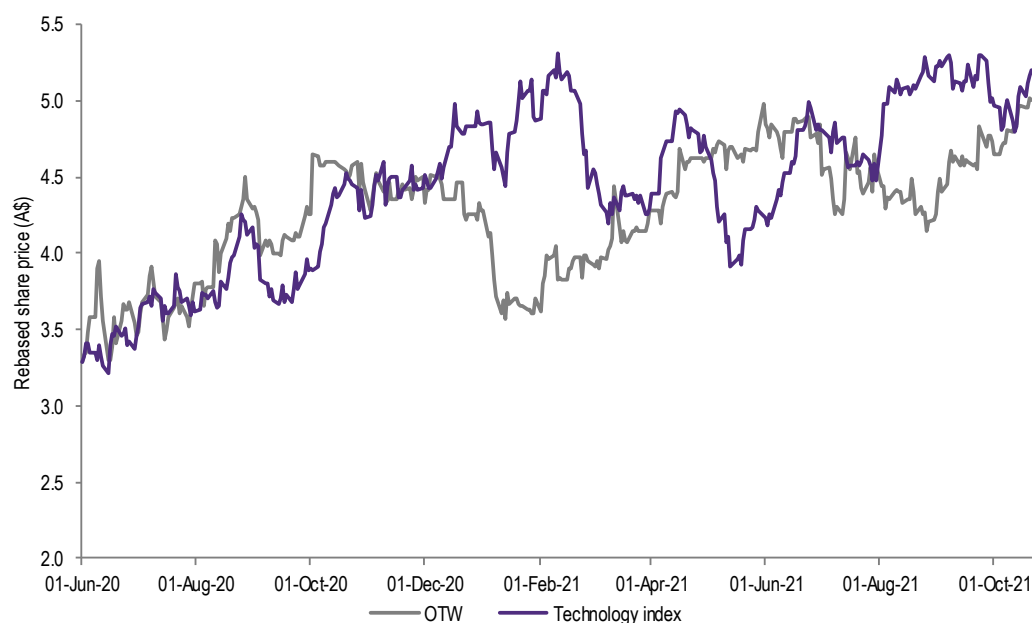
Source: S&P Global, GTCF analysis

Based on the analysis above, we conclude that whilst the level of liquidity is somewhat limited, it is not unreasonable to rely on the trading prices for the purpose of our cross check.

#### 8.2.2 Valuation assessment of OTW based on the trading price

In order to obtain greater insight and an understanding of the Company trading prices and industry wide trends, we have compared the OTW trading prices with the rebased S&P/ASX 200 Information Technology ("Technology Index") up to the announcement of the NBIO.

#### Technology Index and OTW historical prices (rebased to OTW's share price)



Source: S&P Global, GTCF analysis

In relation to the graph above, we note the following:

- OTW and the Technology Index have broadly followed the same growth trajectory. This is largely a macro trend supported by the RBA's quantitative easing and accommodative monetary policy as well as government derived fiscal stimulus and other policies since the inception of the COVID-19 pandemic.
- In H1 FY22, the financial performance of the business presented limited organic growth with revenue growing mainly from the acquisitions completed in the first part of the year. After this period, OTW share price was volatile with large swings upwards and downwards but it continued its growth trajectory between the release of the half year results in February 2021 (c. A\$4.00 per share) and the full year results in August 2021 (c. A\$4.40 per share).
- Upon the release of the full year accounts, the trading prices initially went down notwithstanding that OTW announced strong performance in the second half of the year with ARR exceeding A\$100 million and stronger organic growth. However, shortly after the upwards trend of the share price recommenced.

We have also considered the rolling NTM EBITDA multiple of OTW in the graph below which has remained substantially steady notwithstanding significant volatility during some of the interim periods.

#### Rolling NTM EBITDA Multiple – OTW



Source: S&P Global, GTCF analysis

Set out below is a summary of the VWAP of OTW Share before the announcement of the NBIO.

VWAP	Low	High	VWAP
Up to 21 October 2021			
1 day	4.980	5.090	5.065
5 day	4.940	5.120	4.999
10 day	4.750	5.120	4.949
1 month	4.550	5.120	4.872
2 month	4.150	5.120	4.471
3 month	3.940	5.120	4.449
4 month	3.940	5.120	4.477
5 month	3.940	5.120	4.527
6 month	3.940	5.120	4.541
9 month	3.500	5.120	4.360

Sources: S&P Global, GTCF analysis

Based on the analysis above, we have assessed the fair market value of OTW Shares using the quoted share price to be between A\$4.50 and A\$5.00 per share on a minority basis which implies a premium for control based on our assessed valuation range between 19% to 26%. This is at the low-end of the premium for control typically applied in the Australian market for successful takeovers between 20% and 40% and we are of the opinion that it is not unreasonable. Refer to the discussion in the executive summary for details.

## 9 Valuation assessment of the Scheme Consideration

All the various forms of Scheme Consideration include different degrees of ABB Shares, with the exception of the Cash Consideration (subject to the Maximum Cash Consideration). In our valuation assessment of the Scheme Consideration, we have relied on the trading prices of ABB following the announcement of the Scheme as a proxy of the market value of that component of the Scheme Consideration represented by ABB Shares. We have assumed that OTW Shareholders will be able to realise the ABB Shares received as consideration in the short term. The decision to continue to hold ABB Shares beyond the short term period following the implementation of the Scheme is a separate investment decision which depends on the individual circumstances of OTW Shareholders and accordingly it has not been considered in this Report.

Under the terms of the Scheme, OTW Shareholders will have the option to receive the Scheme Consideration in one of four ways:

- 80% cash and 20% scrip equating to A\$4.60 cash and 0.2300 ABB shares for each OTW share.
- 100% cash consideration of A\$5.75 per share (subject to the Maximum Cash Consideration).
- 100% scrip consideration equating to 1.1500 ABB Share for each OTW Share (subject to the Maximum Scrip Consideration).
- At least 1% but less than 100% Scrip Consideration with the balance payable as Cash Consideration.

We have set out below our assessment of the Scheme Consideration.

Valuation assessment of the Scheme Consideration A\$'000 (except where otherwise stated)	Section Reference	Low	High
<b>Default Consideration (80% Cash, 20% Scrip):</b>			
Grant Thornton Assessed value of ABB Shares (minority basis)	9.1	4.70	5.00
Number of ABB Shares per OTW Share	1	0.23	0.23
Value of scrip component of Default Consideration		1.08	1.15
Value of cash component of Default Consideration	1	4.60	4.60
<b>Assessed value of the Default Consideration</b>		<b>5.68</b>	<b>5.75</b>
<b>100% Scrip Consideration:</b>			
Grant Thornton Assessed value of ABB Shares (minority basis)	9.1	4.70	5.00
Number of ABB shares per OTW share	1	1.15	1.15
<b>Assessed Value of 100% Scrip Consideration</b>		<b>5.41</b>	<b>5.75</b>
<b>100% Cash Consideration:</b>			
<b>Assessed value of the 100% Cash Consideration</b>	<b>1</b>	<b>5.75</b>	<b>5.75</b>

Source: GTCF analysis

### 9.1 ABB Quoted Security Pricing Method

The adopted value of the scrip component of the Consideration based on ABB's trading prices is an exercise of professional judgement that takes into consideration the depth of the market for the listed securities, volatility of the market price, and whether or not the trading price are likely to represent the underlying value of ABB.

Before adopting the trading prices for the purpose of our valuation assessment, we have considered depth and liquidity in ABB Shares in accordance with the requirements of RG111.

#### 9.1.1 Liquidity analysis

As part of our analysis of ABB's liquidity, we have considered the trading volume from its IPO to November 2021 as a percentage of the total shares outstanding as well as free float shares outstanding, as outlined in the table below:

Trading volume analysis				Cumulative		Cumulative	
Month end	Volume traded ('000)	Monthly VWAP (\$)	Total value of shares traded (\$'000)	Volume traded as % of total shares	Volume traded as % of total shares	Volume traded as % of free float shares	Volume traded as % of free float shares
Nov 2020	15,199	1.9162	29,124	8.0%	8.0%	12.1%	12.1%
Dec 2020	9,621	2.0483	19,706	5.1%	13.0%	7.6%	19.7%
Jan 2021	9,997	2.3962	23,954	5.3%	18.3%	7.9%	27.6%
Feb 2021	13,896	2.6091	36,257	7.3%	25.6%	11.0%	38.6%
Mar 2021	12,801	2.8142	36,026	6.7%	32.3%	10.2%	48.8%
Apr 2021	11,389	3.0138	34,324	6.0%	38.3%	9.0%	57.8%
May 2021	13,973	2.7439	38,342	7.3%	45.6%	11.1%	68.9%
Jun 2021	14,785	2.7809	41,117	7.8%	53.4%	11.7%	80.6%
Jul 2021	8,255	2.8219	23,296	4.3%	57.7%	6.5%	87.2%
Aug 2021	24,940	3.5902	89,537	13.1%	70.9%	19.8%	107.0%
Sep 2021	24,971	4.6888	117,087	13.1%	84.0%	19.8%	126.8%
Oct 2021	24,675	4.9067	121,076	11.3%	95.2%	17.0%	143.8%
Nov 2021	24,115	5.1669	124,602	11.0%	106.3%	16.6%	160.4%
<b>Min</b>				<b>4.34%</b>		<b>6.55%</b>	
<b>Average</b>				<b>8.17%</b>		<b>12.34%</b>	
<b>Median</b>				<b>7.34%</b>		<b>11.08%</b>	
<b>Max</b>				<b>13.12%</b>		<b>19.81%</b>	

Sources: S&P Global, GTCF analysis

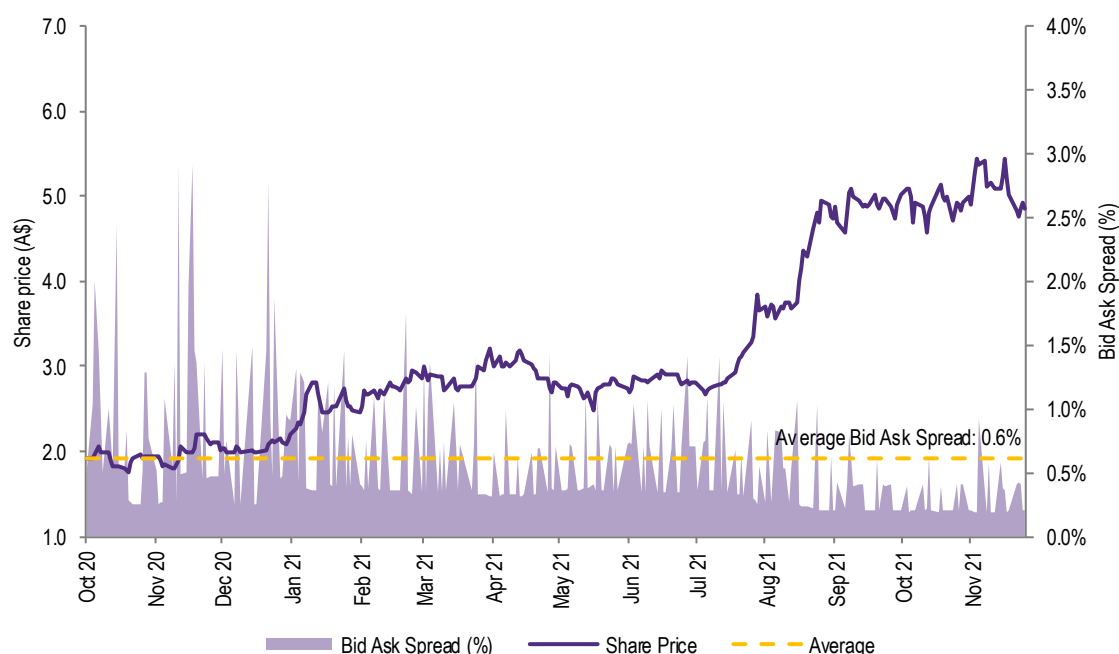
With regard to the above analysis, we note that:

- As shown in section 8.2.1, ABB's level of free float of 66.2% is in line with the industry peers. From November 2020 to November 2021, c. 160.4% of the free float shares were traded with an average monthly volume of 12.3% of the total free float shares with both metrics at the high end of the peer group.
- In the absence of a takeover, merger or other alternative transactions, the trading prices represent the value at which OTW Shareholders will be able to realise the Scheme Consideration.
- ABB complies with the full disclosure regime required by the ASX. As a result, the market is fully informed about the performance of ABB.

- ABB is covered by six investment analysts who provide updates to the market on a regular basis. As a result, there is extensive analysis provided to the market not only about the ABB's performance and market standing but also regarding industry trends.
- ABB provides updates to the market on a regular basis with information regarding past and future performance.

In addition to the above, where a company's stock is not heavily traded or is relatively illiquid, the market typically observes a difference between the 'bid' and 'ask' price for the stock as there may be a difference in opinion between the buyer and seller on the value of the stock. The graph below shows the bid ask spread for ABB since its IPO.

#### ABB – Bid-Ask spread since IPO



Sources: S&P Global, GTCF analysis

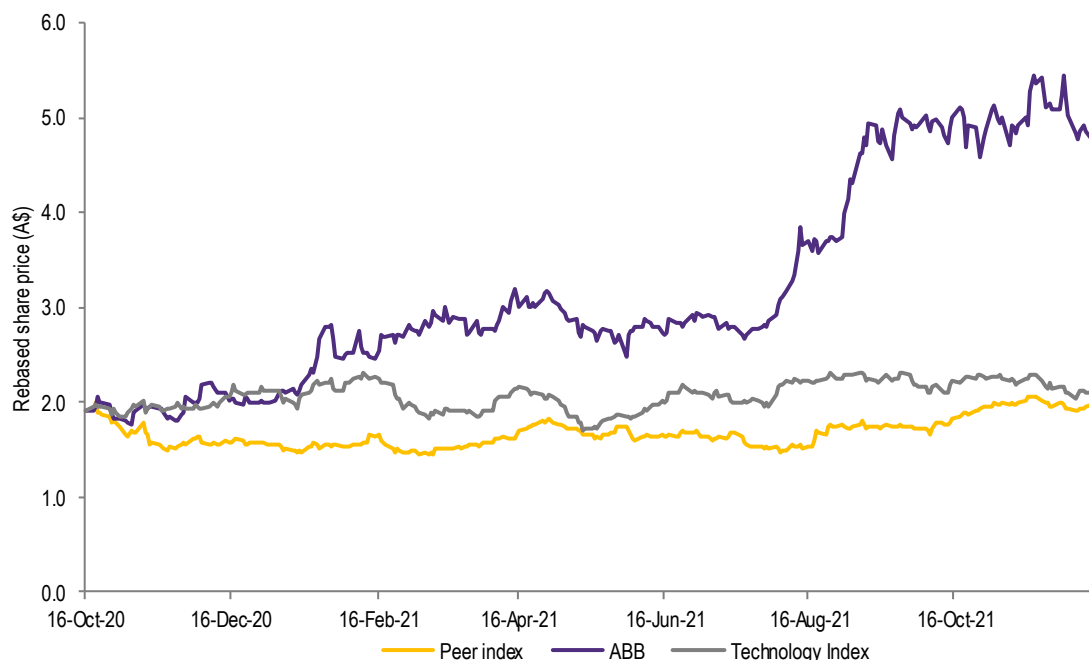
As shown in the graph above, the historical difference between the bid and ask price has been consistently low, with an average of 0.6%, since IPO. Based on the analysis above, we conclude that there is sufficient liquidity in ABB's trading price for utilisation of the Quoted Security Price Method to assess part of the Scheme Consideration.

#### 9.1.2 Valuation assessment of ABB based on the trading price

Since listing on the ASX in October 2020 at an IPO price of A\$1 per share, ABB's trading price has grown significantly, closing at A\$4.92 on 9 December 2021. ABB has outperformed its peers driven by its increasing market share of NBN services which has grown from 2.8% in December 2019 to 5.1% in September 2021. The Company has also significantly grown revenue and EBITDA over the last few years.

The graph below illustrates the rebased Peer Index<sup>56</sup> and Technology Index compared to ABB Share price.

#### Peers Index and Technology Index rebased to ABB share price since ABB's IPO



Sources: S&P Global, GTCF analysis

In relation to ABB's share price we note that the following trends over the last c. 9 months:

- Between March and July 2021, ABB's Share price traded within a range of A\$2.45 and A\$3.20. Prior to this period, on 22 January 2021, ABB updated the market that it expected to generate 1H21 EBITDA (before IPO costs) of between A\$8.0 million and A\$8.5 million and subsequently, in May 2021, it updated its FY21 EBITDA guidance to between A\$17 and A\$20 million from A\$12.7 million in the prospectus.
- Since the beginning of August, ABB's share price began a period of sustained rise, increasing from A\$2.92 on 2 August 2021 to A\$5.09 on 23 September, a 74% increase in under two months. The strong share price gain came on the back of strong business performance, with ABB reporting FY21 EBITDA of A\$19.4 million on 30 August 2021, 53% higher than the prospectus. Furthermore, the results implied a 2H21 EBITDA performance of A\$11.0 million (being a 31% increase over 1H21 of A\$8.4 million). In the 10 days following the full year results announcement, the share price increased 25% from A\$3.75 to A\$4.70.
- Shortly after, ABB completed an institutional placement raising A\$114 million at a share price of A\$4.0 which was 4 times oversubscribed, indicating strong demand for investors at the placement price which continued to support a steady rise in the share price.

We are of the opinion that the rise in ABB trading prices since the beginning of August 2021 is supported by the rapid growth of the business, with ABB considered the key challenger of the big four telecommunication companies in NBN broadband connections. ABB is winning the largest share of NBN

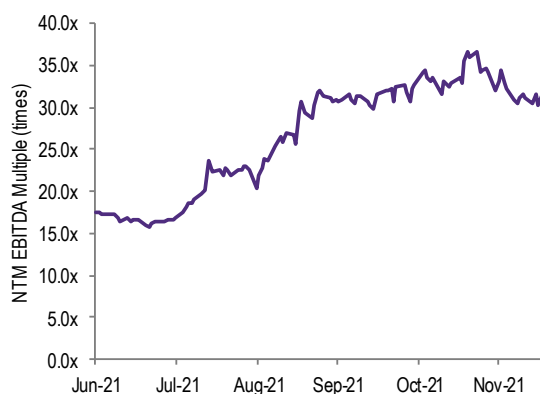
<sup>56</sup> The peer index comprises of Over The Wire, Symbio, Data#3 Limited, and Spirit Technology. We compute the peer index by calculating the market capitalisation weighted share price of the peers.



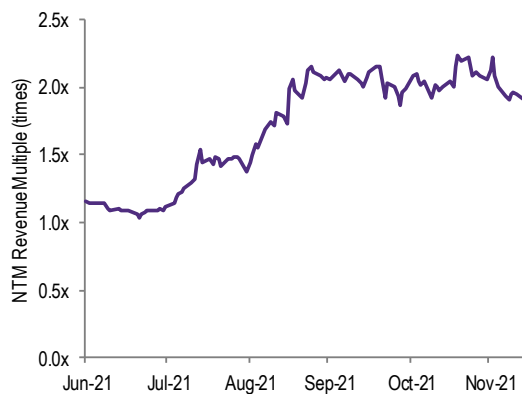
customers and there are limited other opportunities on the ASX for investors seeking for a similar growth profile and operational focus.

Whilst the EBITDA multiple of ABB is high compared with the listed peers as outlined in section 8.1.2, ABB is still in the early/growth stage of maturity and exhibits high levels of growth, with large reinvestment in marketing, customer product development and internal infrastructure which are all expected to support margin improvements and increasing market share going forward. The value of businesses displaying these characteristics are predominantly driven by their growth potential and capacity to increase market share, as opposed to short term earnings, cash flow generation and dividend distributions. As a result, we are of the opinion that the EBITDA multiple of ABB is not as relevant from a valuation perspective and the company is more valued with reference to revenue multiple. As set out in the graph below, the revenue multiple of ABB is more modest and the high EBITDA multiple is affected by the Company re-investing significant cash and resources to grow the business.

#### Rolling NTM EBITDA Multiples – ABB



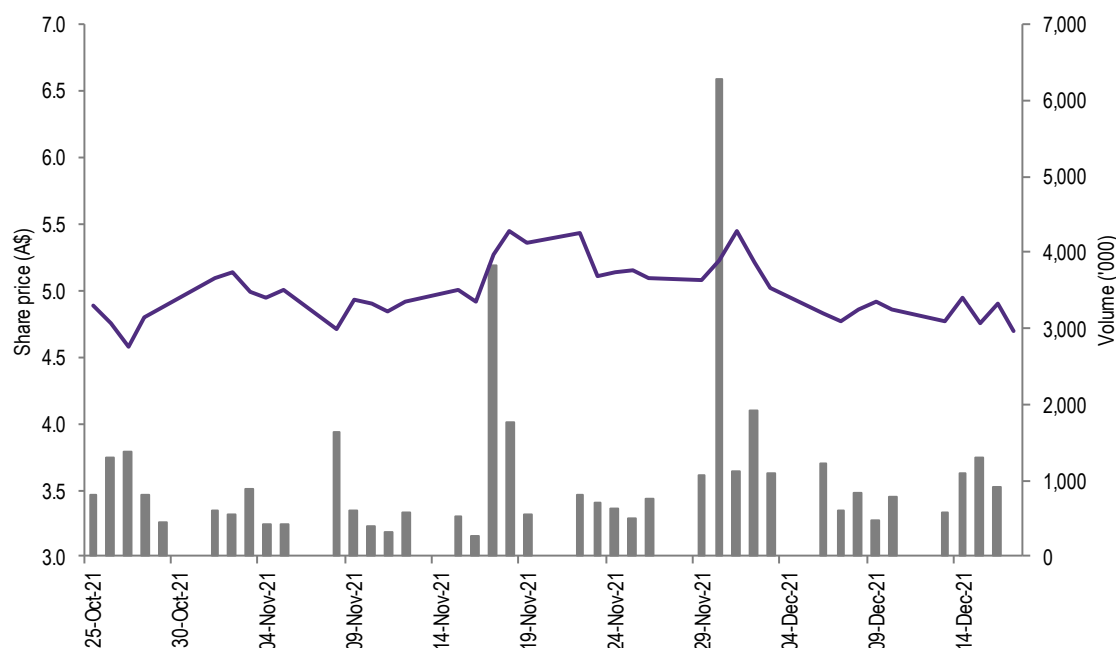
#### Rolling NTM Revenue Multiples – ABB



Sources: S&P Global, GTCF analysis

Since the announcement of the NBIO and subsequently the Scheme, the trading prices of ABB have been volatile but the business has been trading consistently in the range between c. A\$4.60 and A\$5.45 as set out in the graph below.

### ABB share price movements post the announcement of NBIO



Sources: S&P Global, GTCF analysis

Set out below is a summary of the VWAP of ABB's after the announcement of the NBIO on 22 October 2021.

VWAP	Low	High	VWAP
Up to 18 Jan 2022			
1 day	4.590	4.770	4.650
5 day	4.330	4.770	4.563
10 day	4.200	4.770	4.478
1 month	4.200	4.790	4.532
2 month	4.200	5.660	4.929
From 22 October 2021	4.200	5.660	4.935

Sources: S&P Global and GTCF analysis

Based on the analysis above, we have assessed the value of ABB trading prices between A\$4.70 (rounded 1 day VWAP) and A\$5.00 (rounded VWAP since 22 October 2021) on a minority basis. Whilst the current trading prices of ABB are slightly lower than the low-end of the assessed range, in our estimates we have taken into account that the volatility of ABB trading prices have been material in the last few months and that nonetheless the trading prices have contracted since the announcement of the transaction, and that the analysts' consensus target price is materially in excess of the current trading prices. The median and average broker consensus target share prices for ABB are currently A\$5.91<sup>57</sup> and A\$5.71 respectively.

<sup>57</sup> This relates to 5 brokers as at 19 January 2022.



## 10 Sources of information, disclaimer and consents

### 10.1 Sources of information

In preparing this report Grant Thornton Corporate Finance has used various sources of information, including:

- Draft Scheme Booklet.
- Annual reports/ consolidated accounts of OTW and ABB for FY17 to FY21.
- OTW Management accounts to FY21.
- OTW FY22 Budget.
- Management reports for the last 12 months before the announcement of the Scheme.
- Press releases and announcements by OTW and ABB on the ASX.
- Quarterly reports for OTW and ABB on the ASX.
- S&P Global.
- IBISWorld.
- Various industry and broker reports.
- Other publicly available information.

In preparing this report, Grant Thornton Corporate Finance has also held discussions with, and obtained information from, Management of OTW and its advisers.

### 10.2 Limitations and reliance on information

This report and opinion is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

Grant Thornton Corporate Finance has prepared this report on the basis of financial and other information provided by the Company, and publicly available information. Grant Thornton Corporate Finance has considered and relied upon this information. Grant Thornton Corporate Finance has no reason to believe that any information supplied was false or that any material information has been withheld. Grant Thornton Corporate Finance has evaluated the information provided by the Company through inquiry, analysis and review, and nothing has come to our attention to indicate the information provided was materially misstated or would not afford reasonable grounds upon which to base our report. Nothing in this report should be taken to imply that Grant Thornton Corporate Finance has audited any information supplied to us, or has in any way carried out an audit on the books of accounts or other records of the Company.

This report has been prepared to provide an independent opinion as to whether the Scheme is in the best interests of the OTW Shareholders. This report should not be used for any other purpose. In particular, it is not intended that this report should be used for any purpose other than as an expression of Grant Thornton Corporate Finance's opinion as to whether the Scheme is in the best interest of OTW Shareholders.

OTW has indemnified Grant Thornton Corporate Finance, its affiliated companies and their respective officers and employees, who may be involved in or in any way associated with the performance of services



contemplated by our engagement letter, against any and all losses, claims, damages and liabilities arising out of or related to the performance of those services whether by reason of their negligence or otherwise, excepting gross negligence and wilful misconduct, and which arise from reliance on information provided by the Company, which the Company knew or should have known to be false and/or reliance on information, which was material information the Company had in its possession and which the Company knew or should have known to be material and which did not provide to Grant Thornton Corporate Finance. The Company will reimburse any indemnified party for all expenses (including without limitation, legal expenses) on a full indemnity basis as they are incurred.

### 10.3 Consents

Grant Thornton Corporate Finance consents to the issuing of this report in the form and context in which it is included in the Scheme Booklet to be sent to OTW Shareholders. Neither the whole nor part of this report nor any reference thereto may be included in or with or attached to any other document, resolution, letter or statement without the prior written consent of Grant Thornton Corporate Finance as to the form and context in which it appears.

## Appendix A – Valuation methodologies

### Capitalisation of future maintainable earnings

The capitalisation of future maintainable earnings multiplied by appropriate earnings multiple is a suitable valuation method for businesses that are expected to trade profitably into the foreseeable future.

Maintainable earnings are the assessed sustainable profits that can be derived by a company's business and excludes any abnormal or "one off" profits or losses.

This approach involves a review of the multiples at which shares in listed companies in the same industry sector trade on the share market. These multiples give an indication of the price payable by portfolio investors for the acquisition of a parcel shareholding in the company.

### Discounted future cash flows

An analysis of the net present value of forecast cash flows or DCF is a valuation technique based on the premise that the value of the business is the present value of its future cash flows. This technique is particularly suited to a business with a finite life. In applying this method, the expected level of future cash flows are discounted by an appropriate discount rate based on the weighted average cost of capital. The cost of equity capital, being a component of the WACC, is estimated using the Capital Asset Pricing Model.

Predicting future cash flows is a complex exercise requiring assumptions as to the future direction of the company, growth rates, operating and capital expenditure and numerous other factors. An application of this method generally requires cash flow forecasts for a minimum of five years.

### Orderly realisation of assets

The amount that would be distributed to shareholders on an orderly realisation of assets is based on the assumption that a company is liquidated with the funds realised from the sale of its assets, after payment of all liabilities, including realisation costs and taxation charges that arise, being distributed to shareholders.

### Market value of quoted securities

Market value is the price per issued share as quoted on the ASX or other recognised securities exchange. The share market price would, prima facie, constitute the market value of the shares of a publicly traded company, although such market price usually reflects the price paid for a minority holding or small parcel of shares, and does not reflect the market value offering control to the acquirer.

### Comparable market transactions

The comparable transactions method is the value of similar assets established through comparative transactions to which is added the realisable value of surplus assets. The comparable transactions method uses similar or comparative transactions to establish a value for the current transaction.

Comparable transactions methodology involves applying multiples extracted from the market transaction price of similar assets to the equivalent assets and earnings of the company. The risk attached to this valuation methodology is that in many cases, the relevant transactions contain features that are unique to that transaction and it is often difficult to establish sufficient detail of all the material factors that contributed to the transaction price.

## Appendix B – Comparable companies descriptions

Company	Description
Over the Wire Holdings Limited	Over the Wire Holdings Limited provides telecommunication, cloud, and IT solutions to business customers in Australia and New Zealand. The company offers data networks and internet, voice, data center co-location, cloud, and managed services. It provides cloud solutions, such as private cloud, public cloud connects, and colocation; connect solutions, including business internet, private networks, SD-WAN, and hybrid networks; collaborate solutions comprising business VoIP, hosted PBX, Microsoft teams calling, mobile fleet, and converged voice and data; and security and IT support solutions, including IT support services and data security. The company was formerly known as Impirical Pty Ltd and changed its name to Over the Wire Holdings Limited in September 2015. The company was founded in 2007 and is headquartered in Brisbane, Australia.
Aussie Broadband Limited	Aussie Broadband Limited provides telecommunications services to residential and businesses in Australia. It operates in two segments, Residential and Business. The company offers national broadband network (NBN) services to residential, small business, and large business/ enterprise customers. It also provides a range of other telecommunications services, including VoIP, mobile plans and headsets, and entertainment bundles. As of June 30, 2021, it served approximately 386,412 customers. The company was incorporated in 2008 and is headquartered in Morwell, Victoria.
Webcentral Limited	Webcentral Limited operates as a licensed telecommunications carrier in Australia and New Zealand. The company offers data connectivity, cloud and data center, and managed services. It provides cloud-based solutions and network services; and operates fiber and wireless infrastructure, management of cloud computing environment, and data center facilities. In addition, the company engages in domain name registrations and renewals, website and email hosting, website development, search engine marketing, and social advertising campaigns for businesses. Webcentral Limited was incorporated in 2013 and is headquartered in Melbourne, Australia.
Symbio Holdings Limited	Symbio Holdings Limited, together with subsidiaries, provides voice, data, and cloud-based communication and communication enablement services to residential, business, government, and wholesale customers in Australia and internationally. It operates through Domestic Wholesale, Direct, and Global Wholesale segments. The Domestic Wholesale segment provides Australian and New Zealand phone numbers with number portability, terminating calls in Australia / New Zealand, software for telecom billing and compliance management, and white label cloud phone systems and mobile services to retail service providers, managed services providers, and IT companies under the Symbio Networks, iBoss, TelcolnaBox, and Comms Code brands. The Global Wholesale segment offers Australian and New Zealand phone numbers with number portability, terminating calls in Australia / New Zealand, international toll-free phone numbers, and management of international routing with toll fraud mitigation to international unified communications as a service (UCaaS), communications platform as a service, and CCaaS vendors, as well as software and app developers, and global telecom providers under the Symbio Networks and TNZI brands. The Direct segment provides Australian and New Zealand phone numbers with number portability; enterprise UCaaS, such as Cisco Webex and Microsoft Teams; SMB cloud phone systems, audio, and video conferencing; and residential home phone and mobile services to small and medium businesses and households. It also provides hardware, equipment, and consulting services to support its products. The company was formerly known as MNF Group Limited and changed its name to Symbio Holdings Limited in November 2021. Symbio Holdings Limited was founded in 2004 and is headquartered in Sydney, Australia.
Data#3 Limited	Data#3 Limited, together with its subsidiaries, provides information technology solutions and services in Australia and Fiji. The company offers cloud solutions, such as public cloud and private cloud services, and modern data center solutions in hybrid IT environment; modern workplace solutions, including collaboration, end user devices, systems management, and printing; and security solutions comprising cloud and network security, identity and access management, data security and privacy, infrastructure and end point security, and security monitoring and analytics. It also provides data and analytics solutions, such as business analytics, customer management, IoT, location-based analytics, and technology intelligence solutions; and connectivity solutions consists of IT-OT networking, SD-WAN, and software-defined and wireless networks. In addition, the company offers consulting, procurement, resourcing, project, and managed services. Data#3 Limited was founded in 1977 and is headquartered in Brisbane, Australia.

Company	Description
Uniti Group Limited	Uniti Group Limited provides various telecommunications products and services in Australia. It operates through three segments: Consumer & Business, Wholesale & Infrastructure, and Communications Platform as a Service. The Consumer & Business Enablement segment retails telecommunications products and services, including broadband and voice services across fibre access networks. The Wholesale & Infrastructure segment designs, installs, operates, and maintenance fibre-to-the-premises open access wholesale telecommunication 'last mile' network infrastructure. The Communications Platform as a Service segment designs, develops, and delivers state-of-the-art communications and analytics solutions, including 13, 1300, and 1800 voice, Phonewords, SIP Trunking, and business-grade SMS services to SME and large enterprise/government organizations. The company was formerly known as Uniti Wireless Limited and changed its name to Uniti Group Limited in August 2019. Uniti Group Limited was incorporated in 2012 and is based in Adelaide, Australia.
Spirit Technology Solutions Ltd	Spirit Technology Solutions Ltd. provides telecommunication, cloud, managed IT, and cyber security services to small, medium, and enterprise size businesses in Australia. The company offers managed IT services; cyber security; work from home; back-up internet connections and unified communications; personal and business internet; and IT support services. It also provides cyber security services; managed print and Wi-Fi services; and cloud services. The company was formerly known as Spirit Telecom Limited and changed its name to Spirit Technology Solutions Ltd. in October 2020. Spirit Technology Solutions Ltd. is based in South Melbourne, Australia.
Macquarie Telecom Group Limited	Macquarie Telecom Group Limited provides telecommunication, cloud computing, cybersecurity, and data center services to corporate and government customers in Australia. The company offers voice services, such as teams calling, unified communications, and video and Web conferencing services, as well as Hello, a cloud-based hosted voice system; managed mobility services and mobile device management; and cloud services, including hybrid, VMWare, and private cloud services, as well as dedicated servers, colocation, managed hosting, management tools, SD-WAN, SD-LAN, and data center extension services. It also provides data services, including Internet, fixed wireline Ethernet, private IP-VPN, Cisco Meraki, business NBN, international data links, SIP trunking, SaaS enabled WAN, secure remote access, and business Ethernet access. Macquarie Telecom Group Limited was incorporated in 1992 and is headquartered in Sydney, Australia.
TPG Telecom Limited	TPG Telecom Limited provides telecommunications services. It owns and operates fixed and mobile network infrastructure, including fixed voice and data network with approximately 27,000 kilometers of metropolitan and inter-capital fiber networks; international subsea cable systems connecting Australia to principal hubs in North America and Asia; and mobile network. The company provides its fixed and mobile products under the Vodafone, TPG, iiNet, Internode, Lebara, and AAPT brands. The company, formerly known as Vodafone Hutchison Australia Limited, is based in North Sydney, Australia.
Telstra Corporation Limited	Telstra Corporation Limited provides telecommunications and information services to businesses, governments, and individuals in Australia and internationally. It operates in four segments: Telstra Consumer and Small Business, Telstra Enterprise, Networks and IT, and Telstra InfraCo. The company offers telecommunication products, services, and solutions across mobiles, fixed and mobile broadband, media, and digital content in prepaid and post-paid services, as well as operates call centers, Telstra shops, and the Telstra dealership network. It also provides network capacity and management, unified communications, cloud, industry solutions, integrated and monitoring services to government and large enterprise customers; builds and manages digital platforms; and provides telecommunication products and services to other carriers, carriage service providers, and internet service providers. In addition, the company operates the fixed passive network infrastructure, including data centers, exchanges, poles, ducts, pits and pipes, fiber network, and mobile towers; provides wholesale customers with access to network infrastructure; provides long-term access to components of infrastructure and network services under the infrastructure services agreement and commercial contracts; and designs and constructs fiber, exchanges, and other infrastructure. The company was formerly known as Australian and Overseas Telecommunications Corporation Limited and changed its name to Telstra Corporation Limited in April 1993. Telstra Corporation Limited was founded in 1901 and is based in Melbourne, Australia.

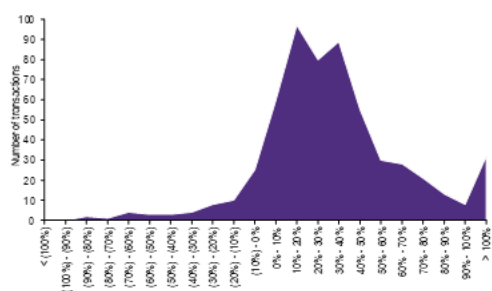
Source: S&P Global



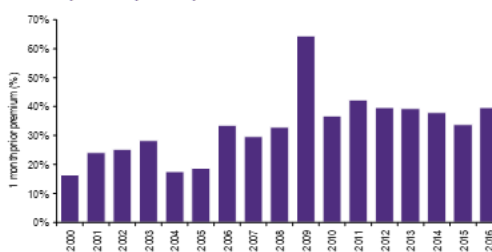
## Appendix C – Premium for control study

Evidence from studies indicates that premium for control on successful takeovers has frequently been in the range of 20% to 40% in Australia, and that the premium vary significantly for each transaction

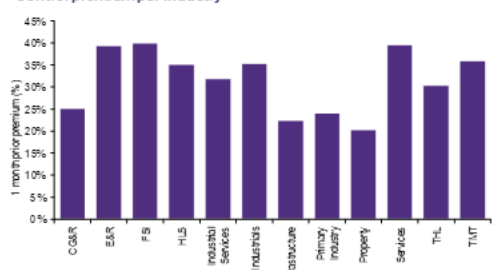
1 Month Prior Control Premium



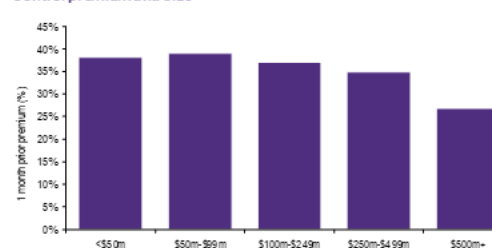
Control premium per completion date



Control premium per industry



Control premium and size



Control premium	
Average	34.33%
Median	29.34%

Source: GTCF analysis



## Appendix E – Glossary

\$ or A\$	Australian Dollar
1HFYxx	6-month financial period ended 31 December 20xx
AASB 16	Australian Accountings Standards Board 16 – Leases
ABB, or Aussie Broadband	Aussie Broadband Limited
ABS	Australian Bureau of Statistics
APES	Accounting Professional and Ethical Standards
APES225	Accounting Professional and Ethical Standard 225 "Valuation Services"
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
AVC	Access Virtual Circuit
Base Case	The base case in GT Model
CAGR	Compound annual growth rate
Cash Consideration	Cash consideration of A\$5.75 per share
C.	Circa
Cirrus	Cirrus Networks Holdings
Combined Group, or Combined Entity	The combination of ABB and OTW, after ABB acquiring 100% of the equity interest in OTW by way of scheme of arrangement
Corporations Act	Corporations Act 2001
COVID-19	Coronavirus pandemic
CVC	Connectivity Virtual Circuit
DaaS	Desktop as a service
DCF Method	Discounted cash flow and the estimated realisable value of any surplus assets
Default Consideration	80% cash and 20% scrip equating to A\$4.60 cash and 0.2300 ABB shares for each OTW Share
EBITDA	Earnings before interest, tax expenses, depreciation and amortisation
Federal Government	Australian Federal Government
FME Method	Application of earnings multiples to the estimated future maintainable earnings or cash flows of the entity, added to the estimated realisable value of any surplus assets
FSG	Financial Service Guide
FTTB	Fibre to the basement
FTTN	Fibre to the node
FTTP	Fibre to the premises
FY22 Internal Projection	Management internal monthly projections for the business for FY22
GT Model	Financial model prepared by GTCF, projecting the post-tax free cash flows of TNK Limited
GTCF, Grant Thornton, or Grant Thornton Corporate Finance	Grant Thornton Corporate Finance Pty Ltd (ACN 003 265 987)
HFC	Hybrid fibre coaxial
IaaS	Infrastructure as a service
IER or Report	Independent Expert's Report
IFRS	International Financial Reporting Standards
IPO	Initial Public Offering
ISP	Internet Service Provider
KPI	Key performance indicator

Maximum Cash Consideration	The maximum Cash Consideration payable by ABB, which has been set at approximately A\$275.2 million
Maximum Scrip Consideration	The maximum number of ABB Shares to be issued under the Scrip Consideration, which has been set at approximately 39.6 million ABB Shares
Mix and Match Consideration	At least 1% but less than 100% Scrip Consideration with the balance payable as Cash Consideration
MVNO	Mobile Virtual Network Operator
NBIO	Non-binding indicative offer
NBN	National Broadband Network
NBN Co	NBN Co Limited
NPAT	Net profit after tax
OTW Directors	The Directors of OTW
OTW Shares	Shares in Over the Wire Holdings Limited
OTW, the Company	Over the Wire Holdings
PBX	Hosted private branch exchange
POIs	Point of Interconnections
POPs	Points of presence
Quoted Security Price Method	Quoted price for listed securities, when there is a liquid and active market
Revenue Multiple	Revenue multiple method
RG	Regulatory Guide
RG11	ASIC Regulatory Guide 111 "Contents of expert reports"
RG112	ASIC Regulatory Guide 112 "Independence of experts"
RG60	ASIC Regulatory Guide 60 "Scheme of arrangement"
RSPs	Retail service providers
SaaS	Software as a service
Scheme	Scheme of arrangement
Scrip Consideration	Scrip consideration equating to 1.1500 ABB Share for each OTW Share
SID	Scheme Implementation Deed
SPP	Share Purchase Plan
TB	Terabytes
Technology Index	S&P/ASX 200 Information Technology Index
Trading Multiples	The current trading multiples of broadly comparable companies
Transaction Multiples	The multiples implied by acquisitions of companies with broadly similar operations
VoIP	Voice over internet protocol

## Annexure B – Independent Limited Assurance Report

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24 December 2021

The Board of Directors  
Over The Wire Holdings Limited  
Level 24, 100 Creek Street  
Brisbane QLD 4000

Dear Directors

## INVESTIGATING ACCOUNTANT'S REPORT

### INTRODUCTION

PKF Brisbane Audit ("PKF") has been engaged by Over the Wire Holdings Limited ("Over the Wire") and Aussie Broadband Limited ("Aussie Broadband") to prepare this report for inclusion in the scheme booklet to be dated XXXX (the "Scheme Booklet") to be issued by Over the Wire, in respect of the proposed acquisition (the "Transaction") by Aussie Broadband (together the "Combined Group").

This report is an Independent Limited Assurance Report, the scope of which is set out below. Expressions defined in the Scheme Booklet have the same meaning in this report, unless otherwise specified.

### SCOPE

You have requested PKF Brisbane Audit to perform a limited assurance engagement in relation to the unaudited pro forma historical consolidated financial information described below and disclosed in the Scheme Booklet.

The unaudited pro forma historical consolidated financial information is presented in the Scheme Booklet in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

PKF Brisbane Audit ABN 33 873 151 348

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Brisbane | Rockhampton [www.pkf.com.au](http://www.pkf.com.au)

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PKF Brisbane Pty Ltd. is a member firm of the PKF International Limited family of legally independent firms and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms.

## Combined Group Unaudited Pro Forma Historical Consolidated Financial Information

The Combined Group Unaudited Pro Forma Historical Consolidated Financial Information included in the Scheme Booklet has been derived from the audited historical consolidated financial information of Over the Wire and Aussie Broadband, after adjusting for the effects of the pro forma adjustments described in Section 8.8(c) of the Scheme Booklet. The Combined Group Unaudited Pro Forma Historical Consolidated Financial Information consists of:

- the Combined Group unaudited pro forma historical consolidated income statement for the year ended 30 June 2021 (FY2021); based on Over the Wire's audited historical consolidated statement of financial performance for FY2021 and Aussie Broadband's audited historical consolidated income statement for FY2021, adjusted for the effects of the pro forma adjustments described in section 8.8(c) as if they had occurred as at 1 July 2020 (the "Combined Group Unaudited Pro Forma Historical Consolidated Income Statement" as set out in Section 8.8(d) of the Scheme Booklet).
- the Combined Group unaudited pro forma historical consolidated statement of financial position at 30 June 2021 based on Over the Wire's audited historical consolidated statement of financial position at 30 June 2021 and Aussie Broadband's audited historical consolidated statement of financial position at 30 June 2021, adjusted for the effects of the pro forma adjustments described in section 8.8 (c) as if they occurred as at 30 June 2021 (the "Combined Group Unaudited Pro Forma Historical Consolidated Statement of Financial Position" as set out in Section 8.8(f) of the Scheme Booklet).
- the Combined Group unaudited pro forma historical consolidated statement of cash flows for FY2021 based on Over the Wire's audited historical consolidated statement of cash flows for FY2021 and Aussie Broadband's audited historical consolidated statement of cash flows for FY2021, adjusted for the effects of the pro forma adjustments described in section 8.8(c) as if they occurred as at 1 July 2020 (the "Combined Group Unaudited Pro Forma Historical Consolidated Statement of Cash Flows" as set out in Section 8.8(h) of the Scheme Booklet).

(together the "Combined Group Unaudited Pro Forma Historical Consolidated Financial Information").

The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the events or transactions to which the pro forma adjustments relate, as described in Section 8.8(b) of the Scheme Booklet. Due to its nature, the Combined Group Unaudited Pro Forma Historical Consolidated Financial Information does not represent the Combined Group's actual or prospective financial position, financial performance, and/or cash flows.

The Combined Group Unaudited Pro Forma Historical Consolidated Financial Information has been compiled by Over the Wire and Aussie Broadband for illustrative purposes to provide an indication of the financial performance (income statement and cash flows) and financial position of the Combined Group as if the Scheme had been implemented prior to 1 July 2020 in respect of the financial performance and cash flows, and prior to 30 June 2021 in respect of the financial position.

## DIRECTORS' RESPONSIBILITY

The Directors of Over the Wire are responsible for the preparation and presentation of the Combined Group Unaudited Pro Forma Historical Consolidated Financial Information including the selection and determination of the pro forma transactions and/ or adjustments, and for properly compiling the Combined Group Unaudited Pro Forma Historical Consolidated Financial Information on the basis stated in Section 8.8(b) of the Scheme Booklet.

This responsibility includes for the operation of such internal controls as the Directors determine are necessary to enable the preparation of financial information that are free from material misstatement, whether due to fraud or error.

## OUR RESPONSIBILITY

Our responsibility is to express a limited assurance conclusion on the Combined Group Unaudited Pro Forma Historical Consolidated Financial Information based on the procedures performed and the evidence we have obtained.

We have conducted our engagement in accordance with the Australian Standard on Assurance Engagements (ASAE) 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited assurance engagement is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly we do not express an audit opinion about whether the Combined Group Unaudited Pro Forma Historical Consolidated Financial Information is prepared, in all material respects by Over the Wire and Aussie Broadband in accordance with the stated basis of preparation.

We have performed the following procedures as we, in our professional judgement, considered reasonable in the circumstances:

- consideration of work papers, accounting records and other documents, including those dealing with the extraction of the Historical Financial Information of Over the Wire and Aussie Broadband for FY2021.
- enquiry of the Directors, management and their advisors in relation to the Unaudited Pro Forma Historical Consolidated Financial Information of Over the Wire and Aussie Broadband for FY2021.
- analytical procedures applied to the Unaudited Pro Forma Historical Consolidated Financial Information.
- a review of the consistency of the application of the stated basis of preparation as described in the Scheme Booklet used in the preparation of the Unaudited Pro Forma Historical Consolidated Financial Information

The Over the Wire historical financial information has been extracted from the consolidated financial information of Over the Wire for the financial year ended 30 June 2021.

The financial statements of Over the Wire for the year ended 30 June 2021 were audited by PKF Brisbane Audit in accordance with Australian Auditing Standards. The audit opinion issued to the members of Over the Wire relating to those financial statements was unmodified.

The Aussie Broadband historical financial information has been extracted from the consolidated financial information of Aussie Broadband for the financial year ended 30 June 2021.

The financial statements of Aussie Broadband for the year ended 30 June 2021 were audited by KPMG in accordance with Australian Auditing Standards. The audit opinion issued to the members of Aussie Broadband relating to those financial statements was unmodified.

Our limited assurance engagement has not been carried out in accordance with auditing or other standards and practices generally accepted in any jurisdiction outside of Australia and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

We have assumed, and relied on representations from Over the Wire and Aussie Broadband, that all material information concerning the Combined Group Unaudited Pro Forma Historical Consolidated Financial Information has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

## CONCLUSIONS

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Combined Group Unaudited Pro Forma Historical Consolidated Financial Information comprising the:

- Combined Group Unaudited Pro Forma Historical Consolidated Income Statement as set out in Section 8.8(d) of the Scheme Booklet;
- Combined Group Unaudited Pro Forma Historical Consolidated Statement of Cash Flows as set out in Section 8.8(h) of the Scheme Booklet; and
- Combined Group Unaudited Pro Forma Historical Consolidated Statement of Financial Position as set out in Section 8.8(f) of the Scheme Booklet

is not presented fairly, in all material aspects, in accordance with the stated basis of preparation described in Section 8.8(b) of the Scheme Booklet.

## Restrictions on Use

Without modifying our conclusions, we draw attention to Section 8.8 of the Scheme Booklet, which describes the purpose of the Combined Group Unaudited Pro Forma Historical Consolidated Financial Information, being for inclusion in the Scheme Booklet. As a result, this Independent Limited Assurance Report may not be suitable for use for another purpose. We disclaim any assumption of responsibility for any reliance on this report, or on the financial information to which it relates, for any purpose other than that for which it was prepared. PKF Brisbane Audit makes no representation regarding, and has no liability, for any other statements or other material in, or omissions from the Scheme Booklet

## Consent

PKF Brisbane Audit has consented to the inclusion of this Independent Limited Assurance Report in the Scheme Booklet in the form and context in which it is included.

### **Independence or Disclosure of Interest**

PKF Brisbane Audit does not have any interest in the outcome of the proposed Scheme, other than in connection with the preparation of this report for which normal professional fees will be received. PKF Brisbane Audit is the auditor of Over the Wire and from time to time PKF Brisbane Audit also provides Over the Wire with certain other professional services for which normal professional fees are received.

Yours faithfully

**PKF BRISBANE AUDIT**



**Cameron Bradley**

**Partner**

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## Annexure C – Notice of Scheme Meeting

### Notice of Court ordered Scheme Meeting of Shareholders of Over the Wire Holdings Limited ACN 151 872 730

Notice is given that, by an order of the New South Wales registry of the Federal Court of Australia (**Court**), a meeting of Shareholders of Over the Wire Holdings Limited (**Over the Wire**) will be held virtually at 11.00am (Brisbane time) on 24 February 2022 via a platform provided by the Over the Wire Share Registry and accessible at <https://meetings.linkgroup.com/OTW22> (**Scheme Meeting**).

The Court has also directed that Mr Stephe Wilks, or failing him, Ms Catherine Aston, act as chair of the Scheme Meeting and report the result of the meeting to the Court.

#### Business

The purpose of the Scheme Meeting is to consider, and if thought fit, to approve a scheme of arrangement (with or without modification) (**Scheme**) between Over the Wire and the holders of ordinary shares in Over the Wire (**Scheme Shareholders**) as at 7.00pm (AEDT) on 8 March 2022 (**Record Date**) under part 5.1 *Corporations Act 2001* (Cth) (**Corporations Act**).

To assist you in making an informed voting decision, further information on the Scheme is set out in the Scheme Booklet accompanying this notice. A copy of the Scheme is at Annexure E to the Scheme Booklet and its purpose and effect is explained throughout that document.

Terms used in this notice, including in the resolution set out below, have the same meaning as set out in the glossary of the Scheme Booklet which accompanies this notice.

#### Resolution

To consider and, if thought fit, to pass the following resolution:

That, under section 411 of the Corporations Act, the Scheme proposed to be entered into between Over the Wire and holders of its fully paid ordinary shares is approved and the board of directors of Over the Wire is authorised to agree to those modifications or conditions which are thought appropriate by the Court and, subject to approval of the Scheme by the Court, to implement the Scheme with any of those modifications or conditions.

The Scheme is subject to the approval of the Court under section 411(4)(b) of the Corporations Act.

Over the Wire intends to apply to the Court for approval of the Scheme, subject to this resolution being passed by the requisite majorities at the Scheme Meeting.

#### Requisite majority

Under section 411(4)(a)(ii) of the Corporations Act, this resolution must be passed by:

- a majority in number of OTW Shareholders present and voting (online or by proxy, attorney or corporate representative) (unless the Court orders otherwise); and
- at least 75% of the votes cast at the Scheme Meeting.

#### Voting procedure

The vote will be conducted by poll.

Proxy appointments in favour of the Chair of the Scheme Meeting, the company secretary or any OTW Director which do not contain a direction will be voted in favour of the Scheme at the Scheme Meeting.

**Court approval**

The Scheme (with or without modification) is subject to the approval of the Federal Court of Australia.

Dated: 21 January 2022

Mike Stabb  
Company Secretary

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## Notes

### Voting entitlement

Over the Wire Shares will be taken to be held by the persons who are the registered holders at 7:00pm (AEDT) on 22 February 2022 (**Scheme Meeting Record Date**). All OTW Shareholders at that time are entitled to vote at the Scheme Meeting.

### How to vote

OTW Shareholders entitled to vote at the Scheme Meeting can vote by:

- (a) logging online at <https://meetings.linkgroup.com/OTW22>;
- (b) appointing an attorney to attend the meeting and vote on their behalf, or, in the case of corporate shareholders, a corporate representative to attend the meeting and vote on its behalf; or
- (c) appointing a proxy to attend and vote on their behalf in their place, using the proxy form accompanying this Notice of Scheme Meeting.

### Participating in the Scheme Meeting virtually

- 1 In order to watch and participate in the virtual Scheme Meeting, please follow the steps outlined in the Virtual Meeting Online Guide contained in Annexure I of this Scheme Booklet.
- 2 A summary of the virtual Scheme Meeting process as set out in Annexure I is as follows:
  - Step 1: Open your web browser and go to <https://meetings.linkgroup.com/OTW22>.
  - Step 2: Login to the portal using your full name, mobile number, email address, and participant type. Please read and accept the terms and conditions before clicking on the 'Register and Watch Meeting' button. Once you have logged in you will see the presentation slides that will be addressed during the Scheme Meeting on the right.
  - Navigating: At the bottom of the webpage under the webcast and presentation there will be three buttons with the following titles:
    - Get a voting card: To register to vote, click on the 'Get a voting card' box at the top of the webpage or below the videos and follow the prompts.
    - Ask a question: OTW Shareholders will only be able to ask a question after they have registered to vote. If you would like to ask a question, click on the 'Ask a Question' box either at the top or bottom of the webpage and follow the prompts.
    - Next to the 'Ask a Question' button is Downloads, You will be able to download the Notice of Meeting or the Scheme Booklet by clicking on the links.
- 3 All OTW Shareholders who attend the Scheme Meeting will be entitled to ask questions regardless of whether they have submitted a proxy.

### Voting by proxy

- 1 You may appoint a proxy by completing the proxy form accompanying this Scheme Booklet.
- 2 You may lodge your proxy online by logging in to the Link website ([www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)) using the holding details as shown on the proxy form.

Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their Securityholder Reference Number (SRN) or Holder Identification Number (HIN).

- 3 The proxy need not be a OTW Shareholder.
- 4 You or your attorney must sign the proxy forms.
- 5 For corporations, the proxy form must be signed by two directors or by a director and a secretary or, for a proprietary company that has a sole director who is also the sole secretary, by that director, or by its attorney or duly authorised officer.
- 6 Alternatively, the relevant authority (e.g. in the case of proxy forms signed by an attorney, the power of attorney) must either have been exhibited previously to Over the Wire or be enclosed with the proxy form.
- 7 A OTW Shareholder entitled to cast two or more votes may appoint two proxies to attend and vote for them. If you want to appoint two proxies, an additional proxy form will be supplied by Over the Wire on request. If two proxies are appointed, both forms should be completed with the nominated proportion or number of votes each proxy may exercise. Otherwise each proxy may exercise half of the votes.
- 8 The duly signed proxy form and the original or a certified copy of any relevant authority (if not exhibited previously to Over the Wire) must be received by Over the Wire no later than 11.00am Brisbane time on 22 February 2022. Proxy forms received by Over the Wire after this time and date will not be valid.
- 9 Proxy forms must be returned to Over the Wire as follows:

<b>Post or deliver to:</b> (If posting within Australia, please use the reply paid envelope provided)	By mail: Over the Wire Holdings Limited C/- Link Market Services Limited Locked Bag A14 Sydney South NSW 1235 Australia By hand: Parramatta Square, Level 22, Tower 6 10 Darcy Street, Parramatta NSW 2150
<b>Fax to:</b>	+61 2 9287 0309
<b>Email to:</b> (Must be in unalterable form, such as PDF file format)	vote@linkmarketservices.com.au
<b>Date that proxy forms must be received by:</b>	11.00am Brisbane time on 22 February 2022

## Annexure D – Implementation Deed

For personal use only

## Scheme Implementation Deed

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Aussie Broadband Limited

Over The Wire Holdings Limited

**gadens**

Level 13, Collins Arch  
447 Collins Street  
Melbourne VIC 3000  
Australia

T +61 3 9252 2555  
F +61 3 9252 2500

Ref JDR:SOW:22105940

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# Scheme Implementation Deed

## Parties

1. **Aussie Broadband Limited** ACN 132 090 192 of 3 Electra Avenue, Morwell, Victoria (**Bidder**)
2. **Over The Wire Holdings Limited** ACN 151 872 730 of Level 24, 100 Creek Street, Brisbane, Queensland (**Target**)

## Background

- A. The Bidder and the Target have agreed that the Target will propose a members' scheme of arrangement under Part 5.1 of the Corporations Act pursuant to which the Bidder will acquire all of the Target Shares.
- B. The parties have agreed to implement the Scheme on the terms of this Deed.

## Operative provisions

### 1. Definitions and interpretation

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#### 1.1 Definitions

In this Deed, unless the context requires otherwise:

**Accounting Standards** means:

- (a) the requirements of the Corporations Act about the preparation and contents of financial reports; and
- (b) the accounting standards approved under the Corporations Act, being the Australian Accounting Standards and any authoritative interpretations issued by the Australian Accounting Standards Board;

**Announcement** means an announcement by the Target in the form agreed between the parties prior to signing this Deed;

**ASIC** means the Australian Securities and Investment Commission;

**ASIC Regulatory Guides** means all regulatory guides published by ASIC and in force at the date of this agreement;

**Associate** has the meaning given to that term in section 12 of the Corporations Act;

**ASX** means ASX Limited ACN 008 624 691 or the market operated by it, as the context requires;

**ASX Listing Rules** means the official listing rules of ASX, modified to the extent of any express written waiver of ASX;



**ATO** means the Australian Taxation Office;

**Bidder Disclosure Materials** means:

- (a) the written responses to the due diligence questionnaire provided by or on behalf of the Bidder to the Target and its Representatives prior to the date of this Deed; and
- (b) any other documents, information, responses or disclosures agreed in writing by the parties to comprise the Bidder Disclosure Materials;

**Bidder Constitution** means the constitution of the Bidder;

**Bidder Group** means the Bidder and each of its Related Bodies Corporate and a reference to a Bidder Group Member or a member of the Bidder Group is to the Bidder or any of its Related Bodies Corporate;

**Bidder Indemnified Parties** means the Bidder, its Related Bodies Corporate and their directors, officers and employees;

**Bidder Information** means all information (including any updates to such information) regarding the Bidder Group or the Scheme Consideration that is provided by or on behalf of the Bidder Group to the Target, its Representatives or the Independent Expert to enable the Scheme Booklet to be prepared and completed in accordance with this Deed and required to be included in the Scheme Booklet under the Corporations Act, Corporations Regulations or ASIC Regulatory Guide 60, but excluding information about the Target Group (except to the extent it relates to any statement of intention relating to the Target Group following the Effective Date);

**Bidder Options** means options to acquire Bidder Shares;

**Bidder Representations and Warranties** means the representations and warranties of the Bidder as set out in clause 14.4;

**Bidder Prescribed Occurrence** means any of the following events:

- (a) the Bidder converting all or any of the Bidder Shares into a larger or smaller number of Bidder Shares;
- (b) the Bidder or another member of the Bidder Group resolving to reduce its share capital in any way or reclassifying, combining, splitting or redeeming or repurchasing directly or indirectly any of its shares (including the Bidder Shares);
- (c) the Bidder or another member of the Bidder Group:
  - (i) entering into a buy-back agreement; or
  - (ii) resolving to approve the terms of a buy-back agreement under the Corporations Act;
- (d) a member of the Bidder Group disposing, or agreeing to dispose, of the whole, or a substantial or material part, of the Bidder Group's business, assets or property;
- (e) a member of the Bidder Group issuing or agreeing to issue shares or securities convertible into shares or other instruments or rights that are convertible or exercisable into shares, other than as part of employee incentive plan or the Bidder's Non-Executive Director's Fee Sacrifice Plan;
- (f) the Bidder Shares cease to be quoted on ASX;
- (g) an Insolvency Event occurring in relation to a member of the Bidder Group; or

(h) a member of the Bidder Group resolves to be wound up,

but excludes any matter:

- (i) required to be done, or permitted under this Deed or the Scheme;
- (j) Fairly Disclosed in the Bidder Disclosure Materials;
- (k) undertaken with the written consent of the Target; or
- (l) Fairly Disclosed in an announcement made by the Bidder to ASX or a document lodged with ASIC in the 3 years prior to the date of this Deed;

**Bidder Share Rights** means rights to acquire Bidder Shares granted under the Bidder's Non-Executive Director's Fee Sacrifice Plan;

**Bidder Shares** means fully paid ordinary in the capital of the Bidder;

**Bidder's Relevant VWAP** has the meaning given to that term in clause 16.2;

**Bonus Pool** means the cash allocation of \$500,000 from which the Target may pay retention bonuses to existing Target employees, as advised to the Bidder prior to the date of this Deed and contained in document 2.13.02 in the Data Room, and otherwise with the prior agreement of the Bidder;

**Break Fee** means \$3,439,682;

**Business Day** means a day that is not a Saturday, Sunday, public holiday or bank holiday in Brisbane, Australia or Melbourne, Australia;

**Cash** means cash (whether in hand or credited to any account of the Target or any member of the Target Group) with any financial institution or organisation or company deposits and cash equivalents of the Target or any member of the Target Group, on a consolidated basis including cheques received by, honoured and made payable to the Target or any member of the Target Group prior to the implementation of the Scheme, but excluding:

- (a) any cash and cash equivalents held by the Target or any member of the Target Group in escrow or trust for any other person; and
- (b) restricted cash, that is cash reserved for a specific purpose and therefore not readily available for immediate or general business (including, but not limited to, restricted cash for bank guarantees, funds deposited with vendors/suppliers, utility companies, and cash deposited under protest);

**Claim** means any allegation, debt, cause of action, liability, claim, proceeding, suit or demand of any nature howsoever arising and whether present or future, fixed or unascertained, actual or contingent whether at law, in equity, under statute or otherwise;

**Competing Transaction** means any offer or proposal which, if entered into or completed in accordance with its terms, would result in any person (other than the Bidder or its Associates or Related Bodies Corporate):

- (a) acquiring directly or indirectly an interest (including an economic interest by way of an equity swap, contract for difference or similar transaction or arrangement) or Relevant Interest in 20% or more of the shares in the capital of the Target (other than as custodian, nominee or bare trustee);

- (b) acquiring directly or indirectly (including by way of joint venture, alliance or dual listed company structure) any interest in all or a substantial part of the business conducted by, or assets of, the Target;
- (c) acquiring Control of, or merging or amalgamating with, the Target or any of its Subsidiaries, including by way of takeover bid, scheme of arrangement, dual listed company structure, or capital reduction; or
- (d) implementing any reorganisation of capital, dissolution or any proposal which affects, prejudices or jeopardises, or might reasonably be expected to affect, prejudice or jeopardise, the completion of the Transaction (except as previously announced prior to the date of this Deed);

**Condition** means each of the conditions precedent set out in clause 3.1;

**Competitively Sensitive Information** means information that could potentially influence or affect competitive decision-making by the Bidder Group, and be used by the Bidder Group to obtain a competitive advantage, in relation to current or potential areas of competitive overlap with the Target Group, which Competitively Sensitive Information includes:

- (a) in relation to products and services supplied by the parties in competition with each other:
  - (i) pricing information, including current or future prices, pricing policies, strategies or formulae, detailed margins and current volumes;
  - (ii) information concerning the current or future strategies of the Target Group, including any strategic plans, financial arrangements, strategies regarding customers and new contracts that reflect the Target Group's competitive position;
  - (iii) information regarding underlying details and status of negotiations with present or potential customers; and
  - (iv) information regarding an intention to bid or not bid for specific customers; and
- (b) in relation to products and services acquired by the parties in competition with each other:
  - (i) detailed current or forward-looking information concerning the price of services or products to be supplied to the Target Group, to the extent it is not publicly available;
  - (ii) information regarding upcoming negotiations with potential suppliers in relation to the supply of services or products concerning price or price related terms; and
  - (iii) detailed current and potential supplier details and terms;

**Confidentiality Agreement** means the confidentiality agreement between the Target and the Bidder dated on or around 22 May 2021;

**Control** has the meaning given to that term in section 50AA of the Corporations Act;

**Controller** means, in relation to a person:

- (a) a receiver, receiver and manager, administrator or liquidator (whether provisional or otherwise) of that person or that person's property); or

- (b) anyone else who (whether or not as agent for the person) is in possession, or has control, of that person's property to enforce an Encumbrance;

**Corporations Act** means the *Corporations Act 2001* (Cth);

**Corporations Regulations** means the *Corporations Regulations 2001* (Cth);

**Court** means the Federal Court of Australia (Queensland registry), or such other court of competent jurisdiction under the Corporations Act agreed in writing by the Target and the Bidder;

**Court Documents** means the documents required for the purposes of a Court Hearing, including (as applicable) originating process, affidavits, submissions and draft minutes of Court orders;

**Court Hearing** means the First Court Hearing or the Second Court Hearing (as applicable), and Court Hearings means both of them;

**Cut-Off Time** means 8.00am on the Second Court Date;

**Data Room** means the electronic data room operated by or on behalf of the Target and hosted by Ansarada;

**Deed** means this scheme implementation deed including the recitals, any schedules and any annexures;

**Deed Poll** means the Deed Poll to be executed by the Bidder in favour of the Scheme Participants substantially in the form set out in Annexure B or such other form as may be agreed in writing between the parties;

**Digital Sense** means Digital Sense Hosting Pty Ltd;

**Digital Sense Acquisition** means the Target's acquisition of all of the issued share capital of Digital Sense;

**Digital Sense Deferred Consideration Liability** means:

- (a) any unpaid amounts including earn outs or conditional payments which relate to the Digital Sense Acquisition; and
- (b) any amount being held in escrow in connection with the Digital Sense Acquisition;

**Duty** means any stamp, transaction or registration duty or similar charge imposed by any Government Agency and includes any interest, fine, penalty, charge or other amount imposed in respect of any of them, but excludes any Tax;

**Effective** when used in relation to the Scheme, means the coming into effect, pursuant to section 411(10) of the Corporations Act, of the Scheme Order, but in any event at no time before an office copy of the Scheme Order is lodged with ASIC;

**Effective Date** means the date on which the Scheme becomes Effective;

**Election** has the meaning given to that term in the Scheme;

**Election Form** has the meaning given to that term in the Scheme;

**Encumbrance** means any security for the payment of money or performance of obligations, including a mortgage, charge, lien, pledge, trust, power or title retention or flawed deposit arrangement and any "security interest" as defined in sections 12(1) or 12(2) of the PPSA or any agreement to create any of them or allow them to exist;

**End Date** means the date which is 6 months after the date of this Deed or another date as is agreed by the Target and the Bidder in writing;

**Exclusivity Period** means the period commencing on the date of this Deed and ending on the earliest of:

- (a) the End Date; and
- (b) the date this Deed is terminated in accordance with its terms;

**Exempt Plan Grant** means equity grants which may be paid by the Target to eligible employees, consultants and contractors of the Target pursuant to the Employee Share Plan, as advised to the Bidder prior to the date of this Deed and contained in document 2.13.03 in the Data Room, and otherwise with the prior agreement of the Bidder;

**Fairly Disclosed** in relation to a matter, event or circumstance, that information about the matter, event or circumstance is disclosed to a sufficient extent and in sufficient detail to enable a reasonable person experienced in the industries in which the Target Group and the Bidder Group operate or transactions similar to the Transaction to identify the nature and scope of the relevant matter, event or circumstance;

**Financial Indebtedness** means any debt or other monetary liability (whether present or future, actual or contingent), together with all interest, fees and penalties accrued thereon, in respect of moneys borrowed or raised or any financial accommodation including under or in respect of any:

- (a) bill, bond, debenture, note or similar instrument;
- (b) acceptance, endorsement or discounting arrangement;
- (c) guarantee or letter of credit or other instrument issued by a bank or financial institution in respect of financial liabilities;
- (d) bill of exchange, cheque or other negotiable instrument;
- (e) finance or capital lease or hire purchase contract;
- (f) swap, option, hedge, forward, futures or similar transaction;
- (g) redeemable share or security;
- (h) obligation to deliver assets or services paid for in advance by a financier, or any guarantee of the obligations of another person with respect to the foregoing;
- (i) all recourse and non-recourse liabilities and other liabilities (whether conditional or unconditional, present or future) arising from any transactions related to the assignment or securitisation of receivables for financing purposes to any third party, including all factoring agreements and similar agreements executed for the purpose of obtaining financing and including any amount raised pursuant to such agreements but which, in accordance with Accounting Standards, have not otherwise been recognised on the balance sheet as a liability;
- (j) all interest and non-interest bearing loans, advances or other financing liabilities or obligations, including overdrafts and any other liabilities in the nature of borrowed money (whether secured or unsecured); and
- (k) all costs and fees payable by the Target Group in relation to the repayment of the indebtedness referred to in paragraphs (a) to (j) above, including break funding or swap unwinding fees or costs;

**First Court Date** means the first day on which an application made to the Court for an order under section 411(1) of the Corporations Act convening the Scheme Meeting is heard (or if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application is heard), with such hearing being the First Court Hearing;

**Foreign Scheme Shareholders** means a Scheme Participant whose address in the Target Share Register as at the Record Date is a place outside Australia or New Zealand unless the Target and the Bidder agree in writing that it is lawful and not unduly onerous or impracticable to issue Bidder Shares to the Scheme Participant if the Scheme Participant so elects under the Scheme;

**Government Agency** means any government or any public, statutory, governmental (including a local government), semi-governmental or judicial body, entity, department or authority and includes any self-regulatory organisation established under statute;

**GST** has the meaning given in the GST Law;

**GST Act** means the *A New Tax System (Goods and Services Tax) Act 1999* (Cth);

**GST Law** has the same meaning as in the GST Act;

**Headcount Test** means the requirement under section 411(4)(a)(ii)(A) of the Corporations Act that the resolution to approve the Scheme at the Scheme Meeting is passed by a majority in number of Target Shareholders present and voting, either in person or proxy;

**Implementation Date** means the date which is 5 Business Days after the Record Date or such other date after the Record Date agreed in writing between the Target and the Bidder;

**Independent Expert** means an independent expert in respect of the Scheme appointed by the Target;

**Independent Expert's Report** means the report from the Independent Expert for inclusion in the Scheme Booklet, including any update or supplementary report, stating whether or not in the Independent Expert's opinion the Scheme is in the best interests of Target Shareholders;

**Insolvency Event** means, in relation to a party, any one or more of the following events or circumstances:

- (a) being in liquidation or provisional liquidation or under administration;
- (b) having a Controller or analogous person appointed to it or any of its property;
- (c) being taken under section 459F(1) of the Corporations Act to have failed to comply with a statutory demand;
- (d) being unable to pay its debts as and when they become due and payable, being insolvent within the meaning of section 95A of the Corporations Act or being otherwise insolvent;
- (e) becoming an insolvent under administration, as defined in section 9 of the Corporations Act;
- (f) entering into, or resolving to enter into a scheme of arrangement, a deed of company arrangement or other compromise or arrangement with, or assignment for the benefit of, any of its members or creditors;
- (g) seeking or obtaining protection from its creditors under any statute or any other law;

- (h) any analogous event or circumstance under the laws of any jurisdiction or which has a substantially similar effect; or
- (i) taking any step or being the subject of any action that is reasonably likely to result in any of the above occurring,

unless such event or circumstance occurs as part of a solvent reconstruction, amalgamation, compromise, arrangement, merger or consolidation approved by the other party;

**ITAA** means the *Income Tax Assessment Act 1997* (Cth);

**Law** means in respect of a party:

- (a) any law or any requirement under law, including at common law, in equity, under any statute, regulation, or by law, any condition of any Material Authorisation (including any fiduciary duty);
- (b) any binding decision or directive, or published policies, standards or guidelines, of any Regulatory Authority; and
- (c) any binding code of practice,

in any jurisdiction that is applicable to it;

**Losses** means all claims, demands, damages, losses, costs, expenses and liabilities;

**LTI Grant** means cash and equity grants which may be paid by the Target to eligible employees, consultants and contractors of the Target pursuant to its Long-term Incentive Plan, as advised to the Bidder prior to the date of this Deed and contained in document 2.13.04 in the Data Room, and otherwise with the prior agreement of the Bidder.

**Material Authorisations** means each licence, authorisation, approval or permit held or required to be held by a Target Group Member, the failure to hold, have the benefit, cessation or material alteration of which would be reasonably likely to have a material adverse effect on the operational or financial performance of the relevant Target Group Member;

**Material Contract** means the contracts relating to customers contained in folder 7.01 in the Data Room;

**Net Debt** means all Financial Indebtedness less Cash;

**Performance Right** means a right granted under the Performance Rights Plan to acquire by way of issue a Target Share subject to the terms of such plan;

**Performance Rights Plan** means the Target's Performance Rights Plan Rules;

**PPSA** means the *Personal Property Securities Act 2009* (Cth);

**PPS Register** means the register established under section 147 of the PPSA;

**Recommendation** has the meaning given to that term in clause 8.1;

**Record Date** means 5.00pm on the date that is 2 Business Days after the Effective Date, or such other date as may be agreed in writing between the Bidder and the Target or as may be required by ASX;

**Related Body Corporate** has the meaning given to that term in the Corporations Act;

**Relative Bidder Share Price Fall Event** has the meaning given to that term in clause 16.2;

**Relevant Interest** has the meaning given to that term in sections 608 and 609 of the Corporations Act, as modified by any legislative instrument issued by ASIC;

**Regulatory Approval** means any waiver, consent, approval or ruling (binding or non-binding) of a Government Agency necessary to implement the Scheme or which the parties agree acting reasonably and in good faith should be obtained in connection with the Scheme;

**Regulatory Authority** means:

- (a) a government or governmental, semi-governmental or judicial entity or authority;
- (b) a minister, department, office, commission, delegate, instrumentality, agency, board, authority or organisation of any government; and
- (c) any regulatory organisation established under statute;

**Representative** means, in relation to a party:

- (a) a Related Bodies Corporate; and
- (b) any director, employee, officer, agent, professional adviser (including legal, financial or accounting advisers), potential debt or equity financing source, banker, auditor or other consultant of the party and representatives of any of the foregoing;

**Scheme** or **Scheme of Arrangement** means the scheme of arrangement under Part 5.1 of the Corporations Act between the Target and the Scheme Participants substantially in the form set out in Annexure A, subject to any alterations or conditions agreed or any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and agreed to by the Bidder and the Target;

**Scheme Booklet** means, in relation to the Scheme, the information booklet to be approved by the Court and dispatched to Scheme Participants which includes the Scheme, the Deed Poll, an explanatory statement complying with the requirements of the Corporations Act, the Independent Expert's Report, a notice of meeting and proxy form and an Election Form;

**Scheme Cash Consideration** has the meaning given to that term in the Scheme;

**Scheme Consideration** has the meaning given to that term in the Scheme;

**Scheme Meeting** means the meeting of Target Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act to consider and vote on the Scheme and includes any meeting convened following adjournment or postponement of that meeting;

**Scheme Order** means the order of the Court made for the purposes of section 411(4)(b) of the Corporations Act approving the Scheme;

**Scheme Participant** means each holder of a Scheme Share as at the Record Date;

**Scheme Scrip Consideration** has the meaning given to that term in the Scheme;

**Scheme Shares** means all the Target Shares on issue as at the Record Date;

**Second Court Date** means the first day of the Second Court Hearing or, if the Second Court Hearing is adjourned for any reason, the first day on which the adjourned application is heard;



**Second Court Hearing** means the hearing of the application made to the Court for the Scheme Order;

**Subsidiary** has the meaning given to that term in section 46 of the Corporations Act;

**Superior Proposal** means a bona fide Competing Transaction which the Target Board, acting in good faith in order to satisfy its fiduciary or statutory duties and after taking advice from the Target's legal and financial advisers, determines:

- (a) is reasonably likely to be completed in accordance with its terms, taking into account all aspects of the Competing Transaction, including its conditionality and the ability of the proposing party to fund, or obtain funding to, consummate the transactions contemplated by the Competing Transaction; and
- (b) would, if completed substantially in accordance with its terms, result in a transaction that is more favourable to Target Shareholders than the Transaction, taking into account all the terms and conditions of the Competing Transaction;

**Takeovers Panel** means the takeovers panel established under section 171 of the *Australian Securities and Investments Commission Act 2001* (Cth);

**Target Board** means the board of directors of the Target, and a reference to a Target Board Member means any director of the Target comprising part of the Target Board;

**Target Director** means any director of the Target;

**Target Disclosure Materials** means the information disclosed in writing by or on behalf of the Target to the Bidder and its Representatives in:

- (a) the documents and information contained in the Data Room made available by the Target to the Bidder and its Representatives prior to the date of this Deed; and
- (b) any written answers to requests for further information made by the Bidder and its Representatives as contained in the Data Room prior to the date of this Deed;

**Target Group** means the Target and each of its Related Bodies Corporate and a reference to a Target Group Member or a member of the Target Group is to the Target or any of its Related Bodies Corporate;

**Target Indemnified Parties** means the Target, its Related Bodies Corporate and their directors, officers and employees;

**Target Information** means all information contained in the Scheme Booklet other than the Bidder Information, the Independent Expert's Report and any information in respect of which a statement that a Third Party assumes responsibility for that information is included in the Scheme Booklet;

**Target Material Adverse Change** means a change, event, circumstance, occurrence or matter that occurs, is announced, is disclosed or otherwise becomes known to the Bidder or the Target Board in each case after the date of this Deed (whether it becomes public or not) which (whether individually or when aggregated with all such changes, events, circumstances, occurrences or matters) has had or is reasonably likely to have the effect of:

- (a) a diminution in the value of the consolidated net assets of the Target Group of at least \$12,500,000 compared to what the consolidated net assets of the Target Group was as at 30 June 2021; or
- (b) a diminution in the consolidated earnings before interest, tax, depreciation and amortisation of the Target Group for the financial year ending 30 June 2022 of at

least \$3,000,000 compared to what it could reasonably be expected to have been but for that change, event, circumstance or matter after taking into account any changes, events, circumstances, occurrences or matters which may have an offsetting positive impact.

but does not include

- (c) any matter required to be done, or permitted under this Deed or the Scheme;
- (d) any matter Fairly Disclosed in the Target Disclosure Materials or in an announcement made by the Target to ASX or a document lodged with ASIC in the 3 years prior to the date of this Deed;
- (e) any matter undertaken with the prior written consent of the Bidder;
- (f) any matter, event or circumstance arising from:
  - (i) any actual or proposed change in any applicable law, Accounting Standard, or policy of a Government Agency after the date of this Deed; or
  - (ii) general economic, business or political conditions or changes in such conditions (including disruptions to, or fluctuations in financial markets, changes in interest rates, foreign exchange rates or commodity prices and acts of terrorism, war (whether declared or not), natural disaster or the like),

in each case, other than such changes, events, circumstances, occurrences, or matters, that have a disproportionate effect on the Target Group, taken as a whole, as compared to other participants in the industries in which the Target Group operates; or

- (g) any matter, event or circumstance arising from a payment under either the Bonus Pool, LTI Grant or Exempt Plan Grant;

**Target Prescribed Occurrence** means any of the following events:

- (a) the Target converting all or any of the Target Shares into a larger or smaller number of Target Shares;
- (b) the Target or another member of the Target Group resolving to reduce its share capital in any way or reclassifying, combining, splitting or redeeming or repurchasing directly or indirectly any of its shares (including the Target Shares);
- (c) the Target or another member of the Target Group:
  - (i) entering into a buy-back agreement; or
  - (ii) resolving to approve the terms of a buy-back agreement under the Corporations Act;
- (d) a member of the Target Group disposing, or agreeing to dispose, of the whole, or a substantial or material part, of the Target Group's business, assets or property;
- (e) a member of the Target Group adopts a new constitution or makes any change to or repeals its constitution;
- (f) a member of the Target Group creating, or agreeing to create, any mortgage, charge, lien or other Encumbrance over the whole, or a substantial part, of its business or property or over a material asset of the Target Group other than in the ordinary course of business;

- (g) a member of the Target Group agreeing to pay, making or declaring, or announcing an intention to make or declare, or paying any distribution (whether by way of dividend, capital reduction or any other form of distribution of profits or return of capital and whether in cash or in specie) to its members other than a dividend where the recipient of that dividend is the Target or another member of the Target Group;
- (h) the Target Shares cease to be quoted on ASX;
- (i) an Insolvency Event occurring in relation to a member of the Target Group; or
- (j) a member of the Target Group resolves to be wound up,

but excludes any matter:

- (k) required to be done, or permitted under this Deed or the Scheme;
- (l) Fairly Disclosed in the Target Disclosure Materials or in an announcement made by the Target to ASX or a document lodged with ASIC in the 3 years prior to the date of this Deed; or
- (m) undertaken with the prior written consent of the Bidder;

**Target Representations and Warranties** means the representations and warranties of the Target as set out in clause 14.1(b);

**Target Share** means a fully paid ordinary share in the capital of the Target;

**Target Share Register** means the register of members of the Target maintained by or on behalf of the Target in accordance with the Corporations Act;

**Target Share Registry** means Link Market Services Limited ABN 54 083 214 537;

**Target Shareholders** means each person who is registered in the Target Share Register as a holder of Target Shares;

**Tax** means any past, present or future tax, levy, charge, impost, fee, deduction, goods and services tax (including GST), compulsory loan or withholding, that is assessed, levied, imposed or collected by any Government Agency and includes any interest, fine, penalty, charge, fee or any other amount imposed on, or in respect of any of the above, but excludes Duty;

**Timetable** means the indicative timetable in relation to the Scheme set out in Schedule 1 or such other indicative timetable as agreed in writing between the parties or as may be required by ASX;

**Third Party** means a person other than the Bidder and its Associates;

**Transaction** means the acquisition of the Target by the Bidder through the implementation of the Scheme in accordance with the terms of this Deed;

**Transaction Implementation Committee** means a committee to be comprised of:

- (a) one or more representatives from each of the Target and the Bidder;
- (b) one or more representatives from one or more legal and financial advisers of the Target and the Bidder; and
- (c) anyone else the parties may agree from time to time;

**Voting Intention** has the meaning given to that term in clause 8.1(c); and

**Voting Power** has the meaning given to that term in section 610 of the Corporations Act; and

**VWAP** means in relation to particular securities for a particular period, the volume weighted average price of trading in those securities on the ASX market over that period, excluding block trades, large portfolio trades, permitted trades during the pre-trading hours period, permitted trades during the post-trading hours period, out of hours trades and exchange traded option exercises.

## 1.2 Interpretation

In this Deed, unless the context requires otherwise:

- (a) clause and subclause headings are for reference purposes only;
- (b) the singular includes the plural and vice versa;
- (c) words denoting any gender include all genders;
- (d) a reference to a person includes any other entity recognised by law and vice versa;
- (e) a reference to any time is a reference to Brisbane, Australia time;
- (f) a reference to all or any part of a statute, rule, regulation or ordinance (including an ASX Listing Rule or operating rule of a financial market or a clearing and settlement facility) (**statute**) includes that statute as amended, consolidated, re-enacted or replaced from time to time and a regulation or statutory instrument issued under it;
- (g) where a word or phrase is defined, its other grammatical forms have a corresponding meaning;
- (h) a reference to a clause described, prefaced or qualified by the name, heading or caption of a clause, subclause, paragraph, schedule, item, annexure, exhibit or attachment in this Deed means a cross reference to that clause, subclause, paragraph, schedule, item, annexure, exhibit or attachment;
- (i) any reference to a party to this Deed includes its successors and permitted assigns;
- (j) any reference to any agreement or document includes that agreement or document as amended at any time;
- (k) if something is to be or may be done on a day that is not a Business Day, then it must be done on the next Business Day;
- (l) the use of the word includes or including is not to be taken as limiting the meaning of the words preceding it;
- (m) a term defined in or for the purposes of the Corporations Act has the same meaning when used in this Deed;
- (n) the expression at any time includes reference to past, present and future time and performing any action from time to time; and
- (o) money amounts are stated in Australian currency unless otherwise specified.

## 2. Agreement to propose Scheme

- (a) The Target agrees to propose the Scheme to Target Shareholders on and subject to the terms of this Deed.
- (b) The Bidder agrees to assist the Target to propose the Scheme, on and subject to the terms of this Deed.

## 3. Conditions

### 3.1 Conditions precedent

Subject to this clause 3, the Scheme will not become Effective, and the respective obligations of the parties in relation to the implementation of the Scheme (including the obligations of the Bidder under clause 4.2) will not become binding, unless and until each of the following Conditions is satisfied or waived to the extent and in the manner set out in this clause 3:

Condition Precedent	Party entitled to benefit	Party responsible
(a) <b>(Independent Expert)</b> the Independent Expert issues an Independent Expert's Report which concludes that the Scheme is in the best interests of Target Shareholders before the time when the Scheme Booklet is registered with ASIC and the Independent Expert does not publicly withdraw, qualify or change that opinion at any time prior to 8.00am on the Second Court Date.	Target	Both
(b) <b>(Shareholder approval)</b> Target Shareholders approve the Scheme by the requisite majorities in accordance with section 411(4)(a)(ii) of the Corporations Act.	Cannot be waived	Target
(c) <b>(Court approval)</b> the Court approves the Scheme in accordance with section 411(4)(b) of the Corporations Act.	Cannot be waived	Target
(d) <b>(No regulatory intervention)</b> no Court or Government Agency has: <ul style="list-style-type: none"><li>(i) issued or taken steps to issue an order, temporary restraining order, preliminary or permanent injunction, decree or ruling or taken any action enjoining, restraining or otherwise imposing a legal restraint or prohibition preventing the Scheme, the implementation of the Transaction or the rights of the Bidder in respect of the Target Shares to be acquired under the Scheme; or</li></ul>	Both	Both

Condition Precedent	Party entitled to benefit	Party responsible
<p>(ii) announced, commenced or threatened to commence any action or investigation in consequence or, or in connection with, the Transaction which restrains, prohibits or prevents (or could reasonably be expected to restrain, prohibit or prevent) the Scheme, the implementation of the Transaction or the rights of the Bidder in respect of the Target Shares to be acquired under the Scheme,</p> <p>and none of those things are in effect as at 8.00am on the Second Court Date.</p>		
<p>(e) <b>(No Target Prescribed Occurrence)</b> no Target Prescribed Occurrence occurs between the date of this Deed and 8.00am on the Second Court Date.</p>	Bidder	Target
<p>(f) <b>(No Bidder Prescribed Occurrence)</b> no Bidder Prescribed Occurrence occurs between the date of this Deed and 8.00am on the Second Court Date.</p>	Target	Bidder
<p>(g) <b>(Target Representations and Warranties)</b> the Target Representations and Warranties are true and correct in all material respects at all times between the date of this Deed and as at 8.00am on the Second Court Date, except where expressed to be operative at another time.</p>	Bidder	Target
<p>(h) <b>(Bidder Representations and Warranties)</b> the Bidder Representations and Warranties are true and correct in all material respects at all times between the date of this Deed and as at 8.00am on the Second Court Date, except where expressed to be operative at another time.</p>	Target	Bidder
<p>(i) <b>(Employee incentive arrangements)</b> by 8.00am on the Second Court Date the Target has taken all necessary steps to ensure that all outstanding Performance Rights will either vest and be exercised and converted into Target Shares, or lapse and be cancelled by the Effective Date, as contemplated by clause 5, including obtaining any necessary waiver of, or approval under, the ASX Listing Rules in relation to the vesting and exercise or conversion, lapse or cancellation of the Performance Rights.</p>	Bidder	Target

Condition Precedent	Party entitled to benefit	Party responsible
<p>(j) <b>(Material Contracts)</b> between the date of this Deed and 8.00am on the Second Court Date, no counterparty to a Material Contract has given notice in writing to the relevant member of the Target Group of its intention to:</p> <p>(i) terminate all of the relevant Material Contracts the counterparty has in place with the Target Group in their entirety; or</p> <p>(ii) terminate one or more Material Contracts the counterparty has in place with the Target Group where such termination would have the impact of reducing the aggregate revenues associated with that counterparty by more than 50%.</p>	Bidder	Target
<p>(k) <b>(Target Material Adverse Change)</b> no Target Material Adverse Change occurs between the date of this Deed and 8.00am on the Second Court Date.</p>	Bidder	Target
<p>(l) <b>(Employee Retention)</b> between the date of this Deed and 8.00am on the Second Court Date no more than 2 of the top 11 employees of the Target Group determined by total remuneration as identified in document 2.03.01.21 in the Data Room ceases to be employed by the Target Group.</p>	Bidder	Target

### 3.2 Duties relating to Conditions

Each of the Target and the Bidder agrees to use reasonable endeavours to procure that:

- (a) each of the Conditions for which it is the party responsible (as noted in clause 3.1):
  - (i) is satisfied as soon as practicable after the date of this Deed; and
  - (ii) continues to be satisfied at all times until the last time it is to be satisfied (as the case may require); and
- (b) where a party is responsible for a Condition being satisfied, there is no occurrence that would prevent a Condition from being satisfied.

### 3.3 Regulatory matters

- (a) Without limiting clause 3.2:
  - (i) **(Regulatory Approvals process)** each party must take all steps it is responsible for as part of any Regulatory Approval process, including responding to requests for information at the earliest practicable time;

- (ii) **(consultation)** each party must consult with the other party in advance in relation to all material communications (whether written or oral, and whether direct or via a Representative) with any Government Agency relating to any Regulatory Approval;
- (iii) **(assistance)** each party must give the other party reasonable assistance in connection with obtaining any Regulatory Approval;
- (iv) **(communications with Government Agency)** each party must, if required in writing by the other party:
  - (A) provide the other party with drafts of any material written communications to be sent to a Government Agency; and
  - (B) provide copies of any material written communications sent to or received from a Government Agency to the other party promptly upon despatch or receipt (as the case may be),

in each case to the extent it is reasonable to do so.

- (b) For the avoidance of doubt, neither party is required to disclose commercially sensitive information in relation to the application for a Regulatory Approval to the other party and the party applying for a Regulatory Approval may withhold or redact information or documents from the other party if and to the extent that they are either confidential to a third party or commercially sensitive and confidential to the applicant.

### 3.4 Conditional approvals

Any approvals required under the Conditions must be obtained either on an unconditional basis or subject to conditions that are acceptable to the party who is entitled to the benefit of the relevant Condition (acting reasonably).

### 3.5 Waiver of Conditions Precedent

- (a) A Condition may only be waived in writing by the party or parties entitled to the benefit of that Condition as noted in clause 3.1 and will be effective only to the extent specifically set out in that waiver.
- (b) A party entitled to waive the breach or non-fulfilment of a Condition under this clause 3.5 may do so in its absolute discretion.
- (c) If either the Target or the Bidder waives the breach or non-fulfilment of a Condition in accordance with this clause 3.5, then that waiver does not preclude that party from suing the other for any breach of this Deed arising as a result of the breach or non-fulfilment of that Condition or arising from the same event which gave rise to the breach or non-fulfilment of that Condition.
- (d) A waiver of a breach or non-fulfilment in respect of a Condition does not constitute:
  - (i) a waiver of a breach or non-fulfilment of any other Condition arising from the same event; or
  - (ii) a waiver of a breach or non-fulfilment of that Condition resulting from any other event.

### 3.6 Notices

Each party must:



- (a) keep the other promptly and reasonably informed of the steps it has taken and of its progress towards satisfaction of the Conditions;
- (b) promptly notify the other in writing if it becomes aware that any Condition has been satisfied and provide reasonable evidence of the same; and
- (c) promptly notify the other in writing if it becomes aware that any Condition is or has become incapable of being satisfied (having regard to the respective obligations of each party under clause 3.2(b)).

### **3.7 Scheme voted down because of Headcount Test**

If the Condition in clause 3.1(b)) is not satisfied only because of a failure to obtain the majority required by section 411(4)(a)(ii)(A) of the Corporations Act, then either party may by written notice to the other within 3 Business Days after the date of the conclusion of the Scheme Meeting require the approval of the Court to be sought, pursuant to the Court's discretion in that section provided the party has in good faith formed the view that the prospect of the Court exercising its discretion in that way is reasonable and if such a notice is provided by either party, the Target must:

- (a) apply for an order of the Court contemplated by section 411(4)(a)(ii)(A) of the Corporations Act to disregard the Headcount Test and seek Court approval of the Scheme under section 411(4)(b) of the Corporations Act, notwithstanding that the Headcount Test has not been satisfied; and
- (b) make such admissions to the Court and file such evidence as counsel engaged by the Target to represent it in Court proceedings relating to the Scheme, in consultation with the Bidder, considers is reasonably required to seek to persuade the Court to exercise its discretion under section 411(4)(a)(ii)(A) of the Corporations Act by making an order to disregard the Headcount Test.

### **3.8 Failure of Condition**

If:

- (a) there is non-fulfilment of a Condition which is not waived in accordance with this Deed by the time or date specified in this Deed for the satisfaction of the Condition;
- (b) there is an act, failure to act or occurrence which will prevent a Condition from being satisfied by the time or date specified in this Deed for the satisfaction of the Condition (and the non-fulfilment which would otherwise occur has not already been waived in accordance with this Deed); or
- (c) it becomes more likely than not that the Scheme will not become Effective on or before the End Date,

the parties must consult in good faith with a view to determining whether:

- (d) the Scheme may proceed by way of alternative means or methods;
- (e) to extend the relevant time for satisfaction of the Condition or to adjourn or change the date of an application to the Court; or
- (f) to extend the End Date.

### **3.9 Failure to agree**

If the parties are unable to reach agreement under clause 3.8 within 5 Business Days (or any shorter period ending at 5.00pm on the day before the Second Court Date):

- For personal use only
- (a) subject to clause 3.9(b), either party may terminate this Deed (and that termination will be in accordance with clause 16.1(a)(ii)); or
  - (b) if a Condition may be waived and exists for the benefit of one party only, that party only may waive that Condition or terminate this Deed (and that termination will be in accordance with clause 16.1(a)(ii),

in each case before 8.00am on the Second Court Date, and provided that, a party will not be entitled to terminate this Deed under this clause if the relevant Condition has not been satisfied as a result of a breach of this Deed by that party or a deliberate act or omission of that party.

## **4. Scheme**

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### **4.1 Proposal of Scheme**

The Target must propose a scheme of arrangement under which:

- (a) all of the Scheme Shares held by a Scheme Participant will be transferred to the Bidder; and
- (b) each Scheme Participant who holds Scheme Shares to be transferred to the Bidder will be entitled to receive the Scheme Consideration in respect of those transferred Scheme Shares.

### **4.2 Scheme Consideration**

Each Scheme Participant is entitled to receive the Scheme Consideration in respect of each Scheme Share held by that Scheme Participant at the Record Date subject to and in accordance with this Deed and the Scheme.

### **4.3 Payment of Scheme Consideration**

Subject to this Deed and the Scheme, the Bidder undertakes to the Target (in its own right and separately as trustee or nominee of each Scheme Participant) that, in consideration of the transfer to the Bidder of each Scheme Share held by a Scheme Participant at the Record Date, the Bidder will, on the Implementation Date:

- (a) accept that transfer; and
- (b) provide to each Scheme Participant the relevant component of the Scheme Consideration,

in accordance with the Scheme.

### **4.4 Scheme Scrip Consideration**

- (a) Subject to the Scheme becoming Effective, the Bidder must:
  - (i) issue (or procure the issue of) the Scheme Scrip Consideration to the relevant Scheme Participants in accordance with the Scheme on terms that each Bidder Share will rank equally in all respects with each other Bidder Share and will have the rights set out in the Bidder Constitution;
  - (ii) ensure that on issue each Bidder Share will be fully paid and free from any Encumbrance.

- For personal use only
- (b) To facilitate the issue of the Scheme Scrip Consideration to the relevant Scheme Participants, the Target must provide to the Bidder, or procure the provision to the Bidder of, a complete copy of the Target Share Register as at the Record Date (which must include the name, address and registered holding of each Scheme Participant as at the Record Date), within 2 Business Days after the Record Date. The details and information to be provided under this clause must be provided in such form as the Bidder may reasonably require.
  - (c) The Bidder will not issue (nor procure the issue of) Scheme Scrip Consideration to Foreign Scheme Shareholders.
  - (d) Any fractional entitlement of a Scheme Participant to a part of a Bidder Share will be rounded down to the nearest whole number of Bidder Shares.

#### **4.5 Election mechanism**

- (a) The Target must ensure that an Election Form is made available to Target Shareholders with the Scheme Booklet sent to each of them.
- (b) The Election Form must include the relevant matters set out in the Scheme and must otherwise be in a form agreed between the parties in writing.
- (c) The Target must procure that, to the extent practicable, Target Shareholders who acquired Target Shares after the date of the despatch of the Scheme Booklet receive an Election Form upon request.

#### **4.6 Deed Poll**

The Bidder covenants in favour of the Target (in its own right and separately as trustee for each of the Scheme Participants) to execute and deliver the Deed Poll by no later than the First Court Date, and, if the Scheme becomes Effective, fully comply with the Deed Poll.

#### **4.7 No amendment**

The Target must not consent to any modification of, or amendment to, or the making or imposition by the Court of any condition in respect of, the Scheme without the prior written consent of the Bidder (such consent not to be unreasonably withheld or delayed).

### **5. Treatment of Performance Rights**

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- (a) The Target must ensure that, by no later than the Effective Date, there are no outstanding Performance Rights.
- (b) In order to comply with its obligation under clause 5(a), the Target must:
  - (i) cause some or all of the outstanding Performance Rights to vest in accordance with their terms and, following vesting, cause the relevant number of Target Shares to be issued to the relevant former holder in sufficient time to allow the relevant former holders of the relevant Performance Rights to participate in the Scheme; and
  - (ii) take any action as may be necessary to cancel any outstanding Performance Rights which it does not cause to vest in accordance with clause 5(b)(i) (if any).

## 6. Steps for Implementation

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### 6.1 General obligations

The Target and the Bidder must each:

- (a) use all reasonable endeavours and commit reasonably necessary resources (including management and corporate relations resources and the resources of external advisers); and
- (b) procure that its officers and advisers work in good faith and in a timely and cooperative fashion with the other party (including by attending meetings and by providing information),

in order to:

- (c) comply with their respective obligations under this clause 6;
- (d) produce the Scheme Booklet; and
- (e) take all necessary steps and exercise all rights necessary to implement the Scheme as soon as reasonably practicable and in accordance with the Timetable.

### 6.2 Target's obligations

The Target must take all steps reasonably necessary to propose and (subject to all of the Conditions being satisfied or waived in accordance with their terms) implement the Scheme as soon as reasonably practicable after the date of this Deed and substantially in accordance with the Timetable, including taking each of the following steps:

- (a) **(Scheme Booklet)**: prepare the Scheme Booklet in accordance with clause 6.4;
- (b) **(Election Form and bank account details)**:
  - (i) not finalise the Election Form without the prior written consent of the Bidder (acting reasonably);
  - (ii) ensure that the Election Form contains:
    - (A) a section which requires a Target Shareholder to provide details of bank accounts into which any future dividends on and other payments relating to Bidder Shares are to be paid; and
    - (B) wording to the effect that a Target Shareholder, by signing and submitting an Election Form, consents to the Target providing to the Bidder such bank account details and tax file numbers or bank account details or tax file numbers previously notified by the Target Shareholder to the Target; and
  - (iii) not later than the Business Day before the Implementation Date, provide the Bidder with the bank account details and tax file numbers referred to in clause 6.2(b)(ii)(B));
- (c) **(Independent Expert)**: promptly appoint the Independent Expert and provide all assistance and information reasonably requested by the Independent Expert in connection with the preparation of the Independent Expert's Report;
- (d) **(approval of draft for ASIC)**: as soon as reasonably practicable after the preparation of an advanced draft of the Scheme Booklet suitable for review by

ASIC, procure that a meeting of the Target Board, or of a committee of the Target Board appointed for the purpose, is held to consider approving that draft as being in a form appropriate for provision to ASIC for its review for the purposes of section 411(2) of the Corporations Act;

- (e) **(liaison with ASIC):** as soon as reasonably practicable after the date of this Deed:
- (i) provide an advanced draft of the Scheme Booklet, in a form approved in accordance with clause 6.2(d) or 6.3(f), to ASIC for its review and approval for the purposes of section 411(2) of the Corporations Act, and provide a copy of that draft to the Bidder immediately thereafter; and
  - (ii) liaise with ASIC during the period of its consideration of that draft of the Scheme Booklet;
- (f) **(consult with the Bidder):** consult with the Bidder as to the content and presentation of the Scheme Booklet, including:
- (i) providing the Bidder with successive drafts of the Scheme Booklet for the purpose of enabling, and providing sufficient time for, the Bidder to review and comment on those draft documents, noting that any review by the Bidder of the Independent Expert's Report is to be limited to a factual accuracy review;
  - (ii) taking all comments made by the Bidder into account in good faith when producing a revised draft of the Scheme Booklet;
  - (iii) providing to the Bidder a revised draft of the Scheme Booklet within a reasonable time before the draft of the Scheme Booklet which is provided to ASIC for review pursuant to section 411(2) of the Corporations Act is finalised; and
  - (iv) obtaining the Bidder's written consent to the inclusion of the Bidder Information (including in respect of the form and context in which the Bidder Information appears in the Scheme Booklet);
- (g) **(ASIC review):** keep the Bidder reasonably informed of any matters raised by ASIC in relation to the Scheme Booklet and use reasonable endeavours, in consultation with the Bidder, to resolve any such matters (provided that, where any matters relate to Bidder Information, the Target must not take any steps to address them without the prior written consent of the Bidder, such consent not to be unreasonably withheld or delayed);
- (h) **(approval of Scheme Booklet):** as soon as reasonably practicable after the conclusion of the review by ASIC of the Scheme Booklet, procure that a meeting of the Target Board, or of a committee of the Target Board appointed for the purpose, is held to consider approving the Scheme Booklet for despatch to Target Shareholders, subject to orders of the Court under section 411(1) of the Corporations Act;
- (i) **(section 411(17)(b) statements):** apply to ASIC for the production of statements in writing under section 411(17)(b) of the Corporations Act stating that ASIC does not intend to appear before the Court at the First Court Hearing and that ASIC has no objection to the Scheme;
- (j) **(Court Documents):** consult with the Bidder in relation to the form and content of the Court Documents required for the Court Hearings held for the purpose of sections 411(1) and 411(4)(b) of the Corporations Act in relation to the Scheme and consider in good faith, for the purpose of amending drafts of those Court Documents, reasonable comments from the Bidder;

- (k) **(First Court Hearing)**: lodge all documents with the Court and take all other reasonable steps to ensure that promptly after, and provided that, the approvals in clauses 6.2(h) and 6.3(g) have been received, an application is heard by the Court for an order under section 411(1) of the Corporations Act directing the Target to convene the Scheme Meeting;
- (l) **(registration of Scheme Booklet)** as soon as practicable after the Court orders the Target to convene the Scheme Meeting, request ASIC to register the explanatory statement included in the Scheme Booklet in relation to the Scheme in accordance with section 412(6) of the Corporations Act;
- (m) **(convening of Scheme Meeting)**: take all reasonable steps necessary to comply with the orders of the Court including, as required, despatching the Scheme Booklet to the Target Shareholders and convening and holding the Scheme Meeting;
- (n) **(supplementary disclosure)** if, after despatch of the Scheme Booklet, the Target becomes aware:
- (i) that information included in the Scheme Booklet is or has become misleading or deceptive in any material respect (whether by omission or otherwise); or
  - (ii) of information that is required to be disclosed to Target Shareholders under any applicable Law but was not included in the Scheme Booklet,

promptly consult with the Bidder in good faith as to the need for, and the form of, any supplementary disclosure to Target Shareholders, and make any disclosure that the Target considers reasonably necessary in the circumstances to ensure that the information is no longer misleading or deceptive in any material respect or contains any material omission, having regard to applicable laws and regulations;

- (o) **(promotion)** unless and until such time a circumstance arises which may lead to one or more Target Directors changing, withdrawing or modifying his or her Recommendation as permitted under this Deed, participate in efforts reasonably requested by the Bidder to promote the merits of the Transaction, including meeting with key Target Shareholders at the reasonable request of the Bidder and consider in good faith the engagement of a proxy solicitation firm to assist in soliciting proxy votes if requested to do so by the Bidder (and the Target may independently decide to appoint a proxy solicitation firm after consulting in good faith with the Bidder);
- (p) **(information)**:
- (i) keep the Bidder reasonably informed on the status of proxy forms for the Scheme Meeting, including over the period commencing 10 Business Days before the Scheme Meeting and ending on the deadline for receipt of proxy forms;
  - (ii) keep the Bidder reasonably informed on the status of Elections by Target Shareholders;
  - (iii) provide to the Bidder all necessary information, and procure that the Target Share Registry provides all necessary information, in each case in a form reasonably requested by the Bidder, for the purpose of understanding legal and beneficial ownership of Target Shares and proxy appointments and directions received by the Target prior to the Scheme Meeting; and

- (iv) keep the Bidder reasonably informed of such other information as the Target Group may receive concerning the voting intentions of Target Shareholders;
- (q) **(Court approval application if parties agree that Conditions are capable of being satisfied)**: if the resolution submitted to the Scheme Meeting is passed by the majorities required under section 411(4)(a)(ii) of the Corporations Act and, if necessary, the parties agree on the Business Date immediately following the Scheme Meeting that it can be reasonably expected that all of the Conditions (other than the Condition in clause 3.1(c)) will be satisfied or waived prior to the proposed Second Court Date, apply to the Court for orders approving the Scheme;
- (r) **(Conditions certificate)** at the Second Court Hearing, provide to the Court (through its counsel):
- (i) a certificate to be provided by way of deed and made in accordance with a resolution of the Target Board or of a committee of the Target Board appointed for the purpose confirming (in respect of matters within the Target's knowledge) whether or not the Conditions for which it is responsible, as noted in clause 3.1 (other than paragraph 3.1(c)), have been satisfied or waived in accordance with clause 3.5, a draft of which must be provided to the Bidder by 5.00pm on the Business Day prior to the Second Court Date; and
  - (ii) any certificate provided to it by the Bidder under clause 6.3(h) (to be provided by way of deed);
- (s) **(implementation of Scheme)**: if the Scheme is approved by the Court:
- (i) subject to the ASX Listing Rules, lodge with ASIC an office copy of the Scheme Order in accordance with section 411(10) of the Corporations Act no later than 1 Business Day after the date on which it receives such office copy;
  - (ii) determine entitlements to the Scheme Consideration as at the Record Date in accordance with the Scheme;
  - (iii) execute proper instruments of transfer of and effect and register the transfer of the Scheme Shares to the Bidder on the Implementation Date; and
  - (iv) do all other things contemplated by or necessary to give effect to the Scheme and the Scheme Order;
- (t) **(suspension of trading)**: apply to ASX to suspend trading in Target Shares with effect from the close of trading on the Effective Date;
- (u) **(listing)** take all reasonable steps to maintain the Target's listing on ASX, notwithstanding any suspension of the quotation of Target Shares, up to and including the Implementation Date, including making appropriate applications to ASX and ASIC, and take any action as reasonably requested by the Bidder to obtain the approval of ASX to the de-listing of the Target following implementation of the Scheme;
- (v) **(regulatory notifications)**: in relation to the Regulatory Approvals, lodge with any Government Agency within the relevant time periods all documentation and filings required by Law to be so lodged by the Target in relation to the Transaction;

- (w) **(compliance with Laws)**: do everything reasonably within its power to ensure that all transactions contemplated by this Deed are effected in accordance with all applicable Laws and regulations; and
- (x) **(other things necessary)** promptly do all other things contemplated by or reasonably necessary to give effect to the Scheme and the orders of the Court approving the Scheme.

### 6.3 Bidder's obligations

The Bidder must take all steps reasonably necessary to assist the Target to implement the Scheme as soon as reasonably practicable and substantially in accordance with the Timetable, including taking each of the following steps:

- (a) **(Bidder Information)**: provide to the Target, in a form appropriate for inclusion in the Scheme Booklet, all Bidder Information that is required by all applicable Laws, the ASX Listing Rules and ASIC Regulatory Guide 60 for inclusion in the Scheme Booklet, which the Bidder Information must (without limiting the above):
- (i) contain all information necessary to enable the Target to ensure that the Scheme Booklet complies with the requirements of the Corporations Act, the Corporations Regulations and ASIC Regulatory Guide 60;
  - (ii) not be misleading or deceptive in any material respect (whether by omission or otherwise) including in the form and context in which it appears in the Scheme Booklet; and
  - (iii) be updated by all such further or new material information which may arise after the Scheme Booklet has been despatched until the date of the Scheme Meeting which is necessary to ensure that it is not misleading or deceptive in any material respect (whether by omission or otherwise);
- (b) **(Regulatory notification)**: in relation to the Regulatory Approvals, lodge with any Government Agency within the relevant time periods all documentation and filings required by Law to be so lodged by the Bidder in relation to the Transaction;
- (c) **(Independent Expert)**: subject to the Independent Expert agreeing to reasonable confidentiality restrictions, promptly provide all assistance and information reasonably requested by the Target or by the Independent Expert to enable it to prepare the Independent Expert's Report;
- (d) **(review of Scheme Booklet)**: as soon as reasonably practicable after delivery, review the drafts of the Scheme Booklet prepared by the Target and provide comments on those drafts in good faith;
- (e) **(Court Documents)**: provide any assistance or information reasonably requested by the Target or its Representatives in connection with the preparation of the Court Documents, including reviewing the drafts of the Court Documents prepared by the Target and providing reasonable comments in a timely manner on those drafts;
- (f) **(approval of draft for ASIC)**: as soon as reasonably practicable after the preparation of an advanced draft of the Scheme Booklet suitable for review by ASIC, procure that a meeting of the appropriate representatives of the Bidder is held to consider approving those sections of that draft that relate to the Bidder Information as being in a form appropriate for provision to ASIC for review;
- (g) **(approval of Scheme Booklet)**: as soon as reasonably practicable after the conclusion of the review by ASIC of the Scheme Booklet, procure that a meeting of the appropriate representatives of the Bidder is held to consider approving those



sections of the Scheme Booklet that relate to the Bidder Information as being in a form appropriate for despatch to Target Shareholders, subject to Court approval;

- (h) **(Conditions certificate)** before 8.00am on the Second Court Date, provide to the Target for provision to the Court at the Second Court Hearing a certificate (to be provided by way of deed) confirming (in respect of matters within the Bidder's knowledge) whether or not the Conditions for which the Bidder is responsible, as noted in clause 3.1 (other than paragraph 3.1(c)), have been satisfied or waived in accordance with clause 3.5, a draft of which must be provided to the Target by 5.00pm on the Business Day prior to the Second Court Date;
- (i) **(Deed Poll)**: by no later than the Business Day prior to the First Court Hearing, execute and deliver to the Target the Deed Poll;
- (j) **(representation)**: procure that, if requested by the Target, the Bidder is represented by counsel at the Court hearings convened for the purposes of section 411(4)(b) of the Corporations Act; and
- (k) **(ATO tax ruling)**: provide any assistance and information as may be reasonably requested by the Target for the purposes of obtaining from the ATO rulings, in a form reasonably acceptable to both parties, confirming the availability of scrip rollover relief in respect of the Scheme Scrip Consideration, including considering in good faith any variation proposed to this Deed or the Scheme by the Target for the purpose of ensuring the availability of scrip rollover relief in respect of the Scheme Scrip Consideration and based on written advice from the Target's tax advisers;
- (l) **(compliance with Laws)**: do everything reasonably within its power to ensure that all transactions contemplated by this Deed are effected in accordance with all applicable Laws.

#### 6.4 Scheme Booklet

- (a) **(Preparation)**: As soon as reasonably practicable after the date of this Deed and substantially in accordance with the Timetable, the Target must prepare the Scheme Booklet in compliance with:
  - (i) all applicable Laws, in particular the Corporations Act, the Corporations Regulations, ASIC Regulatory Guide 60 and the ASX Listing Rules; and
  - (ii) this clause 6.4.
- (b) **(Not misleading or deceptive)**: The parties agree that:
  - (i) the Target must take all reasonable steps to ensure that the Scheme Booklet (other than the Bidder Information) is not misleading or deceptive in any material respect) (whether by omission or otherwise) as at the date it is despatched to Target Shareholders, including undertaking customary verification processes; and
  - (ii) the Bidder must take all reasonable steps to ensure that the Bidder Information is not misleading or deceptive in any material respect (whether by omission or otherwise) as at the date on which the Scheme Booklet is despatched to Target Shareholders, including undertaking customary verification processes.
- (c) **(Responsibility statements)**: The responsibility statement to appear in the Scheme Booklet, in a form to be agreed by the parties, will contain words to the effect that:

- (i) the Bidder is responsible for the Bidder Information contained in the Scheme Booklet (and no other part of the Scheme Booklet) and, to the maximum extent permitted by law, the Target will not be responsible for any Bidder Information and will disclaim any liability for Bidder Information appearing in the Scheme Booklet; and
  - (ii) the Target is responsible for the content of the Scheme Booklet other than, to the maximum extent permitted by law, the Bidder Information, the Independent Expert's Report or any other report or letter issued to the Target by a third party. The Bidder, to the maximum extent permitted by law, will not be responsible for the content of the Scheme Booklet (other than the Bidder Information) and will disclaim any liability for that content appearing in the Scheme Booklet.
- (d) **(Dispute):** If the Bidder and the Target disagree on the form or content of the Scheme Booklet, they must consult in good faith to try and settle an agreed form of the Scheme Booklet. If complete agreement is not reached after reasonable consultation, then:
- (i) if the disagreement relates to the form or content of the Bidder Information contained in the Scheme Booklet, the Target will make any amendments as the Bidder, acting in good faith, reasonably requires; and
  - (ii) if the disagreement relates to the form or content of any other part of the Scheme Booklet, the Target Board will, acting reasonably and in good faith, decide the final form or content of the disputed part of the Scheme Booklet.

## 6.5 Transaction Implementation Committee

- (a) The parties must establish a Transaction Implementation Committee as soon as reasonably practical after the date of this Deed. The role of the Transaction Implementation Committee will be to act as a forum for consultation and planning by the parties to:
  - (i) facilitate satisfaction of the Conditions;
  - (ii) discuss the parties' progress in relation to clauses 6.2 and 6.3;
  - (iii) implement the Scheme in accordance with this Deed; and
  - (iv) subject to clause 6.8, ensure the smooth transition of the management of the business and affairs of the Target Group to the Bidder following the implementation of the Scheme.
- (b) The Transaction Implementation Committee will meet on a fortnightly basis from the date of this Deed until the Scheme is fully implemented unless otherwise agreed by the parties.
- (c) The Transaction Implementation Committee will consider all matters relevant to ensuring that the Scheme becomes Effective, including the following:
  - (i) the structure and timing for accomplishing the Scheme in accordance with the Timetable; and
  - (ii) communication strategies, including with any Regulatory Authority, the Target's employees, Target Shareholders and the media.
- (d) Notwithstanding the above:

- (i) each party may act in its own interests; and
- (ii) each member of the Transaction Implementation Committee may act in the interests of the party they represent in participating in the Transaction Implementation Committee.

## 6.6 Existing financing and security

The Target must cooperate with, and undertake all steps reasonably required or requested in connection with any repayment of existing debt of the Target Group as may be required in connection with the Transaction, including:

- (a) liaising with the Bidder in good faith in relation to the using of the existing cash reserves of the Target for this purpose;
- (b) issuing prepayment, cancellation and other notices or consent requests in relation to existing Target Group debt facilities and closing out any hedging positions;
- (c) using all reasonable endeavours to procure:
  - (i) deeds of release, discharges of real property mortgages and registrations on the PPS Register (or any other relevant security register in other jurisdictions as applicable) from secured parties in relation to any Encumbrance granted by a member of the Target Group in favour of that party and procuring the return of any title documents held by a secured party; and
  - (ii) the termination or replacement of any letters of credit, bank guarantees, financial undertakings or similar instruments outstanding in connection with such repayment, discharge or termination,

subject always to the Target not being required to actually effect such repayment until the Implementation Date.

## 6.7 Bidder financing arrangements

- (a) Between the date of this Deed and the Implementation Date, the Target agrees to provide reasonable assistance requested by the Bidder in connection with the arrangement or syndication of any debt financing by the Bidder Group (**Transaction Financing**), including furnishing the Bidder and the financing sources of the Bidder Group within a reasonable timeframe with financial and other pertinent information regarding the Target Group, as may be reasonably requested by the Bidder, provided, in each case, that no member of the Target Group will be required to incur any liability in connection with any Transaction Financing prior to implementation of the Scheme that is not reimbursable by the Bidder.
- (b) Without limitation to clause 6.7, the Target agrees to provide reasonable assistance requested by the Bidder in connection with obtaining the consent from any landlord or counterparty to a Material Contract to the granting of security by the Target Group over its interest in the relevant lease or Material Contract where the terms of such lease or Material Contract otherwise restrict such action.
- (c) The Bidder agrees to reimburse the Target for all fees, costs and expenses reasonably incurred in complying with this clause 6.7 on provision of written evidence of the payment of such fees, costs and expenses provided written notice is provided to the Bidder of such fees, costs and expenses prior to the Target incurring them.

## 6.8 No partnership or joint venture

Subject to this Deed, nothing in this clause 6 requires either party to act at the direction of the other. The business of each party will continue to operate independently from the other until the Implementation Date. The parties agree that nothing in this Deed constitutes the relationship of a partnership or a joint venture between the parties.

## 7. Court proceedings

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### 7.1 Conduct

- (a) The Target and the Bidder are entitled to separate representation at all Court proceedings relating to the Scheme.
- (b) Each party must give all undertakings to the Court in all proceedings which are reasonably required to obtain Court approval and confirmation of the Scheme as contemplated by this Deed.
- (c) Nothing in this Deed gives the Target or the Bidder any right or power to give undertakings to the Court for or on behalf of the other party without that party's prior written consent.

### 7.2 Appeal and other proceedings

- (a) If the Court refuses to make an order convening the Scheme Meeting or approving the Scheme, the Target will appeal the Court's decision, except to the extent that:
  - (i) the parties agree otherwise; or
  - (ii) either party obtains the advice of an independent senior counsel who states that, in his or her view, an appeal would have no reasonable prospect of success,in which case either party may terminate this Deed in accordance with clause 16.1(a)(ii).
- (b) The Bidder and the Target must defend, or cause to be defended, any lawsuit or other legal proceeding brought against it challenging this Deed or the completion of the Scheme, unless the Target has, in good faith, determined that such action is not in the best interest of Target Shareholders.

## 8. Target Board recommendation

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### 8.1 Target Board recommendation and voting intention

- (a) The Target must ensure that the Announcement and the Scheme Booklet state that all Target Directors unanimously recommend that Target Shareholders vote in favour of the Scheme (**Recommendation**) which Recommendation must not be qualified in any way other than by words to the effect that the recommendation to vote in favour of the Scheme is made:
  - (i) "in the absence of a Superior Proposal"; and
  - (ii) "subject to the Independent Expert concluding and continuing to conclude that the Scheme is in the best interest of Target Shareholders".

- (b) The Bidder agrees that each Target Director, may, subject to the terms of this Deed, publicly (or otherwise) withdraw, change or in any way qualify their Recommendation if:
- (i) the Target receives a Competing Transaction and the relevant Target Director determines, after all of the Bidder's rights under clause 11.6 have been exhausted, that the Competing Transaction constitutes a Superior Proposal;
  - (ii) the Independent Expert concludes in the Independent Expert's Report (either in its initial report or any updates of its report) that the Scheme is not in the best interests of Target Shareholders;
  - (iii) the change, withdrawal or qualification occurs is because of a requirement or request of a court or Government Agency that the Target Director abstain or withdraw from recommending that Target Shareholders vote in favour of the Scheme; or
  - (iv) the Target Directors determine, in good faith and acting reasonably, by virtue of their directors' duties, that a change, withdrawal or modification to their Recommendation is required.
- (c) For the avoidance of doubt, the Bidder acknowledges that a Relative Bidder Share Price Fall Event shall be an occurrence allowing the Target Directors to withdraw, change or in any way qualify their Recommendation pursuant to clause 8.1(b)(iv).
- (d) The Target must ensure that the Announcement and the Scheme Booklet state that each Target Director intends to cause any Target Shares in which they have a Relevant Interest to be voted in favour of the Scheme (**Voting Intention**), subject to:
- (i) there being no Superior Proposal; and
  - (ii) the Independent Expert concluding and continuing to conclude that the Scheme is in the best interest of Target Shareholders.
- (e) The Bidder agrees that each Target Director may, subject to the terms of this Deed, publicly (or otherwise) withdraw, change or in any way qualify his or her Voting Intention if:
- (i) the Target receives a Competing Transaction and the relevant Target Director determines, after all of the Bidder's rights under clause 11.6 have been exhausted, that the Competing Transaction constitutes a Superior Proposal;
  - (ii) the Independent Expert concludes in the Independent Expert's Report (either in its initial report or any updates of its report) that the Scheme is not in the best interest of Target Shareholders;
  - (iii) the change, withdrawal or qualification occurs because of a requirement or request of a court or Government Agency that the Target Director abstain or withdraw from voting in favour of the Scheme; or
  - (iv) the Target Directors are entitled to change, modify or withdraw their Recommendation under this Deed.
- (f) The Target must procure that each of the Target Directors acts in accordance with his or her obligations under this clause 8.1.

## 8.2 Confirmation

The Target represents and warrants to the Bidder that each Target Director has confirmed their Recommendation and Voting Intention and their agreement not to do anything inconsistent with their Recommendation and Voting Intention (including withdrawing, changing or in any way qualifying their Recommendation or Voting Intention) other than in the circumstances referred to in clauses 8.1(b) or 8.1(e).

## 8.3 Withdrawal or change of recommendation

Without limiting clause 11, if circumstances arise which may lead to one or more Target Directors changing, withdrawing or modifying his or her Recommendation as permitted under this Deed or if the Target receives notice from a Target Director that he or she proposes to withdraw, change or modify his or her Recommendation to vote in favour of the Scheme the Target must promptly notify the Bidder in writing.

# 9. Conduct before the Implementation Date

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## 9.1 Conduct

Subject to clause 9.2, from the date of this Deed up to and including the earlier of the termination of this Deed and the Implementation Date,

- (a) the Target must, and must cause each Target Group Member to:
  - (i) conduct the business of the Target Group in the ordinary course consistent with past practice and in substantially the same manner in which such business has been conducted in the 12 months prior to the date of this Deed;
  - (ii) use all reasonable endeavours to:
    - (A) maintain and preserve the Target Group's relationships with its joint venturers, customers, contractors, landlords, investors and suppliers and Government Agencies and others having material business dealings with any member of the Target Group;
    - (B) enforce any Material Contract to which a member of the Target Group is party, and not waive any breach by any counterparty to any such contract, where such a failure to enforce such contract or where a waiver of such breach would, or would be reasonably likely to, result in a material reduction to the earnings of the Target Group; and
    - (C) retain the services of key officers and employees;
  - (iii) use all reasonable endeavours to ensure that all material assets of the Target Group are maintained in the normal course consistent with past practice;
  - (iv) manage its working capital requirements in the ordinary course consistent with past practice, including ensuring that there is no material decrease in the amount of cash in the Target Group other than in the ordinary course of business and consistent with budgets and projections Fairly Disclosed to the Bidder prior to the date of this Deed;

- (v) comply in all material respects with all Material Contracts to which a member of the Target Group is a party, and with all Laws, authorisations and licences applicable to each member of the Target Group;
  - (vi) maintain such policies of insurance as are maintained by the Target Group at the date of this Deed;
  - (vii) keep the Bidder informed of any material developments concerning the conduct of its business of which it becomes aware, provided that the Target may, in good faith and acting reasonably, withhold or redact any Competitively Sensitive Information; and
  - (viii) keep the Bidder informed of any current, pending or threatened Tax or Duty audits, reviews or investigations or tax demands relating to any Target Group Member (provided that the Target may, in good faith and acting reasonably, withhold or redact any Competitively Sensitive Information), and procure that no member of the Target Group settles, compromises or otherwise deals with such audits, reviews or investigations or tax demands without the prior written consent of the Bidder (which must not be unreasonably withheld or delayed); and
- (b) the Target must not and must ensure that no member of the Target Group:
- (i) either:
    - (A) increases the remuneration of (including with regard to superannuation benefits) or benefits provided to or pays any bonus (other than in accordance with existing arrangements, including the Bonus Pool, LTI Grant and Exempt Plan Grant, and in the ordinary course) or issues any securities or options to, or otherwise materially varies the employment agreements with, any of its directors or employees
    - (B) pays a director, executive or employee a termination or retention payment, but excluding any redundancy payment in connection with any redundancies of employees made in the ordinary course and consistent with historical practices of the Target Group over the 24 month period preceding the date of this Deed;
    - (C) hire or terminate (other than for cause) any employee with a base salary of \$140,000 or higher; or
    - (D) hire any additional employees or contractors (excluding suppliers in the ordinary course of business and offers made by the Target prior to the date of this Deed as advised to the Bidder prior to the date of this Deed and contained in document 2.13.01 in the Data Room) if doing so would mean that the aggregate base salary amount payable to the Target Group's employees and contractors (excluding suppliers in the ordinary course of business) increases by more than \$500,000 per annum from date of this Deed;
  - (ii) issues shares, or grants a performance right or an option over its shares, or agrees to make such an issue or grant such a performance right or an option, other than:
    - (A) to another member of the Target Group; or
    - (B) the issuing of Target Shares pursuant to the vesting of Performance Rights as permitted by clause 5;

- (iii) issues or agrees to issue securities convertible into shares or other instruments or rights that are convertible or exercisable into shares (including Target Shares) (other than the type of securities described in clause 9.1(b)(ii) above) other than to another member of the Target Group;
- (iv) either:
- (A) acquires or disposes of;
  - (B) agrees to acquire or dispose of,
- any business, entity, material undertaking or material assets;
- (v) offers, proposes, announces a bid or tenders for any business, assets, entity or undertaking the value of which exceeds \$5,000,000;
- (vi) either:
- (A) introduces any new points of presence;
  - (B) enters into any contract or commitment for any carrier links that have a term of more than 12 months (excluding end customer links); or
  - (C) renews or varies any existing carrier links (excluding end customer links);
- (vii) either:
- (A) (other than where the network provider under the relevant contract is the Bidder) enters into any contract or commitment involving expenditure of more than \$500,000 over the term of the contract or commitment and which cannot be terminated on less than 12 months' notice without penalty;
  - (B) (without limiting the above and other than where the network provider under the relevant contract is the Bidder) enters into any contract or commitment relating to the same matter or project involving expenditure which exceeds \$500,000 in aggregate over the term of the contracts or commitments and which cannot be terminated on less than 12 months' notice without penalty;
  - (C) terminates or amends in a material manner any contract material to the conduct of the Target Group's business or which involves expenditure of more than \$500,000 over the term of the contract;
  - (D) waives any material third party default where the financial impact upon the Target Group's business is in excess of \$500,000; or
  - (E) accepts as a settlement or compromise of a material matter (relating to an amount in excess of \$250,000) less than the full compensation due to it;
- (viii) makes any capital expenditure, or incurs any obligations or liabilities in connection therewith, except pursuant to existing contracts or that, in the aggregate, would not exceed more than 25% of the capital expenditure budget (as contained in document 3.02.05 in the Data Room) during any fiscal quarter;



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- (ix) enters into any contract or commitment restraining any member of the Target Group (or following implementation, the Bidder Group) from competing with any person or conducting activities which would have a material adverse impact on Target Group (or following implementation, the Bidder Group);
  - (x) enters into, amends, or terminates any lease of real property (whether as a lessor or lessee) or fails to exercise any right to renew any lease of real property, except:
    - (A) in the ordinary course of business consistent with past practice; or
    - (B) if a terminated lease is replaced with an appropriate lease;
  - (xi) makes any loan, advance, or capital contribution to, or investment in, any other person, other than a member of the Target Group;
  - (xii) enters into any agreement, arrangement or transaction with respect to derivative instruments (including swaps, futures contracts, forward commitments, commodity derivatives or options) or similar instruments;
  - (xiii) incurs or commits to any additional Net Debt in excess of \$25,249,308 (including borrowings, loans and advances and including making any draw downs under any of its existing facilities (or any other debt facility)) or liability (whether actual or contingent), but excluding any impact in connection with Digital Sense Deferred Consideration Liability;
  - (xiv) enters into or resolves to enter into a transaction with any related party of Target as defined in section 228 of the Corporations Act which would require shareholder approval under Chapter 2E or under Chapter 10 of the ASX Listing Rules;
  - (xv) makes any Tax election (including any change of residence) or settles or compromises any liability relating to Tax, unless that election, settlement or compromise is required by Tax law, is supported by an opinion of the Target Group's tax advisers, or is in the ordinary course of business and is consistent with past practices;
  - (xvi) either:
    - (A) settles any legal proceedings, claim, investigation, arbitration or other like proceedings where the amount claimed exceeds \$250,000;
    - (B) waives, releases, grants, or transfers any right of material value other than in the ordinary course of business consistent with past practice; or
    - (C) commences any legal proceeding, claim or arbitration where the amount claimed exceeds \$250,000;
  - (xvii) enters into, or varies, any enterprise bargaining agreement or similar collective employment agreement;
  - (xviii) waives or forgives any loans made to any officer or employee of any member of the Target Group;
  - (xix) enters into or resolves to enter into a joint venture or partnership with any person;

- (xx) changes its accounting policies other than as required by applicable Accounting Standards; or
- (xxi) takes any action that constitutes a Target Prescribed Occurrence or that could reasonably be expected to result in a Target Prescribed Occurrence.

## 9.2 Permitted activities

- (a) The obligations of the Target under clause 9.1 do not apply in respect of any matter:
  - (i) expressly required to be done or procured by the Target under this Deed or the terms of the Scheme or otherwise expressly permitted to be done by the Target under this Deed;
  - (ii) required by any Law or an order of any Court or Government Agency;
  - (iii) Fairly Disclosed in the Target Disclosure Materials or in an announcement to ASX or a document lodged with ASIC in the 3 years prior to the date of this Deed (in the case of the matters the subject of clauses 9.1(b)(i), 9.1(b)(ii) or 9.1(b)(iii), only as Fairly Disclosed in the documents contained in folder 2.13 in the Data Room); or
  - (iv) undertaken with the prior written consent of the Bidder (such consent not to be unreasonably withheld or delayed); or
  - (v) constituting a payment under the Bonus Pool, LTI Grant or Exempt Plan Grant.
- (b) For the avoidance of doubt, nothing in clause 9.1 restricts the ability of the Target to respond to a Competing Transaction to the extent expressly permitted in accordance with clause 11.

## 9.3 Access and information

Between the date of this Deed and the earlier of:

- (a) the termination of this Deed; and
- (b) Implementation Date,

the Target must:

- (c) procure that the Target provides the Bidder with reasonable access to the Target's senior management team for the purpose of:
  - (i) keeping the Bidder fully informed of the matters contemplated by clause 9.3(f) below; and
  - (ii) providing the Bidder with access to the materials and people it has requested under clause 9.3(f) below;
- (d) provide the Bidder with copies of the following materials, promptly following the relevant meeting at which the relevant materials are considered:
  - (i) the minutes of the Target Board held between the date of this Deed and the Implementation Date; and
  - (ii) any reports of the Chief Executive Officer and the Chief Financial Officer provided to the Target Board,

provided that the Target has no obligation under this clause 9.3(d) to provide the Bidder with, and may redact or withhold in its entirety, any information about, or otherwise in connection with the Target Board's consideration of the Transaction, any advice provided to the Target Board in connection with the Transaction and information in connection with any Competing Transaction;

- (e) provide the Bidder and its Representatives with complete copies of monthly accounts of the Target Group prepared by management of the Target Group as soon as reasonably practicable after they are provided to the Target Board; and
- (f) provide the Bidder and its Representatives with reasonable, non-disruptive access during normal business hours and on reasonable notice to the Target's officers and advisers and any documents, records and other information which the Bidder reasonably requires for the purposes of:
  - (i) keeping the Bidder informed of material developments relating to the Target Group including the Target Group's financial position (including its cash flow and working capital position), trading and operational performance;
  - (ii) refinancing the existing financial indebtedness of the Target Group;
  - (iii) holding discussions with the Target Group's employees regarding retention arrangements;
  - (iv) implementing the Scheme;
  - (v) preparing for carrying on the business of the Target Group following implementation of the Scheme; and
  - (vi) any other purpose which is agreed in writing between the parties (acting reasonably),

provided in every case that such access, in the reasonable opinion of the Target, does not place an unreasonable burden on the ability of the Target to operate its business, and provided that nothing in this clause 9.3 requires the Target to provide the Bidder with any information:

- (g) in breach of confidentiality obligations owed to third parties or applicable privacy laws or regulations;
- (h) to the extent that it is Competitively Sensitive Information (in which case the Target may, in good faith and acting reasonably, withhold or redact any Competitively Sensitive Information);
- (i) where the Target reasonably considers that the provision of such documents, records or other information would result in the loss of legal professional privilege; or
- (j) concerning the consideration of the Scheme or of any actual or potential Competing Transaction by the Target Directors.

#### **9.4 Confidentiality**

The parties acknowledge that all information that is provided pursuant to clauses 9.1(a)(vii), 9.1(a)(viii) and 9.3 will be provided subject to the terms of the Confidentiality Agreement.

## 9.5 Change of control

- (a) As soon as practicable after the date of this Deed, the parties must seek to identify any change of control or similar provisions in leases and Material Contracts to which the Target or a member of the Target Group is a party which may be triggered by the implementation of the Scheme.
- (b) In respect of any lease or Material Contract identified under clause 9.5(a), the parties agree that:
  - (i) the Target and the Bidder will agree upon a proposed course of action and then jointly initiate contact with the relevant landlord or counterparty and request that they provide any consents required;
  - (ii) neither the Bidder nor its Representatives may contact any landlord or counterparty without the Target's express written approval; and
  - (iii) each party must cooperate with, and provide reasonable assistance to, the other party to obtain such consents as expeditiously as possible, including by:
    - (A) promptly providing any information reasonably required by landlords or counterparties; and
    - (B) making its Representatives available, where necessary, to meet with landlords or counterparties to deal with issues arising in relation to the change of control of the Target.
- (c) For the avoidance of doubt, a failure by a member of the Target Group to obtain any landlord or third party consent will not constitute a breach of this Deed by the Target and, together with any consequences that arise, will be disregarded when assessing the operation of any other provision of this Deed.

## 10. Actions on and following the Implementation Date

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### 10.1 Board composition of the Target Group

- (a) On the Implementation Date, after the Target or the Target Share Registry has commenced the despatch of the Scheme Consideration to Scheme Participants or the Scheme Shares have been registered in the name of the Bidder (whichever is earlier), subject to receipt by the Target of signed consents to act, the Target must take all actions necessary (and in accordance with the constitution of the relevant member of the Target Group, the Corporations Act and the ASX Listing Rules) to appoint the persons nominated by the Bidder as new Target Directors and new directors of each Target Subsidiary.
- (b) Without limiting clause 10.1(a) on the Implementation Date, but subject to receipt by the Target of written notices of resignation to the effect that the outgoing directors have no claim against any member of the Target Group, the Target must procure that:
  - (i) the incumbent Target Directors (other than those specified in writing by the Bidder to the Target) resign from the Target Board; and
  - (ii) to the extent specified in writing by the Bidder to the Target, the incumbent directors of each Subsidiary of the Target resign from their office.

## 10.2 Board composition of Bidder

On the Implementation Date, after the Target or the Target Share Registry has commenced the despatch of the Scheme Consideration to Scheme Participants or the Scheme Shares have been registered in the name of the Bidder (whichever is earlier), subject to receipt by the Bidder of a signed consent to act, the Bidder must take all actions necessary (and in accordance with the Bidder Constitution, the Corporations Act and the ASX Listing Rules) to appoint Michael Omeros as new a new director of the Bidder.

## 11. Exclusivity

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### 11.1 Termination of existing discussions

- (a) The Target represents and warrants that, as at the time of execution of this Deed, the Target Group is not (including through its Representatives) in any negotiations or discussions, and it has ceased any existing negotiations or discussions, in respect of any Competing Transaction with any Third Party.
- (b) Unless otherwise agreed by the Bidder, the Target must:
  - (i) promptly enforce the terms of any confidentiality agreement, deed or undertaking (or similar document) entered into with a person other than the Bidder in the 18 months prior to the date of this Deed in relation to any potential Competing Transaction; and
  - (ii) not waive, and must promptly enforce, any standstill obligations of any such person.

### 11.2 No shop

During the Exclusivity Period, the Target must not, and must procure that each member of the Target Group and each of their Representatives do not, directly or indirectly:

- (a) solicit, invite, encourage or initiate any Competing Transaction or any enquiries, negotiations, discussions or proposals with any person in relation to, or that may reasonably be expected to lead to, an actual or proposed Competing Transaction; or
- (b) solicit, invite, encourage or initiate approaches, enquiries, discussions or proposals with a view to obtaining any offer or proposal from any person in relation to, or which may be reasonably be expected to lead to, an actual or proposed Competing Transaction,

or communicate any intention to do any of those things.

### 11.3 No talk

Subject to clause 11.7, during the Exclusivity Period, the Target must not, and must procure that each member of the Target Group and each of their Representatives do not, directly or indirectly:

- (a) facilitate, enter into, continue or otherwise participate (including by way of responding) in any negotiations or discussions with any person:
  - (i) regarding an actual or proposed Competing Transaction; or
  - (ii) which may reasonably be expected to encourage or lead to, an actual or proposed Competing Transaction;

even if not directly or indirectly solicited, invited, encouraged or initiated by the Target or its Representatives, or that person has publicly announced the Competing Transaction;

- (b) enter into any agreement, arrangement or understanding with any person:
  - (i) regarding a Competing Transaction; or
  - (ii) which may reasonably be expected to lead to a Competing Transaction;

even if not directly or indirectly solicited, invited, encouraged or initiated by the Target or its Representatives, or that person has publicly announced the Competing Transaction;

- (c) communicate to any person an intention to do any of the things referred to in clause 11.3(a) or 11.3(b); or
- (d) approve or recommend a Competing Transaction, other than as permitted by this Deed.

#### **11.4 No due diligence**

- (a) Subject to clause 11.7, without limiting clause 11.3, during the Exclusivity Period, the Target must not, and must ensure that neither it, nor any member of the Target Group or any of their Representatives directly or indirectly, in relation to an actual, proposed or potential Competing Transaction, makes available, facilitates or permits any Third Party to access non-public information, or to undertake due diligence investigations (including without limitation access to premises used by the Target Group or officers or employees of the Target Group), in relation to the Target Group or its business.
- (b) If the Target proposes that any non-public information relating to the business or operations of the Target Group which has not been provided to the Bidder be provided to a Third Party while validly relying on the exception in clause 11.7 then the Target must promptly, and in any event within 2 Business Days after providing it to the Third Party, provide a copy of such information to the Bidder.

#### **11.5 Notice of Competing Transaction**

- (a) During the Exclusivity Period, the Target must promptly (and in any event no later than 48 hours) of becoming aware of such matter, notify the Bidder in writing of:
  - (i) any approach by any person to discuss or engage in any activity in relation to an actual, proposed or potential Competing Transaction;
  - (ii) receipt of a request for information relating to the Target Group, or its business or operations, in connection with formulation, development or finalisation of, or assisting in the formulation, development or finalisation of, an actual, proposed or potential Competing Transaction, or which the Target has reasonable grounds to suspect may relate to an actual, proposed or potential Competing Transaction.
- (b) If the Target proposes or determines to take any action of a kind that would breach its obligations under clause 11.3 or 11.4 were it not for clause 11.7, then the Target must notify the Bidder in writing no later than 1 Business Day after making that decision or determination.
- (c) Subject to clause 11.5(d), a notice given under clause 11.5(a) must be accompanied by all relevant details of the relevant approach, including the identity of the person that made the approach and the material terms and conditions of the

Competing Transaction (including proposed price or implied value, conditions, timing and details of any break fee) to the extent known to the Target.

- (d) Clause 11.5(c) does not apply if the Target Board has determined, in good faith and acting reasonably, that complying with clause 11.5(c) would cause the Target Board to breach fiduciary or statutory obligations to which it or the Target is subject. Nothing in this clause 11.5(d) limits or relieves the Target of its obligation to comply with clause 11.5(a).
- (e) The Bidder agrees that:
  - (i) any information received under clause 11.5(a) is Confidential Information (as such term is defined in the Confidentiality Agreement) and subject to the terms of the Confidentiality Agreement; and
  - (ii) it must not, and must ensure that its Representatives do not, contact the Third Party that made the actual, proposed or potential Competing Transaction for any purpose relating to the Scheme, the Competing Transaction or any similar transaction.

#### **11.6 Matching right**

- (a) Without limiting clauses 11.2 and 11.3, during the Exclusivity Period, the Target:
  - (i) must not enter, and must procure that no member of the Target Group enters, into any legally binding agreement, arrangement or understanding (whether or not in writing) pursuant to which a Third Party, the Target or both proposes or propose to undertake or give effect to an actual or proposed Competing Transaction; and
  - (ii) must use its reasonable endeavours to procure that no Target Director publicly recommends, supports or endorses an actual or proposed Competing Transaction or withdraws, changes or modifies his or her Recommendation as a result of the actual, anticipated, proposed or potential Competing Transaction,unless:
  - (iii) the Target Board acting in good faith and in order to satisfy what the Target Board considers to be its statutory or fiduciary duties (after consultation with its external legal and financial advisers), determines that the Competing Transaction constitutes or would be likely to constitute an actual or proposed a Superior Proposal;
  - (iv) the Target has provided the Bidder with the material terms and conditions of the actual or proposed Competing Transaction, including price, conditions, details of any break fee and the identity of the Third Party making the actual or proposed Competing Transaction; and
  - (v) either:
    - (A) the Bidder has not announced or provided the Target a Counterproposal by the expiry of the Matching Period; or
    - (B) the Bidder has announced or provided to the Target a Counterproposal by the expiry of the Matching Period and the Target Board has determined, acting in good faith, that Counterproposal would not provide an equivalent or superior outcome to the Target Shareholders as a whole compared with the

Competing Transaction and the Bidder has been given the right to amend the Counterproposal in accordance with clause 11.6(f).

- (b) The Target acknowledges and agrees that each successive modification or variation to the material terms and conditions of any actual or proposed Competing Transaction will constitute a new actual or proposed Competing Transaction for the purposes of the requirements under clause 11.5 and clause 11.6.
- (c) If the Target provides the Bidder a notice under clause 11.6(a)(iv), the Bidder will have the right (but not the obligation) at any time during the period of 5 Business Days after receipt of that notice (**Matching Period**) to amend the terms of the Transaction including increasing the amount of consideration offered under the Transaction or proposing a new proposal (**Counterproposal**), and if the Bidder does so, the Target must procure that the Target Board, acting in good faith, consider the Counterproposal and determines whether the Counterproposal would provide an equivalent or superior outcome for Target Shareholders as a whole compared with the applicable Competing Transaction, taking into account all of the terms and conditions of the Counterproposal.
- (d) The Target must procure that the Target Board notifies the Bidder within 5 Business Days of its determination in relation to the Counterproposal in writing, stating reasons for that determination.
- (e) If the Target Board, acting in good faith, determines that the Counterproposal would provide an equivalent or superior outcome for Target Shareholders as a whole compared with the applicable Competing Transaction, taking into account all of the terms and conditions of the Counterproposal, then:
  - (i) the Target and the Bidder must use their best endeavours to agree the amendments to this Deed and, if applicable, the Scheme and Deed Poll that are reasonably necessary to reflect the Counterproposal and to implement the Counterproposal, in each case as soon as reasonably practicable; and
  - (ii) the Target must use its reasonable endeavours to procure that each of the Target Directors recommends the Counterproposal and not the applicable Competing Transaction
- (f) If the Target Board determines in good faith that the Counterproposal would not provide an equivalent or superior outcome to the Target Shareholders as a whole compared to the applicable Competing Transaction, then the Bidder may take steps to amend the Counterproposal to address the reasons given by the Target within a further period of 3 Business Days after the receipt of notice under clause 11.6(d). If the Bidder does so to the Target's reasonable satisfaction, then clause 11.6(e) applies to that Counterproposal.

## 11.7 Fiduciary exception

- (a) Clauses 11.3 and 11.4 do not apply to the extent that they restrict the Target or the Target Board from taking or refusing to take any action with respect to an actual, proposed or potential Competing Transaction (which was not solicited, invited, encouraged or initiated by the Target in contravention of clause 11.2) provided that the Target Board has determined, in good faith that:
  - (i) after receiving advice from its financial adviser, the relevant Competing Transaction is, or is reasonably likely to become, a Superior Proposal; and
  - (ii) after receiving written legal advice from its external legal advisers, that compliance with clauses 11.3 or 11.4 (as applicable) would constitute, or



would be reasonably likely to constitute, a breach of any of the fiduciary or statutory duties of the Target Directors.

- (b) If the Target proposes that any non-public information be provided to a Third Party while relying on the exception in clause 11.7(a), then:
  - (i) before the Target provides such information, the Third Party must enter into an agreement which contains obligations on the recipient that are no less onerous in any respect than the obligations imposed on the Bidder and the Target in connection with this Transaction; and
  - (ii) any non-public information provided to that Third Party must also be provided to the Bidder.

### **11.8 Exception**

Nothing in this clause 11 prevents the Target from:

- (a) taking any action in good faith to comply with its continuous disclosure obligations; or
- (b) continuing to make normal presentations to, and to respond to enquiries from, brokers, portfolio investors and analysts in the ordinary course in relation to its business generally.

## **12. Break Fee**

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### **12.1 Background**

This clause 12 has been agreed in circumstances where:

- (a) the Target believes that the Scheme will provide significant benefits to, the Target and Target Shareholders, and the Bidder and the Target acknowledge that, if they enter into this Deed and the Scheme is subsequently not implemented, the Bidder will incur significant costs, including those set out in clause 12.5;
- (b) the Bidder requested that provision be made for the Break Fee, without which the Bidder would not have entered into this Deed;
- (c) the Target believes it is appropriate for it to agree to the payment referred to in this clause to secure the Bidder's entry into this Deed and participation in the Scheme; and
- (d) both parties have received legal advice on this Deed and the operation of this clause.

### **12.2 Payment by the Target to the Bidder**

Subject to clauses 12.3, 12.4 and 13, the Target agrees to pay the Break Fee to the Bidder without withholding or set off if:

- (a) a Competing Transaction is announced during the Exclusivity Period and, within 12 months of such announcement, the proponent of that Competing Transaction (or any of its Associates):
  - (i) completes or otherwise implements a Competing Transaction of a kind referred to in paragraphs (b) or (c) of the definition of "Competing Transaction"; or

- (ii) otherwise acquires a Relevant Interest in, an economic interest in or Voting Power of 50% or more of the Target Shares and that acquisition is unconditional or Control of the Target;
- (b) during the Exclusivity Period, any Target Director fails to recommend the Scheme or withdraws, adversely changes or adversely qualifies his or her Recommendation or otherwise makes a public statement indicating that he or she no longer supports the Scheme, except where:
  - (i) the Independent Expert concludes in the Independent Expert's Report (or any update or variation to that report) that the Scheme is not in the best interest of Target Shareholders (other than where the reason for the Independent Expert's conclusion is due wholly or partly to the existence of a Competing Transaction); or
  - (ii) the Target is entitled to terminate this Deed pursuant to clause 16.1(a)(i) or clause 16.2 and has given the appropriate termination notice to the Bidder; or
  - (iii) a Relative Bidder Share Price Fall Event occurs; or
- (c) the Bidder validly terminates this Deed in accordance with clause 16.1(a)(i).

### **12.3 No amount payable if Scheme becomes Effective**

- (a) Notwithstanding the occurrence of any event in clause 12.2, if the Scheme becomes Effective:
  - (i) no amount is payable by the Target under clause 12.2; and
  - (ii) if any amount has already been paid under clause 12.2 it must be refunded by the Bidder within 10 Business Days after the Scheme becomes Effective.
- (b) The Target can only ever be liable to pay the Break Fee once.
- (c) The Break Fee is not payable merely because the resolution submitted to the Scheme Meeting in respect of the Scheme is not approved by the majorities required under section 411(4)(a)(ii) of the Corporations Act.

### **12.4 Timing of payment**

- (a) A demand by the Bidder for payment of the Break Fee under clause 12.2 must:
  - (i) be in writing;
  - (ii) be made after the occurrence of the event in that clause giving rise to the right to payment;
  - (iii) state the circumstances which give rise to the demand; and
  - (iv) nominate an account into which the Target must pay the Break Fee.
- (b) The Target must pay the Break Fee to the Bidder under clause 12.2 without withholding or set-off within 10 Business Days of receipt by the Target of a valid demand for payment from the Bidder under clause 12.4(a).

### **12.5 Nature of payment**

- (a) The Break Fee is an amount intended to compensate the Bidder for:

- (i) fees for legal, financial and other professional advice in planning and implementing the Transaction (excluding success fees);
  - (ii) costs of management and directors' time in planning and implementing the Transaction;
  - (iii) out-of-pocket expenses incurred by the Bidder and its respective employees, advisers and agents in planning and implementing the Transaction;
  - (iv) damage to the Bidder's reputation associated with a failed transaction and the implications of that damage to the Bidder's business; and
  - (v) reasonable opportunity costs incurred by the Bidder in pursuing the Transaction or in not pursuing alternative acquisitions or strategic initiatives.
- (b) The parties agree that the costs incurred are and will be of a nature that they cannot be accurately quantified and that a genuine pre-estimate of the costs would equal or exceed the amount payable under clause 12.2.

## 12.6 Limitation of liability

The parties acknowledge and agree that other than in respect of fraud or any wilful or deliberate material breach of this Deed by the Target:

- (a) the maximum liability of the Target to the Bidder under or in connection with this Deed including in respect of any breach of this Deed will be the Break Fee and in no event will the aggregate liability of the Target under or in connection with a breach of this Deed exceed an amount equal to the Break Fee; and
- (b) the payment by the Target of the Break Fee represents the sole and absolute amount of liability of the Target to the Bidder under or in connection with this Deed and no further damages, fees, expenses or reimbursements of any kind will be payable by the Target to the Bidder in connection with this Deed,

provided that nothing in this clause 12.6 impacts the Bidder's ability to seek and obtain the remedy of specific performance.

## 13. Modifications required to Break Fee or exclusivity

### 13.1 Modifications following regulatory intervention

If any of the following occurs:

- (a) a Government Agency finds that all or any part of the payment required to be made under clause 12 or an exclusivity arrangement under clause 11 is unacceptable or unenforceable; or
- (b) as a result of an application to the Takeovers Panel, the Takeovers Panel indicates that, in the absence of a written undertaking under section 201A of the *Australian Securities and Investments Commission Act 2001* (Cth) to modify the amount of the Break Fee or the circumstances in which it is to be paid or the circumstances in relation to an exclusivity arrangement under clause 11, it will make a declaration of unacceptable circumstances,

then, subject to clause 13.3:

- (c) the parties must amend clause 11 or clause 12 (or both) to the extent required to give effect to the requirements of the Government Agency or the Takeovers Panel (as the case may be) and (in circumstances referred to in clause 13.1(b)) must give the required undertaking(s); and
- (d) neither the occurrence of any of the events referred to in clause 13.1(a) or clause 13.1(b) nor the amendment of clause 11 or clause 12 (or both) will be taken to be a breach of, or permit any party to terminate, this Deed.

### **13.2 Conduct during proceedings**

The parties must not make or cause or permit to be made any application to a court of the Takeovers Panel for or in relation to a determination referred to in clause 13.1.

### **13.3 No requirement to act unless decision final**

The parties are only required to take steps under clause 13.1(c) in relation to any requirement of a Government Agency or the Takeovers Panel if:

- (a) no appeal or review proceeding is available from the decision to impose that requirement or the period for lodging an appeal or commencing review proceedings has expired without an appeal having been lodged or review proceedings commenced; or
- (b) the Bidder and the Target agree in writing not to appeal or seek review of the decision to impose that requirement.

### **13.4 Appeals and review of regulatory decisions**

Nothing in this Deed requires either party to appeal or seek review of any decision of a Government Agency or the Takeovers Panel referred to in clause 13.1(a) or clause 13.1(b).

### **13.5 Determination by Government Agency**

If a Government Agency determines that payment of all or any part of the Break Fee is unacceptable, unlawful or involves a breach of the fiduciary or statutory duties of the members of the Target Board (**Impugned Amount**) and either no appeal from that determination is available or the period for lodging an appeal has expired without an appeal having been lodged then:

- (a) the obligation of the Target to pay the Break Fee does not apply to the extent of the Impugned Amount; and
- (b) if the Bidder has received any part of the Impugned Amount, it must refund it within 5 Business Days after that determination is made or the period for lodging has expired, whichever is later.

### **13.6 Obligations of parties**

No party must undertake, or be involved in undertaking or supporting, any action that would trigger the operation of clause 13.1 or clause 13.5.

## 14. Representations and warranties

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### 14.1 Target Representations and Warranties

- (a) The Target represents and warrants to the Bidder (on its own behalf and separately as trustee for each of the other Bidder Indemnified Parties) each of the matters set out in clause 14.1(b) as at the date of this Deed, the date the Scheme Booklet is dispatched to Target Shareholders and at the Cut-Off Time (except that where any statement is expressed to be made only at a particular date it is given only at that date).
- (b) The Target represents and warrants that:
- (i) **(status)**: it is a validly existing corporation registered under the laws of its place of incorporation;
  - (ii) **(authorisation)**: the execution and delivery of this Deed by the Target has been properly authorised by all necessary corporate action and the Target has full corporate power and lawful authority to execute and deliver this Deed and to perform or cause to be performed its obligations under this Deed;
  - (iii) **(validity of obligations)**: this Deed constitutes legal, valid and binding obligations on the Target which are enforceable against it in accordance with its terms;
  - (iv) **(no contravention)**: the entry into, its compliance with its obligations and the exercise of its rights under, this Deed do not and will not conflict with:
    - (A) its constituent documents or cause a limitation on its powers or the powers of its directors to be exercised; or
    - (B) any applicable Law;
  - (v) **(continuous disclosure)**: the Target is not in breach of its continuous disclosure obligations under the ASX Listing Rules and is not relying on the carve-out in ASX Listing Rule 3.1A to withhold any information from disclosure (other than the transaction contemplated by this Deed);
  - (vi) **(compliance with law)**: each member of the Target Group has complied in all material respects with all Australian and foreign laws and regulations applicable to it and orders of Australian and foreign governmental agencies having jurisdiction over it and has all material licenses, permits and authorisations necessary for it to conduct its respective businesses as presently being conducted;
  - (vii) **(regulatory filings)**: so far as the Target is aware having made due enquiries, no document or announcement which the Target has lodged or filed with, or otherwise given to, any Government Agency (or which has been so lodged, filed or given on its behalf or on behalf of any member of the Target Group) since the date 3 years before the date of this Deed and which is currently publicly available or otherwise in the public domain, was misleading or deceptive in any material respect (whether by omission or otherwise) as at the date that document or announcement was lodged or filed with or given to the Government Agency;
  - (viii) **(provision of information to the Independent Expert)**: all information provided by or on behalf of the Target Group to the Independent Expert to enable the Independent Expert's Report to be prepared and completed will

be provided in good faith and on the understanding that the Independent Expert will rely on that information for the purpose of preparing the Independent Expert's Report;

- (ix) **(reliance)**: the Target Information in the Scheme Booklet will be included in good faith on the understanding that the Bidder and its directors will rely on that information for the purposes of considering and approving the Bidder Information in the Scheme Booklet before it is despatched, approving the entry into the Deed Poll and implementing the Scheme;
- (x) **(Target Information)**: the Target Information provided under this Deed and included in the Scheme Booklet as at the date of the Scheme Booklet will not contain any material statement which is misleading or deceptive in any material respect (whether by omission or otherwise) nor contain any material omission having regard to applicable disclosure requirements and will comply in all material respects with the requirements of the Corporations Act, the Corporations Regulations, the ASX Listing Rules and all regulatory guidance and other requirements of ASIC;
- (xi) **(Scheme Booklet)**: as at the date the Scheme Booklet is despatched to Target Shareholders, the Scheme Booklet registered by ASIC under section 412(6) of the Corporations Act (excluding the Bidder Information and the Independent's Expert Report) will not be misleading or deceptive in any material respect (whether by omission or otherwise);
- (xii) **(new information)**: the Target will, as a continuing obligation (but in respect of Bidder Information only to the extent the Bidder provides the Target with updates to the Bidder Information), ensure that the Scheme Booklet is updated or supplemented to include all further or new information which arises and the Target becomes aware of after the Scheme Booklet has been despatched to Target Shareholders until the date of the Scheme Meeting which is necessary to ensure that the Scheme Booklet is not misleading or deceptive (including by way of omission);
- (xiii) **(disclosure)**: the Target Disclosure Materials were provided or made available to the Bidder in good faith and the Target is not aware of any material misleading or deceptive statement in any of the Target Disclosure Materials and has not knowingly withheld or omitted any material information from the Target Disclosure Materials which has been requested by the Bidder;
- (xiv) **(Net Debt)**: the Target has provided the Bidder complete and accurate information relating to the level of Net Debt as at the date of this Deed;
- (xv) **(securities)**: as at the date of this Deed:
  - (A) the total issued capital of the Target is comprised of:
    - (I) 59,625,680 Target Shares; and
    - (II) 194,516 Performance Rights,and there are no other options, performance rights, shares, convertible notes or other securities (or obligations, offers or agreements to issue any of the foregoing);
  - (B) all the issued securities of each Target Group Member (other than the Target) are held by either the Target or another Target Group Member that is directly or indirectly wholly-owned by the Target; and

- (C) no Target Group Member has issued or granted (or agreed to issue or grant) any other securities, options, warrants, performance rights or other instruments which are still outstanding and may convert into shares and no Target Group Member is under any obligation to issue or grant, and no person has any right to call for the issue or grant of, any shares, options, warrants, performance rights or other securities or instruments in a Target Group Member other than as set out in clause 14.1(b)(xv)(A);
- (xvi) **(financial statements)**: As far as the Target is aware, as at the date of this Deed, there has not been any event, change, effect or development that would require the Target to restate the Target's financial statements as disclosed to ASX, and the Target's financial statements for the financial year ended 30 June 2021:
  - (A) comply with applicable statutory requirements and were prepared in accordance with the Corporations Act, Accounting Standards and all other applicable Laws and regulations; and
  - (B) give a true and fair view of the financial position and the assets and liabilities of the Target Group;
- (xvii) **(no knowledge of Target Material Adverse Change)**: As at the date of this Deed, the Target is not aware of any information relating to the Target Group or its respective businesses or operations that has or could reasonably be expected to give rise to a Target Material Adverse Change;
- (xviii) **(no Insolvency Event)**: no member of the Target Group is subject to an Insolvency Event;
- (xix) **(litigation or regulatory investigation)**: there is no material litigation or regulatory investigation commenced or threatened against any member of the Target Group of any nature;
- (xx) **(Target assets)**: the Target Group owns, or has the right to use, all of the assets, real property, information technology and intellectual property that are material for the conduct of the business of the Target Group, and will continue to do so upon and immediately following Implementation;
- (xxi) **(Material Contracts)**: as at the date of this Deed, neither it nor any member of the Target Group is in material default under any Material Contract binding on it or its assets nor has anything occurred which is, or would with the giving of notice or lapse of time, constitute an event of default, prepayment event or similar event, or give another party a termination right or right to accelerate any right or obligation, under any Material Contract;
- (xxii) **(regulatory approvals)**: so far as the Target is aware having made due enquiries, no Regulatory Approval is required to be obtained by the Target in order for it to execute, deliver and perform this Deed, other than those approvals set out in clause 3.1, and so far as the Target is aware having made due enquiries, as at the date of this Deed, no regulatory action of any nature has been taken that would prevent or restrict its ability to perform its obligations under this Deed.

## 14.2 Qualifications on Target Representation and Warranties

The Target Representation and Warranties and the indemnity in clause 14.3 are subject to matters that:

- (a) are expressly permitted or required under this Deed or the Scheme;
- (b) have been Fairly Disclosed in the Target Disclosure Materials;
- (c) have been Fairly Disclosed in an announcement made by the Target to the ASX or a document lodged with ASIC in 3 years prior to entry into this Deed;
- (d) would have been Fairly Disclosed to the Bidder had the Bidder conducted a search of ASIC records or the PPS Register in relation to the Target, in each case, on the date that is 2 Business Days prior to the date of this Deed; or
- (e) as at the date of this Deed are within the actual knowledge of the Bidder, which for the purposes of this clause will be taken to be limited to the facts, matters and circumstances of which the following individuals are actually aware as at the date of this Deed:
  - (i) Phillip Britt;
  - (ii) Matthew Kusi-Appauh;
  - (iii) Brian Maher; and
  - (iv) John Reisinger.

#### 14.3 Target's indemnity

Subject to clause 12.6 and clause 14.2, the Target agrees with the Bidder (on the Bidder's own behalf and separately as trustee for each of the Bidder Indemnified Parties) to indemnify and keep indemnified the Bidder Indemnified Parties from and against all Losses incurred by the Bidder Indemnified Parties as a result of any breach of any of the Target Representations and Warranties.

#### 14.4 Bidder Representation and Warranties

- (a) The Bidder represents and warrants to the Target (on the Target's own behalf and separately as trustee or nominee for each of the other Target Indemnified Parties) each of the matters set out in clause 14.4(b) as at the date of this Deed, the date the Scheme Booklet is dispatched to Target Shareholders and at the Cut-Off Time (except that where any statement is expressed to be made only at a particular time it is given only at that date).
- (b) The Bidder represents and warrants that:
  - (i) **(status)**: the Bidder is a validly existing corporation registered under the laws of its place of incorporation;
  - (ii) **(authorisation)**: the execution and delivery of this Deed has been properly authorised by all necessary corporate action and the Bidder has full corporate power and lawful authority to execute and deliver this Deed and to perform or cause to be performed its obligations under this Deed;
  - (iii) **(validity of obligations)**: this Deed constitutes legal, valid and binding obligations on the Bidder which are enforceable against it in accordance with its terms;
  - (iv) **(no contravention)**: the entry into, its compliance with its obligations and the exercise of its rights under, this Deed do not and will not conflict with:
    - (A) its constituent documents or cause a limitation on its powers or the powers of its directors to be exercised; or



- (B) any applicable Law;
- (v) **(continuous disclosure)**: the Bidder is not in breach of its continuous disclosure obligations under the ASX Listing Rules and is not relying on the carve-out in ASX Listing Rule 3.1A to withhold any information from disclosure (other than the transaction contemplated by this Deed);
- (vi) **(compliance with law)**: each member of the Bidder Group has complied in all material respects with all Australian and foreign laws and regulations applicable to it and orders of Australian and foreign governmental agencies having jurisdiction over it;
- (vii) **(no dealing with Target Shareholders)**: neither it nor, so far as the Bidder is aware having made reasonable enquires, any of its Associates has any agreement, arrangement or understanding with any Target Shareholder under which that Target Shareholder (or an Associate of that Target Shareholder) would be entitled to receive consideration for their Target Shares different from the Scheme Consideration or under which the Target Shareholder agrees to vote in favour of the Scheme or against a Competing Transaction;
- (viii) **(provision of information to the Independent Expert)**: all information provided by or on behalf of the Bidder Group to the Independent Expert to enable the Independent Expert's Report to be prepared and completed will be provided in good faith and on the understanding that the Independent Expert will rely on that information for the purpose of preparing the Independent Expert's Report;
- (ix) **(reliance)**: the Bidder Information provided to the Target in accordance with clause 6.3(a) for inclusion in the Scheme Booklet will be provided in good faith on the understanding that each of the Target Indemnified Parties will rely on that information for the purposes of preparing the Scheme Booklet and proposing and implementing the Scheme in accordance with the requirements of the Corporations Act;
- (x) **(Bidder Information)**: the Bidder Information provided under this Deed and included in the Scheme Booklet as at the date of the Scheme Booklet will not contain any material statement which is misleading or deceptive in any material respect (whether by omission or otherwise) nor contain any material omission having regard to applicable disclosure requirements and will comply in all material respects with the requirements of the Corporations Act, the Corporations Regulations, the ASX Listing Rules and all regulatory guidance and other requirements of ASIC;
- (xi) **(new information)**: it will, as a continuing obligation, provide to the Target all further or new information which arises after the Scheme Booklet has been dispatched to Target Shareholders until the date of the Scheme Meeting which is necessary to ensure that the Bidder Information is not misleading or deceptive in any material respect (including by way of omission);
- (xii) **(disclosure)**: the Bidder Disclosure Materials were provided or made available to Target in good faith and the Bidder is not aware of any material misleading or deceptive statement in any of the Bidder Disclosure Materials and has not knowingly withheld or omitted any material information from the Bidder Disclosure Materials which has been requested by the Target;
- (xiii) **(Bidder Shares)**: the Bidder Shares constituting the Scheme Scrip Consideration to be issued in accordance with the terms of the Scheme will

be duly authorised and validly issued without shareholder approval, fully paid and free of all Encumbrances and third party rights and will rank equally with all other Bidder Shares then on issue (including to receive any dividends or distribution of capital paid and any other entitlements accruing in respect of Bidder Shares after the Implementation Date;

(xiv) **(securities)**: as at the date of this Deed, the total issued capital of the Bidder is comprised of:

- (A) 223,831,951 Bidder Shares;
- (B) 3,050,616 Bidder Options; and
- (C) no Bidder Share Rights;

and there are no other options, performance rights, shares, convertible notes or other securities (or obligations, offers or agreements to issue any of the foregoing);

(xv) **(financial statements)**: As far as the Bidder is aware, as at the date of this Deed, there has not been any event, change, effect or development that would require the Bidder to restate the Bidder's financial statements as disclosed to ASX, and the Bidder's financial statements for the financial year ended 30 June 2021:

- (A) comply with applicable statutory requirements and were prepared in accordance with the Corporations Act, Accounting Standards and all other applicable Laws and regulations; and
- (B) give a true and fair view of the financial position and the assets and liabilities of the Bidder Group;

(xvi) **(no Insolvency Event)**: no member of the Bidder Group is subject to an Insolvency Event;

(xvii) **(litigation or regulatory investigation)**: there is no material litigation or regulatory investigation commenced or threatened against any member of the Bidder Group of any nature;

(xviii) **(Scheme Consideration)**: the Bidder has a reasonable basis to expect that it will, by the Implementation Date have available to it sufficient cash amounts (whether from internal cash reserves or external funding arrangements, including equity and debt financing or a combination of both) to satisfy the Bidder's obligation to provide or procure the provision of the Scheme Consideration in accordance with its obligations under this Deed, the Scheme and the Deed Poll; and

(xix) **(regulatory approvals)**: so far as the Bidder is aware having made due enquiries, no Regulatory Approval is required to be obtained by the Bidder in order for it to execute, deliver and perform this Deed, other than those approvals set out in clause 3.1, and so far as the Bidder is aware having made due enquiries, as at the date of this Deed, no regulatory action of any nature has been taken that would prevent or restrict its ability to perform its obligations under this Deed.

#### 14.5 Qualifications on Bidder Representations and Warranties

The Bidder Representations and Warranties in clause 14.4 and the indemnity in clause 14.6 are subject to matters that:

- (a) are expressly permitted or required under this Deed or the Scheme;
- (b) have been Fairly Disclosed in the Bidder Disclosure Materials;
- (c) have been Fairly Disclosed in an announcement made by the Bidder to the ASX or a document lodged with ASIC in 3 years prior to entry into this Deed;
- (d) would have been Fairly Disclosed to the Target had the Target conducted a search of ASIC records or the PPS Register in relation to the Bidder, in each case, on the date that is 2 Business Days prior to the date of this Deed; and
- (e) as at the date of this Deed are within the actual knowledge of the Target, which for the purposes of this clause will be taken to be limited to the facts, matters and circumstances of which the following individuals are actually aware as at the date of this Deed:
  - (i) Michael Omeros;
  - (ii) Ben Melville;
  - (iii) Ben Cornish (to the extent of his area of responsibility and expertise in his role with the Target);
  - (iv) Jay Binks (to the extent of his area of responsibility and expertise in his role with the Target); and
  - (v) Mike Stabb.

#### **14.6 Bidder indemnity**

Subject to clause 14.5, the Bidder agrees with the Target (on the Target's own behalf and separately as trustee for each of the Target Indemnified Parties) to indemnify and keep indemnified the Target Indemnified Parties from and against all Losses incurred by the Target Indemnified Parties as a result of any breach of any of the representations and warranties in clause 14.4.

#### **14.7 Notifications**

Each party will promptly advise the other in writing if it becomes aware of any fact, matter or circumstances which constitutes or may constitute a breach of any of the representations or warranties given by it under this clause 14.

#### **14.8 Survival of warranties**

Each Target Representation and Warranty and each Bidder Representation and Warranty:

- (a) is severable;
- (b) will survive the termination of this Deed; and
- (c) is given with the intent that liability thereunder will not be confined to breaches which are discovered prior to the date of termination of this Deed.

#### **14.9 Survival of indemnities**

Each indemnity in this Deed (including those in clauses 14.3 and 14.6) will:

- (a) be severable;

- (b) be a continuing obligation;
- (c) constitute a separate and independent obligation of the party giving the indemnity from any other obligations of that party under this Deed; and
- (d) survive the termination of this Deed.

## **15. Releases**

---

### **15.1 Release of Bidder Indemnified Parties**

- (a) Subject to the Corporations Act, the Target releases its rights, and agrees with the Bidder that it will not make a claim, against any Bidder Indemnified Party (other than the Bidder and its Related Bodies Corporate) as at the date of this Deed and from time to time in connection with:
  - (i) the Bidder's execution or delivery of this Deed or the Deed Poll;
  - (ii) any breach of any representations and warranties, covenant or obligation of the Bidder or any other member of the Bidder Group in this Deed;
  - (iii) the implementation of the Scheme; or
  - (iv) any disclosure containing any statement which is false or misleading whether in content or by omission,

whether current or future, known or unknown, arising at common law, in equity, under statute or otherwise, except where the Bidder Indemnified Party has not acted in good faith or has engaged in wilful misconduct, gross negligence or fraud. Nothing in this clause 15.1 limits the Target's rights to terminate this Deed under clause 16.1.
- (b) The Bidder receives and holds the benefit of this clause to the extent it relates to each Bidder Indemnified Party on behalf of each of them.

### **15.2 Release of Target Indemnified Parties**

- (a) Subject to the Corporations Act, the Bidder releases its rights, and agrees with the Target that it will not make a claim, against any Target Indemnified Party (other than the Target and its Related Bodies Corporate) as at the date of this Deed and from time to time in connection with:
  - (i) the Target's execution or delivery of this Deed;
  - (ii) any breach of any representations and warranties, covenant or obligation of the Target or any other member of the Target Group in this Deed;
  - (iii) the implementation of the Scheme; or
  - (iv) any disclosure containing any statement which is false or misleading whether in content or by omission,

whether current or future, known or unknown, arising at common law, in equity, under statute or otherwise, except where the Target Indemnified Party has not acted in good faith or has engaged in wilful misconduct, gross negligence or fraud. Nothing in this clause 15.2 limits the Bidder's rights to terminate this Deed under clause 16.1 or to claim the Break Fee under clause 12.

- (b) The Target receives and holds the benefit of this clause to the extent it relates to each Target Indemnified Party on behalf of each of them.

### **15.3 Directors' and officers' insurance**

Subject to the Scheme becoming Effective and subject to the Corporations Act and clause 15.4, the Bidder undertakes in favour of the Target and each other person who is a Target Indemnified Party that it will:

- (a) for a period of 7 years from the Implementation Date, ensure that the constitutions of the Target and each other member of the Target Group continue to contain the rules that are contained in those constitutions at the date of this Deed that provide for each member of the Target Group to indemnify each of its directors and officers against any liability incurred by that person in his or her capacity as a director or officer of that company to any person other than a member of the Target Group; and
- (b) procure that the Target and each other member of the Target Group complies with any deeds of indemnity, access and insurance made by them in favour of their respective directors and officers from time to time and without limiting the foregoing, ensure that the directors' and officers' run-off insurance cover for those directors and officers is maintained, subject to clause 15.4, for a period of 7 years from the retirement date of each director and officer.

### **15.4 Period of undertaking**

The undertakings contained in clause 15.3 are given:

- (a) subject to any Corporations Act restriction or any restriction in the law of a jurisdiction in which an entity is incorporated, and will be read down accordingly; and
- (b) until the earlier of the end of the relevant period specified in that clause or the relevant member of the Target Group ceasing to be part of the Bidder Group.

### **15.5 Benefit of undertaking for Target Group**

The Target acknowledges that it receives and holds the benefit of clause 15.3 to the extent it relates to each director and officer of a member of the Target Group on behalf of each of them.

### **15.6 Bidder acknowledgement regarding insurance**

The Bidder acknowledges that, notwithstanding any other provision of this Deed, the Target may, prior to the Implementation Date, enter into arrangements to secure directors and officers run-off insurance for up to a period of 7 years (**D&O Policy**) and that any actions to facilitate that insurance or in connection therewith will not be a Target Prescribed Occurrence or breach any provision of this Deed, provided that the Target has consulted in good faith with the Bidder regarding the cost and terms of the D&O Policy (including if the cost of the D&O Policy is materially higher than the cost of the D&O Policy currently in effect, consulting in good faith with the Bidder regarding possible alternative coverage solutions).

## **16. Termination**

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### **16.1 Termination**

- (a) Either party may terminate this Deed by written notice to the other party:

- (i) at any time prior to the Cut-Off Time if the other party has materially breached this Deed (including a breach of a Target Representation and Warranty or a Bidder Representation and Warranty) taken in the context of the Scheme as a whole, provided that the Bidder or the Target (as the case may be) has, if practicable, given notice to the other setting out the relevant circumstances and the breach:
  - (A) is not capable of being remedied; or
  - (B) is capable of being remedied, but has not been remedied to the satisfaction of the Bidder or the Target (as the case may be) within 10 Business Days (or any shorter period ending at 5.00pm on the day before the Second Court Date) after the time the notice is given;
- (ii) in accordance with and pursuant to clause 3.9 or clause 7.2(a);
- (iii) if the Scheme has not become Effective on or before the End Date; or
- (iv) if agreed to in writing by the Bidder and the Target.
- (b) The Bidder may terminate this Deed by written notice to the Target until the Cut-Off Time if any member of the Target Board fails to make the Recommendation, withdraws their Recommendation, adversely changes or qualifies their Recommendation, or otherwise makes a public statement indicating that he or she no longer supports the Scheme (excluding a statement that no action should be taken by the Target Shareholders pending the assessment of a Competing Transaction by the Target Board).
- (c) Without limiting the Target's obligations under clause 11, the Target may terminate this Deed by written notice to the Bidder until the Cut-Off Time if at any time before the Cut-Off Time a majority of the Target Board clause change, withdraw or modify their Recommendation as permitted under clause 8.1(b).
- (d) The Target may terminate this Deed by written notice to the Bidder in accordance with clause 16.2.

## 16.2 Relative Bidder Share Price Fall

- (a) Subject to clause 16.2(b), the Target may terminate this Deed by written notice to the Bidder if, during any time period after the date of this Deed until the Cut-Off Time, the decline in the Bidder's share price relative to movements in the S&P/ASX200 index (**Relative Bidder Share Price Fall**) is greater than or equal to 17.5% (**Relative Bidder Share Price Fall Event**), with the Relative Bidder Share Price Fall to be calculated in accordance with the following formula:

$$\text{Relative Bidder Share Price Fall} = A + B$$

Where:

**A** = the percentage change in the Bidder's share price, calculated as the Bidder's Relevant VWAP at the relevant time divided by \$5.00, being the value of the Bidder's shares stated in the Announcement, less 100% (where if A is a negative percentage, the absolute value must be taken, but if A is a positive number this clause will not apply); and

**B** = the percentage change in S&P/ASX200 index calculated as the S&P/ASX200 index at the relevant time divided by the S&P/ASX200 index at the date of this Deed, less 100% (where if B is a positive percentage, then B will be taken to equal nil and no longer apply to the formula above)

For the purposes of the calculations in "A", the Bidder's Relevant VWAP is to be based on:

- (i) 15 consecutive ASX trading days provided that the actual daily trading volume of the Bidder's shares over the 15 day period is a minimum of 1.3 million shares traded on average over the period; or
- (ii) in all other cases, the number of consecutive ASX trading days during which a total of 19.5 million shares have traded (exclusive of off-market block trades),

**(Bidder's Relevant VWAP).**

- (b) Without prejudice to clause 16.2(c), the Target may only terminate this Deed under clause 16.2(a) within 5 Business Days of the occurrence of a Relative Bidder Share Price Event.
- (c) This clause 16.2 will continue to apply until the Cut-Off Time. A decision by the Target to not terminate this Deed under clause 16.2(a) following a Relative Bidder Share Price Event will not preclude the Target from taking such action for any subsequent Relative Bidder Share Price Event up until the Cut-Off Time.

### **16.3 Notice of termination**

Where a party has a right to terminate this Deed, that right will be validly exercised if the party delivers a notice, in writing, to the other party stating that it terminates this Deed and the provision under which it is terminating the Deed.

### **16.4 Consequences of termination**

If this Deed is terminated by either party, or if this Deed otherwise terminates in accordance with its terms, then in either case all further obligations of the parties under this Deed, other than the obligations set out in clauses 12 to 19 and clauses 21 to 24 (inclusive) will immediately cease to be of further force and effect without further liability of any party to the other, provided that nothing in this clause releases any party from liability for any pre-termination breach of this Deed.

### **16.5 Damages**

Subject to the limitations in clause 12.6, and in addition to the right of termination under clause 16.1, where there is no appropriate remedy for the breach in this Deed (other than termination), the non-defaulting party is entitled to damages for Losses suffered by it and expenses incurred by it as a result of the breach of the terms of this Deed.

## **17. Public announcements**

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### **17.1 Announcement of Transaction**

Immediately after the execution of this Deed, the Target must issue a public announcement of the Transaction in a form previously agreed between the parties.

### **17.2 Required disclosure**

Where a party is required by Law or the ASX Listing Rules to make any announcement or to make any disclosure in connection with the Scheme, it must use all reasonable endeavours, to the extent possible, to consult with the other party prior to making the relevant disclosure.

### 17.3 Subsequent announcements

- (a) Subject to clauses 17.1 and 17.2, no party may make any public announcement or disclosure in connection with the Scheme (including disclosure to a Government Authority) other than in a form approved by each party (acting reasonably).
- (b) Each party will use all reasonable endeavours to provide such approval as soon as practicable.
- (c) Nothing in this clause requires the giving of prior notice or the taking of any action if doing so would lead to a party breaching an applicable Law or the ASX Listing Rules.

## 18. Confidentiality

---

### 18.1 Confidentiality Agreement

Each party acknowledges and agrees that it continues to be bound by the Confidentiality Agreement in respect of all information received by it from the other party on, before or after the date of this Deed.

### 18.2 Survival of obligations

The rights and obligations of the parties to the Confidentiality Agreement survive termination (for whatever reason) of this Deed.

## 19. GST

---

### 19.1 Definitions

Unless the context requires otherwise, words and expressions used in this clause 19 have the same meaning as in the GST Act.

### 19.2 Consideration is GST exclusive

Unless otherwise expressly stated, all prices or other sums payable or Consideration to be provided under or in accordance with this Deed are exclusive of GST.

### 19.3 Payment of GST

- (a) If GST is imposed on any Supply made under or in accordance with this Deed, the Recipient of the Taxable Supply must pay to the Supplier an additional amount equal to the GST payable on or for the Taxable Supply, subject to the Recipient receiving a valid Tax Invoice in respect of the Supply at or before the time of payment.
- (b) Payment of the additional amount must be made at the same time and in the same way as payment for the Taxable Supply is required to be made in accordance with this Deed.

### 19.4 Reimbursement of expenses

If this Deed requires a party (the **First Party**) to pay for, reimburse, set off or contribute to any expense, loss or outgoing (**Reimbursable Expense**) suffered or incurred by the other party (the **Other Party**), the amount required to be paid, reimbursed, set off or contributed by the First Party will be the sum of:



- For personal use only
- (a) the amount of the Reimbursable Expense net of Input Tax Credits (if any) to which the Other Party is entitled in respect of the Reimbursable Expense (**Net Amount**); and
  - (b) if the Other Party's recovery for the First Party is a Taxable Supply, any GST payable in respect of that Supply,

such that after the Other Party meets the GST liability, it retains the Net Amount.

## 20. Withholding tax

---

- (a) If the Bidder is required by Subdivision 14-D of Schedule 1 of the *Taxation Administration Act 1953* (Cth) (Subdivision 14-D) to pay amounts to the ATO in respect of the acquisition of Target Shares from certain Target Shareholders, the Bidder is permitted to deduct the relevant amounts from the payment of the Scheme Consideration to those Target Shareholders, and remit such amounts to the ATO. The aggregate sum payable to Target Shareholders shall not be increased to reflect the deduction and the net aggregate sum payable to those Target Shareholders shall be taken to be in full and final satisfaction of the amounts owing to those Target Shareholders.
- (b) The Target agrees that the Bidder may approach the ATO to obtain clarification as to the application of Subdivision 14-D to the Transaction and will provide all information and assistance that the Bidder reasonably requires in making that approach.
- (c) The Bidder agrees:
  - (i) to provide the Target a reasonable opportunity to review the form and content of all materials to be provided to the ATO, to take into account the Target's comments on those documents and more generally in relation to the Bidder's engagement with the ATO and to participate in any discussions and correspondence between the Target and the ATO in connection with the application of Subdivision 14-D to the Transaction; and
  - (ii) not to contact any Target Shareholders in connection with the application of Subdivision 14-D to the Transaction without the Target's prior written consent.
- (d) The parties agree to consult in good faith as to the application of Subdivision 14-D, including taking into account any clarification provided by the ATO following the process specified above in this clause 20. The parties agree to take all actions that they agree (each acting reasonably) are necessary or desirable following that consultation which may include, without limitation, making amendments to this Deed and the Scheme) to ensure that relevant representations are obtained from the Target Shareholders.

## 21. Costs

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### 21.1 Costs

Subject to clauses 19 and 21.2 and except as otherwise provided in this Deed, each party must pay its own costs and expenses (including taxes) in connection with the negotiation, preparation, execution, delivery and performance of this Deed.

## 21.2 Stamp duty

The Bidder must:

- (a) pay all stamp duty and any related fines, penalties, interest, costs and brokerage in respect of or in connection with this Deed, the performance of this Deed, or any instruments entered into under this Deed and in respect of a transaction effected by or made under the Scheme and this Deed, including the transfer of Scheme Shares under the Scheme; and
- (b) indemnify each Scheme Participant on demand against any liability arising from its failure to comply with clause 21.2(a).

## 22. Enforcement of rights conferred on non-parties

---

Solely to the extent that this Deed purports to grant a right or benefit to a person (**Relevant Person**) who is not a party to this Deed:

- (a) if that right or benefit is also granted to the Target, the Target executes this Deed as agent for the Relevant Person (as well as in the Target's own capacity) and, despite the fact that the Relevant Person is not a party to this Deed, the Target may enforce the obligations corresponding to the Relevant Person's right or benefit as agent for, and for the benefit of, the Relevant Person;
- (b) if that right or benefit is also granted to the Bidder, the Bidder executes this Deed as agent for the Relevant Person (as well as in the Bidder's own capacity) and, despite the fact that the Relevant Person is not a party to this Deed, the Bidder may enforce the obligation corresponding to the Relevant Person's right or benefit as agent for, and for the benefit of, the Relevant Person; and
- (c) for the purposes of enforcement, the obligation corresponding to the Relevant Person's right or benefit is taken to be owed to the Relevant Person.

## 23. Notices

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- (a) Any notice or communication in respect of this Deed (**Notice**) may be served by delivery in person, by post or by email to the address or email address of a party specified in this Deed or most recently notified by a party to the sender.
- (b) Any Notice to a party must be in writing and signed by either:
  - (i) the sender or, if a corporate party, an authorised officer of the sender; or
  - (ii) the party's solicitor.
- (c) A Notice:
  - (i) if delivered in person, will be deemed served upon delivery;
  - (ii) if posted, will be deemed served 2 Business Days after posting; and
  - (iii) if sent by email, will be deemed served that day unless the sender receives an automated message generated by the recipient's mail server (**Failure Message**) that the email has not been delivered within two hours. For the avoidance of doubt any response generated by or at the instigation of the

recipient (including an 'out of office' message) will not be a Failure Message,

but if the delivery or receipt is on a day which is not a Business Day or is after 5.00pm (addressee's time), it is deemed to have been served at 9.00am on the next Business Day.

- (d) The address for service for Notices for the parties are:

**Target**

Attention: Stephe Wilks

Address: Level 24, 100 Creek Street, Brisbane, Queensland 4350

Email: [stephe.wilks@overthewire.com.au](mailto:stephe.wilks@overthewire.com.au)

**Copy to:**

Attention: Ben Wood

Address: Level 11, 66 Eagle Street, Brisbane, Queensland 4000

Email: [bwood@mccullough.com.au](mailto:bwood@mccullough.com.au)

**Bidder**

Attention: Phillip Britt

Address: 3 Electra Avenue, Morwell, Victoria 3840

Email: [phil@team.aussiebroadband.com.au](mailto:phil@team.aussiebroadband.com.au)

**Copy to:**

Attention: Jol Rogers

Address: Level 13, Collins Arch, 447 Collins Street, Melbourne, Victoria 3000

Email: [jol.rogers@gadens.com](mailto:jol.rogers@gadens.com)

## 23.2 Process service

Any process or other document relating to litigation, administrative or arbitral proceedings relating to this Deed may be served by any method contemplated by this clause 23 or in accordance with any applicable Law.

## 24. General provisions

---

### 24.1 Assignment

A party must not transfer any right or liability under this Deed without the prior consent of each other party, except where this Deed provides otherwise.

#### **24.2 Governing law and jurisdiction**

- (a) This Deed is governed by and construed under Queensland law.
- (b) Any legal action in relation to this Deed against any party or its property may be brought in any court of competent jurisdiction of Queensland.
- (c) By execution of this Deed, each party irrevocably, generally and unconditionally submits to the non exclusive jurisdiction of any court specified in this clause in relation to both itself and its property.

#### **24.3 Amendments**

Any amendment to this Deed has no force or effect, unless effected by a deed executed by the parties.

#### **24.4 Entire understanding**

This Deed contains the entire understanding between the parties concerning the subject matter of the agreement and supersedes all prior communications between the parties other than the Confidentiality Agreement.

#### **24.5 No representation or reliance**

- (a) Each party acknowledges that no party (nor any person acting on its behalf) has made any representation or other inducement to it to enter into this Deed, except for the representations or inducements expressly set out in this Deed.
- (b) Each party acknowledges and confirms that it does not enter into this Deed in reliance on any representation or other inducement by or on behalf of any other party, except for the representations or inducements expressly set out in this Deed.

#### **24.6 Further assurances**

Each party must execute any document and perform any action necessary to give full effect to this Deed, whether before or after performance of this Deed.

#### **24.7 Continuing performance**

- (a) The provisions of this Deed do not merge with any action performed or document executed by any party for the purposes of performing this Deed.
- (b) Any representation in this Deed survives the execution of any document for the purposes of, and continues after, performance of this Deed.
- (c) Any indemnity agreed by any party under this Deed:
  - (i) constitutes a liability of that party separate and independent from any other liability of that party under this Deed or any other agreement; and
  - (ii) survives and continues after performance of this Deed.

#### **24.8 Rules of construction**

No rule of construction applies to the disadvantage of a party because that party was responsible for the preparation of, or seeks to rely on, this Deed or any part of it.

#### **24.9 Waivers**

Any failure by a party to exercise any right under this Deed does not operate as a waiver. The single or partial exercise of any right by that party does not preclude any other or further exercise of that or any other right by that party.

#### **24.10 Remedies**

The rights of a party under this Deed are cumulative and not exclusive of any rights provided by law.

#### **24.11 Severability**

Any clause of this Deed which is invalid in any jurisdiction, is invalid in that jurisdiction to that extent, without invalidating or affecting the remaining clauses of this Deed or the validity of that clause in any other jurisdiction.

#### **24.12 Counterparts**

This Deed may be executed in any number of counterparts, all of which taken together are deemed to constitute the same document.

## Schedule 1 Timetable

Event	Date
Announcement date	Thursday, 2 December 2021
Lodge Scheme Booklet with ASIC	Friday, 24 December 2021
First Court Date	Friday, 21 January 2022
Despatch of Scheme Booklet	Monday, 24 January 2022
Scheme Meeting held	Thursday, 24 February 2022
Second Court Date	Thursday, 3 March 2022
Lodge Court order with ASIC ( <b>Effective Date</b> )	Friday, 4 March 2022
Record Date	Tuesday, 8 March 2022
Implementation Date	Tuesday, 15 March 2022

# Signing page

**Executed** as a deed.

Dated 2021

**Executed** by **Aussie Broadband Limited** ACN  
132 090 192 under section 127 of the  
Corporations Act by its duly authorised officers:

\_\_\_\_\_  
Signature of Director

Phillip Britt

\_\_\_\_\_  
Name of Director  
(Block Letters)

\_\_\_\_\_  
Signature of Secretary

Brian Maher

\_\_\_\_\_  
Name of Secretary  
(Block Letters)

**Executed by Over The Wire Holdings Limited**  
ACN 151 872 730 under section 127 of the  
Corporations Act by its duly authorised officers:

\_\_\_\_\_  
Signature of Director

Stephe Wilks

\_\_\_\_\_  
Name of Director  
(Block Letters)

\_\_\_\_\_  
Signature of Director/Secretary

Michael Omeros

\_\_\_\_\_  
Name of Director/Secretary  
(Block Letters)



## **Annexure A     Scheme of Arrangement**

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Document not repeated - see Annexure E

## Annexure B    Deed Poll

---

Document not repeated - see Annexure F

Annexure E – Scheme of Arrangement made under section 411  
of the Corporations Act

For personal use only

## Scheme of Arrangement

---

Over The Wire Holdings Limited

Scheme Participants

**gadens**

Level 13, Collins Arch  
447 Collins Street  
Melbourne VIC 3000  
Australia

T +61 3 9252 2555  
F +61 3 9252 2500

Ref: JDR:SOW:22105940

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# Scheme of Arrangement

This scheme of arrangement is made under section 411 of the *Corporations Act 2001 (Cth)*.

## Parties

1. **Over The Wire Holdings Limited** ACN 151 872 730 of Level 24, 100 Creek Street, Brisbane, Queensland (**Target**)
2. Each holder of Scheme Shares as at the Record Date (**Scheme Participants**)

## Operative provisions

### 1. Definitions and interpretation

---

#### 1.1 Definitions

In this Scheme, unless the context requires otherwise:

**Accrued Interest** has the meaning given to that term in clause 5.8(a);

**Aggregate Elected Cash Consideration** means:

- (a) the aggregate value of cash elected by Scheme Participants under all valid Elections; plus
- (b) the aggregate value of cash attributable to Scheme Participants who did not make a valid Election,

but does not include the aggregate of the Scheme Cash Consideration payable to Foreign Scheme Shareholders;

**Aggregate Elected Scrip Consideration** means:

- (a) the aggregate number of Bidder Shares elected by Scheme Participants under all valid Elections; plus
- (b) the aggregate number of Bidder Shares attributable to Scheme Participants who did not make a valid Election;

**All Cash Consideration** means the consideration for each Scheme Share held by a Scheme Participant that is intended to be satisfied solely by the Scheme Cash Consideration;

**All Cash Consideration Election** means an election by a Target Shareholder to receive All Cash Consideration;

**All Scrip Consideration** means the consideration for each Scheme Share held by a Scheme Participant that is intended to be satisfied solely by the Scheme Scrip Consideration;

**All Scrip Consideration Election** means an election by a Target Shareholder to receive All Scrip Consideration;

**ASIC** means the Australian Securities and Investment Commission;

**ASX** means ASX Limited ACN 008 624 691 or the market operated by it, as the context requires;

**Available Cash Consideration** means \$275,172,902;

**Available Scrip Consideration** means 39,556,105 Bidder Shares;

**Bidder** means Aussie Broadband Limited ACN 132 090 192;

**Bidder Constitution** means the constitution of the Bidder;

**Bidder Options** means options to acquire Bidder Shares;

**Bidder Shares** means fully paid ordinary shares in the capital of the Bidder;

**Bidder Share Formula** means:

$$BS = (\text{Adjusted Equity Value} / \text{ABB Share Price})$$

where:

**BS** means the number of Bidder Shares to be issued to a Scheme Participant for each Scheme Share held by the Scheme Participant;

**Adjusted Equity Value** means \$5.75 less the amount per Target Share of any Permitted Dividend that is declared and paid for each Target Share; and

**ABB Share Price** means \$5.00

**Bidder Share Rights** means rights to acquire Bidder Shares granted under the Bidder's Non-Executive Director's Fee Sacrifice Plan;

**Business Day** means a day that is not a Saturday, Sunday, public holiday or bank holiday in Brisbane, Australia or Melbourne, Australia;

**Cash Scaleback Mechanism** means the scaleback mechanism set out in clause 5.6;

**CHESS** means the Clearing House Electronic Subregister System operated by ASX Settlement Pty Ltd and ASX Clear Pty Ltd;

**Corporations Act** means the *Corporations Act 2001 (Cth)*;

**Court** means the Federal Court of Australia (Queensland registry), or such other court of competent jurisdiction under the Corporations Act agreed in writing by the Target and the Bidder;

**Cut-Off Time** means 8.00am on the Second Court Date;

**Deed Poll** means the Deed Poll dated 20 January 2022 executed by the Bidder under which the Bidder covenants in favour of the Scheme Participants to perform the actions attributable to it under this Scheme;

**Default Consideration** means the consideration for each Scheme Share held by a Scheme Participant that is satisfied by:

- (a) 80% of the consideration in the form of the Scheme Cash Consideration; plus

- (b) 20% of the consideration in the form of the Scheme Scrip Consideration;

**Effective** means the coming into effect, pursuant to section 411(10) of the Corporations Act, of the Scheme Order, but in any event at no time before an office copy of the Scheme Order is lodged with ASIC;

**Effective Date** means the date on which the Scheme becomes Effective;

**Election** means:

- (a) an All Cash Consideration Election;
- (b) an All Scrip Consideration Election; or
- (c) a Mix-and-Match Consideration Election;

**Election Date** means 5.00pm on the fifth Business Day before the date of the Scheme Meeting or such other date as the Target and the Bidder agree in writing;

**Election Form** means a form issued by the Target for the purposes of a Scheme Participant (other than a Foreign Scheme Shareholder) making an Election;

**Encumbrance** means any security for the payment of money or performance of obligations, including a mortgage, charge, lien, pledge, trust, power or title retention or flawed deposit arrangement and any "security interest" as defined in sections 12(1) or 12(2) of the PPSA or any agreement to create any of them or allow them to exist;

**End Date** means the date which is 6 months after the date of the Scheme Implementation Deed or another date as is agreed by the Target and the Bidder in writing;

**Foreign Scheme Shareholders** means a Scheme Participant whose address in the Target Share Register as at the Record Date is a place outside Australia or New Zealand unless the Target and the Bidder agree in writing that it is lawful and not unduly onerous or impractical to issue Bidder Shares to the Scheme Participant if that Scheme Participant so elects under this Scheme;

**Government Agency** means any government or any public, statutory, governmental (including a local government), semi-governmental or judicial body, entity, department or authority and includes any self-regulatory organisation established under statute;

**Implementation Date** means the date which is 5 Business Days after the Record Date or such other date after the Record Date agreed in writing between the Target and the Bidder;

**Mix-and-Match Consideration** means the consideration for each Scheme Share held by a Scheme Participant that is satisfied by:

- (a) at least 1% but less than 100% of the consideration in the form of Scheme Scrip Consideration; plus
- (b) Scheme Cash Consideration in respect of the remainder of the consideration;

**Mix-and-Match Consideration Election** means an election by a Target Shareholder to receive the Mix-and-Match Consideration in the percentages specified in their Election Form;

**Performance Right** means a right granted under the Performance Rights Plan to acquire by way of issue a Target Share subject to the terms of such plan;

**Performance Rights Plan** means the Target's Performance Rights Plan Rules;



**Permitted Dividend** means a dividend declared or determined by the Target Board after the date of this Deed with the prior written consent of the Bidder;

**PPSA** means the *Personal Property Securities Act 2009* (Cth);

**Public Trustee Act** means the *Public Trustee Act 1978* (Qld);

**Record Date** means 5.00pm on the date that is 2 Business Days after the Effective Date, or such other date as may be agreed in writing between the Bidder and the Target or as may be required by ASX;

**Registered Address** means, in relation to a Target Shareholder, the address shown in the Target Share Register as at the Record Date;

**Scaleback Arrangements** means:

- (a) the Cash Scaleback Mechanism; and
- (b) the Scrip Scaleback Mechanism;

**Scheme** means this scheme of arrangement under Part 5.1 of the Corporations Act between the Target and the Scheme Participants, subject to any alterations or conditions agreed or any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and agreed to by the Bidder and the Target;

**Scheme Cash Consideration** means \$5.75 cash for each Scheme Share held by a Scheme Participant less the amount of any Permitted Dividend that is declared and paid for each Scheme Share, subject to the Cash Scaleback Mechanism;

**Scheme Consideration** means, depending on the Election and subject to the Scaleback Arrangements and the terms of the Scheme, the consideration to be provided to each Scheme Participant for the transfer to the Bidder of each Scheme Share, being for each Target Share held by a Scheme Participant as at the Record Date, either:

- (a) All Cash Consideration;
- (b) All Scrip Consideration;
- (c) the Mix-and-Match Consideration; or
- (d) the Default Consideration;

**Scheme Implementation Deed** means the scheme implementation deed between the Bidder and the Target dated 2 December 2021 (as amended and restated) pursuant to which the Target agreed to propose the Scheme to Target Shareholders, and each of the Bidder and the Target agreed to take certain steps to give effect to the Scheme;

**Scheme Meeting** means the meeting of Target Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act to consider and vote on the Scheme and includes any meeting convened following adjournment or postponement of that meeting;

**Scheme Order** means the order of the Court made for the purposes of section 411(4)(b) of the Corporations Act approving the Scheme;

**Scheme Participant** means each holder of a Scheme Share as at the Record Date;

**Scheme Scrip Consideration** means the number of Bidder Shares for each Scheme Share held by a Scheme Participant, calculated by reference to the Bidder Share Formula, subject to the Scrip Scaleback Mechanism and the other conditions in this Scheme;

**Scheme Shares** means all of the Target Shares on issue as at the Record Date;

**Scheme Transfer** means, for each Scheme Participant, a proper instrument of transfer of the Scheme Shares for the purposes of section 1071B of the Corporations Act, which may be a master transfer of all Scheme Shares;

**Scrip Scaleback Mechanism** means the scaleback mechanism set out in clause 5.7;

**Second Court Date** means the first day of the Second Court Hearing or, if the Second Court Hearing is adjourned for any reason, the first day on which the adjourned application is heard;

**Second Court Hearing** means the hearing of the application made to the court for the Scheme Order;

**Separate Account** has the meaning given to that term in clause 5.8(c);

**Settlement Rules** means the ASX Settlement Operating Rules, being the official operating rules of the settlement facility provided by ASX Settlement Pty Ltd;

**Target Share Register** means the register of members of the Target maintained by or on behalf of the Target in accordance with the Corporations Act;

**Target Share Registry** means Link Market Services Limited ABN 54 083 214 537;

**Target Shares** means a fully paid ordinary share in the capital of the Target;

**Target Shareholders** means each person who is registered in the Target Share Register as a holder of Target Shares; and

**Trust Account** means an Australian dollar denominated trust account operated by the Target as trustee for the benefit of the Scheme Participants.

## 1.2 Interpretation

In this Scheme, unless the context requires otherwise:

- (a) clause and subclause headings are for reference purposes only;
- (b) the singular includes the plural and vice versa;
- (c) words denoting any gender include all genders;
- (d) a reference to a person includes any other entity recognised by law and vice versa;
- (e) where a word or phrase is defined, its other grammatical forms have a corresponding meaning;
- (f) any reference to a party to this document includes its successors and permitted assigns;
- (g) any reference to any agreement or document includes that agreement or document as amended at any time;
- (h) the use of the word **includes** or **including** is not to be taken as limiting the meaning of the words preceding it;
- (i) the expression **at any time** includes reference to past, present and future time and performing any action from time to time;

- (j) when the day on which something must be done is not a Business Day, that thing must be done on the following Business Day;
- (k) if a party must do something under this document on or by a given day and it is done after 5.00pm on that day, it is taken to be done on the next day;
- (l) a reference to a time of day is a reference to Brisbane time;
- (m) a reference to dollars, \$ or A\$ is a reference to the currency of Australia;
- (n) a period of time starting from a given day or the day of an act or event, is to be calculated exclusive of that day; and
- (o) an agreement, representation or warranty by two or more persons binds them jointly and severally and is for the benefit of them jointly and severally.

## **2. Preliminary**

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### **2.1 Target**

- (a) The Target is a public company limited by shares, incorporated in Australia and registered in Queensland.
- (b) The Target is admitted to the official list of ASX and Target Shares are quoted for trading on ASX.
- (c) As at the date of the Scheme Implementation Deed, the Target's issued securities are:
- (i) 59,625,680 Target Shares; and
  - (ii) 194,516 Performance Rights.

### **2.2 Bidder**

- (a) The Bidder is a public company limited by shares, incorporated in Australia and registered in Victoria.
- (b) The Bidder is admitted to the official list of ASX and Bidder Shares are quoted for trading on ASX.
- (c) As at the date of the Scheme Implementation Deed, the Bidder's issued securities are:
- (i) 223,831,951 Bidder Shares;
  - (ii) 3,050,616 Bidder Options; and
  - (iii) no Bidder Share Rights.

### **2.3 General**

- (a) The Target and the Bidder have agreed by executing the Scheme Implementation Deed to implement this Scheme.
- (b) This Scheme attributes actions to the Bidder but does not itself impose an obligation on it to perform those actions, as the Bidder is not a party to this Scheme. The Bidder has executed the Deed Poll for the purposes of covenanting

in favour of the Scheme Participants to perform its obligations as contemplated by this Scheme, including to provide the Scheme Consideration to the Scheme Participants.

## **2.4 Summary of the Scheme**

If the Scheme becomes Effective:

- (a) in consideration of the transfer of each Scheme Share to the Bidder, the Bidder will provide the Scheme Consideration to the Scheme Participants in accordance with this Scheme;
- (b) all the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, will be transferred to the Bidder; and
- (c) the Target will enter the name of the Bidder in the Target Share Register in respect of all Scheme Shares transferred to the Bidder in accordance with this Scheme with the result that the Bidder will hold all Target Shares.

## **3. Conditions**

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### **3.1 Condition precedent**

- (a) The Scheme is conditional on, and will not become Effective until, the satisfaction of each of the following conditions precedent:
  - (i) all of the conditions precedent in clause 3.1 of the Scheme Implementation Deed (other than the condition precedent in clause 3.1(c) of the Scheme Implementation Deed relating to Court approval of the Scheme) having been satisfied or waived in accordance with the terms of the Scheme Implementation Deed by the Cut Off Time;
  - (ii) neither the Scheme Implementation Deed nor the Deed Poll having been terminated in accordance with their terms as at the Cut Off Time;
  - (iii) the Court having approved the Scheme pursuant to section 411(4)(b) of the Corporations Act, without modification or with modifications which are agreed to in writing between the Target and the Bidder;
  - (iv) such other conditions made or required by the Court under section 411(6) of the Corporations Act and agreed to in writing between the Bidder and the Target having been satisfied; and
  - (v) the orders of the Court made under section 411(4)(b) of the Corporations Act (and, if applicable, section 411(6) of the Corporations Act) approving this Scheme coming into effect pursuant to section 411(10) of the Corporations Act on or before the End Date.
- (b) The satisfaction of the conditions referred to in clause 3.1(a) is a condition precedent to the operation of clauses 4 and 5.

### **3.2 Certificate**

- (a) The Target and the Bidder must each provide to the Court, on the Second Court Date, a certificate, or such other evidence as the Court may request, confirming (in respect of matters within their knowledge) whether or not the conditions precedent

in clauses 3.1(a)(i) and 3.1(a)(ii) above have been satisfied or waived as at the Cut Off Time.

- (b) The certificate referred to in clause 3.2(a) constitutes conclusive evidence that the conditions precedent in clauses 3.1(a)(i) and 3.1(a)(ii) were satisfied, waived or taken to be waived.

### **3.3 Effective Date**

Subject to clause 3.4, this Scheme takes effect pursuant to section 411(10) of the Corporations Act on and from the Effective Date.

### **3.4 Termination and End Date**

Without limiting any rights under the Scheme Implementation Deed, if:

- (a) the Scheme Implementation Deed or the Deed Poll is terminated in accordance with its terms before the Scheme becomes Effective; or
- (b) the Effective Date has not occurred on or before the End Date,

then, unless the Bidder and the Target otherwise agree in writing, the Scheme will lapse and each of the Bidder and the Target are released from any further obligation to take steps to implement the Scheme.

## **4. Implementation**

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### **4.1 Lodgement of Court order**

Following the approval of the Scheme by the Court in accordance with section 411(4)(b) of the Corporations Act, the Target will, as soon as possible and in any event by no later than 5.00pm on the first Business Day after the Court approves the Scheme, lodge with ASIC an office copy of the Scheme Order in accordance with section 411(10) of the Corporations Act.

### **4.2 Transfer of Scheme Shares held by Scheme Participants**

On the Implementation Date:

- (a) subject to:
  - (i) the payment by the Bidder of the Scheme Cash Consideration in the manner contemplated by clause 5.8(a); and
  - (ii) the Bidder having satisfied its obligation to provide the Scheme Scrip Consideration in the manner contemplated by clause 5.9(a),

the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, will be transferred to the Bidder, without the need for any further act by any Scheme Participant (other than acts performed by the Target or its officers as agent and attorney of the Scheme Participants under clause 8.6 or otherwise), by:

- (iii) the Target delivering to the Bidder a duly completed and executed Scheme Transfer to transfer all the Scheme Shares to the Bidder, executed on behalf of the Scheme Participants by the Target; and

- (iv) the Bidder duly executing such Scheme Transfer and delivering it to the Target for registration; and
- (b) immediately after receipt of the Scheme Transfer in accordance with clause 4.2(a)(iv), the Target must enter, or procure the entry of, the name of the Bidder in the Target Share Register in respect of the Scheme Shares transferred to the Bidder in accordance with this Scheme.

## **5. Scheme Consideration**

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### **5.1 Entitlement to Scheme Consideration**

On the Implementation Date, in consideration for the transfer to the Bidder of the Scheme Shares, each Scheme Participant will be entitled to receive the Scheme Consideration in respect of each of their Scheme Shares in accordance with clauses 5.8 and/or 5.9 of this Scheme (as applicable).

### **5.2 Election procedure**

- (a) Each Target Shareholder (other than a Foreign Scheme Shareholder) will be entitled to make an Election.
- (b) All Elections will take effect in accordance with this Scheme to the extent that any Target Shareholder who makes an Election qualifies as a Scheme Participant.
- (c) The Target must ensure that the Scheme Booklet is accompanied with an Election Form.
- (d) Subject to clause 5.2(h), an Election may only be made in accordance with the terms and conditions stated on the Election Form for it to be valid and must be completed and returned in writing to the address specified on the Election Form before the Election Date.
- (e) A Target Shareholder which makes an Election may vary, withdraw or revoke that Election by lodging a replacement Election Form so that it is received on or before the Election Date.
- (f) An Election must be made in accordance with the terms and conditions of the Election Form and this clause 5.2, and an Election not so made will not be a valid election for the purpose of this Scheme and will not be recognised by the Bidder or the Target for any purpose (provided that the Bidder may, with the agreement of the Target, waive this requirement and may, with the agreement of the Target, settle as it thinks fit any difficulty, matter of interpretation or dispute which may arise in connection with determining the validity of any Election, and any such decision will be conclusive and binding on the Bidder, the Target and the relevant Scheme Participant).
- (g) Subject to clause 5.2(h), if a Target Shareholder makes an Election, that Election will be deemed to apply in respect of the Target Shareholder's entire registered holding of Target Shares at the Record Date, regardless of whether the Target Shareholder's holding of Target Shares at the Record Date is greater or less than the Target Shareholder's holding at the time it made its Election.
- (h) A Target Shareholder who is noted on the Target Share Register as holding one or more parcels of Target Shares as trustee or nominee for, or otherwise on account of, another person, may make separate Elections under this clause 5.2 in relation to each of those parcels of Target Shares (subject to providing to the Bidder and the Target any substantiating information they reasonably require), and if it does so

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it will be treated as a separate Scheme Participant in respect of each such parcel in respect of which a separate Election is made (and in respect of any balance of its holding), provided that if, at the Record Date, it holds fewer Shares than it held at the time that it made the Election, then, unless it has at the time of any sale of Target Shares notified the Target whether the Target Shares sold relate to any such separate Election (and if so which separate Election the Target Shares sold relate to), it will be treated as not having made a valid Election in respect of any of its Target Shares (or will be treated in any other manner that the Bidder and the Target agree is fair to the Target Shareholder in all the circumstances acting reasonably).

- (i) The parties agree that the Election Form will include the following terms and conditions:
  - (i) Foreign Scheme Shareholders may not make an Election and that any purported Election by such persons will be of no effect and clause 5.5 will apply to such persons;
  - (ii) if a Target Shareholder (who is not a Foreign Scheme Shareholder) does not make a valid Election, clause 5.4 will apply to that person;
  - (iii) Target Shareholders who receive Scheme Scrip Consideration agree to become members of Bidder from the Implementation Date and become bound by the Bidder Constitution pursuant to the Scheme;
  - (iv) Target Shareholders who receive Scheme Scrip Consideration will have such Scheme Scrip Consideration issued having the same holding name and address and other details as the holding of the relevant Scheme Shares; and
  - (v) such other terms and conditions as Bidder reasonably requires to be stated on the Election Form.

### **5.3 Scheme Consideration if valid Election made**

Subject to the Scaleback Arrangements, if a Target Shareholder makes a valid Election that Target Shareholder will be entitled to receive the Scheme Consideration as nominated by their Election.

### **5.4 Scheme Consideration if valid Election not made**

Subject to the Scaleback Arrangements, if a Target Shareholder (not being a Foreign Scheme Shareholder) does not make a valid Election, the Scheme Consideration payable to that Target Shareholder will be the Default Consideration.

### **5.5 Scheme Consideration for Foreign Scheme Shareholders**

- (a) If a Target Shareholder is a Foreign Scheme Shareholder, the Scheme Consideration payable to that Target Shareholder will be the Scheme Cash Consideration which will not be subject to the Cash Scaleback Mechanism.
- (b) The Bidder has no obligation to provide, and will not provide under the Scheme, any Scheme Scrip Consideration to Foreign Scheme Shareholders regardless of the Election made by the Foreign Scheme Shareholders.

### **5.6 Cash Scaleback Mechanism**

If:

- (a) a Scheme Participant has made a valid Election on or before the Election Date (other than an All Scrip Consideration Election) or clause 5.4 applies in relation to a Scheme Participant; and
- (b) the Aggregate Elected Cash Consideration exceeds the Available Cash Consideration less the aggregate Scheme Cash Consideration payable to Foreign Scheme Shareholders,

then, the Scheme Participant will receive the following as Scheme Consideration:

- (c) such percentage of Scheme Cash Consideration for each of their Scheme Shares as is calculated in accordance with the following formula:

$$A = B \times \left( \frac{C}{D} \right)$$

where:

**A** = the percentage of Scheme Cash Consideration that will be received by the Scheme Shareholder for each of their Scheme Shares;

**B** = if:

- the Scheme Participant has made an All Cash Consideration Election, 100%;
- clause 5.4 applies in relation to the Scheme Participant, 80%; or
- the Scheme Participant has made a Mix-and-Match Election, the percentage of Scheme Cash Consideration that Scheme Participant Elected to receive in their Election Form;

**C** = the Available Cash Consideration less the aggregate of the Scheme Cash Consideration payable to Foreign Scheme Shareholders; and

**D** = the Aggregate Elected Cash Consideration; *plus*

- (d) such percentage of Scheme Scrip Consideration for each Scheme Share they hold equal to:

- (i) 100%; less
- (ii) the percentage calculated in accordance with clause 5.6(c).

## 5.7 Scrip Scaleback Mechanism

If:

- (a) a Scheme Participant has made a valid Election on or before the Election Date (other than an All Cash Consideration Election) or clause 5.4 applies in relation to a Scheme Participant; and
- (b) the Aggregate Elected Scrip Consideration exceeds the Available Scrip Consideration,

then, the Scheme Participant will receive the following as Scheme Consideration:

- (c) such percentage of Scheme Scrip Consideration for each of their Scheme Shares as is calculated in accordance with the following formula:



$$A = B \times \left( \frac{C}{D} \right)$$

where:

**A** = the percentage of Scheme Scrip Consideration that will be received by the Scheme Shareholder for each of their Scheme Shares;

**B** = if:

- the Scheme Participant has made an All Scrip Consideration Election, 100%;
- clause 5.4 applies in relation to the Scheme Participant, 20%; or
- the Scheme Participant has made a Mix-and-Match Election, the percentage of Scheme Scrip Consideration that Scheme Participant Elected to receive in their Election Form;

**C** = the Available Scrip Consideration; and

**D** = the Aggregate Elected Scrip Consideration; *plus*

(d) such percentage of Scheme Cash Consideration for each Scheme Share they hold equal to:

- (i) 100%; less
- (ii) the percentage calculated in accordance with clause 5.7(c).

## 5.8 Provision of Scheme Cash Consideration

- (a) The Bidder must, by no later than the Business Day before the Implementation Date, deposit (or procure the deposit) in cleared funds into the Trust Account an amount equal to the aggregate amount of the total Scheme Cash Consideration payable to Scheme Participants, such amount to be held by the Target on trust for Scheme Participants for the purposes of paying the aggregate Scheme Cash Consideration to the Scheme Participants in accordance with clause 5.8(b) (except that any interest on the amount deposited (less bank fees and other charges) (**Accrued Interest**) will be for the account of the Bidder).
- (b) On the Implementation Date and subject to funds having been deposited in accordance with clause 5.8(a), the Target must pay or procure the payment from the Trust Account to each Scheme Participant the applicable amount of the Scheme Cash Consideration due to that Scheme Participant in accordance with this Scheme by doing any of the following:
  - (i) where a Scheme Participant has, before the Record Date, made an election in accordance with the requirements of the Target Share Registry to receive dividend payments from the Target by electronic funds transfer to a bank account nominated by the Scheme Participant, paying, or procuring the payment of, the relevant amount in Australian currency by electronic means in accordance with that election;
  - (ii) paying, or procuring the payment of, the relevant amount in Australian currency by electronic means to a bank account nominated by the Scheme Participant by an appropriate authority from the Scheme Participant to the Target; or

- (iii) dispatching, or procuring the dispatch of, a cheque drawn on an Australian bank in Australian currency for the relevant amount to the Scheme Participant by pre-paid ordinary post (or, if the address of the Scheme Participant in the Target Share Register is outside Australia, by pre-paid airmail post) to their Registered Address as at the Record Date, such cheque being drawn in the name of the Scheme Participant (or in the case of joint holders, in accordance with clause 5.10).
- (c) In the event that:
- (i) either:
- (A) a Scheme Participant does not have a Registered Address; or
- (B) the Target as trustee for the Scheme Participants believes that a Scheme Participant is not known at the Scheme Participant's Registered Address,
- and no account has been notified in accordance with clause 5.8(b)(i) or clause 5.8(b)(ii) or a deposit into such account is rejected or refunded; or
- (ii) a cheque issued under this clause 5 has been cancelled in accordance with clause 5.12(a),
- the Target as the trustee for the Scheme Participants may credit the amount payable to the relevant Scheme Participant to a separate bank account of the Target (**Separate Account**) to be held until the Scheme Participant claims the amount or the amount is dealt with in accordance with the Public Trustee Act. To avoid doubt, if the amount is not credited to a Separate Account, the amount will continue to be held in the Trust Account until the Scheme Participant claims the amount or the amount is dealt with in accordance with the Public Trustee Act.
- (d) Until such time as the amount is dealt with in accordance with the Public Trustee Act, the Target must hold the amount on trust for the relevant Scheme Participant, but any interest or other benefit accruing from the amount will be to the benefit of the Bidder. An amount credited to the Separate Account or Trust Account (as applicable) is to be treated as having been paid to the Scheme Participant when credited to the Separate Account or Trust Account (as applicable). The Target must maintain records of the amounts paid, the people who are entitled to the amounts and any transfers of the amounts.
- (e) To the extent that there is a surplus in the amount held by the Target as the trustee for the Scheme Participants in the Trust Account, that surplus may be paid by the Target as the trustee for the Scheme Participants to the Bidder following the satisfaction of the Target's obligations as the trustee for the Scheme Participants under this clause 5.8.
- (f) The Target must pay any Accrued Interest to any account nominated by the Bidder following satisfaction of the Target's obligations under this clause 5.8.

## 5.9 Provision of Scheme Scrip Consideration

- (a) The Bidder must, before 12.00pm (or such later time as the Bidder and the Target may agree in writing) on the Implementation Date, procure that:
- (i) the Bidder issues the Bidder Shares to each Scheme Participant who is entitled under this Scheme to be issued the Bidder Shares; and
- (ii) the name and address of each such Scheme Participant is entered in the Bidder's register of shareholders (as maintained by the Bidder or its agent)

as the holder of those Bidder Shares with the same holding name and address and other details as the holding of the relevant Target Shares.

- (b) On or before the date that is 5 Business Days after the Implementation Date, the Bidder must send or procure the sending of a holding statement (or equivalent document) to the Registered Address of each Scheme Participant to whom Bidder Shares are issued under this Scheme, reflecting the issue of such Bidder Shares.
- (c) The Bidder must ensure that the Bidder Shares issued, at the time they are issued:
  - (i) have the rights set out in the Bidder Constitution;
  - (ii) rank equally in all respects among themselves and with all other Bidder Shares on issue in the Bidder; and
  - (iii) are fully paid, duly and validly issued in accordance with all applicable laws and free from any Encumbrance.

#### **5.10 Joint holders**

In the case of Scheme Shares held in joint names:

- (a) to the extent that the Scheme Consideration comprises Scheme Scrip Consideration, any Bidder Shares to be issued under this Scheme will be registered in the names of the joint holders;
- (b) to the extent that the Scheme Consideration comprises Scheme Cash Consideration, any cheque required to be sent under this Scheme will be made payable to the joint holders and sent at the sole discretion of the Target, either to the holder whose name appears first in the Target Share Register as at the Record Date or to the joint holders; and
- (c) any other document required to be sent under this Scheme will be forwarded, at the sole discretion of the Target, either to the holder whose name first appears in the Target Share Register as at the Record Date or to the joint holders.

#### **5.11 Fractional entitlements**

Where the calculation of Scheme Consideration to be provided to a Scheme Participant would result in the Scheme Participant becoming entitled to:

- (a) a fraction of a cent, that fractional entitlement will be rounded down to the nearest whole cent; and/or
- (b) a fraction of a Bidder Share, that fractional entitlement will be rounded down to the nearest whole number of Bidder Shares.

#### **5.12 Unclaimed monies**

- (a) The Target may cancel a cheque sent under this clause 5 if the cheque:
  - (i) is returned to the Target; or
  - (ii) has not been presented for payment within 6 months after the date on which the cheque was sent.
- (a) During the period of 12 months commencing on the Implementation Date, upon request in writing from a Scheme Participant to the Target (or the Target Share Registry) (which request may not be made until the date which is 20 Business

Days after the Implementation Date), the Target must reissue a cheque that was previously cancelled under clause 5.12(a).

- (b) The Public Trustee Act will apply in relation to any Scheme Consideration which becomes "unclaimed money" (as defined in section 98 of the Public Trustee Act).
- (c) Any interest or other benefit accruing from unclaimed Scheme Consideration will be to the benefit of the Bidder.

#### **5.13 Order of a court or Government Agency**

If written notice is given to the Target (or the Target Share Registry) of an order or direction made by a court of competent jurisdiction or by another Government Agency that:

- (a) requires consideration to be provided to a third party (either through payment of a sum or the issuance of a security) in respect of Scheme Shares held by a particular Scheme Participant, which would otherwise be payable or required to be issued to that Scheme Participant by Target or Bidder in accordance with this clause 5, then the Target or the Bidder (as applicable) will be entitled to pay or issue that consideration (or procure that it is paid or issued), in accordance with that order or direction; or
- (b) prevents the Target from providing consideration to a particular Scheme Participant in accordance with this clause 5, or the payment or issuance of such consideration is otherwise prohibited by applicable law, the Target will be entitled to (as applicable):
  - (i) retain an amount, in Australian dollars, equal to the amount of the consideration that Scheme Participant would be entitled to in the form of Scheme Cash Consideration; and/or
  - (ii) direct the Bidder not to issue, or to issue to a trustee or nominee, such number of Bidder Shares as that Scheme Participant would otherwise be entitled to under this clause 5,until such time as payment in accordance with this clause 5 is permitted by that order, direction or law.
- (c) To the extent that amounts are so deducted or withheld in accordance with this clause 5.13, such deducted or withheld amounts will be treated for all purposes under this Scheme as having been paid to the person in respect of which such deduction and withholding was made, provided that such deducted or withheld amounts are actually remitted as required.

#### **5.14 Withholding**

- (a) If the Bidder determines, having regard to legal advice, that the Bidder is either:
  - (i) required by law to:
    - (A) withhold any amount from a payment to a Scheme Participant; or
    - (B) not issue a security (or any securities) to a Scheme Participant; or
  - (ii) liable to pay an amount to the Commissioner of Taxation under section 14-200 of Schedule 1 to the *Taxation Administration Act 1953* (Cth) (amounts required to be paid for CGT non-resident withholding) in respect of the acquisition of Scheme Shares from a Scheme Participant,

then the Bidder is entitled to:

- (iii) withhold the relevant amount before making the payment to the Scheme Participant; or
- (iv) not issue the relevant security (or securities) to the Scheme Participant until permitted to do so,

(and payment of the reduced amount or issue of the reduced number of securities shall be taken to be full payment of the relevant amount or issue of the relevant securities for the purposes of this Scheme, including clause 5.8 and clause 5.9).

- (b) The Bidder must pay any amount so withheld to the relevant taxation authority within the time permitted by law, and, if requested in writing by the relevant Scheme Participant, provide a receipt or other appropriate evidence (or procure the provision of such receipt or other evidence) of such payment to the relevant Scheme Participant.

## 6. Dealings in Scheme Shares

---

### 6.1 Determination of Scheme Participants

To establish the identity of the Scheme Participants, dealings in Scheme Shares or other alterations to the Target Share Register will only be recognised if:

- (a) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Target Share Register as the holder of the relevant Target Shares at or before the Record Date; and
- (b) in all other cases, registrable transmission applications or transfers in registrable form in respect of those dealings are received at or before the Record Date at the place where the Target Share Register is kept,

and the Target will not accept for registration, nor recognise for any purpose (except a transfer to the Bidder under this Scheme and any subsequent transfer by the Bidder or its successors in title), any transfer or transmission application or other request received after such times, or received prior to such times but not in registrable or actionable form, as appropriate.

### 6.2 Register

- (a) **(Register of transfers):** The Target must register registrable transmission applications or transfers of the kind referred to in clause 6.1(b) on or before the Record Date (provided that for the avoidance of doubt nothing in this clause 6.2 requires the Target to register a transfer that would result in a Target Shareholder holding a parcel of Target Shares that is less than a 'marketable parcel' (as that term is defined in the Settlement Rules)).
- (b) **(No registration after Record Date):** The Target will not accept for registration or recognise for any purpose any transmission or transfer in respect of Target Shares received after the Record Date, other than to the Bidder in accordance with this Scheme and any subsequent transfer by the Bidder or its successors in title.
- (c) **(Maintenance of Target Share Register):** For the purposes of determining entitlements to the Scheme Consideration, the Target must maintain the Target Share Register in accordance with the provisions of this clause 6 until the Scheme Consideration has been delivered to the Scheme Participants and the Bidder has been entered in the Target Share Register as the holder of all the Scheme Shares. The Target Share Register in this form will solely determine entitlements to the Scheme Consideration.

- (d) **(No disposal after Record Date):** From the Record Date until registration of the Bidder in respect of all Scheme Shares under clause 4, no Scheme Participant may dispose or otherwise deal with Target Shares (or purport to do so) in any way except as set out in this Scheme and any attempt to do so will have no effect and the Target will be entitled to disregard any such disposal or dealing.
- (e) **(Statements of holding from Record Date):** All statements of holding for Target Shares will cease to have effect from the Record Date as documents of title in respect of those shares (other than statements of holding in favour of the Bidder and its successors in title). From the Record Date, each entry current at that date on the Target Share Register (other than entries in respect of the Bidder or its successors in title) will cease to have effect except as evidence of an entitlement to the Scheme Consideration in respect of the Scheme Shares relating to that entry.
- (f) **(Provision of Scheme Participant details):**
- (i) The Target must provide, or procure the provision, to the Bidder, details of any Election made by Target Shareholders, on the Business Day after the Election Date, including the name and address of each Target Shareholder who has made a valid Election and the number of Bidder Shares that the Bidder must issue to those Target Shareholders to meet its obligations under the Scheme in accordance with those Target Shareholders' Elections subject to the terms of this Scheme, including the Scaleback Arrangements.
  - (ii) As soon as practicable after the Record Date and in any event within 2 Business Days after the Record Date, the Target will ensure that details of the names, Registered Addresses and holdings of Scheme Shares for each Scheme Participant as shown in the Target Share Register are available to the Bidder in the form the Bidder reasonably requires.

## 7. Quotation of Shares

---

- (a) The Target will apply to ASX to suspend trading on the ASX in Target Shares with effect from the close of trading on the Effective Date.
- (b) On a date after the Implementation Date to be determined by the Bidder, and only after the transfer of the Scheme Shares has been registered in accordance with clause 4.2(b), the Target will apply:
  - (i) for termination of the official quotation of Target Shares on ASX; and
  - (ii) to have itself removed from the official list of ASX.

## 8. General Scheme provisions

---

### 8.1 Consent to amendments to this Scheme

If the Court proposes to approve this Scheme subject to any alterations or conditions:

- (a) the Target may, by its counsel or solicitors, consent on behalf of all persons concerned to those alterations or conditions to which the Bidder has consented in writing; and
- (b) each Scheme Participant agrees to any such alterations or conditions to which counsel for the Target has consented.

## 8.2 Binding effect of Scheme

This Scheme binds the Target and all Scheme Participants (including those who did not attend the Scheme Meeting, those who did not vote at that meeting, or who voted against this Scheme at that meeting) and, to the extent of any inconsistency, overrides the constitution of the Target.

## 8.3 Scheme Participants' agreements and acknowledgements

Each Scheme Participant:

- (a) agrees to the transfer of their Scheme Shares together with all rights and entitlements attaching to those Scheme Shares in accordance with this Scheme;
- (b) agrees to any variation, cancellation or modification of the rights attached to their Scheme Shares constituted by or resulting from this Scheme;
- (c) agrees to, on the direction of the Bidder, destroy any share certificates relating to their Scheme Shares;
- (d) to the extent they are to receive Bidder Shares as a component of the Scheme Consideration to which they are entitled, agrees to become a shareholder of the Bidder and to be bound by the Bidder Constitution;
- (e) acknowledges and agrees that this Scheme binds the Target and all Scheme Participants (including those who did not attend the Scheme Meeting or did not vote at that meeting or voted against this Scheme at that Scheme Meeting); and
- (f) irrevocably consents to the Target and the Bidder doing all things and executing all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to the terms of the Scheme and the transactions contemplated by it,

without the need for any further act by the Scheme Participant.

## 8.4 Warranties by Scheme Participants

- (a) Each Scheme Participant warrants to the Bidder and is deemed to have authorised the Target as agent and attorney for the Scheme Participant by virtue of this clause 8.4(a) to warrant to the Bidder, that as at the Implementation Date:
  - (i) all of its Scheme Shares which are transferred to the Bidder under this Scheme, including any rights and entitlements attaching to those Scheme Shares, will, at the time of transfer, be free from all mortgages, charges, liens, assignments, encumbrances, title retentions, preferential rights or trust arrangements, claims, covenants, profit a prendre, easements, pledges, or any other security interests or arrangements (including any "security interests" within the meaning of section 12 of the PPSA) and any other interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind;
  - (ii) all of its Scheme Shares which are transferred to the Bidder under this Scheme will, on the date on which they are transferred to the Bidder, be fully paid;
  - (iii) it has full power and capacity to transfer its Scheme Shares to the Bidder together with any rights attaching to those Scheme Shares; and

- (iv) it has no existing right to be issued any Target Shares, options exercisable into Target Shares, convertible notes convertible into Target Shares or any other securities issued by the Target.
- (b) The Target undertakes that it will provide the warranties in clause 8.4(a) to the Bidder as agent and attorney of each Scheme Participant.

#### **8.5 Title to and rights in Scheme Shares**

- (a) To the extent permitted by law, the Scheme Shares (including all rights and entitlements attached to the Scheme Shares) transferred under this Scheme will, at the time of transfer of them to the Bidder, vest in the Bidder free from all mortgages, charges, liens, assignments, encumbrances, title retentions, preferential rights or trust arrangements, claims, covenants, profit a prendre, easements, pledges, or any other security interests (including any "security interests" within the meaning of section 12 of the PPSA) and interests of third parties of any kind, whether legal or otherwise, and free from any restrictions on transfer of any kind.
- (b) On and from the Implementation Date, immediately after the Bidder satisfies its obligations in clauses 5.8(a) and 5.9(a), the Bidder will be beneficially entitled to the Scheme Shares transferred to it under this Scheme pending registration by the Target of the Bidder in the Target Share Register as the holder of the Scheme Shares.

#### **8.6 Authority given to Target**

- (a) Each Scheme Participant, without the need for any further act, irrevocably appoints the Target and all of its directors, secretaries and officers (jointly and severally) as its attorney and agent for the purposes of:
- (i) enforcing the Deed Poll against the Bidder and the Target undertakes in favour of each Scheme Participant that it will enforce the Deed Poll against the Bidder on behalf of and as agent and attorney for each Scheme Participant; and
- (ii) executing any document or doing or taking any other act, necessary, desirable or expedient to give full effect to this Scheme and the transactions contemplated by it, including executing and delivering the Scheme Transfer,
- and the Target accepts such appointment.
- (b) The Target, as attorney and agent of each Scheme Participant, may sub-delegate its functions, authorities or powers under this clause 8.6 to all or any of its directors, officers or employees (jointly, severally or jointly and severally).

#### **8.7 Appointment of sole proxy**

Immediately after the Bidder satisfies its obligations in clauses 5.8(a) and 5.9(a) and until the Target registers the Bidder as the holder of all Scheme Shares in the Target Share Register, each Scheme Participant:

- (a) is deemed to have irrevocably appointed the Bidder as its attorney and agent (and directed the Bidder in such capacity) to appoint an officer or agent nominated by the Bidder as its sole proxy and, where applicable, corporate representative to



attend shareholders' meetings of the Target, exercise the votes attaching to the Scheme Shares registered in its name and sign any shareholders' resolution;

- (b) undertakes not to otherwise attend shareholders' meetings, exercise the votes attaching to Scheme Shares registered in their names or sign or vote on any resolution (whether in person, by proxy or by corporate representative) other than pursuant to clause 8.7(a);
- (c) must take all other actions in the capacity of a registered holder of Scheme Shares as the Bidder reasonably directs; and
- (d) acknowledges and agrees that in exercising the powers referred to in clause 8.7(a), the Bidder and an officer or agent nominated by the Bidder under clause 8.7(a) may act in the best interests of the Bidder as the intended registered holder of Target Shares.

## **8.8 Instructions and elections**

If not prohibited by law (and including where permitted or facilitated by relief granted by a Government Agency), all instructions, notifications or elections by a Scheme Participant to the Target which are binding or deemed binding between the Scheme Participant and the Target relating to the Target or the Target Shares, including instructions, notifications or election relating to:

- (a) whether dividends are to be paid by cheque or into a specific bank account;
- (b) payments of dividends on Target Shares; and
- (c) notices of meetings or other communications (including by email),

will be deemed from the Implementation Date (except to the extent determined otherwise by the Bidder in its sole discretion) by reason of this Scheme, to be made by the Scheme Participants to the Bidder and be a binding instruction, notification or election to the Bidder in respect of the Bidder Shares provided to that Scheme Participant until that instruction, notification or election is revoked or amended in writing addressed to the Bidder at its registry.

## **9. General**

---

### **9.1 Further assurances**

- (a) The Target must do (on its own behalf and on behalf of each Scheme Participant) anything necessary (including executing agreements and documents) or incidental to give full effect to this Scheme and the transactions contemplated by it.
- (b) Each Scheme Participant consents to the Target doing all things necessary or incidental to give full effect to this Scheme and the transactions contemplated by it.
- (c) Each Scheme Participant acknowledges and agrees that this Scheme binds the Target and all Scheme Participants (including those who do not attend the Scheme Meeting or do not vote at that meeting or vote against the Scheme at that meeting) and, to the extent of any inconsistency and to the extent permitted by law, overrides the constitution of the Target.

### **9.2 Notices**

- (a) If a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to the Target, it will not be taken to be

received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at the Target's registered office or at the office of the Target Share Registry.

- (b) The accidental omission to give notice of the Scheme Meeting or the non-receipt of such notice by a Scheme Participant will not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

### **9.3 Governing law and jurisdiction**

- (a) This Scheme is governed by and construed under Queensland law.
- (b) Each party irrevocably, generally and unconditionally submits to the non-exclusive jurisdiction of any court specified in this clause in relation to both itself and its property.

### **9.4 Variations, alterations and conditions**

The Target may, with the consent of the Bidder, consent on behalf of all persons concerned to any variations, alterations or conditions to this Scheme which the Court thinks fit to impose.

### **9.5 No liability when acting in good faith**

Neither the Target nor the Bidder, nor any of their respective officers, will be liable for anything done or omitted to be done in the performance of this Scheme in good faith.

### **9.6 Stamp duty**

The Bidder must:

- (a) pay all stamp duty and any related fines, penalties, interest, costs and brokerage in respect of or in connection with this Scheme, the performance of this Scheme, or any instruments entered into under this Scheme and in respect of a transaction effected by or made under this Scheme, including the transfer of Scheme Shares under the Scheme; and
- (b) indemnify each Scheme Participant on demand against any liability arising from its failure to comply with clause 9.6(a).

## Annexure F – Deed Poll

For personal use only

For personal use only

## Deed Poll

---

Aussie Broadband Limited

**gadens**

Level 13, Collins Arch  
447 Collins Street  
Melbourne VIC 3000  
Australia

T +61 3 9252 2555  
F +61 3 9252 2500

Ref JDR:SOW: 22105940

For personal use only

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# Deed Poll

## Parties

1. **Aussie Broadband Limited** ACN 132 090 192 of 3 Electra Avenue, Morwell, Victoria  
(**Bidder**)  
  
In favour of each person registered as a holder of Target Shares as at the Record Date  
(**Scheme Participants**)

## Background

- A. The Target and the Bidder entered into the Scheme Implementation Deed under which the Target agreed, subject to the satisfaction or waiver of certain conditions, to propose the Scheme to the Scheme Participants.
- B. The effect of the Scheme will be to transfer all Scheme Shares to the Bidder in exchange for the Scheme Consideration.
- C. The Bidder is making this Deed Poll for the purpose of covenanting in favour of the Scheme Participants to perform its obligations under the Scheme, including to provide the Scheme Consideration in accordance with the Scheme.

## Operative provisions

### 1. Definitions and interpretation

---

#### 1.1 Definitions

In this Deed Poll, unless the context requires otherwise:

**Deed Poll** means this deed poll including any recitals, any schedules and any annexures;

**First Court Date** means the first day on which an application made to the Court for an order under section 411(1) of the Corporations Act convening the Scheme Meeting is heard (or if the application as adjourned or subject to appeal for any reason, the day on which the adjourned application is heard);

**Scheme** means the scheme of arrangement under Part 5.1 of the Corporations Act between the Target and the Scheme Participants substantially in the form set out in Annexure A of the Scheme Implementation Deed, subject to any alterations or conditions agreed or any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and agreed to by the Bidder and the Target; and

other terms defined in the Scheme have the same meanings in this Deed Poll.

#### 1.2 Interpretation

Clause 1.2 of the Scheme applies to the interpretation of this Deed Poll, except that references to "this Scheme" are to be read as references to "this Deed Poll".

**1.3 Nature of Deed Poll**

The Bidder acknowledges and agrees that:

- (a) this Deed Poll may be relied upon and enforced by any Scheme Participants in accordance with its terms even though the Scheme Participants are not party to it; and
- (b) under the Scheme, each Scheme Participant irrevocably appoints the Target and each of its directors, officers and secretaries (jointly and each of them severally) as its agent and attorney to enforce this Deed Poll against the Bidder.

**2. Conditions precedent and termination**

---

**2.1 Conditions**

The obligations of the Bidder under this Deed Poll are subject to the Scheme becoming Effective.

**2.2 Termination**

If:

- (a) the Scheme has not become Effective on or before the End Date or any later date as the Court, with the written consent of the Bidder and the Target, may order; or
- (b) the Scheme Implementation Deed is terminated in accordance with its terms,

then this Deed Poll and the obligations of the Bidder under this Deed Poll will automatically terminate and the terms of this Deed Poll will be of no further force or effect unless the Bidder and the Target agree in writing.

**2.3 Consequences of termination**

If this Deed Poll is terminated under clause 2.2 then, in addition and without prejudice to any other rights, powers or remedies available to Scheme Participants:

- (a) the Bidder is released from its obligations to further perform this Deed Poll, except those obligations contained in clause 6; and
- (b) each Scheme Participant retains any rights, powers or remedies it has against the Bidder in respect of any breach of this Deed Poll by the Bidder which occurred before termination of this Deed Poll.

**3. Scheme Obligations**

---

Subject to clause 2, the Bidder undertakes in favour of each Scheme Participant to:

- (a) provide the Scheme Consideration to each Scheme Participant in accordance with the terms of the Scheme; and
- (b) undertake all other actions attributed to it under the Scheme, as if named as a party to the Scheme,

in each case, subject to and in accordance with the terms of the Scheme.

#### **4. Representations and warranties**

---

The Bidder represents and warrants in favour of each Scheme Participant that:

- (a) it is a corporation validly existing under the laws of its place of registration;
- (b) it has the corporate power to enter into and perform its obligations under this Deed Poll and to carry out the transactions contemplated by this Deed Poll;
- (c) it has taken all necessary corporate action to authorise entry into this Deed Poll and has taken or will take all necessary corporate action to authorise the performance of this Deed Poll and to carry out the transactions contemplated by this Deed Poll;
- (d) it is solvent and no resolutions have been passed nor has any other step been taken or legal proceedings commenced or threatened against it for its winding up or dissolution or for the appointment of a liquidator, receiver, administrator or similar officer over any or all of its assets (or any event under any law which is analogous to, or which has a substantially similar effect to, any of the events referred to in this paragraph);
- (e) this Deed Poll is valid and binding on it and enforceable against it in accordance with its terms; and
- (f) this Deed Poll does not conflict with or result in the breach of, or any default under:
  - (i) any provision of its constituent documents; or
  - (ii) any writ, order or injunction, judgment, law, rule or regulation to which it is a party or subject or by which it is bound.

#### **5. Continuing obligations**

---

This Deed Poll is irrevocable and, subject to clause 2, remains in full force and effect until:

- (a) the Bidder has fully performed its obligations under this Deed Poll; or
- (b) the earlier termination of this Deed Poll under clause 2.2.

#### **6. Stamp duty**

---

The Bidder must:

- (a) pay or procure the payment of all stamp duty and any related fines, penalties and interest in respect of or in connection with this Deed Poll, the performance of this Deed Poll, or any instruments entered into under this Deed Poll and in respect of a transaction effected by or made under the Scheme and this Deed Poll, including the transfer by the Scheme Participants of Scheme Shares to the Bidder under the Scheme; and
- (b) indemnify each Scheme Participant on demand against any liability arising from its failure to comply with clause 6(a).



## 7. Notices

---

- (a) Any notice or communication to the Bidder in respect of this Deed Poll (**Notice**) may be served by delivery in person, by post or by email to the address or email address of the Bidder specified in this Deed Poll or most recently notified by the Bidder to the sender.
- (b) Any Notice to the Bidder must be in writing and signed by either:
- (i) the sender or, if a corporate party, an authorised officer of the sender; or
  - (ii) the party's solicitor.
- (c) A Notice:
- (i) if delivered in person, will be deemed served upon delivery;
  - (ii) if posted, will be deemed served 2 Business Days after posting; and
  - (iii) if sent by email, will be deemed served that day unless the sender receives an automated message generated by the recipient's mail server (**Failure Message**) that the email has not been delivered within two hours. For the avoidance of doubt any response generated by or at the instigation of the recipient (including an 'out of office' message) will not be a Failure Message,

but if the delivery or receipt is on a day which is not a Business Day or is after 5.00pm (addressee's time), it is deemed to have been served at 9.00am on the next Business Day.

- (d) The address for service for Notices for the Bidder is:

Attention: Phillip Britt

Address: 3 Electra Avenue, Morwell, Victoria 3840

Email: [phil@team.aussiebroadband.com.au](mailto:phil@team.aussiebroadband.com.au)

**Copy to:**

Attention: Jol Rogers

Address: Level 13, Collins Arch, 447 Collins Street, Melbourne, Victoria 3000

Email: [jol.rogers@gadens.com](mailto:jol.rogers@gadens.com)

## 8. General provisions

---

### 8.1 Variation

This Deed Poll cannot be varied, altered or amended unless the variation is agreed to in writing by the Bidder and:

- (a) if before the First Court Date, the variation, alteration or amendment is agreed to in writing by the Target; and

- (b) if on or after the First Court Date, the variation, alteration or amendment is agreed to in writing by the Target and the Court indicates that the variation would not of itself preclude approval of the Scheme,

in which event the Bidder must enter into a further deed poll in favour of the Scheme Participants giving effect to the variation, alteration or amendment.

## **8.2 Assignment**

- (a) The rights and obligations of each Scheme Participant and the Bidder under this Deed Poll are personal and must not be assigned, encumbered or otherwise dealt with at law or in equity and no person may attempt, or purport, to do so without the prior written consent of the Bidder and the Target.
- (b) Any purported dealing in contravention of clause 8.2(a) is invalid.

## **8.3 Further assurances**

The Bidder must execute any document and perform any action necessary (on its own behalf and on behalf of each Scheme Participant) to give full effect to this Deed Poll and the transactions contemplated by it.

## **8.4 Governing law and jurisdiction**

- (a) This Deed Poll is governed by and construed under Queensland law.
- (b) Any legal action in relation to this Deed Poll against the Bidder or its property may be brought in any court of competent jurisdiction of Queensland.
- (c) By execution of this Deed Poll, the Bidder irrevocably, generally and unconditionally submits to the non-exclusive jurisdiction of any court specified in this clause in relation to both itself and its property.

## **8.5 Waivers**

- (a) A Scheme Participant waives a right under this Deed Poll only by written notice that it waives that right. A waiver is limited to the specific instance to which it relates and to the specific purpose for which it is given.
- (b) A failure, delay, relaxation or indulgence by a Scheme Participant in exercising any power or right conferred on that party by this Deed Poll does not operate as a waiver of the power or right.
- (c) No Scheme Participant may rely on words or conduct of the Bidder as a waiver of any right unless the waiver is in writing and signed by the Bidder.
- (d) A single or partial exercise of the power or right does not preclude a further exercise of it or the exercise of any other power or right under this Deed Poll.
- (e) A waiver of a breach does not operate as a waiver of any other breach.

## **8.6 Remedies**

The rights, powers and remedies of the Bidder and the Scheme Participants under this Deed Poll are cumulative and are in addition to, and do not exclude any other rights, powers and remedies provided by law.

## **8.7 Severability**

Any clause of this Deed Poll which is invalid in any jurisdiction, is invalid in that jurisdiction to that extent, without invalidating or affecting the remaining clauses of this Deed Poll or the validity of that clause in any other jurisdiction.

Signing page

Executed as a deed poll.

Dated 20 January 2022

Executed by Aussie Broadband Limited ACN  
132 090 192 under section 127 of the  
Corporations Act by its duly authorised officers:

DocuSigned by:  
  
C79428EF5012470...  
Signature of Director

Phillip Britt  
Name of Director  
(Block Letters)

DocuSigned by:  
  
674F5B0E75744AC...  
Signature of Secretary

Brian Maher  
Name of Secretary  
(Block Letters)

## Annexure G – Sample Proxy Form

For personal use only

## LODGE YOUR VOTE

- ONLINE**  
www.linkmarketservices.com.au
- BY EMAIL**  
vote@linkmarketservices.com.au
- BY MAIL**  
Over the Wire Holdings Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia
- BY FAX**  
+61 2 9287 0309
- BY HAND**  
Link Market Services Limited  
Parramatta Square, Level 22, Tower 6,  
10 Darcy Street, Parramatta NSW 2150
- ALL ENQUIRIES TO**  
Telephone: +61 1300 554 474



X99999999999

## PROXY FORM

I/We being a member(s) of Over the Wire Holdings Limited and entitled to attend and vote hereby appoint:

### APPOINT A PROXY

☐ the Chair of the Meeting (mark box)

OR if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name and email of the person or body corporate you are appointing as your proxy. An email will be sent to your appointed proxy with details on how to access the virtual meeting.

Name

Email

or failing the person or body corporate named, or if no person or body corporate is named, the Chair of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Scheme Meeting of the Company to be held at **11:00am (Brisbane time) on Thursday, 24 February 2022, (the Meeting)** and at any postponement or adjournment of the Meeting.

The Meeting will be conducted as a virtual meeting and you can participate by logging in online at <https://meetings.linkgroup.com/OTW22> (refer to details in the Notice of Meeting and the Virtual Online Meeting Guide).

The Chair of the Meeting intends to vote undirected proxies in favour the Resolution.

### VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an ☒

#### Scheme Resolution

- 1 That, under section 411 Corporations Act, the Scheme proposed to be entered into between Over the Wire and holders of its fully paid ordinary shares is approved and the board of directors of Over the Wire is authorised to agree to those modifications or conditions which are thought appropriate by the Court and, subject to approval of the Scheme by the Court, to implement the Scheme with any of those modifications or conditions.

For Against Abstain\*

☐ ☐ ☐



\* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a poll and your votes will not be counted in computing the required majority on a poll.

### SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

## YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

## APPOINTMENT OF PROXY

If you wish to appoint the Chair of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name and email address of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

## DEFAULT TO CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

## VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

## APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

## SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

**Individual:** where the holding is in one name, the holder must sign.

**Joint Holding:** where the holding is in more than one name, either shareholder may sign.

**Power of Attorney:** to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

## CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting virtually the appropriate "Certificate of Appointment of Corporate Representative" must be received at [vote@linkmarketservices.com.au](mailto:vote@linkmarketservices.com.au) prior to admission in accordance with the Notice of Scheme Meeting. A form of the certificate may be obtained from the Company's share registry or online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

## LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **11:00am (Brisbane time) on Tuesday, 22 February 2022**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



### ONLINE

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" - Securityholder Reference Number (SRN) or Holder Identification Number (HIN).



### BY EMAIL

[vote@linkmarketservices.com.au](mailto:vote@linkmarketservices.com.au)



### BY MAIL

Over the Wire Holdings Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235  
Australia



### BY FAX

+61 2 9287 0309



### BY HAND

delivering it to Link Market Services Limited\*  
Parramatta Square  
Level 22, Tower 6,  
10 Darcy Street,  
Parramatta NSW 2150

\*during business hours Monday to Friday (9:00am - 5:00pm)

## Annexure H – Sample Election Form

For personal use only



**Need help?****Contact** Over The Wire Holdings Limited Shareholder  
Information Line**Phone** 1800 645 237 (from within Australia)**Phone** +61 1800 645 237 (from outside Australia)**A Your name**SAMPLE NAME 1  
SAMPLE NAME 2  
<SAMPLE A/C>  
SAMPLE ADDRESS 1  
SAMPLE ADDRESS 2**Your holding**

SRN/HIN: 112345678910

Over The Wire Holdings Limited Shares held 99,999,999

**This is an important document. If you are in doubt as to how to complete this Form, please consult your financial or other professional adviser immediately.****Terms used but not defined in this document have the meaning given to them in the Scheme Booklet dated 21 January 2022.**To submit this form by mail, please use the green strip Reply Paid envelope provided. Elections can be submitted electronically by visiting the Election Portal <https://events.miraqle.com/otw-scheme> and making an Election in accordance with the terms and conditions stated in the Election Portal.**Scheme Consideration Election Form**

This is a personalised Form for the sole use of the holder and holding recorded above.

**B Notice of Election**

Please make your Election for Scheme Consideration in respect of all your Scheme Shares, on the terms and conditions contained in the Scheme Booklet dated 21 January 2022.

**I elect to receive:**☐

80% Cash Consideration and 20% Scrip Consideration, equating to \$4.60 cash and 0.2300 New ABB Shares for each OTW Share (Default Consideration)

☐

100% Cash Consideration equating to \$5.75 cash per OTW Share (All Cash Consideration)

☐

100% Scrip Consideration equating to 1.1500 New ABB Shares for each OTW Share (All Scrip Consideration)

☐

At least 1% but less than 100% Scrip Consideration with the balance payable as Cash Consideration (Mix and Match Consideration)

%

I understand that if I do not make the Election above, or make an invalid Election, I will have elected the default Default Consideration Election.

**C Sign and return this form**

Shareholder 1 (Individual)

Sole Director &amp; Sole Company Secretary

Shareholder 2 (Individual)

Secretary/Director (delete one)

Shareholder 3 (Individual)

Director

**Please refer overleaf for further important instructions**

REGISTRY USE ONLY



SRN/HIN



Holding

OTW SOA001



## Further Important Instructions

For your Election to be valid, you must complete and return this Scheme Consideration Election Form in accordance with the instructions below and in the Scheme Booklet.

Please refer to the Scheme Booklet dated 21 January 2022 which accompanies this Election Form. Terms are defined in Section 12 of the Scheme Booklet and have the same meaning in this Election Form.

### Completion instructions

- A**
- **Please check the front page** to ensure that your name and address are correct. Amendments to your name can only be processed by the Over the Wire Holdings Limited Share Registry for Issuer Sponsored shareholders and by your Broker for Broker Sponsored shareholders.
  - **Please note** your consideration will be issued in the names as they appear on the Over The Wire Holdings Limited Share register.
- D**
- **Please sign this Form** in the places for signature(s) set out on the front page and in accordance with the following instructions:
    - **Joint shareholders:** If your Over The Wire Holdings Limited Shares are held in the names of more than one person, all of those persons must sign this Election Form.
    - **Corporations:** This Election Form must be signed by either two directors or a director and a company secretary. Alternatively, where the company has a sole director and, pursuant to the Corporations Act, there is no company secretary, or where the sole director is also the sole company secretary, that director may sign alone. Alternatively, a duly appointed attorney may sign.
    - **Powers of attorney:** If this Election Form is signed under a power of attorney, please attach a certified copy of the power of attorney to this Election Form when you return it. If this Election Form is signed under Power of Attorney, the attorney declares that he/she has no notice of revocation of the Power of Attorney.
    - **Deceased Estates:** All the executors and administrators must sign this Election Form. When you return this Election Form, please attach it to a certified copy of probate, letters of administration or certificate of grant accompanied (where required by law for the purpose of transfer) by a certificate of payment of death or succession duties and (if necessary) a statement in terms of Section 1071B(9)(b)(iii) of the Corporations Act.

**Personal Information Collection Notification Statement:** Personal information about you is held on the public register in accordance with Chapter 2C of the *Corporations Act 2001*. For details about Link Group's personal information handling practices including collection, use and disclosure, how you may access and correct your personal information and raise privacy concerns, visit our website at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) for a copy of the Link Group condensed privacy statement, or contact us by phone on +61 1800 502 355 (free call within Australia) 9am–5pm (Sydney time) Monday to Friday (excluding public holidays) to request a copy of our complete privacy policy.

**Election of consideration that includes New ABB Shares:** By Electing the Default Consideration, All Scrip Consideration, or Mix and Match Consideration, you provide authorisation to be registered as the holder of Aussie Broadband Limited Shares and agree to be bound by the Constitution of Aussie Broadband Limited.

### Lodgement instructions

- Mail completed Election Form(s) and any other documents required by the above instructions to:

**Mail to:**

Over The Wire Holdings Limited  
C/- Link Market Services Limited  
Locked Bag A14  
SYDNEY SOUTH NSW 1235

- A green strip reply paid envelope is enclosed for use within Australia.

**Your Election Form must be received by no later than the Election Date, which is  
5:00pm (Sydney time) on 17 February 2022.**

**If you have any questions about the terms of the Scheme and your Election, please call the  
Over The Wire Holdings Limited Shareholder Information Line on the following numbers:**

**within Australia: 1800 645 237  
outside Australia: +61 1800 645 237**

## Annexure I – Virtual Meeting Online Guide

For personal use only

# Virtual Meeting Online Guide

## Before you begin

Ensure your browser is compatible.  
Check your current browser by going to the website: **[whatismybrowser.com](http://whatismybrowser.com)**

---

Supported browsers are:

- Chrome – Version 44 & 45 and after
- Firefox – 40.0.2 and after
- Safari – OS X v10.9 & OS X v10.10 and after
- Internet Explorer 9 and up
- Microsoft Edge - 92.0 and after

**To attend and vote you must have your securityholder number and postcode.**

Appointed Proxy: Your proxy number will be provided by Link before the meeting.

**Please make sure you have this information before proceeding.**

# Virtual Meeting Online Guide

Welcome to the Link Meeting 2021

**LINK**Group

Please register your details to participate

Full Name

Mobile (e.g. 022 123 1234)

Email

I am a...

☐ I have read and accept the [Terms & Conditions](#)

**REGISTER AND WATCH AGM**

Help Number: 1800 990 363

## Step 1

Open your web browser and go to <https://meetings.linkgroup.com/OTW22>

## Step 2

Log in to the portal using your full name, mobile number, email address, and participant type.

Please read and accept the terms and conditions before clicking on the **'Register and Watch Meeting'** button.

- On the left – a live audio webcast of the Meeting
- On the right – the presentation slides that will be addressed during the Meeting
- At the bottom – buttons for 'Get a Voting Card', 'Ask a Question' and a list of company documents to download

**Note:** If you close your browser, your session will expire and you will need to re-register. If using the same email address, you can request a link to be emailed to you to log back in.

## 1. Get a Voting Card

To register to vote – click on the 'Get a Voting Card' button.

This will bring up a box which looks like this.

**Voting Card**

Please provide your Shareholder or Proxy details

**SHAREHOLDER DETAILS**

Shareholder Number  Post Code

**SUBMIT DETAILS AND VOTE**

OR

**PROXY DETAILS**

Proxy Number

**SUBMIT DETAILS AND VOTE**

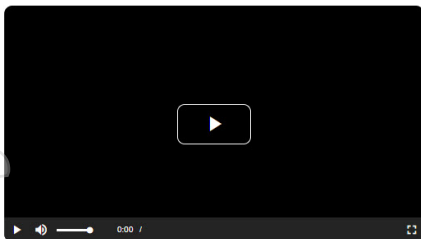
If you are an individual or joint securityholder you will need to register and provide validation by entering your securityholder number and postcode.

If you are an appointed Proxy, please enter the Proxy Number issued by Link in the PROXY DETAILS section. Then click the **'SUBMIT DETAILS AND VOTE'** button.

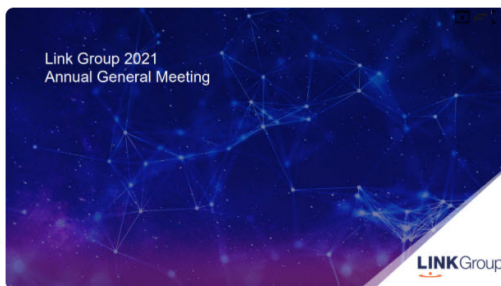
Once you have registered, your voting card will appear with all of the resolutions to be voted on by securityholders at the Meeting (as set out in the Notice of Meeting). You may need to use the scroll bar on the right hand side of the voting card to view all resolutions.

Securityholders and proxies can either submit a Full Vote or Partial Vote.





The presentation will begin at XX:XX am/pm ZONE



**+**  
Get a Voting Card

**?**  
Ask a Question

#### Downloads

- Speakers Bio
- Sustainability Report
- Notice of meeting
- Online Guide

ABC COMPANY PTY LTD

X123456789

### Voting Card

Please complete your vote by selecting the required voting instruction (For, Against or Abstain) for each resolution. If you would like complete a partial vote, please specify the number of votes for each resolution in the Partial Vote section. Proxy holder votes will only be applied to discretionary (undirected) votes. Directed votes will be applied as per the Unitholder's voting instructions.

Full Vote Partial Vote

#### Resolution 2B

☒ For ☐ Against ☐ Abstain

RE-ELECTION OF MR. ABC AS A DIRECTOR

#### Resolution 2C

☒ For ☐ Against ☐ Abstain

RE-ELECTION OF MS. XYZ AS A DIRECTOR

#### Resolution 3

☒ For ☐ Against ☐ Abstain

INCREASE TO DIRECTORS' MAXIMUM FEE POOL LIMIT

#### Resolution 4

☒ For ☐ Against ☐ Abstain

ADOPTION OF REMUNERATION REPORT

SUBMIT VOTE

## Full Votes

To submit a full vote on a resolution ensure you are in the **'Full Vote'** tab. Place your vote by clicking on the **'For'**, **'Against'**, or **'Abstain'** voting buttons.

## Partial Votes

To submit a partial vote on a resolution ensure you are in the **'Partial Vote'** tab. You can enter the number of votes (for any or all) resolution/s. The total amount of votes that you are entitled to vote for will be listed under each resolution. When you enter the number of votes it will automatically tally how many votes you have left.

**Note:** If you are submitting a partial vote and do not use all of your entitled votes, the un-voted portion will be submitted as No Instruction and therefore will not be counted.

Once you have finished voting on the resolutions scroll down to the bottom of the box and click on the **'Submit Vote'** or **'Submit Partial Vote'** button.

**Note:** You can close your voting card without submitting your vote at any time while voting remains open. Any votes you have already made will be saved for the next time you open up the voting card. The voting card will appear on the bottom left corner of the webpage. The message **'Not yet submitted'** will appear at the bottom of the page.

You can edit your voting card at any point while voting is open by clicking on **'Edit Card'**. This will reopen the voting card with any previous votes made.

At the conclusion of the Meeting a red bar with a countdown timer will appear at the top of the Webcast and Slide windows advising the remaining voting time. Please make any changes and submit your voting cards.

Once voting has been closed all submitted voting cards cannot be changed.

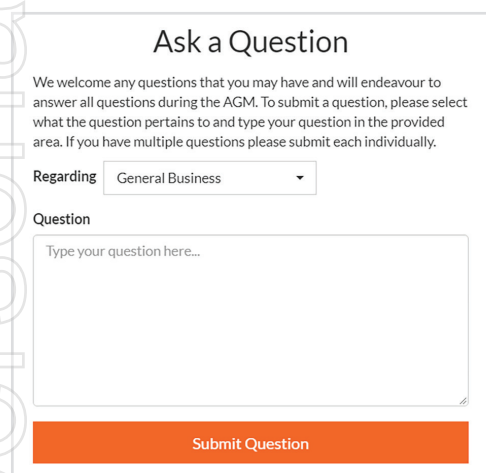
# Virtual Meeting Online Guide *continued*

## 2. How to ask a question

**Note:** Only securityholders are eligible to ask questions.

If you have yet to obtain a voting card, you will prompted to enter your securityholder number or proxy details before you can ask a question. To ask a question, click on the 'Ask a Question' button either at the top or bottom of the webpage.

The '**Ask a Question**' box will then pop up with two sections for completion.



The 'Ask a Question' form is titled 'Ask a Question' and includes a welcome message: 'We welcome any questions that you may have and will endeavour to answer all questions during the AGM. To submit a question, please select what the question pertains to and type your question in the provided area. If you have multiple questions please submit each individually.' Below this, there is a 'Regarding' section with a dropdown menu currently set to 'General Business'. Underneath is a 'Question' section with a text input field containing the placeholder 'Type your question here...'. At the bottom of the form is an orange 'Submit Question' button.

In the '**Regarding**' section click on the drop down arrow and select the category/resolution for your question.

Click in the '**Question**' section and type your question and click on 'Submit'.

A '**View Questions**' box will appear where you can view your questions at any point. Only you can see the questions you have asked.

If your question has been answered and you would like to exercise your right of reply, you can submit another question.

Note that not all questions are guaranteed to be answered during the Meeting, but we will do our best to address your concerns.



The 'View Questions' box is titled 'View Questions' and contains the text: 'Your submitted questions can be viewed below. We will endeavour to answer all questions during the AGM.' Below this is a list of questions. The first question is 'When will the next AGM be held?' with a plus icon in a grey box to its right. Below the question is the text 'Asked regarding General Business' and 'Asked at: 7:18AM Updated: 7:18AM'. Below the question list is a grey button labeled 'OPEN COMMENTS' and an orange button labeled 'SUBMIT ANOTHER QUESTION'.

## 3. Downloads

View relevant documentation in the Downloads section.

## 4. Voting closing

Voting will end 5 minutes after the close of the Meeting.

At the conclusion of the Meeting a red bar with a countdown timer will appear at the top of the Webcast and Slide screens advising the remaining voting time. If you have not submitted your vote, you should do so now.

## 5. Phone Participation

### What you will need

- a) Land line or mobile phone
- b) The name and securityholder number of your holding/s
- c) To obtain your unique PIN, please contact Link Market Services on +61 1800 990 363

### Joining the Meeting via Phone

#### Step 1

From your land line or mobile device, call: +61 2 9189 5793 or 1800 798 067

#### Step 2

You will be greeted with a welcome message and provided with instructions on how to participate in the Meeting. Please listen to the instructions carefully.

At the end of the welcome message you will be asked to provide your PIN by the moderator. This will verify you as a securityholder and allow you to ask a question on the resolutions at the Meeting.

#### Step 3

Once the moderator has verified your details you will be placed into a waiting room where you will hear music playing.

Note: If your holding cannot be verified by the moderator, you will attend the Meeting as a visitor and will not be able to ask a question.

#### Step 4

At the commencement of the Meeting, you will be admitted to the Meeting where you will be able to listen to proceedings.

## Asking a Question

### Step 1

When the Chairman calls for questions on each resolution, you will be asked to **press \*1** on your keypad should you wish to raise your hand to ask a question.

### Step 2

Please advise if your question relates to an item of business or General Business. The moderator will make a note and ask if you have any additional questions.

### Step 3

When it is time to ask your question, the moderator will introduce you to the meeting, your line will be unmuted and you can then start speaking.

Note: If at any time you no longer wish to ask your question, you can lower your hand by **pressing \*2** on your key pad. If you have also joined the Meeting Online, we ask that you mute your laptop, desktop, tablet or mobile device while you ask your question.

### Step 4

Your line will be muted once your question has been answered.

### Contact us

#### Australia

T +61 1800 990 363

E [info@linkmarketservices.com.au](mailto:info@linkmarketservices.com.au)



# Corporate Directory

## Directors

Mr Stephe Wilks – Chair and Non-Executive Director  
Mr Michael Omeros – Chief Executive Officer and Managing Director  
Mr Brent Paddon – Non-Executive Director  
Ms Susan Forrester - Non-Executive Director  
Ms Cathy Aston - Non-Executive Director

## Company secretary

Mr Mike Stabb

## Registered office

Level 24, 100 Creek Street  
Brisbane, QLD 4000

## Financial adviser

Macquarie Capital (Australia) Limited  
50 Martin Place  
Sydney NSW 2000

## Lawyers

McCullough Robertson Lawyers  
Level 11, 66 Eagle Street  
Brisbane, QLD 4000

## Auditor

PKF Brisbane Audit  
6/10 Eagle Street  
Brisbane, QLD 4000

## Independent Expert

Grant Thornton Corporate Finance Pty Ltd  
Level 17, 383 Kent Street  
Sydney NSW 2000

## Investigating Accountant

PKF Brisbane Audit

## Website

[www.overthewire.com.au](http://www.overthewire.com.au)