Appendix 4E

Final Report

1. Company details

Name of entity:	Uniti Group Limited
ABN:	73 158 957 889
Reporting period:	For the year ended 30 June 2021
Previous period:	For the year ended 30 June 2020

2. Results for announcement to the market

					$'000
Revenues from ordinary activities	▲	up	176%	to	160,475
Profit from ordinary activities after tax attributable to the owners of Uniti Group Limited	▲	up	83%	to	29,195
Profit for the year attributable to the owners of Uniti Group Limited	▲	up	83%	to	29,195

Dividends	**Amount per Security (cents)**	**Franked Amount per Security (cents)**
Interim dividend	**Nil**	Nil
Final dividend	**Nil**	Nil

Review of Operations

The statutory profit for the consolidated entity after providing for income tax amounted to $29.2 million (30 June 2020: $15.9 million). The statutory profit includes significant items consisting of $12.6 million acquisition costs incurred as part of the acquisitions of OptiComm Limited (OptiComm), HarbourISP Pty Ltd (HarbourISP) and the Telstra Velocity and South Brisbane Exchange network assets (Velocity), share based expenses of $6.8 million relating to shares and options issued, restructure costs of $1.4 million incurred as part of group reorganisation activity, $0.6m dividend income relating to Uniti's acquired interest in OptiComm shares prior to the completion of the Scheme of Arrangement to acquire OptiComm and amortisation of acquired customer base intangible of $12.0 million. After adjusting for the significant items, the profit after tax for the consolidated entity for the year was $61.3 million compared to the prior corresponding period of $21.7 million, an increase of 182%.

The Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) after adjusting for the significant items for the year was $93.7 million compared to $26.5 million for the prior corresponding period, an increase of 254%. Please refer to the reconciliation of reported to underlying results in the Operating & Financial Review.

In line with our strategy, the Company completed acquisitions of HarbourISP, OptiComm and Velocity in FY21. The transactions were highly earnings accretive and will be a significant contributer to the earnings of the Group in the future. The growth in the operating businesses and the transactions undertaken has resulted in the Group performing well, with strong operating free cash flow for the financial year, positioning the Group for further growth in the 2022 financial year.

The Group has a strong balance sheet, ownership of core infrastructure businesses, more diverse products and services and a pipeline of already contracted sites and further organic growth targets such that the Directors are highly confident the Group can capitalise on the work undertaken to date and continue to grow earnings in the future.

3. Net tangible assets

	Reporting period (cents)	Previous period (cents)
Net tangible assets per ordinary security	(10.9)	49.8

4. Control gained over entities

Name of entity	Control Gained
HarbourISP Pty Ltd	18 November 2020[1]
OptiComm Limited	20 November 2020
OptiComm Integration Pty Ltd	20 November 2020

[1] Date of control of entity is 18 November 2020, with date of economic control being 1 November 2020.

	$'000
Aggregate contribution of the above entities to the reporting entity's profit from ordinary activities before income tax during the period was a profit of:	30,732
Aggregate profit from ordinary activities before income tax of the controlled entities if owned for the whole of the previous period was a profit of:	31,044

5. Loss of control over entities

Not applicable.

6. Details of associates and joint venture entities

Not applicable.

7. Audit qualification or review

The financial statements have been audited and an unqualified opinion has been issued.

8. Attachments

The Annual Report of Uniti Group Limited for the year ended 30 June 2021 is attached.

9. Signed

Graeme Barclay, Chairman
24 August 2021

Annual Report 2021

UNITI GROUP

Uniti Group Limited.
ABN 73 158 957 889

About this Report

The Annual Report 2021 is a summary of Uniti's operations, activities and financial position for the 12 month period to 30 June 2021.

Uniti Group Limited is the parent company of the Uniti group of companies. In this report, unless otherwise stated, references to "Uniti", "the Group", "the Company", "we", "our" and "us" refer to Uniti Group Limited and its controlled entities.

In this report, references to the financial year refer to the period 1 July to 30 June unless otherwise stated. All dollar figures are expressed in Australian dollars, unless otherwise stated.

Our Corporate Governance Statement, detailing our compliance with the ASX Corporate Governance Council's "Corporate Governance Principles & Recommendations – 4th Edition" can be found online at our website via **www.unitigrouplimited.com**.

REPORT OBJECTIVES

This report meets our governance and compliance requirements and has been written to provide shareholders and interested parties with clear, easy to understand information on the Company and its performance in FY21.

ADDITIONAL INFORMATION

This report can also be found online via **www.unitigrouplimited.com**

KEY DATES

Financial Year End - 30 June 2021

Annual General Meeting - 26 November 2021

Given the continued uncertainty and potential health risks created by the COVID-19 pandemic, we expect we may have to conduct the 2021 Annual General Meeting of Uniti Group Limited as a virtual meeting, to be conducted online. Further details will be published once available. Please refer to our website **www.unitigrouplimited.com** for further details.

IMPORTANT INFORMATION

This report contains certain forward looking statements, which may be identified by the use of terminology including 'expects', 'believes', 'targets', 'likely', 'should', 'could', 'intends', 'aims' or similar expressions. Indicators of and guidance on future earnings and financial position are also forward looking statements. These forward looking statements are not guarantees or predictions of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Uniti, and which may cause actual results to differ materially from those expressed or implied in such statements. Further information on important factors that could cause actual results to differ materially from those projected in such statements is included in the Material Business Risks section of the Operating and Financial Review. Readers are cautioned not to place undue reliance on forward looking statements.

Contents

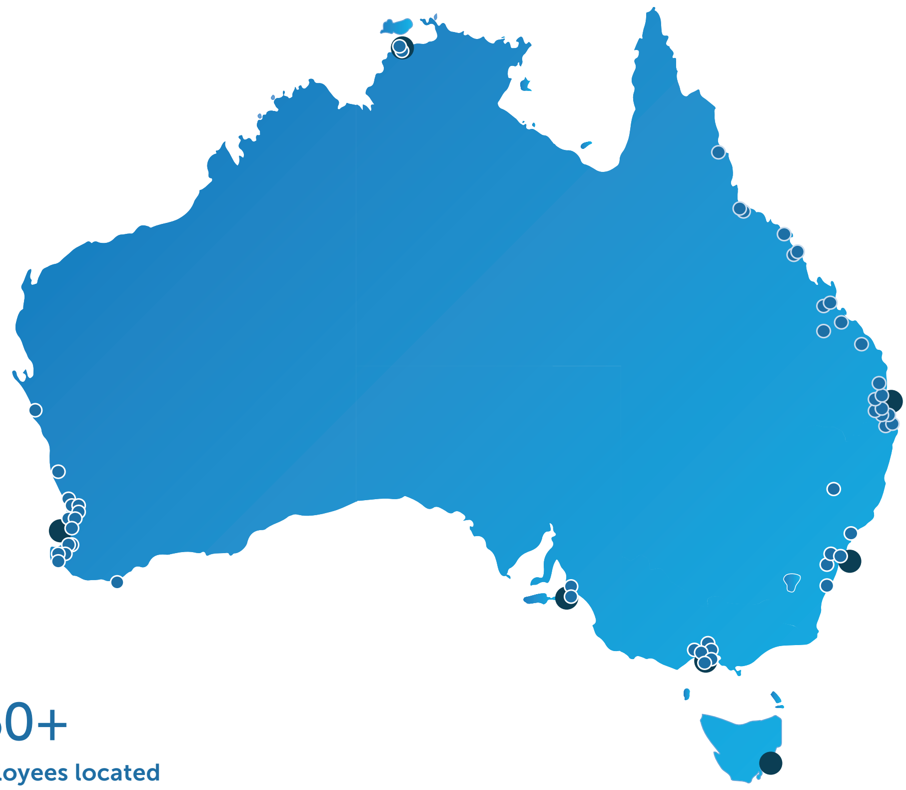
About Us

Uniti is a market-leading constructor, owner and vertically integrated operator of privileged fibre infrastructure, and a provider of value-added telecommunications services in identified profitable niche markets.

Since mid-2019 Uniti has consolidated the majority of the "challenger" participants in the greenfield residential fibre broadband networks market, to make Uniti today the definitive challenger private fibre operator.

At the core of Uniti Group is a commitment to deliver high quality, high speed telecommunications networks and associated services to its customers, in order to produce strong and growing annuity earnings and, in turn, exceptional long term returns to its shareholders.

State	Number of Uniti Communities
NSW	507
QLD	286
VIC	246
WA	112
SA	24
ACT	20
NT	4
TOTAL	**1,199**



> 501,000
Total Secured premises (excluding Velocity)

250+
employees located across Australia

Our main brands

- UNITI
- FoneDynamics
- OptiComm National Broadband Fibre
- FUZENET
- 1300AUSTRALIA A better business connection
- easyinbound
- hi harbour isp

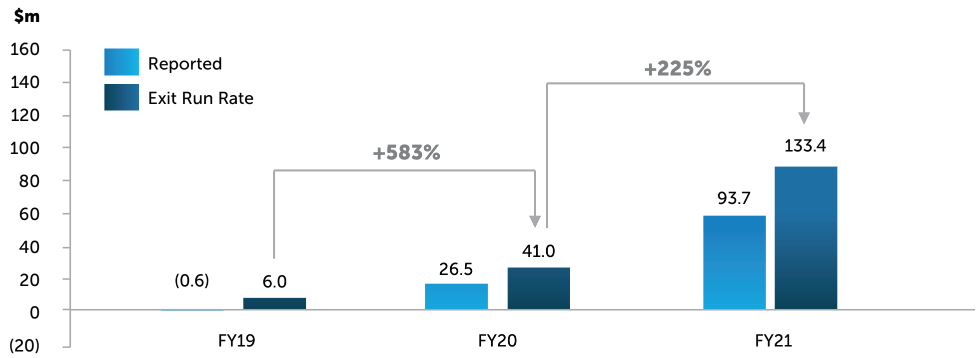
Key highlights for FY21

Revenue Excluding dividend income	FY21	**$159.9m** **+175% on pcp**	Exit Run Rate	**$218.0m** ***Based on Jun 21 performance***
Underlying EBITDA	FY21	**$93.7m** **+254% on pcp**	Exit Run Rate	***$133.4m*** ***Based on Jun 21 performance***
Operating Free Cash Flow (FCF)	FY21	**$64.2m** **FCF conversion: 68% of Underlying EBITDA**	Exit Run Rate	***$90.7m*** ***Applying FY21 free cash flow conversion at 68%***
Secured premises (ex Velocity)	Dec '20	**438,024**	Jun '21	***501,198*** ***+15% on Dec 20***

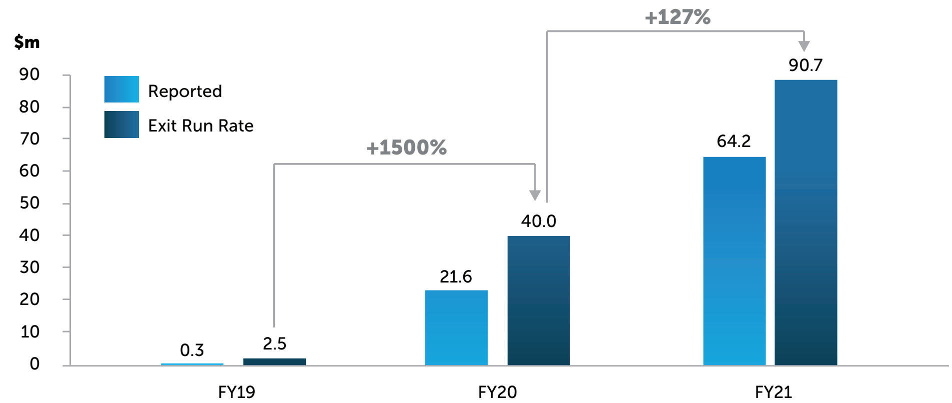
Rapid Growth Since Listing

Significant growth in revenue, earnings and free cash since listing

Underlying EBITDA



Operating Free Cash Flow



Letter from the Chairman and MD & CEO

To all Uniti Group shareholders:

It is with immense pride we present to you, on behalf of all the team at Uniti, the Annual Report for Uniti Group Limited for the year ended 30 June 2021.

When we delivered our annual report last year, we highlighted how FY20 had been a transformational year, having transitioned the Company to positive operating profits and cash flow. We set the platform for sustainable growth in shareholder returns through the acquisition and integration of digital fibre infrastructure businesses in the greenfield residential market, acquisition and consolidation of businesses acquired in the CPaaS market segment and the continued growth in our retail operations.

Well, it is wonderful to now tell you, your team at Uniti Group have delivered again during FY21!

We have delivered outstanding shareholder returns through share price accretion of 133%. But more importantly, FY21 has been an even more transformational year for your Company as we have now executed on our merger and acquisition strategy to build a company of scale, with the potential to continue to generate substantial and sustainable shareholder returns well into the future.

During FY21, we have also transitioned to a company with a significant contracted forward order book, which will now deliver superior organic growth to underpin future shareholder returns.

We have acquired and integrated the businesses, which we originally identified more than 2 years ago as we defined our strategy to build a core fibre infrastructure platform, a platform that is poised to deliver strong organic growth in revenues, earnings and free cash from building and connecting existing contracted business and winning new business in current and adjacent markets.

The original retail operations of Uniti Group have continued to increase the proportion of overall users on-net to our core infrastructure. This will be a clear goal for Uniti as we enter the enterprise & business market and we expand our core infrastructure into adjacent market opportunities.

Our relentless focus is now to significantly lift our market share of core Fibre to the Premise (FTTP) & technology infrastructure network ownership in the greenfield residential sector and to expand our data infrastructure ownership across all property classes such as lifestyle, retirement community, commercial, industrial, retail and increase market share of FTTP network ownership in all these asset classes.

We will bring a retail capability to this expanded market as well.

We will expand our products and services with a continued focus on infrastructure ownership.

During the FY20 year, we acquired businesses in the CPaaS market segment with economics very similar to our core infrastructure business, annuity revenues with high cash conversion and with the opportunity to grow earnings and most importantly contribute cash to the Group. During FY21, the CPaaS business delivered the promised earnings accretion and significant free cash flow. CPaaS customers are increasingly becoming infrastructure customers as addressable markets expand and Uniti has the opportunity to sell both wholesale and retail services physically and virtually as a service across this combined infrastructure.

Our platform is in place for continued growth.

We are excited by the market's response to our product, services and customer offerings and we are confident of winning significant new business in market with the scale and proven capabilities now at our disposal. In this sense, we are only just beginning.

FY21

Acquisitions delivering above expectations

In the first half of FY21 we significantly expanded our fibre business to create a substantial core telecommunications and technology infrastructure business through the acquisition of two prominent FTTP businesses in Australia: OptiComm Limited (OptiComm) and the Telstra Velocity network including the South Brisbane Exchange assets (Velocity).

The successful acquisition of OptiComm came after a long and hard-fought public market battle with one of Australia's largest superannuation investors, Aware Super, and required your Company to pay $703.4m, which was more than had been originally agreed with the OptiComm board in the initial Scheme of Arrangement Implementation Agreement or intended

Letter from the Chairman and MD & CEO continued

by us. Your board remained resolute in this battle as this acquisition was fundamental to our strategy to become the largest private FTTP owner in greenfield developments, and fundamental to the future returns we saw for shareholders.

The addition of Telstra's Velocity assets for a purchase consideration of $140m, which included a commitment that Telstra will become a retailer across our owned fibre network that we consider to be highly strategic, means we have established Uniti as the largest challenger to NBN Co in the FTTP market with more than 565,000 premises connected, ready to connect, in construction or contracted, including Velocity, at 30 June 2021.

The financial results that have been delivered for the year to 30 June 2021, and in particular the second half of the financial year which benefited from the ownership of both the OptiComm and Velocity businesses for the whole 6-month period, fully vindicates the decisions taken by your Board to position Uniti to be able to successfully complete the OptiComm acquisition at the $703.4m purchase price. Whilst many commentators questioned our reasoning in matching the purchase price offered by Aware, we clearly saw immense value in the then existing contracted order book held by OptiComm and the opportunity to create the platform we now own with the addition of OptiComm and Velocity to our existing FTTP infrastructure business.

In the first half of FY21, we also acquired HarbourISP, a fast-growing retail service provider (RSP) specialising in the delivery of super-fast retail broadband services in greenfield residential developments. This acquisition more than doubled Uniti's retail customers which exceeded 60,000 by year end. This acquisition brought scale and operational efficiency. By the end of Q3, we had completed the integration of HarbourISP within our existing retail business delivering the forecast cost synergies and earnings accretion for shareholders.

During the year, and prior to its acquisition of HarbourISP, Uniti entered into a functional separation undertaking with ACCC that enables our C&B business unit to offer high speed broadband services to residential customers where Uniti owns the FTTP network used to deliver high speed broadband connectivity. This is the first approved functional separation undertaking granted by the ACCC since passage of legislation in late FY20 enabling a FTTP network owner connecting residential premises to also provide broadband services as an RSP to those consumers.

This will be important in the future to increase the overall number of active services on our owned infrastructure and, where Uniti wins the retail customer, to benefit both from the enhancement to earnings by acquiring new wholesale activations and also from incremental retail margin from the supply of broadband to consumers.

Importantly, our retail business is an enabler of our growth ambitions in owning and operating core infrastructure in other adjacent property markets beyond residential FTTP network operations. In these adjacent markets, where the fibre connections are being delivered to non-residential premises and where Uniti proposes to offer products, technology and services other than high speed broadband, Uniti is not required to operate as a functionally separate business.

Operational Integration

Today, Uniti has integrated the majority of the operating and business support systems of all acquired businesses and any remaining integration steps will be completed by the end of calendar 2021.

The retail businesses and the acquired CPaaS businesses are already fully integrated.

We have selected the OptiComm core network and the OSS/BSS platform of OptiComm as the right core infrastructure for our networks and technology infrastructure business. The integration of all the previously acquired FTTP networks businesses (other than Velocity) is well advanced and will be completed by the end of 2021. The majority of the $10 million of annualised cost synergies we identified on acquisition of OptiComm have been removed with more than $7 million achieved by the end of FY21 and the target of $10 million is well within sight.

The completion of this integration by December 2021 will enable the commencement of integration of the Velocity assets in early 2022 and the migration of Velocity customers to the improved products and services that our infrastructure will deliver from July 2022.

Financial Highlights for FY21

The year ended 30 June 2021 was only the second full year of trading for Uniti Group since listing on the ASX. A year in which our market capitalisation exceeded $2 billion for the first time and we entered the ASX300 index fleetingly and very quickly moved into the ASX200 index.

Letter from the Chairman and MD & CEO continued

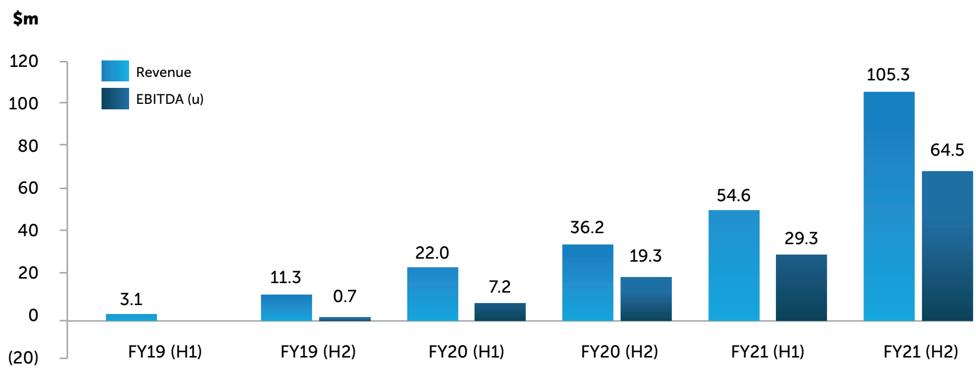
The highlights include:

- Our revenue was $159.9 million, a 175% increase on prior year and exit run rate revenue was 9% up over 6 months at $218 million compared to H1 FY21 exit run rate of $200 million on a pro-forma basis.
- Our underlying EBITDA[1] is $93.7 million, a 254% increase on prior year with EBITDA(u) in H2 FY21 being greater than $64 million.
- Exit run rate underlying EBITDA at June 2021 was $133.4 million, compared to the same measure at December 2020 of $116 million, an increase of 15% in 6 months on a like for like basis.
- Our FY21 underlying EBITDA of $93.7 million was ahead of analyst consensus and our exit run rate for underlying EBITDA of $133.4 million is only 3.3% below analyst current consensus forecast for FY22 of $138 million.
- High cash generation is a key feature of our Company and we have achieved further improvement in Free Cash Flow[2] margins. In FY21 Free Cash Flow (after capex) was $64.2 million, a 68% conversion of underlying EBITDA to cash after funding all growth and maintenance capex.
- Exit run rate Free Cash Flow after growth capex at June 2021 is estimated at $90.7 million using the 68% cash generation currently being achieved and demonstrates Uniti's ability to deleverage quickly in the future.
- FY21 delivered continued improvement in earnings and cash generation margins demonstrating the great operating leverage inherent in our business, that will enable continued margin expansion on revenue growth in the future. Underlying EBITDA margin on revenue for FY21 was 59% compared to H1 FY21 of 54% and FY20 of 46%. Free Cash Flow as a percentage of underlying EBITDA at 68% in FY21 compared to 51% in FY20.
- Our very strong cash generation after funding all capex has seen our Net Debt reduce by nearly $48 million during the H2 FY21 with Net Debt at year end reduced to approximately $208 million. Continued earnings growth, with continuing high cash generation, is expected on our exit run rate underlying EBITDA of $133.4 million, and this will allow Uniti to reduce borrowings very quickly.
- Net leverage at the end of FY21 on exit run rate underlying EBITDA is just over 1.5 times compared to 2.2 times on the same measure at December 2020.

The list of financial highlights is proof we are executing on our integration and organic growth plans that is further evidenced by our first half to second half financial metrics comparison (on a reported basis).

In the second half, our results did not include the benefit of any acquisitions made in that period, and the strong earnings and cash growth validates the strategic acquisitions we have made.

Reported

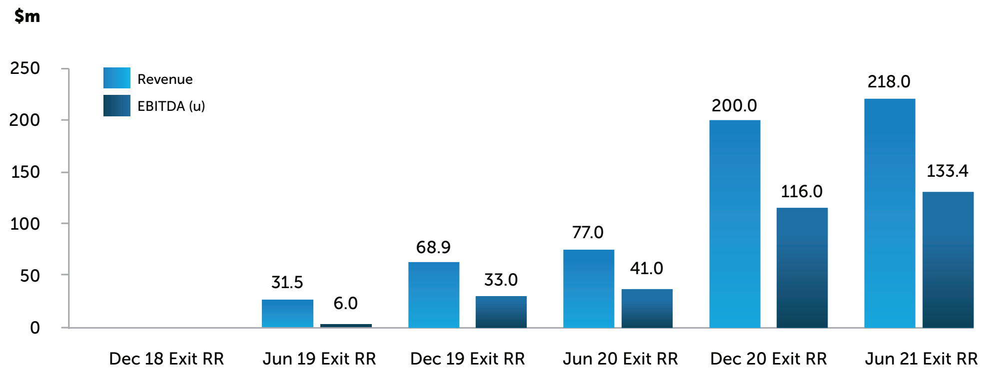


(1) Underlying EBITDA (or EBITDA(u)) excludes share based payments, acquisition and restructuring costs; and dividends received from the Company's acquired interest in OptiComm shares prior to the completion of the Scheme of Arrangement to acquire OptiComm and its controlled entities index.

(2) Cash (receipts from customers less payments to suppliers and employees) before tax , dividend and interest, less capex

Letter from the Chairman and MD & CEO continued

Exit Run Rate



A critical and important measure of our success in market and for future growth in revenues, earnings and cash flow is the scale of, and growth rate in, our secured contracted order book. This measure shows the scale of Uniti's contracted premises to which it will build and connect fibre infrastructure as these development projects are constructed. As at June 2021 our total secured premises (ready to connect plus contracted plus in construction) increased to greater than 501,000 compared to approximately 438,000 at December 2020 excluding Velocity. Including Velocity, Uniti has total secured premises exceeding 565,000.

The most pleasing aspect of FY21, achieved during H2 FY21, is the traction that our expanded core infrastructure business has been able to secure in growing the number of contracted premises to be serviced in the future. Contracted and in construction premises increased to greater than 250,000 at June 2021 compared to 202,000 at December 2020; which is a 24% increase in just 6 months, net of 15,900 premises connected in the period. This is confirmation the business we have created is now growing market share in the greenfield residential market.

Health and Safety

At Uniti, safety is everyone's responsibility and developing a safety-first culture is an ongoing key business priority, fully endorsed by the Board.

This commitment to providing and maintaining a safe and healthy work environment has faced some challenges in FY21 (and this is continuing in the first half of FY22) during the COVID-19 pandemic, various State lockdowns, work and travel restrictions resulting in the implementation of systems and protocols to protect our own staff and contractors, customer and suppliers.

In addition to our COVID response, we have implemented strategies to renew and enhance general workplace safety management across both our operational and network installation projects. We continuously review and improve our systems to identify and implement improvements that are designed to achieve our ultimate goal of zero serious injuries.

We will continue to commit the resources necessary to maintain a safe working environment and ensure the ongoing health of our team and our business.

Inclusion in ASX200

By the end of the financial year, we were admitted to the S&P/ASX200 Index – less than two and half years after listing on the ASX at an initial offer price of $0.25 and approximately $30 million market capitalisation. Using the closing price on 30 June 2021 of $3.31, more than 13x the initial offer price, our market capitalisation had grown to $2.24 billion. We are delighted to deliver shareholders a total return from share price appreciation of 133% over the 12-month period to 30 June 2021.

Letter from the Chairman and MD & CEO continued

Sustainability

This is the first period Uniti has developed a sustainability programme and report following our rapid ascension to the ASX200 index. We acknowledge that we are at the very start of our sustainability journey, and we will refine and enhance our focus and approach to our sustainability strategy over the coming years. A full Sustainability Report, providing the detail behind the summary report included in this Annual Report at page 23, will be published within the next 3 months.

Broadband connectivity now an essential service

We are at the core of digital infrastructure – our FTTP networks enable community connectivity to all forms of communication, entertainment and business applications that drive economic activity and productivity. Accelerated by the current pandemic we have experienced exponential increases in data consumption across Australia, driven by working from home, home-schooling, contactless sales and on-line shopping, video calls and connections. Connectivity is now considered to be an essential service, and a fundamental enabler of virtually every home, school and business continuing to operate effectively through the challenges that COVID-19 has imposed across our nation over the past 18 months.

Uniti's results for FY21 demonstrate the resilience of our business model and the services we deliver, with rising demand continuing to validate our focus on ownership of our own FTTP core infrastructure.

FY22 – The future

At the commencement of the 2021 calendar year, after completion of the acquisitions of OptiComm and the Velocity assets, we announced it would be unlikely we would undertake any further acquisitions of companies or businesses in the short term.

Our reasoning was that we had executed on the strategy we had put in place at the time of Uniti's listing. We had identified the markets we wanted to operate within and had acquired the businesses identified to enable Uniti to become a significant market participant. Job done.

It was time we moved to our next phase of executing on driving organic growth in the businesses we had acquired and integrated. This next phase commenced at the start of calendar 2021 and the results for the second half of FY21 are evidence our teams are successfully executing on our organic growth plans.

Our reasoning is also based on the fact that the earnings, cash generation and increased returns for shareholders we can deliver through execution of the identified organic growth strategy is far greater than the returns we see being achieved by other market participants.

This organic growth strategy is very simple. We are now a simple business with a simple strategy:

WIN – continue to win the right to build our core infrastructure and expand our existing infrastructure with new technology. Win market share in our existing markets and the adjacent markets we have identified for expansion.

BUILD – build, own and operate the core infrastructure and technology which underlines and delivers the superior earnings margins and cash generation we are achieving, including in identified adjacent markets.

FILL – the core infrastructure and technology we continue to deploy with happy wholesale and retail customers to deliver strong revenue growth when combined with our earnings margins and cash conversion will enable continued outstanding returns to shareholders.

For the reasons outlined in this letter, we believe the core infrastructure platform that we have established, and the simplified strategy to win new business in market, coupled with our already secured contract order book, is poised to deliver substantial organic growth. This is your Board and Executive team's primary objective and current focus as this will deliver sustainable long term, compounding annuity revenue, margin and cash flow growth for shareholders.

This core infrastructure platform we have built is enabling an organic growth strategy with clear goals to:

- Increase share of business from current customers, particularly in greenfield property markets;

Letter from the Chairman and MD & CEO continued

- Acquire new customers in existing markets. Our market share in our core market of greenfield housing and CPaaS still remains low, creating great opportunity;
- Expand FTTP ownership into adjacent property markets with the same business model. These markets include commercial, office, retail, industrial and independent living; and
- Expand technology and products and services we can supply across our core infrastructure and the CPaaS platform, both as a retailer and a wholesaler.

Since completing the acquisition of Velocity in late December 2020 we have consistently stated that our focus will be on organic growth and that we were not actively pursuing any inorganic opportunities. This is because of the size of the addressable market and the attractive returns available to us in executing on the above is very significant. However, it is possible that Uniti would consider acquiring additional core infrastructure assets but only if they complement the core data infrastructure platform we have already established, so we are not completely ruling out asset acquisitions.

Your Company today has a highly resilient business, a strong balance sheet, low leverage, a significant forward order book that will deliver locked in organic growth, significant margins and high cash generation after being able to fund the organic growth strategy we have identified above. We also see significant opportunities to expand our core fibre business and services in front of us.

We are now Uniti Group, a group of one. We have become an integrated business with multiple brands and a functionally separated retail operation. No longer are we a conglomerate of separate, disparate acquired businesses.

Due to this enviable position – a high growth, high cash generating business – our minds are now turning to consider capital distribution options. Your Company now holds franking credits in excess of $30 million, cash on balance sheet of $57 million, and a growing capacity to distribute cash to shareholders in the future. We are currently considering the various options open to Uniti to distribute any surplus cash back to shareholders, including a potential share buyback subject to market conditions.

Thank you for your support

These achievements have been the result of the excellent performance of our executive team and all our staff, led every day by MD & CEO Michael Simmons, and the collaboration, expertise, and oversight from the Board. On behalf of the Board and the executive team, we thank all Uniti employees for their commitment, hard work and contribution to what has been another outstanding year for Uniti.

To our Board of Directors, thank you for your focused, collaborative, thorough and considered approach and guidance to what has been achieved in FY21. We enter FY22 with confidence in Uniti being extremely well placed for significant growth that will enhance the performance, prospects and value of the Uniti business.

We would like to thank you, our shareholders, for your outstanding support over the past year, enabling Uniti to raise the equity funding required to execute on our strategy through acquisition. Your Board and Executive leadership team are committed to continuing to accretively and sustainably build shareholder returns through aggressively executing on our new, simplified strategy: WIN, BUILD, FILL.

Graeme Barclay
Chairman

Michael Simmons
MD & CEO

Operating and Financial Review

GROUP OPERATING PERFORMANCE

Uniti Group Limited (ASX: UWL) ('Uniti') is a core technology infrastructure constructor, owner and operator of predominantly fibre cable networks and associated technology to provide diversified telecommunications products and services. Uniti constructs, owns and operates the infrastructure for property developers, property owners or building managers and seeks to build this infrastructure across all property asset classes with a focus on greenfield property developments. Uniti also provides the telecommunications products and services delivered over this infrastructure both as a wholesaler of owned fibre infrastructure and also as a retailer to the end-user of telecommunications products and services, with a particular focus on the owned core technology infrastructure constructed for property market participants. Uniti also resells third party owned telecommunications networks. However, Uniti's clear focus is on retailing on owned infrastructure wherever possible.

Uniti operates in a number of markets and consequently has a number of revenue segments, namely:

- the construction of telecommunications and technology infrastructure including fibre to the premise ("FTTP") for property developers, builders and / or building managers to all property asset classes including residential housing, commercial, industrial, office and retail properties. The revenue earned is primarily one off in nature and the activity will be undertaken under the OptiComm brand in the future.
- the ownership, maintenance, operation and wholesale supply of telecommunications and technology products and services delivered on the fibre infrastructure constructed within the property asset classes above. The revenue is primarily recurring in nature and earned from retail service providers ('RSP') who on-sell the products and services to end users, being residents and businesses within the properties where Uniti owns infrastructure. The wholesale supply will be undertaken under the OptiComm brand in the future.
- the retail supply of telecommunications and technology products and services delivered across both the owned infrastructure constructed within the property asset classes above or by resale of third party networks including NBN Co. The revenue earned is primarily recurring in nature. Uniti adopts a number of retail brands (and expects to continue to do so in the future) including Uniti, HarbourISP and FuzeNet.
- the supply of retail enablement services for the supply of telecommunications and technology products and services on behalf of third parties including adopting the third party brand where required. The enablement service is provided across the same infrastructure which Uniti directly retails using its own brands.
- the operation of a communications platform as a service (CPaaS) for the retail and wholesale supply of premium voice services over 13, 1300, 1800 calling numbers and SMS. The services include a value-added software as a service data analytics and call tracking application, as well as the leasing of phonewords on these numbers. The revenue is primarily recurring in nature and is earned adopting the brands Fonedynamics, 1300 Australia and Easy Inbound.

The Uniti business and operating support systems enable the measurement and recording of revenue, costs of sales, operating expenses and depreciation and amortisation for each of these distinct revenue segments to provide accurate reporting of earnings contributions from each of these market activities as reported in the Operating Segments Note 3. Uniti operates a shared services function for commonly applied functions including finance and treasury, governance, legal, human resources, financial and risk management, Uniti's Managing Director & Chief Executive Officer, Executive Director, Chief Corporate Services Officer and Chief Financial Officer (and associated employees) as well as the Board of Directors are included within the Corporate Services function and costs as disclosed in the Operating Segments Note 3.

Uniti listed on the ASX in February 2019 with a clear strategy of becoming a substantial owner and operator of core technology infrastructure including FTTP networks through organic growth and inorganic growth by acquisitions of businesses. Uniti brought together an experienced board of directors and executive team to organically build the business and to support the identification, execution, integration and growth of the sizeable pool of acquisition opportunities now completed.

During the year ended 30 June 2021, Uniti completed strategic acquisitions of prominent FTTP networks resulting in Uniti now being the second largest FTTP infrastructure owner and operator in Australia. The acquisition of OptiComm Limited by way of a Scheme of Arrangement for the total consideration of $703.4 million and Telstra's Velocity and South Brisbane Exchange assets for $140 million, has created a substantial data infrastructure company (by far the largest challenger

Operating and Financial Review continued

GROUP OPERATING PERFORMANCE *continued*

in the greenfield FTTP market), with a rapidly expanding network, that is highly profitable. In addition, Uniti acquired HarbourISP Pty Ltd, a fast-growing RSP which specialises in delivery of superfast retail broadband services in "greenfield" developments. This acquisition more than doubled the retail consumer customer numbers of Uniti, delivering genuine scale and operational efficiency across all key operational elements.

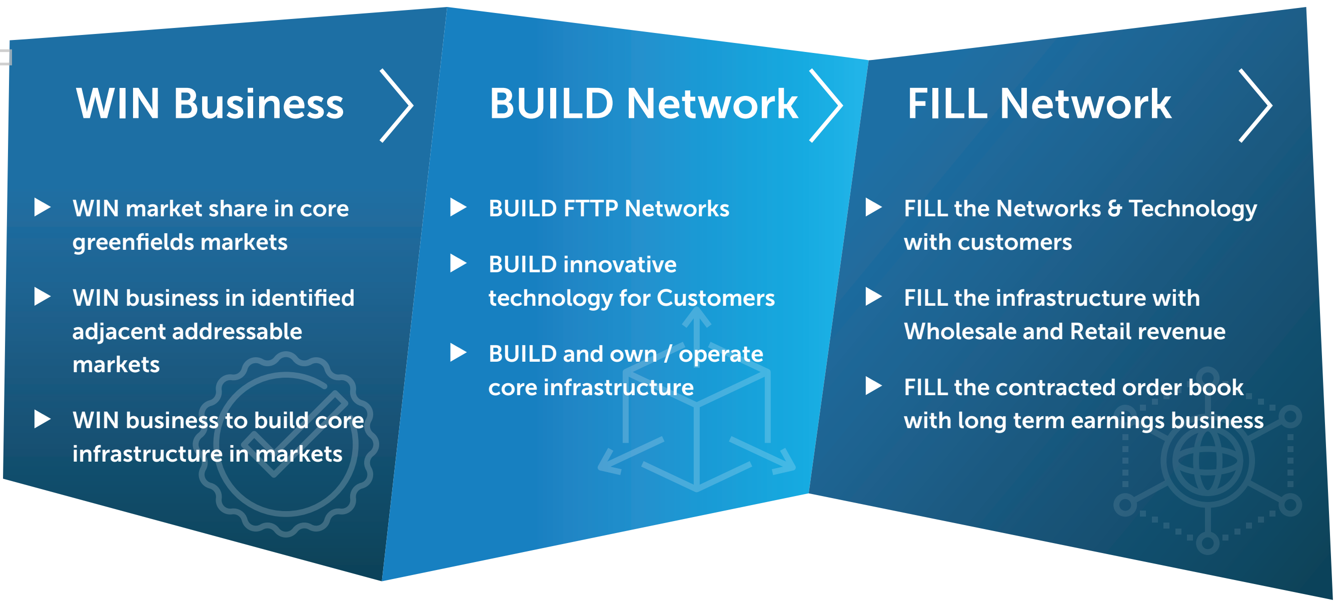
Today Uniti has integrated the majority of the operating and business support systems of acquisitions and, where incomplete, remaining integration will be finalised by the end of the current calendar year. Uniti has now transitioned to Uniti Group, a group of One. Uniti is now one business with numerous core brands adopted for selected market segments.

During the year ended 30 June 2021 Uniti secured an ACCC approved functional separation undertaking for those retail supply operations required to be separated. This is where Uniti retails high speed broadband (defined as greater than 25Mbps download) to residential premises where Uniti also owns the FTTP infrastructure used to deliver the high speed broadband. Uniti is not required to be functionally separated where the telecommunications products and services are not high speed broadband or delivered to premises identified as non residential or Uniti is not the owner of the FTTP infrastructure. Uniti continues to adopt the same brands whether the retail operations are required to be separated or not.

Uniti has now built a core infrastructure platform for continued strong organic growth into the foreseeable future. The Uniti Business Model is graphically described below. The business strategy is very simple.

The core infrastructure platform will deliver the strong organic growth by the following actions aligned to the WIN BUILD FILL strategy:

- delivery of the current contracted business Uniti has secured which is expected to significantly increase earnings over the next 5 years.
- increase the share of business obtained from existing customers who are part of the current contracted order book.
- increasing market share in the historical Uniti core market of greenfield residential housing relative to NBN Co who has dominated the segment.
- expand infrastructure ownership and telecommunications and technology products, services and capabilities to new property verticals such as industrial, commercial, lifestyle, community developments.
- expansion into adjacent products and services that leverage Uniti's core infrastructure ownership including the FTTP networks such as smart cities/buildings applications and integrated communications networks including DAS, security, CCTV, WiFi, IOT.

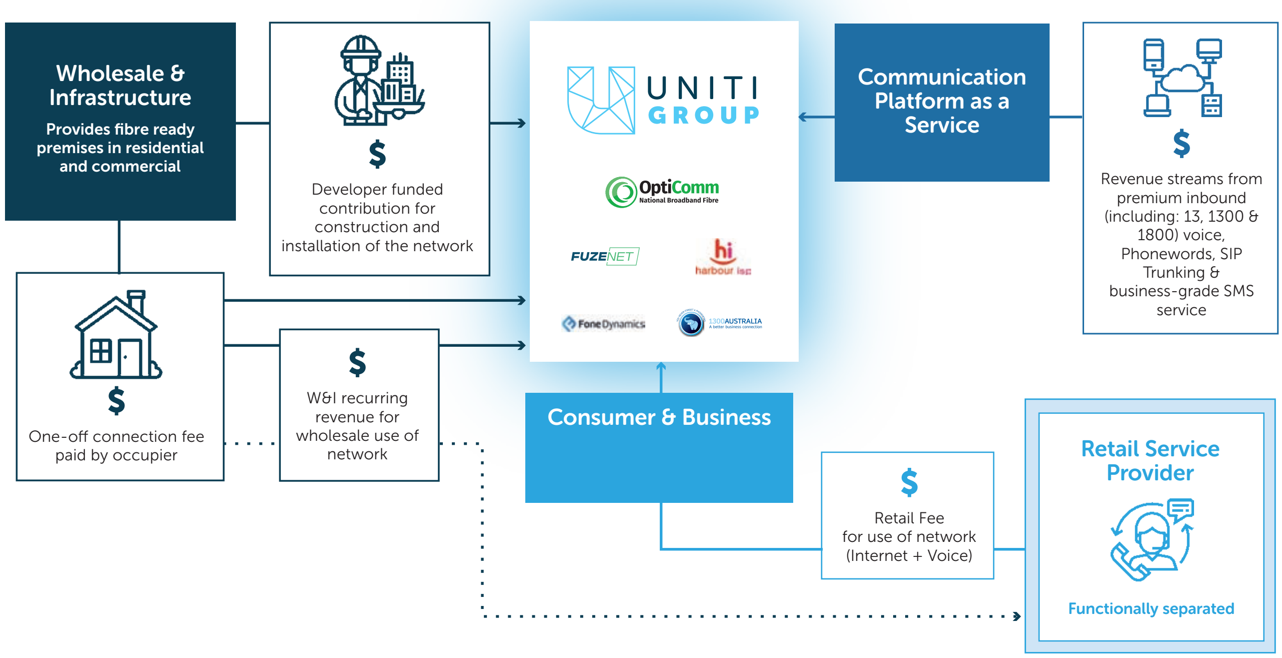


Operating and Financial Review continued

GROUP OPERATING PERFORMANCE *continued*

Our business model

Primarily a wholesale infrastructure business supported by a functionally separate retail presence and a cash generative CPaaS business



Underlying results overview

$'000	FY21	FY20	$ change	% change
Revenue[1]	**159,854**	58,216	101,638	175%
Operating expenses[2]	**(66,117)**	(31,686)	(34,431)	109%
Underlying EBITDA[3]	**93,737**	26,530	67,207	254%
Depreciation and amortisation[4]	**(9,451)**	(4,267)	(5,184)	121%
Underlying EBIT[5]	**84,286**	22,263	62,024	279%
Finance costs	**(7,955)**	(595)	(7,360)	1,238%
Underlying net profit before tax	**76,331**	21,668	54,663	252%

(1) Revenue of $159.9 million excludes dividend income of $0.6 million relating to the Company's acquired interest in OptiComm Limited shares prior to the completion of the Scheme of Arrangement to acquire OptiComm Limited and its controlled entity (OptiComm).

(2) Operating expenses refers to network and hardware expense of $34.4 million (2020: $13.8 million), employee benefits expense of $29.0 million (2020: $17.4 million) and other expenses of $23.5 million (2020: $10.9 million) less significant items of $20.7 million (2020: $10.5 million).

(3) EBITDA refers to earnings before interest, tax, depreciation and amortisation and Underlying EBITDA is stated before share based payment expense and acquisition and restructuring costs, and after dividends received.

(4) Depreciation and amortisation refers to reported depreciation and amortisation expense less amortisation of acquired customer base intangible of $12.0 million (2020: $2.6 million).

(5) EBIT refers to earnings before interest and tax.

Operating and Financial Review continued

GROUP OPERATING PERFORMANCE *continued*

Reconciliation of reported to underlying results

$'000	FY21	FY20	$ change	% change
Underlying EBITDA	**93,737**	26,530	67,207	253%
Significant items				
Acquisition and restructure costs[1]	**(13,976)**	(5,894)	(8,082)	137%
Share based payments	**(6,772)**	(4,581)	(2,191)	48%
Dividend income	**621**	-	621	-
Reported EBITDA	**73,610**	16,055	57,555	358%
Depreciation and amortisation	**(21,418)**	(6,853)	(14,565)	213%
Finance costs	**(7,955)**	(595)	(7,361)	1,238%
Tax[2]	**(15,042)**	7,314	(22,356)	n/m
Reported net profit after tax	**29,195**	15,921	13,273	83%

(1) Costs incurred, including stamp duty, on the acquisition of OptiComm Limited and its controlled entity (OptiComm), HarbourISP Pty Ltd (HarbourISP) and Telstra Velocity and South Brisbane Exchange (Velocity) network assets of $12.6 million. In addition, non-recurring restructure costs of $1.4 million were incurred. Acquisition costs incurred in corresponding period last year were for the acquisitions of LBNCo Pty Ltd and its related bodies corporate (LBNCo), OPENetworks Pty Ltd (OPEN) and 1300 Australia Pty Ltd (1300 Australia) and its related entities of $5.2 million. Non-recurring restructure costs of $0.7 million were also incurred in the corresponding period last year.

(2) During FY21 Uniti recorded an income tax expense of $15.0 million. Whilst an income tax expense has been incurred during the period, Uniti is in a tax refund position as at 30 June 2021. This is predominantly driven by capital allowance incentives that allow accelerated deductions for depreciating assets. The application of these tax depreciation incentives resulted in a deduction of $155.6 million (tax effected: $46.7 million), and therefore Uniti is in a tax loss position for FY21. Of this $155.6 million, $135.0 million derives from assets acquired as part of the OptiComm and Velocity acquisitions. As at 30 June 2021, Uniti has carried forward tax losses of $106.8 million (tax effected: $32.0 million) as a result of the losses incurred in the current year ($96.8 million) and the opening losses as at 1 July 2020 of $9.1 million. The opening tax loss position represents the recognition of income tax losses incurred by Uniti and certain acquired companies from prior periods and the movement in the deferred tax assets and liabilities on the acquired companies joining the tax consolidated group. The transition to significant profits before tax in FY20 and the continued growth in profitability of Uniti has meant that the realisation of accumulated losses being recouped against current and future taxable income is more certain, resulting in the recording of the deferred tax asset for these losses.

Revenue and underlying EBITDA overview

Discussion of the factors driving revenue and underlying EBITDA are contained in the commentary on divisional performance. As several acquisitions were completed during the period, results presented below represent a contribution for part of FY21 only depending on when the businesses were acquired. For further information on the financial performance of the division please refer to Divisional Performance section.

$'000	FY21	FY20	$ change	% change
Revenue	**160,475**	58,216	102,259	176%
Wholesale & Infrastructure	**105,442**	22,351	83,091	372%
Communications Platform as a Service	**30,810**	20,969	9,841	47%
Consumer & Business	**43,609**	24,004	19,605	82%
Intercompany[1]	**(20,450)**	(9,432)	(11,018)	117%
Unallocated[2]	**1,064**	324	740	228%
Underlying EBITDA	**93,737**	26,530	67,207	254%
Wholesale & Infrastructure	**78,579**	14,525	64,054	441%
Communications Platform as a Service	**19,973**	11,752	8,221	70%
Consumer & Business	**4,468**	4,779	(311)	(7%)
Unallocated[2]	**(9,283)**	(4,526)	(4,757)	105%

(1) Intercompany revenue is eliminated on consolidation and relates primarily to recurring charges from the W&I business unit to the C&B business unit for the provision of wholesale telecommunications services.

(2) Unallocated revenue represents $0.5 million interest income earned in relation to cash and cash equivalents and $0.6 million dividend income relating to Uniti's acquired interest in OptiComm shares prior to the completion of the scheme of Arrangement to acquire OptiComm. Unallocated costs include corporate services costs and board costs.

Operating and Financial Review continued

GROUP OPERATING PERFORMANCE *continued*

Discussion of the factors driving revenue and underlying EBITDA are contained in the commentary on divisional performance.

Statement of financial position

$'000	FY21	FY20
Current assets	77,866	199,170
Non-current assets	1,127,776	254,949
Total assets	1,205,642	454,119
Current liabilities	50,788	24,356
Non-current liabilities	338,982	8,069
Total liabilities	389,770	32,425
Net assets	815,872	421,694
Current ratio	1.5	8.2

As at 30 June 2021, Uniti had cash on hand of $57.3 million (2020: $189.2 million). Uniti continued to generate strong cash conversion across the year, with Operating Free Cash flow (operating cash less capital expenditure) at 68% of underlying EBITDA. The decrease in our cash position year on year is mainly driven by the proceeds from the issue of shares as part of the then proposed OptiComm acquisition being on balance sheet as at 30 June 2020.

Plant, Property and Equipment cost increased across the period by $193.3 million to $234.0 million net book value. This increase includes $166.3 million acquired as part of the business acquisitions completed during the year, in addition to continued investment in our core infrastructure asset. Goodwill has increased by $632.6 million year on year as a result of the HarbourISP ($9.3 million), OptiComm ($566.5 million) and Velocity ($56.8 million) acquisitions.

Non-current liabilities increased by $330.9 million to $338.9 million. Uniti currently has $265.6 million borrowings drawn of the total $290.0 million facility available (Please see Net Debt and Financial Covenants section for more details). In addition, deferred and contingent consideration of $51.9 million in relation to the Velocity acquisitions has been recorded.

Cash flows

$'000	FY21	FY20
Operating cash flow	84,639	21,644
Investing activities	(654,883)	(176,460)
Financing activities	438,426	324,835
Net movement in cash	(131,818)	170,019

Operating cash flow has improved significantly compared to prior year which has risen substantially from the contribution of the acquisitions completed during the year and the highly cash generative nature of the businesses acquired, supported by the organic growth achieved under Uniti's ownership. Investing activities includes $615.7 million relating to businesses acquired, with $27.6 million relating to capital expenditure, mainly in our fibre infrastructure business. Financing activities include $179.2 million cash generated from share issues throughout the year (net of share issue costs) and proceeds from borrowings of $305.6 million to fund the OptiComm and Velocity acquisitions. During the year Uniti repaid loans of $40 million from excess cash on hand, with total borrowings of $265.6 million as at 30 June 2021.

Operating and Financial Review continued

GROUP OPERATING PERFORMANCE *continued*

Capital expenditure

2021 - $'000	Wholesale & Infrastructure	Communications Platform as a Service	Consumer & Business	Corporate	TOTAL
Growth	**24,456**	**146**	**1,207**	**–**	**25,809**
Maintenance	**631**	**135**	**672**	**339**	**1,777**
Total capital expenditure	**25,087**	**281**	**1,879**	**339**	**27,586**

2020 - $'000	Wholesale & Infrastructure	Communications Platform as a Service	Consumer & Business	Corporate	TOTAL
Growth	6,077	76	1,140	–	7,293
Maintenance	677	50	223	–	950
Total capital expenditure	6,754	126	1,363	–	8,243

Net Debt

$'000	FY21	FY20
Borrowings	**265,625**	-
Cash	**57,332**	189,150
Net debt	**208,293**	189,150

Financial Covenants

		FY21	FY20
Net Leverage Ratio	Net debt[1] / LTM pro forma[2] EBITDA (≤ 3.25 on 30 June 2021)	**2.2x**	n/a
Interest Cover Ratio	LTM EBITDA / LTM net interest expense (≥ 4 times)	**12.4x**	n/a
Minimum Net Worth	Total assets less total liabilities (≥ $350m)	**$818.0m**	n/a

(1) Net debt is total debt less cash, where debt includes borrowings under the current syndicated facility, bank guarantees, hire purchases, trade payables greater than 90 days, and deferred consideration owing for acquisitions.

(2) Pro forma EBITDA has been adjusted to include a full twelve month's contribution from all businesses acquired during FY21. EBITDA used in the calculation of all covenants is underlying EBITDA. Please refer to the reconciliation of reported to underlying results included in this report.

Uniti is compliant with its syndicated facility financial covenants as at 30 June 2021. The Group measures its financial covenants excluding the impact of AASB 16 Leases accounting standard.

Operating and Financial Review continued

DIVISIONAL PERFORMANCE

Wholesale & Infrastructure

Earnings summary

$'000	FY21	FY20	$ change	% change
Revenue	**105,442**	22,351	83,091	372%
Recurring	**84,305**	20,169	64,136	318%
Construction	**21,137**	2,182	18,955	868%
EBITDA[1]	**78,579**	14,525	64,054	441%
EBITDA margin %	**75%**	65%	10pp	15%
Capital expenditure	**25,088**	6,755	18,333	271%
Underlying EBITDA less capital expenditure	**53,491**	7,770	45,721	588%
Underlying EBITDA less capital expenditure / EBITDA %	**68%**	53%	15pp	28%

(1) EBITDA refers to earnings before interest, tax, depreciation and amortisation. The reported net profit before tax for the business unit for FY21 is $63.8 million (2020: $13.2 million) and represents EBITDA less depreciation and amortisation expense of $14.8 million (2020: $1.3 million). Please refer to Note 3 for the reconciliation of reported EBITDA to reported net profit after tax for each segment.

W&I delivered strong results for FY21 and includes part-year contribution from OptiComm (acquired on 20 November 2020) and Velocity (acquired on 24 December 2020). The underlying growth in construction activity and RSP activations across existing and newly acquired customers has resulted in strong revenue growth. This growth is largely driven by increased demand across the housing industry and customers need for faster internet speeds. EBITDA margins have increased from 65% to 75% across the period, largely driven by the Velocity licence fee contribution to revenue, organic growth achieved during the year and the benefit of operating leverage.

Communications Platform as a Service

Earnings summary

$'000	FY21	FY20	$ change	% change
Revenue	**30,810**	20,969	9,841	47%
EBITDA[1]	**19,973**	11,752	8,221	70%
EBITDA margin %	**65%**	56%	9pp	16%
Capital expenditure	**281**	126	155	123%
Underlying EBITDA less capital expenditure	**19,693**	11,626	8,067	69%
Underlying EBITDA less capital expenditure / EBITDA %	**99%**	99%	0pp	0%

(1) EBITDA refers to earnings before interest, tax, depreciation and amortisation. The reported net profit after tax for the business unit for FY21 is $17.2 million (2020: $9.8 million) and represents EBITDA less depreciation and amortisation expense of $2.8 million (2020: $1.9 million). Please refer to Note 3 for the reconciliation of reported EBITDA to reported net profit after tax for each segment.

CPaaS delivered solid results for FY21. FY21 results represent a full 12 months of ownership of 1300 Australia, driving the increase in EBITDA margin from 56% to 65%. The BU continues to service all levels of enterprise from Small/Medium Enterprise (SME) to Large Enterprise/Government, recognising benefits from integration into the group through the ability to cross-sell and achieve cost synergies. FY21 was a strong year of growth in the customer base, with a focus on product offering and digitisation to grow market share. CPaaS continues to deliver exceptionally strong free cash flow at 99% as a result of minimal capital expenditure.

Operating and Financial Review continued

DIVISIONAL PERFORMANCE *continued*

Consumer & Business

Earnings summary

$'000	FY21	FY20	$ change	% change
Revenue	**43,609**	24,004	19,605	82%
EBITDA[1]	**4,468**	4,779	(311)	(7%)
EBITDA margin %	**10%**	20%	(10pp)	(50%)
Capital expenditure	**1,879**	1,363	516	38%
Underlying EBITDA less capital expenditure	**2,589**	3,417	(828)	(24%)
Underlying EBITDA less capital expenditure / EBITDA %	**58%**	71%	(13pp)	(18%)

(1) EBITDA refers to earnings before interest, tax, depreciation and amortisation. The reported net profit before tax for the business unit for FY21 is $0.2 million (2020: $0.7 million) and represents EBITDA less depreciation and amortisation expense of $3.8 million (2020: $3.7 million) and finance costs of $0.4 million (2020: $0.4 million). Please refer to Note 3 for the reconciliation of reported EBITDA to reported net profit after tax for each segment.

C&B revenue has increased by $19.6 million on the prior period to $43.6 million, driven by a full year contribution from the HarbourISP acquisition in November 2020, in addition to strong growth in the underlying customer base. Continued focus on acquiring customers on Uniti's own fibre infrastructure has been a key strategic objective of FY21. The acquisition of HarbourISP has increased market share, whilst simultaneously realising cost efficiencies. EBITDA margin has declined from 20% to 10% given the reduction in the legacy wireless business customer base, which has a greater margin, though offset by higher capital outlay and depreciation.

Looking forward

Uniti has clearly executed on the planned strategy to build a substantial core infrastructure business with a particular focus on FTTP networks through growth by acquisition combined with strong organic growth.

Today Uniti can proudly proclaim it has been building FTTP networks before and longer than NBN Co, the dominant market incumbent.

Organic revenue and profit growth are evident in the financial results in FY21 particularly in the second half of the financial year.

The combination of this organic growth and successful execution of targeted growth by acquisition is evident by the growth in earnings and Uniti's valuation since listing in 2019. The Group has transitioned from loss making to generating significant earnings and a market capitalisation in excess of $2.2 billion, at 30 June 2021, culminating in the inclusion of Uniti in the ASX200 index in June 2021.

This strong growth and successful execution is attributable to a number of factors including:

- investing in identified businesses and markets within the telecommunications and technology infrastructure segments where competition is not intense, the products and services are in demand, growth and returns are high and are for the long term.
- acquiring businesses which are an ideal fit aligning with the business activities identified for the core strategy.
- the acquisition of businesses with similar or naturally associated products generating high cash margins resulting in self-funding organic growth better than pre acquisition.
- the focus on businesses with the characteristics of high growth, margins and cash generation providing enhanced products, customer service, innovation and a more efficient go to market to contribute to organic growth.
- the speedy integration of acquired businesses to deliver the cost synergies and organic long term growth identified.

Operating and Financial Review continued

DIVISIONAL PERFORMANCE *continued*

Uniti's intention to pursue an acquisition strategy in targeted market segments and to then transition to strong organic growth in each has been deliberate, was focussed on rewarding its shareholders and has been successful in:

- building capability (people, process, platforms);
- adding sustainable, annuity and expandable earnings to the business;
- adding diversity to revenues and earnings; and
- adding scale, and consequently deliver operating efficiencies.

Each of Uniti's acquisitions satisfied the above objectives, and have also met the following criteria which are systematically applied to any contemplated acquisition:

- aligns with Uniti's stated strategy and fits within strategic growth plans;
- provides products with high profit margins;
- has the ability to quickly grow organically;
- provides high cash generation to ensure certainty of cash payback and accretive returns to its shareholders; and
- is fairly priced.

SUMMARY OF KEY RISKS

The Board and Directors recognise that effective management of risk is critical for Uniti to meet its key business objectives and create value for all its stakeholders. Over the past 12 months, Uniti has gone through a further period of rapid growth and expansion. Uniti has implemented enterprise risk management processes to ensure that risks are proactively identified and managed.

The following information sets out the major risks that Uniti is exposed to. It excludes specific financial risks that are identified in the commentary around the financial performance of the Company. These risks may affect Uniti's financial performance, financial position, cash flows, distributions, growth prospects and share price.

The risks below are identified to assist investors in understanding the nature of the risks faced by Uniti and the industry in which it operates. There may be other risks that result in an adverse outcome for the Company, as this list is not necessarily exhaustive. Uniti manages and seeks to mitigate these risks through regular internal review and control processes at the Board and management level.

People and Safety	Ensuring the health, safety and wellbeing of Uniti's staff, contractors, customers and public is a key priority for the Board and Management. There are safety risks inherent in the construction and maintenance of Uniti's networks and COVID 19 has increased the profile of both physical and mental health risks to staff. To manage these risks, Uniti has a Safety Management System certified to ISO 45001 which is continually reviewed and improved, as well as committed Safety resources across the business and regular focus on Safety risks at the Board level.
Competition risks	Uniti faces competition from other private fibre network owners and operators including nbn™, as well as alternative technologies for broadband connectivity including fixed wireless/cellular (4G and 5G) technology. If there was a change to nbn™'s technology solutions or pricing strategies that made the nbn™ more competitive, this could have a materially adverse impact on Uniti's ability to attract FTTP network construction and the consequent acquisition of and/or retention of sufficient customers and to generate sufficient revenues and profitability to provide a return to investors. Uniti C&B faces competition for customers from other retailers of broadband internet connectivity services, including other resellers of nbn™ and private fibre broadband services, and mobile 4G and 5G cellular services.

Operating and Financial Review continued

SUMMARY OF KEY RISKS *continued*

Supplier and technology risks	Uniti relies on the use of third-party hardware and software technologies to deliver its products and services. These technologies are required to continually perform to expected standards, without disruption or cessation. Uniti's success will depend on its ability to access technology and respond quickly to changes in a cost-effective manner. The extent to which recent changes in the security stance from the Australian Government in relation to equipment and components sourced from some countries may impact on Uniti's existing plans or requirements to refresh its network, is still uncertain. Uniti also relies on key business relationships to deliver its services such as IP transit, backhaul, high sites or equipment including fibre optic cable. A disruption in the supply of, or prices associated with, equipment or services utilised by Uniti may have a negative impact on the business. Effective management of Uniti's inventory and supply chain has meant Uniti has not been affected by the global chip shortage to date, but further disruptions of this nature from COVID-19 or other Global events could pose risks to delivery. Certain equipment used by Uniti is sourced from overseas, the cost of which is dependent on foreign exchange rates. Uniti's ability to pass on or recover the impact of adverse currency movements is uncertain.
Regulatory risks	Uniti operates in a highly regulated environment, with penalties for non-compliance, including undertakings or the imposition of substantial civil and criminal penalties. Uniti also utilises class license spectrum and is subject to and must comply with laws, regulations and government policies in relation to that use. Possible further changes to existing regulation may from time to time result in increased compliance costs for different parts of Uniti's business as well as impose substantial risks. Uniti is not able to predict the nature or impact of future policies and any such changes are beyond Uniti's control. If changes occur to existing policies and legislation, then Uniti could be adversely affected.
Network and operational disruption	Uniti depends on the performance, reliability and availability of its network and technology platforms, including its broadband and fixed wireless networks, OSS and BSS systems, RSP Portal, online led customer service platform, call centre and communications systems. There is a risk that these platforms and systems may be adversely affected by a number of factors, including damage, equipment faults, power failure, cyber security incidents such as computer viruses, malicious interventions, third party security infringements or breaches, hacking, natural disasters or failure of third party networks. Events of that nature may adversely impact the availability of Uniti's technology platform or website, and this may have an adverse impact on Uniti's ability to acquire or retain customers.
Operational and growth risks	Uniti is exposed to risks associated with the rollout of its network, outages and loss of customer services. There is a risk that the implementation of Uniti's growth strategies will be subject to delays or cost overruns, and there is no guarantee that these strategies will generate growth. Furthermore, the implementation of these growth strategies may lead to changes to Uniti's business or the customer experience which may result in unintended adverse consequences if such changes affect customers' willingness to buy the Company's products.

Operating and Financial Review continued

SUMMARY OF KEY RISKS *continued*

Design, construction and development risks	Any delays or unexpected costs associated with the design, construction, and development of any of Uniti's fibre optic telecommunications infrastructure or any changes in funding arrangements with developers may harm Uniti's growth prospects, future operating results and financial condition. Delays or unexpected costs can be dictated by external factors such as decisions by developers to vary, delay or cancel developments or industry price increases affecting equipment components, labour or other aspects of the design, construction and development stages. Whilst this risk is largely outside Uniti's control, the risk is actively managed through visibility over the timing and completion of projected developments and keeping appraised of market conditions.
General economic conditions	In light of recent global macroeconomic events, including the impact of COVID-19, Australia could experience an significant economic recession which could impact the development and construction of new housing projects and/or vacancy rates in residential, commercial or retail premises, and this could also have an impact Uniti's ability to attract and retain customers, to invest sufficiently to develop, adopt and integrate the latest technologies into existing infrastructure, and to secure and maintain third party suppliers for IT and network infrastructure over whom Uniti may have no direct operational or financial control. These economic disruptions may adversely impact Uniti's earnings and assets, as well as the value of Uniti shares.
Integration of acquired businesses	Uniti has acquired a number of businesses in the recent years. Uniti has undertaken detailed due diligence in respect of each of those acquisitions, and following each acquisition, has promptly undertaken a systematic integration programme to integrate that business within its respective business unit or strategic pillar. In most cases, the integration programme has been successfully completed. However, there are a number of technology integration projects which remain in progress, in particular those arising from the acquisitions of OptiComm Limited and the Telstra Velocity network assets. Those projects are expected to be completed through a comprehensive migration and integration plan that will run over the next few years. Until completed, there remains a risk to future income streams to be generated and synergies to be achieved from those acquisitions.
Cyber	In a global environment where cyber security threats are continually increasing in both frequency and sophistication, managing the security of Uniti's networks and our customer's data is critical. Uniti is investing in its cyber security capability by continually improving technologies for prevention and detection of malicious access to its networks, improving processes for information security management, and ensuring that the organisation has a security aware culture through regular training and awareness of its people.

Sustainability

Introduction

In FY21, the integration of the various businesses Uniti acquired in 2019 and 2020 and establishing our future-ready operating model and systems, was a key priority for us. The COVID-19 pandemic meant that this integration had to be undertaken against the challenging backdrop of restrictions, lockdowns and significant disruption to our previously adopted ways of working and infrastructure. Telecommunications, already considered critical infrastructure, became an essential service as Australians pivoted to working and schooling from home, with this becoming the "new normal". Uniti team members rose to the challenge faced by Australians generally and continued to deliver exceptional customer service and support to its customers across all business units within the Group in a new working paradigm.

Digital Infrastructure

Infrastructure is at the heart of economic, environmental and social sustainability and our FTTP network provides high speed connectivity to over 250,000 premises across Australia, an increase of more than 30,000 in the last 12 months.

Our network connects communities, providing an essential service, that enhances business and economic productivity, home schooling, entertainment, social interaction and wellbeing. COVID-19 has also shown how high-speed broadband can reduce carbon emissions by facilitating flexible home working and home-schooling solutions. Between 30 June 2020 and 30 June 30 2021, the daily download traffic volume, in petabytes, on the wholesale broadband network increased by 34%, with the increases occurring between 10am and 6pm linked to education and business traffic profiles.

Employment

Our W&I business employs over 200 people designing, constructing and operating the broadband network, spread between direct employees and sub-contractor partners. Health and safety has been a key focus over the last year, with our employees and sub-contractors being on the "front line", maintaining critical broadband infrastructure in hot spot areas, broadacre estates and quarantine hotels and buildings. More than ever before, FY21 has demonstrated why broadband infrastructure and operations is now recognised as essential infrastructure.

Safety

The health and safety of our team members is of paramount importance to Uniti's leadership team.

Uniti seeks to foster a safety-first culture with hazard identification, incident prevention and the active management of all WHS issues being a key priority for Board, senior management and every team member. Uniti's goal is to have zero serious injuries across all of our activities.

We are committed to achieving this through education, training, identification, prevention and monitoring across our team members and our contractor base, managed by our dedicated Work Health & Safety Manager. Uniti's W&I business is certified to ISO9001 quality and ISO45001 safety management systems standards, and we are in the process of extending these same standards across the other parts of our business.

Our People

Uniti has always embraced the full scope of the diversity of its workforce, recognising the benefits and strengths that this brings. In the second half of 2021, Uniti will submit its first EOWA Gender Equality report. We plan to launch several key initiatives over the next few years which will result in stronger gender diversity across our workforce, specifically in the areas of recruitment, training and development and among our leadership teams.

In FY21, Uniti introduced paid parental leave for all primary caregivers, a benefit that had not previously been available to team members in the smaller organisations acquired by Uniti.

Uniti continued to invest in the training and development of its team members through supporting training programmes and government traineeship schemes, including the Australian Apprenticeship Support Network. We also provide education support to a number of our employees undertaking further education and development through a partial reimbursement of costs and the provision of study leave.

We also enhanced the range of services offered through our Employee Assistance Program, Lifeworks, to support our employees' well-being through the COVID-19 lockdown restrictions, particularly in Victoria where a large cohort of our team is based. This program provides 24/7 access to support if needed, and this is accessible by our employees and their families.

Sustainability continued

Modern Slavery

Uniti will be submitting its first Modern Slavery Statement for the FY22 reporting period having passed the reporting threshold of annual consolidated revenue of $100m during FY21. Given the rapid growth of the Company to date, we have not yet established a centralised procurement function, and functional responsibility for our supply chains remain within the relevant parts of the business. Accordingly, for practical reasons, the focus of our first reporting period has been to identify gaps in our policies and procedures and to publish key external-facing documents to ensure we have a strong foundation from which to build our Modern Slavery programme for the future.

During the current reporting period, we will introduce a Supplier Code of Conduct which will outline the minimum expectations we have of our suppliers in relation to ESG issues, including Modern Slavery. The Code will be shared with our existing, new and potential suppliers and its terms and conditions which relate to Modern Slavery will be included in our updated standard purchase terms. Current and new suppliers will be required to acknowledge compliance with the Code.

We have put in place a staged approach to rolling out our supplier due diligence, focusing on our highest risk and highest volume suppliers for the current reporting period. We have completed a desktop exercise to understand where the risks are highest, taking into consideration high risk country or sectors in our operations and supply chains, and the types of workers likely to be present in those chains. Guided by this exercise, we will shortly commence the distribution of questionnaires to select suppliers and use the findings to generate a report for our Board. If any actual or suspected instances of modern slavery are identified, Uniti will carry out an investigation, and if deemed necessary, work with its suppliers to implement a remediation plan. If this fails to result in appropriate changes, Uniti will review its ongoing relationship with that supplier and establish mechanisms for external reporting.

Ongoing implementation and management of the activities relating to Modern Slavery will be managed by our Chief Corporate Services Officer and her team including representatives from legal, risk & audit and human resources.

Environment

On the environment front, Uniti is certified to ISO 14001 Environmental Management Systems. The management system and processes assist us in continually assessing our environmental impact, setting targets and monitoring our environmental performance for continual improvement.

Uniti builds and maintains optical fibre networks that are operated and used in an ecological and sustainable manner. The delivery of multiple communication services through a single fibre optic cable provides not only monetary savings to the communities we service, but also minimises the impact on the environment.

In a move that will reduce carbon emissions, Uniti has decided to adopt FTTP XGS-PON and FTTP GPON technologies in the construction of its network infrastructure. This technology consumes significantly less power than FTTN DSL (copper) and HFC networks.

A European study performed by the Prysmian Group in November 2020, determined that GPON technology consumes the least amount of energy to provide broadband residential connections compared to VDSL and HFC DOCSIS. At the 50Mbps download speed tier, GPON consumed an average of 56 kWh/year per person, 37% less than HFC at 88 kWh/year per person, and 9% less than VDSL at 61 kWh/year per person. At faster broadband speeds (eg: 1Gbps download speeds as per the majority of the Uniti wholesale network), the study concluded the percentage savings with GPON or XGSPON would be even greater than the legacy technologies.

The new technology, made of tiny fibres of glass and sand, also generates much smaller quantities of environmental waste than DSL and HFC networks which use copper and metal (which rust and need to be mined). DSL copper and HFC networks have an effective life of 20 to 30 years, after which these networks need to be replaced and disposed of via waste or some recycling. Fibre networks have a life of more than 50 years, therefore a lower environmental waste impact.

Post integration of all acquired networks, Uniti will be able to efficiently measuring power usage per home and Gbps to enable carbon emissions to be calculated, and to drive improvements in environmental performance.

At Uniti, we have a motto of “Ban the Box” because we believe above ground Fibre Distribution Hubs (FDHs) are detrimental to the aesthetics of an estate. The traditional

Sustainability continued

large above ground hubs are also vulnerable to damage and are not waterproof. With the exception of the Velocity network, all OptiComm and LBN greenfield communities use underground splitters and connectors, and all our future builds are based on underground equipment, so even in a flood, our services continue to work. These advanced features enhance the sustainable efficiency of our networks.

Uniti adopts "REDUCE – REUSE – RECYCLE" as the basis of its environmental objectives, whether its reducing packaging from our suppliers, recycling toner cartridges at our offices or reusing plastic water bottles. All Uniti employees have undergone environmental awareness training and adopt environmental initiatives as part of their daily routines.

Uniti has also reduced its environment waste contribution by moving most of its Group IT and OSS infrastructure to cloud providers, which results in Uniti no longer having to maintain servers in its own racks. This supports efficient recycling and disposal of hardware at end of life, as well as the sharing of capacity across infrastructure, to make for more efficient utilisation.

Cyber Resilience

The resilience and sustainability of Uniti's systems and networks is essential to ensure the continuity and availability of customer services and the security of customer data. Uniti is continually strengthening its information security posture through regular review of cyber security risks and threats, continual improvement of technology to prevent and detect cyber breaches and investment in its information security management systems. Uniti recognises that the most critical defence in its cyber security strategy is ensuring a culture of security awareness of best practice behaviour among its people and as such has a cyber security training and awareness program being rolled out.

Uniti is also currently undertaking the necessary steps to ensure its Security Management processes comply with the ISO27001 Information Security Management Systems standard.

SMALL CHANGE
BIG CHANGE
building resilient young australians

Corporate Social Responsibility

In December 2020, Uniti Group became a platinum member of the Telco Together Foundation (TTF), the industry's foundation for uniting Australia's leading telcos, drawing on their core capabilities, strengths and access to technology to drive a significant social impact. TTF supports several significant social impact projects and organisations, primarily focussed on changing the lives of young Australians. TTF is a key driver in creating social change amongst the Telco Industry, supporting disadvantaged communities in the areas of Indigenous communities, mental health, and youth employment and disadvantage. One of its key initiatives is Small Change Big Change, a fundraising program based on Workplace Giving, On-Bill Donations and Volunteering, with the goal of building resilient young Australians through a wide range of education and engagement programs designed to promote good mental health, a strong sense of identity and connection beyond connectivity. TTF was founded in 2011 by Vaughan Bowen, Uniti's Executive Director, in his then capacity as the founder and a director of M2 Group.

In addition to participating in TTF initiatives such as workplace giving and volunteering activities, Uniti Group members have banded together to raise funds for various causes throughout the year, including STEPtember, The Push-Up Challenge (for Mental Health) and the St Vincent's CEO Sleep Out initiative.

As Uniti continues to mature as a telecommunications infrastructure company in FY22 and beyond, Uniti intends to further develop and formalise it's Sustainability framework and principles. Further detail on our plan will be published in a stand-alone Sustainability Report later this year.

Director's Report

BOARD OF DIRECTORS

The names and details of the directors of Uniti during FY21 and at the date of this report are as follows:

Graeme Barclay

Independent Non-Executive Chairman

Independent Non-Executive Chairman

Committee Membership: Member of the Audit & Risk Committee and Member of Nomination & Remuneration Committee

Other listed Directorships (last 3 years): Codan Limited, BSA Limited (resigned December 2019)

Graeme Barclay is a former CEO and qualified Chartered Accountant with more than 35 years experience in professional services, corporate finance and investment banking, broadcast, telecommunications and digital infrastructure.

Graeme has held Executive and Non-Executive Chair, Director or Group CEO roles at a number of companies including BAI Communications group, Transit Wireless LLC (New York), Arqiva Limited (UK), Nextgen Networks, Metronode data centres, Axicom (formerly Crown Castle Australia) and as an Executive Director in Macquarie Group's infrastructure business. In addition, he had a 14-year career, including 4 years as partner, with a major international accounting firm.

In these corporate roles, Graeme was responsible for all aspects of strategy, M&A, sales and business development, contract delivery, capital expenditure management and operations, as well as implementing the appropriate capital structure and raising third party debt and equity for these infrastructure businesses with operations in Australia, UK, Hong Kong, Singapore, Canada, USA and New Zealand. Over the past 22 years in these businesses, Graeme led and completed more than 20 acquisition and divestment transactions including the sale of Nextgen Networks to Vocus for $820m in 2016 and the sale of Metronode to Equinix for $1,040m in 2018.

Graeme holds an honours economics degree, is a qualified Chartered Accountant in Scotland and Australia/NZ, a fellow of FINSIA and a member of the Australian Institute of Company Directors.

John Lindsay

Independent Non-Executive Director

Independent Non-Executive Director

Committee Membership: Chair of Nomination & Remuneration Committee and Member of the Audit & Risk Committee

Other listed Directorships (last 3 years): Redflow Ltd

John Lindsay is one of Australia's original Internet industry executives with more than 25 years' experience in the telecommunications industry.

His past roles include senior executive responsibility as Chief Technology Officer at iiNet Ltd where he integrated the iiNet, Internode, TransACT and Adam networks and operations teams into one global IP network from the USA, Asia and Europe all the way to DSLAMs and fibre to the premises. In this role, John was responsible for network commercial strategy, wholesale carrier relations including negotiating the purchase of wholesale ADSL, exchange and copper loop access, IP transit, dark fibre and high-capacity inter-capital and international data services. He was also responsible for regulatory matters with the ACMA, ACCC, TIO and industry associations, and successfully challenged Telstra's wholesale pricing via Access Disputes with the ACCC on several occasions resulting in large cost reductions and back-dated refunds.

As TransGrid Telecommunications Advisory Chief Technology Officer in 2015 and 2016, John advised on commercial strategy and technical design of a ground-up new network and services during the successful $10.258 billion-dollar 99 year lease of the NSW government's assets.

John currently serves as a director of Zinc/Bromine flow battery maker Redflow Ltd (ASX:RFX), a number of private companies including multinational eCommerce Software as a Service (SaaS) host, Ultra Commerce Holdings Ltd, Chatbot innovator Clevertar Pty Ltd and is co-founder of Adelaide based enterprise and government Cloud IT transition specialists jtwo solutions Pty Ltd. John is also a director of the Telecommunications Industry Ombudsman (TIO), a federal government body.

John is a graduate member of the Australian Institute of Company Directors.

Director's Report continued

Kathy Gramp

Independent Non-Executive Director

Committee Membership: Chair of the Audit & Risk Committee & Member of Nomination & Remuneration Committee

Other listed Directorships (last 3 years): Codan Limited

Kathy Gramp is a professional company director with over 24 years' experience across a diverse range of industries including commercial radio, digital media, technology and consumer-centric organisations and she has significant experience as Chair of Audit & Risk Committees.

Kathy spent 22 years at Austereo Ltd, including her appointment as Chief Financial Officer since 2003. In that time the company grew from 2 radio stations to the largest commercial radio network in Australia, and the leader in Digital and Online Media. Kathy's current roles include being a non-executive director of Codan Limited (ASX: CDA). Codan delivers technology solutions in communication, safety and security, with international operations exporting to over 150 countries. She is also a director of The Australian Institute of Company Directors and a Council member of Flinders University.

Kathy is a Fellow of the Australian Institute of Company Directors and Chartered Accountants Australia and New Zealand, Member of Chief Executive Women and holds a BA in Accountancy from The University of South Australia.

Vaughan Bowen

Executive Director

Other listed Directorships (last 3 years): None

Vaughan Bowen is a highly successful business builder, M&A practitioner & philanthropist. As founder of ASX100 telecommunications company M2 Group (which became part of Vocus Group, following a merger in 2016), Vaughan took M2 from start-up to a corporation valued at greater than $2B, with more than 3,000 team members, nearly 1 million customer services across Australia & New Zealand and owner of household names including Dodo, iPrimus and Commander. During the M2 journey, Vaughan led the identification, negotiation and acquisition of more than 30 companies.

In 2012 Vaughan founded, seeded and for 8 years served as Chairman of the Telco Together Foundation ("TTF"), the Australian telco industry's only united charitable entity, endorsed by the federal government's Department of Communications. TTF has raised millions of dollars for various disadvantaged communities and implemented national programs for the benefit of the not-for-profit sector as a whole, including on-bill donations, work-place giving and skilled volunteering. Vaughan continues to serve as a TTF non-executive Director and benefactor.

Director's Report continued

Michael Simmons

Managing Director & Chief Executive Officer

Other listed Directorships (last 3 years): None
Michael Simmons is a seasoned media and telecommunications executive who brings more than 40 years industry experience to Uniti Group.

Prior to taking on this role, Michael was the CEO of Vocus Group Limited. Michael joined Vocus as a Non-Executive Director following the merger of M2 Telecommunications Limited and Vocus in 2016. Michael left the Vocus board stepping into Executive roles as CEO of Enterprise, Wholesale & Government business and subsequently Interim Group CEO.

Michael was employed by TPG Telecom Limited for in excess of 26 years. Michael held various executive positions and served as CEO for the majority of this time. ASX-listed SP Telemedia Limited (SPT Group) which listed in 2001 acquired TPG and later changed its name to TPG.

Prior to listing, the SPT Group was a wholly owned subsidiary of Washington H. Soul Pattinson Limited. Michael held executive roles within the SPT Group of Companies, including as Chief Financial Officer. During his time with SPT Group, Michael developed and implemented the business plan to create a telecommunications business within the Group, which became SP Telemedia and resulted in Michael being Group CEO. Michael continued to lead the growth of SP Telemedia including the acquisition of TPG Telecom.

In 2008, Michael left TPG to become the Managing Director of TERRiA, a telecommunications consortium of infrastructure-based telecommunications carriers (including TPG), formed to bid for the contract to build, own and operate the National Broadband Network (NBN). At this time, Michael also joined the M2 Telecommunications Group, as a Non Executive Director. Michael remained a Director until 2016 when M2 merged with Vocus as a $2.2B enterprise.

Michael has considerable executive experience in building ASX listed businesses within the telecommunications and media sectors.

Ashe-lee Jegathesan

Chief Corporate Services Officer & Company Secretary LLB (Hons), GAICD

Ashe-lee Jegathesan is a highly experienced executive with more than 20 years' experience, including in the technology and telecommunication industry. She brings with her effective leadership and management skills alongside corporate legal and governance experience to deliver strong commercial outcomes for the business. She has also had significant experience in leading and implementing strategic M&A activity (both local and cross-border) including the integration of those acquired businesses.

As Chief Corporate Services Officer for Uniti Group, she is responsible for providing oversight of the Corporate Shared Services function including IT and Projects, Legal, Regulatory & Risk, ESG, HR, Corporate Communications and Investor Relations, and the integration of the business acquired by Uniti. Prior to this she held the role of General Counsel & Company Secretary of Vocus Group Limited.

Ashe-lee is a graduate member of the Australian Institute of Company Directors. She also sits on the advisory board for Archangel, an early stage start-up investment syndicate based in Australia, and is a member of the Human Research Ethics Committee for Orima Research.

Director's Report continued

The directors present their report, together with the financial statements, on the consolidated entity Uniti Group Limited hereinafter referred to as "the Group" or "consolidated entity" consisting of Uniti Group Limited (referred to hereafter as the "Company" or "parent entity") and the entities it controlled at the end of, or during, the year ended 30 June 2021 ("year").

Directors' Interests

The following table sets out each Director's relevant interest in shares and options as at 30 June 2021:

	Ordinary Shares	**Options**
Graeme Barclay	4,636,162	4,990,534
Kathryn Gramp	458,037	1,871,451
John Lindsay	466,052	1,871,451
Vaughan Bowen	10,695,503	4,990,537
Michael Simmons	5,558,475	4,990,534

No director has:

- a relevant interest in the shares of any related body corporate of Uniti Group Limited; or
- a relevant interest in debentures of Uniti; or
- rights or options over shares in, or debentures of, Uniti; or
- rights under a contract that confer a right to call for or deliver shares in, or debentures of, Uniti.

Full detail of the unissued Ordinary Shares under option is included in the Remuneration Report, which forms part of this Directors' Report.

Shares issued on the exercise of options

During the financial year, no options were exercised and therefore no Ordinary Shares were issued as a result of options being exercised.

Corporate governance

Our Corporate Governance Statement, detailing our compliance with the ASX Corporate Governance Council's "Corporate Governance Principles & Recommendations – 4th Edition" can be found online at www.unitigrouplimited.com/governance/policies.

Principal activities

During the financial year, the principal continuing activities of the Group consisted:

- the construction, ownership and operation of telecommunications infrastructure, and the provision of telecommunications and technology products and services delivered over this infrastructure as a wholesaler of the infrastructure constructed, owned and operated.
- retailing telecommunications products and services to end users, operating the retail business as a functionally separated business under the terms of an enforceable undertaking provided to the ACCC.
- the operation of a communications platform as a service (CPaaS) for the retail and wholesale supply of premium voice services over 13, 1300, 1800 calling numbers and SMS. The services include a value-added software as a service data analytics and call tracking application, as well as the leasing of phonewords on these numbers.

Dividends

There were no dividends declared or paid during the financial year.

Director's Report continued

Review of Operations

The statutory profit for the consolidated entity after providing for income tax amounted to $29.2 million (30 June 2020: $15.9 million).

The statutory profit includes significant items consisting of $12.6 million acquisition costs incurred as part of the acquisitions of OptiComm Limited (OptiComm), HarbourISP Pty Ltd (HarbourISP) and Telstra Velocity and South Brisbane Exchange (Velocity) network assets, $6.8 million share based expenses relating to shares and options issued, $1.4 million restructure costs incurred as part of group reorganisation activity, $0.6 million dividend income relating to Uniti's acquired interest in OptiComm shares prior to the completion of the Scheme of Arrangement to acquire OptiComm and amortisation of acquired customer base intangible of $12.0 million.

After adjusting for the significant items, the profit after tax for the consolidated entity for the year was $61.3 million compared to the prior corresponding period of $21.7 million, an increase of 182%.

The Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) after adjusting for the significant items for the year was $93.7 million compared to $26.5 million for the prior corresponding period, an increase of 254%. Please refer to the reconciliation of reported to underlying results in the Operating and Financial Review section.

The growth in the operating businesses and the transactions undertaken has resulted in the Group performing well, with strong cash flow for the financial year, with the Group well positioned for further growth in the 2022 financial year.

In line with our strategy, the Company completed the acquisitions of HarbourISP, OptiComm and Velocity in FY21. The transactions were highly earnings accretive and were a significant contributor to the current earnings of the Group.

The Group has a strong balance sheet, ownership of an integrated data infrastructure business, more diverse products and services and a pipeline of organic growth opportunities such that the Directors are highly confident the Group will continue to grow earnings in the future.

Significant changes in the state of affairs

On 22 October 2020, the Australian Competition and Consumer Commission (ACCC) accepted the functional separation undertaking submitted by the Company. The terms of the undertaking were effective immediately, for an initial period of 10 years. This undertaking means that the Company can operate on a functionally separated basis, to serve residential customers directly on the superfast fixed line broadband networks which it owns and operates, most notably its rapidly expanding FTTP networks and its other fixed line superfast broadband networks.

On 17 November 2020, the Company acquired 100% of HarbourISP Pty Ltd (HarbourISP) for a purchase consideration of $10.3 million and 1 million options to acquire Uniti shares at an exercise price of $1.54. The purchase consideration represents the cost of the business combination in line with AASB 3. HarbourISP specialises in delivery of superfast retail broadband services in greenfields developments.

On 20 November 2020, the Company acquired 100% of the ordinary shares of OptiComm Limited and its controlled entity, OptiComm Integration Pty Ltd (OptiComm), by way of a Scheme of Arrangement for total consideration of $703.4 million. The purchase consideration consisted of cash payments of $530.3 million and $173.2 million scrip consideration. The total purchase consideration includes shares acquired via share purchase agreements with certain OptiComm institutional shareholders prior to the completion of the Scheme of Arrangement. OptiComm operates a FTTP network across Australia servicing both residential and business customers, including retirement living, community and commercial clients.

On 24 December 2020, the Company acquired Telstra's (ASX:TLS) Velocity and South Brisbane Exchange network assets (Velocity) for $140 million. The purchase consideration consists of a cash payment of $85m upon transaction completion, $20 million payable in 3 equal instalments over 3 years and $35 million payable upon completion of migration of the assets. The Velocity network is Telstra's optical fibre network that uses FTTP technology to deliver high-speed broadband, phone, subscription TV and free-to-air services in certain locations across Australia.

Director's Report continued

Both the OptiComm and Velocity acquisitions were funded by share capital raises and a three-year debt facility agreement. In June 2020, a non-renounceable rights issue was completed, raising $270 million (before costs) at $1.40 per share issued. In December, a placement was completed, raising $50 million (before costs) at $1.50 per share issued. In January 2021, Uniti completed a share purchase plan to shareholders which was over-subscribed by more than seven times, raising $20 million (before costs) at $1.50 per share issued. Any surplus funds have been added to the Company's reserves.

The Company executed a $320 million revolving syndicated facility agreement with Westpac Banking Corporation and Commonwealth Bank of Australia taking effect 18 December 2020. The facility included a $315 million revolving loan facility and a $5 million contingent instrument facility. The Company renegotiated a syndicated facility with Westpac Banking Corporation, Commonwealth Bank of Australia and Macquarie Bank Limited taking effect 26 May 2021. The facility included a reduced $285 million revolving loan facility and a $5 million contingent instrument facility.

On 21 June 2021, the Company was admitted to the S&P/ASX 200 index.

Impact of 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.

Uniti may be impacted both by deterioration in macroeconomic conditions generally and specifically in relation to its operations. Many of the operational and general risks highlighted in the Group Outlook 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, governmental action, regulatory policy, quarantining, self-isolations and travel restrictions.

In addition, the COVID-19 global pandemic may specifically impact the projected growth rate of Uniti's Infrastructure business, including from any downturn in the property market which may lead to a delay in the construction of new developments and in the signing of new developer agreements and/ or delay in the construction of dwellings under these new agreements and/or increases in vacancy factors, resulting in delays in the realisation of revenue from these contracts or connections.

There is also a risk that the operations of Uniti may be interrupted by government enforced restrictions (such as lockdowns) or other COVID-19 related health concerns.

Although there is a level of inherent uncertainty as outlined above, so far there has not been any noticeable adverse impact on the Group's operations or profitability. Uniti has not claimed any amounts under the Australian Government JobKeeper Payment Scheme.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

There are no other developments other than those listed above that are likely to materially impact the results of operations of the Group at this time.

Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Director's Report continued

Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2021, and the number of meetings attended by each director that held office during the year were:

	Full Board		Nomination & Remuneration Committee		Audit & Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
Graeme Barclay	25	25	5	5	5	5
John Lindsay	25	25	5	5	5	5
Kathy Gramp	25	25	5	5	5	5
Vaughan Bowen	25	25	5	5	5	5
Michael Simmons	25	25	5	5	5	5

Indemnities and insurance

The Uniti Group Constitution provides that to the extent permitted by law and except as may be prohibited by the Corporations Act, each director and secretary of Uniti (and its subsidiaries) is indemnified against any liability (other than for legal costs where the indemnity is limited to reasonable legal costs) incurred by that person in the performance of their role.

The current and former directors and secretary of Uniti, as well as the members of the executive team are also party to a customary deed of access and indemnity.

During FY21, Uniti paid a premium in respect of a contract insuring the directors and officers of Uniti against any liability that may arise from the carrying out of their duties and responsibilities to the extent permitted by the Corporations Act. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the deductible or premium.

Auditor indemnity

The Company has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor. During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Deed of cross guarantee

A deed of cross guarantee between Uniti and its subsidiary entities was enacted during the prior financial year and relief was obtained from preparing individual financial statements for the Group under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785. Under the deed, Uniti guarantees to support the liabilities and obligations of its subsidiaries listed above. As its entities are a party to the deed the income statement and balance sheet information of the combined class-ordered group is equivalent to the consolidated information presented in this financial report.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 27 to the financial statements.

The directors are satisfied, on the advice of the Audit Committee, that the provision of non-audit services during the year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in Note 27 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the company or jointly sharing economic risks and rewards.

Auditor's independence declaration

The auditor's independence declaration for the financial year ended 30 June 2021 can be found on page 56 of the financial report and forms part of the Directors Report.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to "rounding-off". Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Remuneration report (audited)

Introductory Letter from John Lindsay, Chair of the Nomination & Remuneration Committee

Dear Shareholders,

I am pleased to present the Uniti Group remuneration report for FY21. In another year of transformational growth for Uniti, including significant acquisition activity and resulting integration of those acquisitions, we have sought to provide stakeholders with transparency, visibility and insight into our remuneration structure and framework.

Uniti's remuneration structure should be considered in the context of the transformation that has been achieved over the past two years.

Uniti has grown from an initial market capitalisation of ~$30m when it listed on the ASX in February 2019 to a market capitalisation of $2,240m when it was admitted to the S&P/ASX200 on 21 June 2021. Prior to its listing, Uniti was a loss-making business with a small fixed wireless network and ~6,000 customers predominantly in Adelaide. At that time, and before there was any certainty as to whether Uniti would be able to successfully raise new equity capital through a listing, Uniti was able to attract the current non-executive directors and MD & CEO by offering exposure to equity through share options and shares, which were approved by shareholders. This history has resulted in certain existing legacy arrangements, such as options being held by non-executive directors, and a remuneration structure focused on rewarding the achievement of shorter term priorities with a bias towards equity-based remuneration for that delivery.

Importantly, the remuneration structure we have had in place up until now, including the FY21 year, directly links the remuneration of directors and executives to the performance of the company to ensure that directors and executives are aligned with shareholders. This alignment has, in turn, delivered significant additional value to our shareholders in FY21.

Our remuneration framework has evolved considerably over the short period that Uniti has been a listed company, and your Board acknowledges that further evolution of our remuneration framework is now appropriate as we have become an S&P/ASX200 company, reflecting the considerable growth in the scale and value of your Company that has been achieved.

As part of designing our remuneration strategy and framework for FY22 and beyond, we have engaged with key stakeholders and external independent advisors to better understand not only the structure that will attract, retain and motivate the high calibre executive leaders and team members needed to execute on our strategy to significantly increase our market share (particularly in our fibre-to-the-premise core business), profitability, cash generation and sustainable shareholder returns, but also take into account market norms and expectations, as well as other non-financial elements which are important to our sustainable growth into the future.

We remain committed to our core remuneration philosophy which is based upon the following principles:

- alignment with Uniti's overall strategy for long term value creation;
- alignment of executives and directors with shareholders;
- ensuring that Uniti can attract, motivate and retain the leadership team needed to successfully execute the overall strategy;
- simple to understand and based on measurable objectives, with reward demonstrably linked to performance (pay for performance principle); and
- supports robust performance management.

We have included in our report details of the FY22 remuneration structure to provide shareholders with insight into the way in which our remuneration structure is evolving, following the transformation of the Company that has been delivered by the Board and executive leadership team over the past two years. Our intention is to create and maintain a reward structure that will incentivise and motivate the executive team to continue to deliver superior returns for our shareholders, through a mechanism that enables them to participate in that wealth creation.

I trust that with the above relevant history and context that clearly illustrates your Company has been transformed over its short ASX history, to the benefit of all shareholders, and that our evolution to an appropriate remuneration framework will continue to receive your support, whilst your Board and executive leadership team remain committed to delivering outstanding shareholder returns into the future.

John Lindsay
Chair, Nomination & Remuneration Committee

Remuneration report (audited) continued

The remuneration report details the Key Management Personnel "KMP" remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

The Remuneration Report is designed to provide shareholders with an understanding of the principles guiding Uniti's remuneration framework for directors and executives, the main basis of which is its alignment with shareholders' interests, as well as ensuring that reward is linked to company performance appropriately. Individual outcomes for Uniti's KMP are also outlined in this report.

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including all directors.

In the FY21 year, the following people were assessed to be KMP:

Directors

Graeme Barclay	Non-executive Chairman
Kathryn Gramp	Non-executive Director (Chair, Audit & Risk Committee)
John Lindsay	Non-executive Director (Chair, Nomination & Remuneration Committee)
Vaughan Bowen	Executive Director
Michael Simmons	Managing Director & Chief Executive

Executives

Darryl Inns	Chief Financial Officer
Ashe-lee Jegathesan	Chief Corporate Services Officer & Company Secretary

Changes since the end of the reporting period: Nil

1. Remuneration Framework and Principles

Uniti's remuneration framework has been designed to support Uniti's ability to attract, motivate and retain high calibre executives, in a manner which is consistent with Uniti's organisational strategy and key value drivers, encourages an ownership mindset among KMP and aligns remuneration outcomes with the achievement of strategic objectives and, most importantly, the creation of sustainable value for shareholders. This has translated into a structure where strong alignment between shareholders and executives is created and maintained, with a significant proportion of remuneration being equity based.

The remuneration framework has evolved over the short period that Uniti has been a listed company, and it is acknowledged that further evolution of our remuneration framework is now required as outlined in our new FY22 remuneration structure set out below.

In designing our FY22 remuneration structure, and moving away from our current structure, we remain committed to our core philosophy based upon the following principles:

- alignment with Uniti's overall strategy for long term value creation
- alignment of executives and directors with shareholders
- ensure that Uniti can attract, motivate and retain the leadership team needed to successfully execute the overall strategy
- simple to understand and based on measurable objectives, with reward demonstrably linked to performance (pay for performance principle)
- supports robust performance management

Remuneration report (audited) continued

2. FY21 Remuneration Structure

During FY21, our focus has been to ensure alignment of executive remuneration outcomes with shareholders and link reward to Company performance. As such, the remuneration mix for executives employs a lower fixed pay base, with a higher variable performance-based opportunity (potentially including an accelerator or multiplier component), a significant proportion of which is share-based and vested progressively over a number of years.

Our FY21 incentive structure did not include a proportion linked to traditional long-term performance measures, partly for the reasons outlined above, and partly to ensure that executives were rewarded during FY21 for the significant effort and achievement in successfully executing the acquisitions of OptiComm (which was on foot at the start of the FY21 year and at the date of our FY20 annual report) and the Velocity network assets in particular. Further, the Board implemented measures to ensure that the performance of the acquired businesses was better than the acquisition case expectations in assessing the appropriate reward outcomes for executives.

The Board has sought to also alleviate any concerns that the FY21 incentive structure does not include long term performance measures through 25% only of the incentive being in the form of cash, 25% of the incentive being in the form of non-deferred rights, 50% of the incentive being in the form of deferred rights, and 100% of the accelerator for out-performance above targets also being in the form of deferred rights.

Our FY22 remuneration structure implements a long-term incentive component and target measures, as set out later in this report.

2.1 Fixed Pay

Fixed Pay comprises cash salary and superannuation contributions, delivered in accordance with terms and conditions of employment.

Fixed Pay is set based on skills, capabilities, experience and performance and is positioned below market median levels for equivalent positions, noting a skew towards "pay for performance" outcomes. Fixed Pay is reviewed annually, however increases are normally only made on role changes, promotion, or major market movements.

2.2 Remuneration Mix

The remuneration mix at maximum opportunity for FY21, comprising Fixed Pay and Variable Remuneration (a Senior Executive Incentive Plan (SEIP) consisting of a Non-Deferred Incentive payable in a combination of cash and equity which is not subject to further deferral or restrictions (NDI), and a Deferred Equity Incentive (DEI) which includes an accelerator opportunity), is weighted towards variable remuneration, consistent with the pay for performance principle, as set out below.

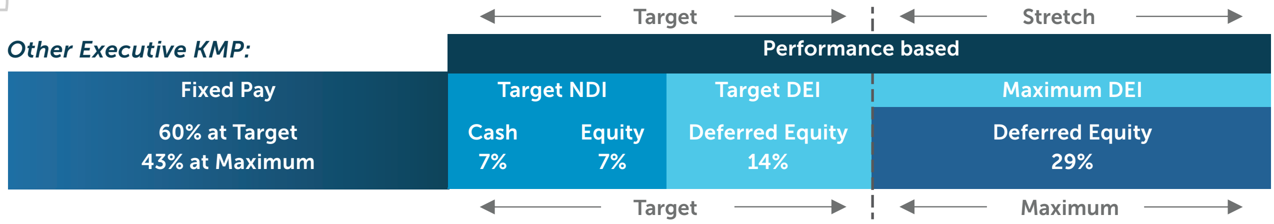
Managing Director & Chief Executive:

	Target			Stretch
	Performance based			
Fixed Pay	Target NDI		Target DEI	Maximum DEI
53% at Target 36% at Maximum	Cash 8%	Equity 8%	Deferred Equity 16%	Deferred Equity 32%
	Target			Maximum

Executive Director:

	Target			Stretch
	Performance based			
Fixed Pay	Target NDI		Target DEI	Maximum DEI
33% at Target 20% at Maximum	Cash 10%	Equity 10%	Deferred Equity 20%	Deferred Equity 40%
	Target			Maximum

Remuneration report (audited) continued



Note: The remuneration mix, at target opportunity rather than maximum opportunity for FY21, would be reduced by the "Maximum Deferred Equity Component" in each of the above charts.

The timeline below reflects the period of time over which the FY21 maximum remuneration opportunity is delivered to executives, aligned with pay for performance principles and longer-term shareholder value. This framework also supports Uniti's ability to retain its senior executives over time.

Fixed Pay	Base Salary & Super			
Target NDI (50% of the target Variable opportunity – 50% cash & 50% equity)	Cash & Equity or Equity only			
Target DEI (50% target Variable opportunity)		Vests in equal thirds across this period		
Accelerator DEI (up to 100% of target Variable opportunity) – from out-performance above target, all of which is in the form of share rights, to a maximum cap of 2x		Vest in equals thirds across this period		
Year (FY)	**2021**	**2022**	**2023**	**2024**

The components of the FY21 SEIP are as follows:

Component	**Weighting**	
Target Non-Deferred Incentive (NDI) – Cash	25%	Participants may elect to receive cash or convert their cash entitlement to shares at a 5% discount to the value of each share-based payment share with these additional shares subject to a 12-month holding lock
Target Non-Deferred Incentive (NDI) - Equity	25%	Approved payment to be divided by the 10-day VWAP after the date the FY21 Annual Results are announced to market, with no vesting conditions or divestment restrictions
Target Deferred Equity Incentive (DEI) - subject to time-based vesting	50%	Approved payment to be divided by the 10-day VWAP after the date the FY21 Annual Results are announced to market and subject to a time-based vesting condition, and no further performance conditions, as follows: ▶ 1/3 to vest 12 months following allocation ▶ 1/3 to vest 24 months following allocation ▶ 1/3 to vest 36 months following allocation
Accelerator - Deferred Equity Incentive (DEI) - subject to time-based vesting	0-100%	Where actual performance exceeds the targets, an accelerator will apply subject to an overall cap of two times the aggregate target variable opportunity. All accelerator awards will be in the form of deferred share rights on the same terms as the DEI

Note: Equity based remuneration will be delivered through the grant of share rights. For the two executive directors, the grant of share rights to them will be subject to shareholder approval at the next AGM.

Remuneration report (audited) continued

2.3 Remuneration Outcomes and Link to Performance

Executive remuneration is directly linked to Uniti's financial performance and aligned with shareholder returns over the long term. A summary of the key metrics relating to Uniti's earnings and shareholder wealth, or Total Shareholder Returns (TSR) are set out below (for the period since Uniti's listing in February 2019):

Financial Performance metrics for FY21 and the previous financial years

	FY21		FY20		FY19	
$'000	**Statutory**	**Underlying**	**Statutory**	**Underlying**	**Statutory**	**Underlying**
Revenue	160,475	159,854	58,216	58,216	14,336	14,336
Revenue growth	*176%*	*175%*	*306%*	*306%*	*n/a*	*n/a*
EBITDA	73,610	93,737	16,055	26,530	(5,499)	(884)
EBITDA growth	*358%*	*254%*	*n/m*	*n/m*	*n/a*	*n/a*
EBIT	52,192	84,287	9,202	22,263	(12,659)	(6,098)
Profit after tax	29,195	53,432	15,921	15,168	(13,531)	(6,970)
Free Cash Flow (FCF)	64,200	64,200	13,401	13,401	(1,696)	(1,696)
FCF growth	*371%*	*371%*	*n/m*	*n/m*	*n/a*	*n/a*

Financial Performance metrics for FY21 and the previous financial years

Measure	**FY21**	**FY20**	**FY19**
Underlying Earnings per share (Basic, in cents)	**8.80**	5.54	(5.98)
Underlying Earnings per share (Diluted, in cents)	**8.39**	5.24	(5.98)
Statutory Earnings per share (Basic, in cents)	**4.81**	5.81	(11.61)
Statutory Earnings per share (Diluted, in cents)	**4.59**	5.50	(11.61)
Share price at 30 June	**3.31**	1.42	1.70
Total Shareholder Return (Annualised)	**133%**	(16%)	186%

2.4 FY21 KMP remuneration outcomes

The variable remuneration outcomes for executives are determined by the Nomination & Remuneration Committee, assessed against the performance targets set for the FY21 year, and taking into account any other factors not included in the targets that the Committee considers to be relevant, including for example compliance with Uniti's policies and all regulatory requirements, the performance of businesses acquired during the year and progress with integration of businesses acquired during the year.

During FY21, the Company undertook and completed the acquisitions of OptiComm Limited (OptiComm), HarbourISP Pty Ltd (HarbourISP) and the Telstra Velocity network assets (Velocity assets), and the integration of these businesses has been progressed at or ahead of schedule and in accordance with expected synergy targets. The executive team's very significant contribution to these value creating acquisitions has been reflected in the variable remuneration outcomes for FY21.

Remuneration report (audited) continued

The performance measures for FY21 that contributed to executive's variable remuneration outcomes were:

Weighting	Description	Target	Actual	Achieved as a % of Target	Within or Above Target/Stretch
50%	Underlying Group EBITDA	$43,974,000	$93,737,000	212%	Above Stretch
20%	Free Cash Flow (FCF)	$27,899,000	$64,200,000	226%	Above Stretch
20%	EBITDA(u) per Share (EBITDAPS)	7.3cps	14.7cps	201%	Above Stretch
10%	Individual KPIs which related to non-financial metrics relating to the integration of acquired businesses to achieve expected acquisition business cases from a network, systems, processes and people (team) perspective, and to ensure strong risk, compliance and safety management practices across the Group.				Within or above Target

No payments would have been made if the threshold of 90% of the Underlying Group EBITDA Target had not been satisfied. This threshold was not only met, but exceeded by >100% in each metric.

In relation to Individual KPI's, integration progressed at or ahead of schedule and successfully with expected synergies achieved. The Company's strong safety record continued, with training and processes being rolled out across all teams. Significant improvement in embedding a consistent risk and compliance framework across the Group also occurred throughout the year, as the Company's risk management processes matured.

The Board also compared the earnings and free cash flow contributions from acquired businesses to what was expected in the respective acquisition cases, to confirm that the aggregate earnings and free cash flow generated from existing businesses, acquired businesses and combination synergies significantly exceeded expectations in the acquisition cases to ensure that the structure of the incentive targets only rewards executives when value accretive acquisitions have been undertaken. The below table sets out the aggregated out-performance from existing and acquired businesses.

Metric	Actual Achieved in FY21	% Above Target	Comments
FY21 budgeted EBITDA(u) plus acquisition case EBITDA (u)	$93,737,000	114%	Reflects organic growth and execution of synergies exceeding targets
FY21 budgeted FCF plus acquisition case FCF	$66,151,000	109%	Reflects efficient and profitable deployment of growth capital
FY21 Budgeted secured on-net premises plus acquisition case secured on-net premises	98,800	210%	Winning new business in market contributes to future growth over the long term

Remuneration report (audited) continued

Based on the stretch performance targets set by the Board having been exceeded, including that the actual financial performance of acquired businesses was also significantly above acquisition case assumptions, the Board determined to award the maximum potential variable remuneration to executives as out below. The Executive Directors elected to take the 25% cash component of the SEIP in equity (subject to a holding lock of 12 months applying to that component) and therefore did not receive any cash payment from their FY21 performance based pay:

2021	**Target Variable Rem (as % of Fixed Pay)**	**Maximum Variable Rem (as % of Fixed Pay)**	**Variable Rem awarded (as % of Maximum Opportunity)**	**Variable Rem awarded in total for FY21**	**Variable Rem paid in cash[1]**	**Variable Rem paid in Equity (unrestricted)[2]**	**Variable Rem paid in Deferred Equity[3]**
	%	**%**	**%**	**$**	**$**	**$**	**$**
Executive Directors:							
Michael Simmons	89	178	100	800,000	-	200,000	600,000
Vaughan Bowen	175	350	100	700,000	-	175,000	525,000
Other Executive KMP:							
Darryl Inns	67	133	100	400,000	50,000	50,000	300,000
Ashe-lee Jegathesan	67	133	100	400,000	50,000	50,000	300,000

1 The portion of variable remuneration awarded for FY21 which is paid as cash.

2 The portion of variable remuneration awarded for FY21 which is paid as equity including, for the Executive Directors, where the cash component was deferred to equity. The number of shares to be issued will be based on the 10-day VWAP following the release of FY21 Annual Results.

3 The portion of variable remuneration awarded for FY21 which is to be paid in deferred equity, which will vest over the following 3-year period. The number of shares to be issued will be based on the 10-day VWAP following the release FY21 Annual Results.

2.5 FY20 Deferred Equity Outcome

One third of the DEI component of FY20 awarded variable remuneration vested on 30 June 2021. Each of the FY20 DEI awards to the Chairman, Executive Director and MD & CEO were approved by shareholders at the 2020 AGM.

The table below provides the award value at the time of grant of the equity to KMP as well as the cash value to each KMP of the vested equity based on the 30 June 2021 share price.

	FY20 DEI (Tranche1) value upon award[1]		**DEI (Tranche 1) value**	
	Number of shares	**Value per share**	**Vested on 30 June 2021**	**Value per share on vesting date**
		$	**%**	**$**
Graeme Barclay	67,567	1.48	100	3.31
Michael Simmons	135,135	1.48	100	3.31
Vaughan Bowen	101,351	1.48	100	3.31
Darryl Inns	67,567	1.48	100	3.31
Ashe-lee Jegathesan	67,567	1.48	100	3.31

1 Share Rights were granted based on a value of $1.48, being the 10-day VWAP following the release of FY20 Annual Results

Remuneration report (audited) continued

2.6 Additional Options issued in FY21

At the 2020 AGM shareholders approved the grant of additional options to Directors under the Company's Employee Share Option Plan. The rationale for these grants was outlined in detail in the Explanatory Notes sent to shareholders in support of these approvals. Details of the options issued to Directors during FY21 are set out in a later section of this report.

2.7 Realised Remuneration for KMP

The table below outlines the actual remuneration that was received by Executive KMP in relation to FY21 which includes Fixed Pay and the non-deferred portion of Variable Remuneration. The table also includes the value of deferred equity awards from FY20 which vested during FY21.

The amounts disclosed below are not the same as the remuneration expensed in relation to each Executive KMP in accordance with statutory rules and applicable Accounting Standards. Instead, the amounts shown below reflect the actual benefits received by KMP.

The Directors consider that the realised remuneration information is more relevant to shareholders than the statutory information for the following reasons:

- the statutory remuneration expense is based on historic cost and does not reflect the value of the equity instruments when they are actually received by the KMP
- the statutory remuneration shows benefits before they are actually received by the KMP
- where equity incentives do not vest because one of the performance conditions is not satisfied, the company may still be required to recognise the full amount of expenses even though the KMP will never receive any benefits

		Fixed Pay[1]	Variable Rem awarded and received as cash[2]	Variable Rem awarded and received as non-deferred equity[2]	Previous year's Deferred Equity which was realised[3]	Total remuneration (received and/or realised)
Executive Directors:						
Michael Simmons	2021	456,662	-	200,000	447,297	1,103,959
	2020	*307,642*	-	*200,000*	-	*507,642*
Vaughan Bowen	2021	204,641	-	175 ,000	335,472	715,113
	2020	*199,460*	-	*150,000*	-	*399,460*
Other Executive KMP:						
Darryl Inns	2021	306,056	50,000	50,000	223,647	629,703
	2020	*251,010*	*50,000*	*50,000*	-	*351,010*
Ashe-lee Jegathesan	2021	306,056	50,000	50,000	223,647	629,703
	2020	*183,427*	*50,000*	*50,000*	-	*283,427*

1 Fixed Pay includes cash salary, superannuation and packaged benefits (and associated taxes).

2 FY21 variable remuneration awards are shown in the section above.

3 This represents the value of prior years' deferred equity remuneration which vested during FY21 using the 30 June 2021 closing share price of $3.31.

Remuneration report (audited) continued

3. FY22 Remuneration Structure

With the significant growth in scale and value, including the recent admission of Uniti Group to the S&P/ASX200 Index in June 2021, the Board considered that it was appropriate to redesign the executive remuneration framework, to support the continuing growth and evolution of the Company, retaining the core philosophy and principles outlined above. The new STI incentive structure is focused on those aspects of the Company's performance within the control of the executive team and that will impact the value of the Company: earnings, free cash, activation rate and growth in the secured on-net order book. The LTI incentive structure is focused on long term performance being delivered to shareholders measured with reference to a TSR metric and to the growth in underlying EPS over a 3 year period, and is designed to motivate superior performance and retention of the executive team.

The revised framework will apply from 1 July 2021.

3.1 Fixed Pay

No change in approach to fixed pay is proposed in FY22 from that set out in section 2.1.

3.2 Short Term Incentives

Feature	Description		
Purpose:	The purpose of the STI plan is to reward the achievement of annual targets, and exceeding them, as well as alignment to the delivery of sustainable stakeholder outcomes.		
Value:	**% of Fixed Pay**	**At-Target Performance**	**At Maximum (Stretch)**
	MD&CEO	Not more than 50%	Not more than 100%
	Executive Director	Not more than 50%	Not more than 100%
	Other KMP	Not more than 33%	Not more than 66%
	Individual STI awards are dependent on achievement of, and contribution of individual executives to, Board approved Key Performance Indicators (KPIs) for the Company that are aligned to overall business strategy and key priorities. These awards are subject to annual review, and in the case of executive directors also to shareholder approval of performance rights. The KPI's for the STI incentive plan for FY22 are shown below.		
	Performance Measure (KPI)		**Reason for choosing this measure**
	Financial Performance Outcomes (40%)	▶ Financial performance (underlying EBITDA)	▶ Key measure of progress on effective execution of growth strategy
	Financial Performance Outcomes (25%)	▶ Free Cash Flow (Net operating cash flow before interest, dividends and tax less all capital expenditure)	▶ A key cash flow generation metric that encourages operational and capital expenditure efficiency
	Sales Performance (20%)	▶ Growth in secured on-net FTTP premises	▶ Reflects long term growth and sustainability of business model
	Customer and network performance (15%)	▶ Growth in active FTTP on net premises	▶ Reflects improving asset utilisation, customer retention and operational performance
Gateway:	No STI will be paid if the EBITDA gateway target is not achieved. The FY22 gateway is set at 95% of budget, which is a threshold that is higher than the June FY21 exit run rate for EBITDA(u) of $133.4 million. The FY22 budgeted EBITDA target is not disclosed at this time as that would constitute market guidance. However it will be disclosed at the end of the performance period in next year's remuneration report.		

Remuneration report (audited) continued

Feature	Description
Performance Assessment:	The Board takes a robust approach to determining executive remuneration outcomes, using judgement and oversight to consider a range of internal and external factors. This judgement and oversight is exercised in the context of the overall philosophy that fixed base remuneration levels are set below median market remuneration for comparable ASX listed companies with a market capitalisation within a range comparable to the Company. There is an opportunity provided to executives to receive additional reward/remuneration where performance meets and exceeds targets, with the STI and LTI incentive schemes heavily weighted towards equity-based rewards, particularly for KMP and other executive leaders. Individual awards are proposed by the Managing Director & CEO, considered and endorsed by the Remuneration and Nomination Committee and approved by the Board. For the Managing Director & CEO the Remuneration and Nomination Committee recommends the STI award for Board approval. The remuneration framework has safeguards that give the Board discretion over reward outcomes for executives if Company or individual performance is significantly below expectations. In particular the Board may reduce or decline to make an STI award (or an LTI award) and can apply malus to unvested equity if a participant is found to have engaged in fraud, dishonesty, misrepresentation, gross misconduct, poor risk practices, poor regulatory compliance or reputational matters or any other matters, including individual contribution below expectations, the Board determines in its sole discretion are relevant.
Delivery of Awards:	To maintain alignment of the STI scheme with shareholders and to support the objective of retaining a motivated and engaged executive team, the STI award will be delivered in the following way: ▶ 50% as Share Rights (at the 10-day VWAP following the announcement of the FY22 annual results) with no additional vesting conditions. ▶ 50% in cash, with each executive having the option to elect to take this component as Share Rights at a 5% discount to the 10-day VWAP following the announcement of the FY22 annual results, with these Share Rights with no additional vesting conditions, but subject to a 12 month holding lock. The Board has the discretion to increase the percentage of the STI that is delivered to the executive in the form of Share Rights, should it form the view that further alignment with shareholders is warranted.
Voting and Dividend rights:	STI awards/rights are not entitled to participate in any dividend or capital return voting.
Leaver Provisions:	On termination for cause or due to poor performance or departure for any reason considered by the Board to be as a bad leaver: all awards are forfeited. In the circumstances of death, disability, retirement, redundancy, mutually agreed separation, or voluntary termination (as a good leaver, in circumstances to be determined by the Board) the Board has discretion and intends to retain STI awards on foot on a pro-rata basis based on time served, and determined at the same time on same basis as if the executive had not left Uniti's employ.

Remuneration report (audited) continued

3.3 Long Term Incentives

Feature	Description
Purpose	Uniti has developed a long-term incentive plan structure to be implemented for the FY22 year, and thereafter. The objective of this LTI plan is to align executive reward outcomes with long term sustainable shareholder returns and to build further accountability and ownership in the Uniti business.
Instrument	LTI awards are made in the form of performance rights to acquire Uniti shares. A performance right is a right to acquire, at no cost to the executive, one fully paid ordinary share in Uniti subject to certain performance and service conditions being satisfied.
Value	The maximum LTI opportunity for awards made for FY22 are set using the following percentages:

% of Fixed Pay	At-Target Performance	At Maximum (Stretch)
MD&CEO	Not more than 50%	Not more than 100%
Executive Director	Not more than 50%	Not more than 100%
Other KMP Executives	Not more than 33%	Not more than 66%

The number of rights to be issued = maximum LTI amount divided by the Right Value.

The Right Value is the VWAP of Uniti Shares over the 30 day trading period preceding 30 June 2021. The maximum LTI award recognises that the stretch level of rights will vest when stretch performance is achieved. This stretch/maximum is designed to replace the 2x accelerator provision in the FY20 and FY21 SEIP.

For the MD & CEO and Executive Director, specific details of the number of performance rights to be granted, and the percentage of fixed pay, will be set out in the notice of meeting for the FY21 AGM for approval by shareholders.

Feature	Description
Performance Period	The LTI rights measurement period for FY22 is a 3-year period beginning on 1 July 2021 and ending on 30 June 2024. The 30-day trading VWAP will be used to determine the starting share price and final share price on the relevant dates for determining the TSR achieved.
Performance Conditions	Vesting is subject to two equally weighted performance conditions (i.e. 50% each) measured over the performance period.

Performance Measure	Description	Reason for choosing this measure
Underlying Earnings per share growth (EPS Growth)	Underlying EPS growth measured as the compound average annual growth rate per share (on a fully diluted basis) , calculated as underlying NPAT adjusted for acquisition and restructuring costs, share based payment expense, amortisation of acquired customer contracts and using a notional 30% tax rate.	This measure underpins value accretion over the long term
Total Shareholder Return (TSR)	TSR measures the growth in the price of shares plus cash dividends notionally reinvested in Uniti shares. In order for the TSR grant to vest, Uniti's TSR must be greater than the growth in the applicable TSR hurdle. The TSR hurdle is relative performance against the ASX200 Accumulation Index (excluding resources).	Aligns to our strategic objective to deliver sustainable earnings growth and superior shareholder returns.

Remuneration report (audited) continued

<table>
<tr><th>Feature</th><th>Description</th></tr>
<tr><td>Vesting Conditions</td><td>The vesting schedule for FY22 awards is as follows:
<table>
<tr><th colspan="2">TSR</th><th colspan="2">EPS Growth</th></tr>
<tr><th>TSR of Uniti compared to Benchmark</th><th>Proportion of TSR grant vesting</th><th>CAGR of EPS</th><th>Proportion of EPS Growth vesting</th></tr>
<tr><td>< 50th percentile</td><td>0%</td><td><15%</td><td>0%</td></tr>
<tr><td>50th percentile</td><td>50%</td><td>15%</td><td>50%</td></tr>
<tr><td>50-75th percentile</td><td>Pro rata 50-100%</td><td>15-25%</td><td>Pro rata 50-100%</td></tr>
<tr><td>>75th percentile</td><td>100%</td><td>>25%</td><td>100%</td></tr>
</table></td></tr>
<tr><td>Vesting Date</td><td>30 June 2024 for all eligible performance rights to vest. Performance rights that meet the performance conditions at the end of the performance period become fully vested on this date, subject to service conditions and clawback provisions.</td></tr>
<tr><td>Leaver Provisions:</td><td>
<table>
<tr><th>Reason for Termination</th><th>Treatment of unvested rights</th></tr>
<tr><td>Death, disability, retirement, redundancy or mutually agreed separation or other "good leaver" circumstances (i.e. other than a "bad leaver").</td><td>At the discretion of the Board, a pro-rata number of rights may be retained with vesting to be determined in accordance with the original performance conditions and clawback provisions.</td></tr>
<tr><td>In all "bad leaver circumstances" (such as termination for cause).</td><td>Treatment of unvested LTI rights will lapse and be forfeited.</td></tr>
</table></td></tr>
<tr><td>Exercise of vested Rights:</td><td>No amount is payable by participants to exercise vested rights. The Board will determine, at the time of exercise by the participant, whether new shares will be issued or on-market purchases of shares will be undertaken.</td></tr>
<tr><td>Expiry:</td><td>Each right must be converted to an ordinary share within 5 years of the grant date, subject to service and performance conditions.</td></tr>
<tr><td>Minimum holding period and trading restrictions:</td><td>No additional trading restrictions or holding period obligations beyond the vesting date.</td></tr>
<tr><td>Board Discretion:</td><td>The Board retains discretion to modify vesting outcomes. Rights that do not vest will lapse. Board discretion to vary vesting will generally only be applied when the vesting outcome that would otherwise apply is considered by the Board to be inappropriate and not aligned with shareholders' interests.</td></tr>
<tr><td>Change of control:</td><td>In circumstances of a change in control of the Company, the Board has the discretion to determine the level of accelerated vesting having regard to the elapsed portion of the performance period, performance to date against performance conditions and any other factors it considers to be appropriate, including the valuation at which the change in control is to be transacted.</td></tr>
<tr><td>Malus/ Clawback provisions:</td><td>The Board has the ability to reduce unvested or clawback vested awards under the LTI plan where the participant has acted fraudulently or dishonestly or is in material breach of their obligations to the Company, or where the Board becomes aware of material misstatements or omissions in any financial statements of the Company, or any circumstance that the board determines to have resulted in an unfair or disproportionate benefit to the participant.</td></tr>
</table>

Remuneration report (audited) continued

4. Executive Service Agreements

All Executive team members have service agreements determining Fixed Pay comprising cash salary and superannuation and performance based variable rewards. They have no fixed employment terms. The termination notice period is three months by either party (and Executives are entitled to a three month Fixed Pay termination payment if terminated by the Company for convenience). All agreements include non-solicitation and non-compete restrictions and agreements provide for dismissal due to gross misconduct with no entitlement to termination payments in this event. Statutory leave entitlements apply in each agreement.

5. Non-executive Director Remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Uniti's Non-executive Director remuneration policy seeks to appropriately recognise the contribution, time and expertise of each director.

Non-executive directors' fees and payments are reviewed annually by the Nomination and Remuneration Committee, the total of which falls within the annual aggregate remuneration pool approved by shareholders. The current maximum annual aggregate remuneration of $850,000 was approved by shareholders at the Annual General Meeting held on 19 November 2020.

The Nomination and Remuneration Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market.
The Chairman's fees are determined independently to the fees of other non-executive directors and are based on comparative roles in the market. The Chairman is excluded from any discussions relating to the determination of his own remuneration.

As noted in the Committee Chairman's letter to shareholders, in order to attract the calibre of independent non-executive directors needed to oversee the ASX listing of a small, loss-making entity and the subsequent turnaround and strategy for inorganic growth and given the Company's then financial position and ability to pay, remuneration for Non-executive Directors was structured as a mix of cash (below market) and equity (in the form of options issued under the Uniti Group Employee Share Option Plan). This remuneration structure reflected the Company's then constraints, opportunities and risk profile. The framework involved the allocation of share options which provided the recognition and incentive to guide and oversee the rapid turnaround and transformation of Uniti and was considered to be directly aligned to shareholder interests over the longer term. It also reflected the significant commitment of time and resources by non-executive directors, which far exceeded the level which would typically be expected of a similar position.

Additionally, in recognition of the significant additional contribution and work which would be required by the Chairman to drive the desired growth of the Company, the Chairman was invited to participate in the Senior Executive Incentive Plan (SEIP) which was established to incentivise the executive management team to achieve extraordinary growth for shareholders. This was specifically to recognise the Chairman's contribution to a number of accretive acquisitions and associated capital raisings completed during the FY20 year, and the Chairman's participation in this SEIP for FY20 was approved by shareholders at the AGM in November 2020. Whilst the Chairman was also intensively involved in the OptiComm, HarbourISP and Velocity network assets acquisitions and associated capital raisings completed during FY21, in order to address independence concerns this participation has caused, he has agreed to waive eligibility to participate in the FY21 SEIP and for all subsequent years.

Non-executive directors all hold a significant number of shares in the Company and, as noted above, also hold a significant number of options over ordinary shares. All options that have been awarded to non-executive directors, including recent additional grants to offset the dilutionary impact of entitlement and other equity issues to fund the Company's acquisition strategy, has at all times been subject to, and only following receipt of, the approval of the Company's shareholders.

Remuneration report (audited) continued

The Board recognises that with the evolution of Uniti to its current status as an S&P/ASX200 index company, Uniti should transition its non-executive director remuneration structure to reflect the expectations of an ASX200 entity, whilst also recognising and balancing the existing legacy arrangements and the reasons for their existence.

Therefore, a review was undertaken with effect from April 2021 and included an analysis of remuneration for Non-executive Directors of comparably scaled companies. The total fee pool remains significantly below the median across both the ASX200 and ASX300 indices, and consistent with the Executive Remuneration framework, the non-executive director annual fees have been set at below the median across both those indices at both Chairman and Director level[1].

The Non-executive Director Fee structure for FY22 has been set at the following level, compared to cash fees actually paid in FY21:

	FY22	FY21[2]
Non-executive Chairman (all-inclusive)	$200,000	$132,125
Non-executive Directors	$100,000	$84,987
Chair of Committee	$ 10,000	Nil

(2) Cash fees actually paid in FY21, which includes one calendar quarter of FY22 fee base

No additional fees are payable in respect of individual Committee memberships. Superannuation is included in the above amounts.

6. Remuneration Governance

The Nomination and Remuneration Committee is responsible for determining and reviewing remuneration arrangements for all Directors and Executives.

An agreed set of protocols was put in place to ensure that the remuneration recommendations would be free from undue influence from key executive personnel.

These protocols include Management (including both executive directors) not being members of the Nomination and Remuneration Committee. Management regularly reports to the Committee on issues that may impact their decisions and attend meetings by invitation, but do not participate in decisions regarding their own remuneration arrangements.

6.1 Use of remuneration advisors

Under the provisions of the Committee's Charter, the Committee may engage the assistance and advice from external remuneration advisors. To ensure that any recommendations made by remuneration consultants are provided without undue influence being exerted by Executives, external remuneration consultants are engaged by and deliver their advice directly to members of the Committee.

Ernst & Young ("EY") provided market practice, commentary and insights on short and long-term incentive plans to support Uniti's review of the remuneration frameworks to be implemented for the FY22 year.

The Committee is satisfied that no remuneration recommendations (as defined in the Corporations Act 2001) were provided by EY or any other external remuneration advisor during FY21.

(1) AON and Governance Institute of Australia 2021 Board and Executive Remuneration survey

Remuneration report (audited) continued

6.2 Engagement with shareholders and proxy advisors

This year, members of the Board have proactively engaged with many of the Company's largest shareholders many times during the year. Meetings with proxy advisors have also occurred on a number of occasions to try to ensure they have a good understanding of the Company's history, remuneration structure and decisions.

The Company views these meetings as an opportunity to receive valuable feedback on issues of importance to its shareholders, in particular in relation to the structure and scale of remuneration to its Board and Executive team.

As a reference point, a the last AGM, 94.5% of the shareholders who voted, in person or by proxy, voted to adopt the Company's remuneration report for the year ended 30 June 2020.

6.3 Share Trading Policy

Uniti has a Share Trading Policy which aims to ensure that all employees understand their obligations in relation to insider trading, describes restrictions on buying and selling Uniti shares by the employees and when approvals need to be sought. Under the Share Trading Policy, Uniti prohibits employees from entering into arrangements which have the effect of limiting the economic risk related to an unvested share, option or other security granted or awarded under a Uniti employee incentive scheme, including those still subject to disposal restrictions.

All directors and employees are also restricted from entering into margin loans in respect to Uniti's securities, unless they have received prior written approval from the Chairman. No margin loans were entered into by KMP during FY21 and none are currently on foot.

The Share Trading Policy can be found on the Corporate Governance page in the Investors section of the Company's website at www.unitigrouplimited.com/governance/policies

6.4 Minimum shareholding requirements

Uniti has implemented Minimum Shareholding Guidelines ('Guidelines) which apply to all Directors, to promote the alignment of interests of those Directors with the interests of shareholders. Executive Directors are also required to hold a minimum shareholding consistent with the Guidelines. In FY21, all Directors met their minimum shareholding requirements as outlined below.

Under the Guidelines, non-executive Directors are required to hold Uniti shares equivalent to one year of their annual base director fee under the Policy, and executive directors are required to hold Uniti shares equivalent to their annual fixed remuneration under the Policy. Newly appointed Directors are permitted to reach the minimum shareholding requirement over a three-year.

7. Statutory Remuneration Disclosures

7.1 Accounting based remuneration and benefits

The table below has been prepared in accordance with the requirements of the Corporations Act 2001 and relevant Australian Accounting Standards. The figures provided under the share-based payments columns are based on accounting values and do not reflect actual cash amounts received by KMP in FY21. Share-based payments to Executive Directors are subject to shareholder approval at the 2021 AGM and have been recorded in the table below for transparency and completeness.

Remuneration report (audited) continued

2021		**Short Term Benefits**		**Post Employment Benefit**	**Long-term benefits**	**Non-Monetary Benefits**				
	Cash Salary & Fees	**Cash STI**	**Share-based STI**	**Super-annuation**	**Annual & Long Service Leave**	**Equity Settled Options**	**Equity Settled Shares (Annual Employee Grant)**	**Share-based payments[2]**	**Total**	**Performance Based**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Non-executive Directors:										
Graeme Barclay *Chairman*	120,662	–	–	11,463	–	649,749	–	275,000	1,056,874	87%
Kathy Gramp	77,614	–	–	7,373	–	254,947	–	–	339,934	75%
John Lindsay	77,614	–	–	7,373	–	254,947	–	–	339,934	75%
Executive Directors:										
Vaughan Bowen	186,161	– (1)	200,000	18,480	8,588	1,025,557	–	275,000	1,713,786	88%
Michael Simmons	427,810	– (1)	200,000	28,852	17,633	649,749	–	366,667	1,690,711	72%
Other Key Management Personnel:										
Darryl Inns	279,926	50,000	50,000	26,130	15,602	464,011	998	183,333	1,070,000	70%
Ashe-lee Jegathesan	279,926	50,000	50,000	26,130	22,350	572,635	998	183,333	1,185,372	72%
Total	**1,449,713**	**100,000**	**500,000**	**125,801**	**64,173**	**3,871,595**	**1,996**	**1,283,333**	**7,396,611**	**78%**

(1) The executive directors have elected to receive their cash STI in the form of NDI Share Rights for FY21 (which remain subject to shareholder approval at the next AGM)

(2) Share based payments all relate to deferred remuneration awarded for the FY20 year, and in the case of each director these share based payments were approved at the FY20 AGM

2020		**Short Term Benefits**		**Post Employment Benefit**	**Long-term benefits**	**Non-Monetary Benefits**				
	Cash Salary & Fees	**Cash STI**	**Share-based STI**	**Super-annuation**	**Annual & Long Service Leave**	**Equity Settled Options**	**Equity Settled Shares (Annual Employee Grant)**	**Share-based payments**	**Total**	**Performance Based**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Non-executive Directors:										
Graeme Barclay *Chairman*	100,000	–	–	9,500	–	422,085	–	–	531,585	79%
Kathy Gramp	70,000	–	–	6,650	–	160,660	–	–	237,310	68%
John Lindsay	70,000	–	–	6,650	–	160,660	-	–	237,310	68%
Executive Directors:										
Vaughan Bowen	182,108	–	150,000	17,352	3,052	1,925,970	–	–	2,278,482	91%
Michael Simmons	286,757	–	200,000	20,885	4,579	422,085	–	–	934,305	67%
Other Key Management Personnel:										
Darryl Inns	230,082	50,000	50,000	20,928	3,835	298,520	761	–	654,125	61%
Ashe-lee Jegathesan	168,383	50,000	50,000	15,044	2,721	430,736	737	–	717,621	74%
Total	**1,107,330**	**100,000**	**450,000**	**97,009**	**14,187**	**3,820,716**	**1,498**	**–**	**5,590,740**	**78%**

Remuneration report (audited) continued

Cash bonuses and the associated short term share based payments are dependent on meeting defined performance measures. The amount of the bonus is determined having regard to the satisfaction of performance measures and weightings as described above in section 2.2. The maximum bonus value was established at the start of the financial year and amounts payable were recommended by the MD & CEO and approved in August after the end of the financial year by the Nomination and Remuneration Committee. For the MD & CEO, the FY21 maximum bonus award was determined by the Remuneration Committee and approved by the Board (other than the MD & CEO).

7.2 KMP Equity Disclosures

Share-based compensation

Issue of shares

Details of shares issued to other key management personnel as part of compensation during the year ended 30 June 2021 are set out below:

NAME	DATE	SHARES	ISSUE PRICE	VALUE $
Darryl Inns	1 April 2021	460	$2.17	998
Ashe-lee Jegathesan	1 April 2021	460	$2.17	998

7.3 Share-based compensation disclosures

The terms and conditions of each grant of options and Share Rights, including options and Share Rights granted during FY21, affecting remuneration in the current or a future reporting period are as follows:

Name		Number of Options/Share Rights Granted	Grant Date	Vesting Date	Expiry Date	Exercise price	Total Fair Value at Grant Date[1]
Graeme Barclay	**Options**	1,229,114	21-Dec-18	30-Jun-19	30-Jun-22	$0.25	$171,013
		614,557	21-Dec-18	30-Jun-20	30-Jun-23	$0.30	$88,627
		614,557	21-Dec-18	30-Jun-21	30-Jun-24	$0.38	$90,243
		267,947	5-Nov-19	30-Jun-19	30-Jun-22	$1.35	$201,534
		133,973	5-Nov-19	30-Jun-20	30-Jun-23	$1.35	$96,929
		133,973	5-Nov-19	30-Jun-21	30-Jun-24	$1.35	$93,577
		665,471	3-Dec-20	3-Dec-20	30-Jun-23	$1.48	$212,434
		665,471	3-Dec-20	30-Jun-21	30-Jun-24	$1.48	$246,567
		665,471	3-Dec-20	30-Jun-22	30-Jun-25	$1.48	$275,808
	Share rights	67,567	3-Dec-20	1-Jul-21	1-Dec-25	Nil	$100,000
		67,567	3-Dec-20	1-Jul-22	1-Dec-25	Nil	$100,000
		67,568	3-Dec-20	1-Jul-23	1-Dec-25	Nil	$100,000

Remuneration report (audited) continued

Name		Number of Options/Share Rights Granted	Grant Date	Vesting Date	Expiry Date	Exercise price	Total Fair Value at Grant Date[1]
Kathy Gramp	**Options**	307,279	21-Dec-18	30-Jun-19	30-Jun-22	$0.25	$42,753
		307,278	21-Dec-18	30-Jun-20	30-Jun-23	$0.30	$44,313
		307,277	21-Dec-18	30-Jun-21	30-Jun-24	$0.38	$45,121
		66,987	5-Nov-19	30-Jun-19	30-Jun-22	$1.35	$50,384
		66,987	5-Nov-19	30-Jun-20	30-Jun-23	$1.35	$48,465
		66,987	5-Nov-19	30-Jun-21	30-Jun-24	$1.35	$46,789
		249,552	3-Dec-20	3-Dec-20	30-Jun-23	$1.48	$79,663
		249,552	3-Dec-20	30-Jun-21	30-Jun-24	$1.48	$92,463
		249,552	3-Dec-20	30-Jun-22	30-Jun-25	$1.48	$103,428
John Lindsay	**Options**	307,279	21-Dec-18	30-Jun-19	30-Jun-22	$0.25	$42,753
		307,278	21-Dec-18	30-Jun-20	30-Jun-23	$0.30	$44,313
		307,277	21-Dec-18	30-Jun-21	30-Jun-24	$0.38	$45,121
		66,987	5-Nov-19	30-Jun-19	30-Jun-22	$1.35	$50,384
		66,987	5-Nov-19	30-Jun-20	30-Jun-23	$1.35	$48,465
		66,987	5-Nov-19	30-Jun-21	30-Jun-24	$1.35	$46,789
		249,552	3-Dec-20	3-Dec-20	30-Jun-23	$1.48	$79,663
		249,552	3-Dec-20	30-Jun-21	30-Jun-24	$1.48	$92,463
		249,552	3-Dec-20	30-Jun-22	30-Jun-25	$1.48	$103,428
Vaughan Bowen	**Options**	819,410	6-Aug-19	31-Dec-19	31-Dec-22	$0.25	$864,821
		819,410	6-Aug-19	30-Jun-20	30-Jun-23	$0.30	$849,995
		819,408	6-Aug-19	30-Jun-21	30-Jun-24	$0.38	$840,994
		178,632	5-Nov-19	31-Dec-19	31-Dec-22	$1.35	$143,789
		178,632	5-Nov-19	30-Jun-20	30-Jun-23	$1.35	$152,047
		178,632	5-Nov-19	30-Jun-21	30-Jun-24	$1.35	$166,361
		665,471	3-Dec-20	3-Dec-20	30-Jun-23	$1.48	$212,434
		665,471	3-Dec-20	30-Jun-21	30-Jun-24	$1.48	$246,567
		665,471	3-Dec-20	30-Jun-22	30-Jun-25	$1.48	$275,808
	Share Rights	128,354	3-Dec-20	3-Dec-20	1-Dec-25	Nil	$189,964
		101,351	3-Dec-20	1-Jul-21	1-Dec-25	Nil	$150,000
		101,351	3-Dec-20	1-Jul-22	1-Dec-25	Nil	$150,000
		101,352	3-Dec-20	1-Jul-23	1-Dec-25	Nil	$150,000

Remuneration report (audited) continued

Name		Number of Options/Share Rights Granted	Grant Date	Vesting Date	Expiry Date	Exercise price	Total Fair Value at Grant Date[1]
Michael Simmons	**Options**	1,229,114	21-Dec-18	30-Jun-19	30-Jun-22	$0.25	$171,013
		614,557	21-Dec-18	30-Jun-20	30-Jun-23	$0.30	$88,627
		614,557	21-Dec-18	30-Jun-21	30-Jun-24	$0.38	$90,243
		267,947	5-Nov-19	30-Jun-19	30-Jun-22	$1.35	$201,534
		133,973	5-Nov-19	30-Jun-20	30-Jun-23	$1.35	$96,929
		133,973	5-Nov-19	30-Jun-21	30-Jun-24	$1.35	$93,577
		665,471	3-Dec-20	3-Dec-20	30-Jun-23	$1.48	$212,434
		665,471	3-Dec-20	30-Jun-21	30-Jun-24	$1.48	$246,567
		665,471	3-Dec-20	30-Jun-22	30-Jun-25	$1.48	$275,808
	Share Rights	138,690	3-Dec-20	3-Dec-20	1-Dec-25	Nil	$205,261
		135,135	3-Dec-20	1-Jul-21	1-Dec-25	Nil	$200,000
		135,135	3-Dec-20	1-Jul-22	1-Dec-25	Nil	$200,000
		135,135	3-Dec-20	1-Jul-23	1-Dec-25	Nil	$200,000
Darryl Inns	**Options**	330,000	12-Apr-19	31-Mar-20	31-Mar-23	$0.56	$89,832
		330,000	12-Apr-19	31-Mar-21	31-Mar-24	$0.71	$91,365
		590,000	12-Apr-19	31-Mar-22	31-Mar-25	$0.86	$168,411
		71,940	5-Nov-19	31-Mar-20	31-Mar-23	$1.35	$59,610
		71,940	5-Nov-19	31-Mar-21	31-Mar-24	$1.35	$65,664
		128,620	5-Nov-19	31-Mar-22	31-Mar-25	$1.35	$126,326
		338,390	3-Dec-20	3-Dec-20	30-Jun-23	$1.48	$108,022
		338,390	3-Dec-20	30-Jun-21	30-Jun-24	$1.48	$125,379
		338,390	3-Dec-20	30-Jun-22	30-Jun-25	$1.48	$140,247
	Share Rights	33,715	3-Dec-20	3-Dec-20	1-Dec-25	Nil	$50,000
		67,431	3-Dec-20	1-Jul-21	1-Dec-25	Nil	$100,000
		67,431	3-Dec-20	1-Jul-22	1-Dec-25	Nil	$100,000
		67,431	3-Dec-20	1-Jul-23	1-Dec-25	Nil	$100,000
Ashe-lee Jegathesan	**Options**	330,000	10-Sep-19	10-Sep-20	10-Sep-23	$1.35	$244,425
		330,000	10-Sep-19	10-Sep-21	10-Sep-24	$1.50	$258,700
		590,000	10-Sep-19	10-Sep-22	10-Sep-25	$1.65	$485,923
		277,824	3-Dec-20	3-Dec-20	30-Jun-23	$1.48	$88,688
		277,824	3-Dec-20	30-Jun-21	30-Jun-24	$1.48	$102,938
		277,824	3-Dec-20	30-Jun-22	30-Jun-25	$1.48	$115,145
	Share Rights	33,715	3-Dec-20	3-Dec-20	1-Dec-25	Nil	$50,000
		67,431	3-Dec-20	1-Jul-21	1-Dec-25	Nil	$100,000
		67,431	3-Dec-20	1-Jul-22	1-Dec-25	Nil	$100,000
		67,431	3-Dec-20	1-Jul-23	1-Dec-25	Nil	$100,000

(1) Fair value is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

Remuneration report (audited) continued

Share Rights have an exercise price of $Nil. Options and Share Rights carry no dividend or voting rights, nor do they carry any rights to participate in any issues of shares of the Company or any other entity. All Options and Share Rights were granted over unissued fully paid ordinary shares in the Company. When exercisable, each option or share right is convertible into one ordinary share upon payment of the exercise price by the holder, provided that the holder complies with the rules of the relevant Option Plan or Incentive Rights Plan. Share Rights may be converted to one ordinary share following the vesting date provided the holder complies with the rules of Uniti Group Executive Incentive Rights Plan.

Options and Share Rights not exercised expire at the earliest of (a) the expiry date applicable to the option or share right; (b) 30 days after the employee ceases to be employed by Uniti Group or one of its subsidiaries, unless the board determines otherwise; (c) where vesting conditions are not met at the relevant date; or (d) where there has been a special circumstance, then within 90 days after that special circumstance has occurred or as specified by the Board.

The Options and Share Rights granted to Directors as set out above were approved by shareholders at the 2020 AGM prior to the grant being made. The rationale for these grants were outlined in detail in the Explanatory Notes sent to shareholders in respect of these approvals, as the basis for the approval being provided.

7.4 Shares provided on exercise of remuneration options and performance rights

During FY21, there were no ordinary shares in the Company issued as a result of the exercise of options by any KMP.

7.5 Additional Options issued subsequent to Year End

Pursuant to approval of relevant resolutions by shareholders at the Company's EGM on 3 June 2021, additional options were issued to Directors on 2 July 2021. The number of options issued to Directors was scaled back to approximately 67% of the number that were approved, so that the total number of options issued to Directors subsequent to the end of the year was 18,714,514. The rationale for the grant of these options, and the terms attaching to their grant including performance conditions and extended vesting dates were set out in detail in the Explanatory Memorandum attached to the Notice of Meeting for the 3 June 2021 EGM.

Details of the total number of options issued by the Company, and ordinary shares issued by the Company following option exercise by KMP, subsequent to year end are set out in Company disclosures to the ASX and will be included in the FY22 Remuneration Report.

Remuneration report (audited) continued

8. Additional disclosures relating to KMP

8.1 Shareholding

The numbers of shares in the Company held during the financial year by each current KMP including their personally related parties, is set out below. There were no shares granted during the reporting period as compensation.

	Balance at the Start of the Year	Purchased Under Option Plan	Received as Part of Remuneration	Purchased on Market (Inc Participation In Equity Raise)	Disposals/ Other	Balance at the End of the Year
Ordinary shares						
Graeme Barclay	4,630,496		-	5,666	-	4,636,162
Kathy Gramp	458,037	-	-	-	-	458,037
John Lindsay	466,052		-	-	-	466,052
Vaughan Bowen	10,678,505		-	16,998	-	10,695,503
Michael Simmons	5,535,424		-	23,051	-	5,558,475
Darryl Inns	647,960		460[1]	63,842	(50,000)	662,262
Ashe-lee Jegathesan	43,655		460[1]	25,986	-	70,101
Total	**22,460,129**	**-**	**920**	**135,543**	**(50,000)**	**22,546,592**

(1) These shares were granted to all employees to mark the anniversary of Uniti's listing ($1,000 in value).

8.2 Option holding

The number of options over ordinary shares in the Company held during the financial year by each current director and other KMP of the consolidated entity, including their personally related parties, is set out below:

	Balance at the Start of The Year	Granted in FY 21	Exercised during the Year	Expired/ Forfeited/Other	Balance at the End of the Year
Ordinary shares					
Graeme Barclay	2,994,121	1,996,413	–	–	4,990,534
Kathy Gramp	1,122,795	748,656	–	–	1,871,451
John Lindsay	1,122,795	748,656	–	–	1,871,451
Vaughan Bowen	2,994,124	1,996,413	–	–	4,990,537
Michael Simmons	2,994,121	1,996,413	–	–	4,990,534
Darryl Inns	1,192,500	1,015,169	–	–	2,207,669
Ashe-lee Jegathesan	1,250,000	833,472			2,083,472
Total	**13,670,456**	**9,335,192**	**–**	**–**	**23,005,648**

Remuneration report (audited) continued

8.3 Shares or options over shares in subsidiaries

KMP do not hold any shares or options over shares in any subsidiaries of Uniti.

8.4 Loans to KMP

There were no loans to KMP during FY2021 (FY2020: $nil).

8.5 Other transactions with KMP

Some of the Non-executive Directors hold directorships or positions in other companies or organisations. From time to time, Uniti may provide or receive services from these companies or organisations on arm's length terms. None of the Non-executive Directors were, or are, involved in any procurement or Board decision-making regarding the companies or organisations with which they have an association.

There were no other transactions of the kind contemplated in item 22 of Regulation 2M.3.03 of the Corporations Regulations during FY21.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors:

Graeme Barclay
Chairman

24 August 2021

Auditor’s Independence Declaration

Deloitte.

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The Board of Directors
Uniti Group Limited
Level 1, 44 Currie Street
Adelaide, SA, 5000

24 August 2021

Dear Board Members

Uniti Group Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Uniti Group Limited.

As lead audit partner for the audit of the financial statements of Uniti Group Limited for the year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Chris Biermann
Partner
Chartered Accountants

Financial Report

for the year ended 30 June 2021

General Information

The financial statements cover Uniti Group Limited as a consolidated entity consisting of Uniti Group Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Uniti Group Limited's functional and presentation currency.

Uniti Group Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office
Level 1, 44 Currie Street
Adelaide SA 5000

Principal place of business
Level 1, 44 Currie Street
Adelaide SA 5000

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 24 August 2021. The directors have the power to amend and reissue the financial statements.

Contents

Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2021

	NOTE	CONSOLIDATED 2021 $'000	2020 $'000
Revenue	4	**160,475**	58,216
Expenses			
Network and hardware expense	5	**(34,391)**	(13,837)
Employee benefits expense	5	**(28,997)**	(17,398)
Depreciation and amortisation expense	5	**(21,418)**	(6,853)
Other expenses	5	**(23,477)**	(10,926)
Finance costs	5	**(7,955)**	(595)
Profit before income tax expense		**44,237**	8,607
Income tax (expense) / income	6	**(15,042)**	7,314
Profit after income tax expense for the year		**29,195**	15,921
Other comprehensive income for the year, net of tax		**-**	-
Total comprehensive income for the year		**29,195**	15,921

		CENTS	CENTS
Basic earnings per share attributable to owners of Uniti Group	40	**4.81**	5.81
Diluted earnings per share attributable to owners of Uniti Group	40	**4.59**	5.50

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Statement of Financial Position

as at 30 June 2021

	NOTE	CONSOLIDATED 2021 $'000	2020 $'000
Assets			
Current assets			
Cash and cash equivalents	7	**57,332**	189,150
Trade and other receivables	8	**15,389**	5,981
Inventories	9	**35**	161
Deposits and prepayments	10	**2,720**	2,073
Current tax asset	6	**1,429**	-
Contract assets	11	**961**	1,008
Total current assets		**77,866**	198,373
Non-current assets			
Right-of-use assets	12	**3,837**	3,044
Property, plant and equipment	13	**234,008**	46,507
Intangibles	14	**889,931**	206,027
Deferred tax assets	6	**–**	168
Total non-current assets		**1,127,776**	255,746
Total assets		**1,205,642**	454,119
Liabilities			
Current liabilities			
Trade and other payables	15	**33,695**	13,141
Contract liabilities	16	**3,581**	2,269
Employee benefits	17	**2,598**	1,076
Contingent consideration	18	**2,799**	4,439
Deferred consideration	19	**6,561**	–
Lease liabilities		**1,554**	1,357
Provisions		**–**	184
Provision for income tax	6	**–**	1,890
Total current liabilities		**50,788**	24,356
Non-current liabilities			
Trade and other payables	15	**1,411**	1,411
Employee benefits	17	**107**	93
Contingent consideration	18	**32,808**	2,712
Deferred consideration	19	**12,500**	–
Borrowings	20	**261,911**	–
Lease liabilities		**4,435**	3,853
Provisions		**414**	–
Deferred tax liabilities	6	**25,396**	–
Total non-current liabilities		**338,982**	8,069
Total liabilities		**389,770**	32,425
Net assets		**815,872**	421,694
Equity			
Issued capital	21	**777,917**	421,812
Reserves	22	**14,943**	6,065
Accumulated gains / (losses)	23	**23,012**	(6,183)
Total Equity		**815,872**	421,694

The above statement of financial position should be read in conjunction with the accompanying notes

Statement of Changes in Equity

for the year ended 30 June 2021

CONSOLIDATED	ISSUED CAPITAL $'000	RESERVES $'000	ACCUMULATED GAINS/ (LOSSES) $'000	TOTAL EQUITY $'000
Balance at 1 July 2019	46,691	1,283	(22,104)	25,870
Profit after income tax expense for the year	–	–	15,921	15,921
Issue of share capital:				
Contributions of equity (Note 21)	336,951	–	–	336,951
Transaction costs	(9,115)	–	–	(9,115)
	327,836	–	–	327,836
Issue of shares to vendors on acquisition:				
Issue of shares to Fone Dynamics vendors	6,652	–	–	6,652
Issue of shares to LBNCo vendors	11,262	–	–	11,262
Issue of shares to OPENetworks vendors	9,389	–	–	9,389
Issue of shares to 1300 Australia vendors	20,000	–	–	20,000
Issue of shares to Pivit vendors	80	–	–	80
Transactions costs	(189)	–	–	(189)
	47,194	–	–	47,194
Other:				
Reserve reclassification	(317)	317	–	–
Conversion of share-based payment options	345	–	–	345
Issue of shares to employees	115	–	–	115
Transaction costs associated with issue of shares to employees	(52)	–	–	(52)
Share-based payments (Note 41)	–	4,465	–	4,465
	91	4,782	–	4,873
Balance at 30 June 2020	**421,812**	**6,065**	**(6,183)**	**421,694**

Statement of Changes in Equity continued

CONSOLIDATED	ISSUED CAPITAL $'000	RESERVES $'000	ACCUMULATED GAINS/ (LOSSES) $'000	TOTAL EQUITY $'000
Balance at 1 July 2020	421,812	6,065	(6,183)	421,694
Profit after income tax expense for the year	–	–	29,195	29,195
Issue of share capital:				
Contributions of equity (Note 21)	188,125	–	–	188,125
Transaction costs	(3,167)	–	–	(3,167)
	184,958	–	–	184,958
Issue of shares and options to vendors on acquisition:				
Issue of shares to OptiComm vendors	173,164	–	–	173,164
Issue of shares to HarbourISP vendors	804	–	–	804
Issue of options to HarbourISP vendors	–	1,774	–	1,774
Transaction costs	(3,458)	–	–	(3,458)
	170,510	1,774	–	172,284
Other:				
Conversion of share-based payment options	393	–	–	393
Issue of shares to employees	244	–	–	244
Share-based payments (Note 41)	–	6,528	–	6,528
Equity settled short term incentives	–	576	–	576
	637	7,104	–	7,741
Balance at 30 June 2021	**777,917**	**14,943**	**23,012**	**815,872**

The above statement of changes in equity should be read in conjunction with the accompanying notes

Statement of Cash Flows

for the year ended 30 June 2021

	NOTE	CONSOLIDATED 2021 $'000	2020 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**170,502**	63,360
Payments to suppliers and employees (inclusive of GST)		**(78,752)**	(41,725)
Dividend received		**621**	–
Interest received		**481**	324
Other revenue		**–**	(561)
Interest and other finance costs paid		**(5,615)**	246
Income taxes paid		**(2,598)**	–
Net cash from operating activities	37	**84,639**	21,644
Cash flows used in investing activities			
Payment for purchase of businesses, net of cash acquired	33	**(620,656)**	(165,527)
Payments to suppliers for the business acquisitions		**(6,659)**	(2,728)
Payments for property, plant and equipment		**(26,365)**	(7,541)
Payments for intangible assets		**(1,221)**	(702)
Proceeds from disposal of property, plant and equipment		**18**	38
Net cash used in investing activities		**(654,883)**	(176,460)
Cash flows from financing activities			
Proceeds from issue of shares	21	**188,518**	337,280
Proceeds from borrowings		**305,625**	–
Share issue transaction costs		**(9,279)**	(8,981)
Repayment of borrowings		**(40,000)**	(2,460)
Payment of borrowing costs		**(4,674)**	–
Repayment of lease liability		**(1,764)**	(1,004)
Net cash from financing activities		**438,426**	324,835
Net increase in cash and cash equivalents		**(131,818)**	170,019
Cash and cash equivalents at the beginning of the financial year		**189,150**	19,131
Cash and cash equivalents at the end of the financial year	7	**57,332**	189,150

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

for the year ended 30 June 2021

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

During the year, the Company revised its accounting policy in relation to upfront configuration and customisation costs incurred in implementing SaaS arrangements in response to the IFRIC agenda decision clarifying its interpretation of how current accounting standards apply to these types of arrangements.

SaaS arrangements are service contracts providing the Company with the right to access the cloud provider's application software over the contract period. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses when the services are received.

Some of these costs incurred are for the development of software code that enhances or modifies, or creates additional capability to, existing on-premise systems and meets the definition of and recognition criteria for an intangible asset. These costs are recognised as intangible software assets and amortised over the useful life of the software on a straight-line basis. The useful lives of these assets are reviewed at least at the end of each financial year, and any change accounted for prospectively as a change in accounting estimate.

AASB 15 Revenue from Contracts with Customers and AASB 16 Leases have been early adopted by the Group with effect from 1 July 2016. The consolidated entity has adopted AASB 9 from 1 July 2018. The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB'). Accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.

Notes to the Financial Statements

for the year ended 30 June 2021

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES continued

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in Note 32.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Uniti Group Limited ("company" or "parent entity") as at 30 June 2021 and the results of all subsidiaries for the year then ended. Uniti Group Limited and its subsidiaries together are referred to in these financial statements as the "consolidated entity".

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non- controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are presented using the "management approach", where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM').

Revenue recognition

The consolidated entity recognises revenue as follows:

Revenue from contracts with customers

Revenue from contracts with customers is recognised when or as the Group satisfies a performance obligation in the contract when the Group transfers a promised good or service (ie an asset) to a customer.

Revenue from these sales is recognised based on the price specified in the contract. No element of financing is deemed present as the sales are made with a credit term between 30-90 days, which is consistent with market practice.

Revenue is recognised in accordance with the following five-step process:

1. Identifying the contract with the customer.
2. Identifying the performance obligations in the contract.
3. Determining the transaction price.
4. Allocating the transaction price to the performance obligations in the contract.
5. Recognising revenue as and when the performance obligations are satisfied.

The following is a description of principal activities from which the Group generates its revenue.

Broadband and fibre access networks

For the Wireless revenue stream, there are two performance obligations, the delivery of hardware to facilitate connection and the delivery of internet services. Payments are received as part of the delivery and installation process and then services are settled monthly. Amounts received in relation to installations is combined with expected monthly payments for the total transaction price. Installation is not considered to be a performance obligation as the customer does not obtain any benefit at the point of installation. The installation and broadband service are therefore identified as a single performance obligation and the associated revenue is recognised over time. Revenue from the provision of wireless broadband services is recognised monthly over the expected life of the contract, including any expected extensions of the service. The typical length of a contract for wireless broadband services is 20 months.

The provision of fibre communications services does require installation of network infrastructure and the performance obligation is the delivery of the services. Revenue from the provision of fibre communications services is recognised each month the service is made available to the customer.

For bundled packages, the Group accounts for individual products and services separately if they are distinct - i.e. if a product or service is separately identifiable from other items in the bundled package and if a customer can benefit from it. Packages may include internet and home phone bundles. The consideration is allocated between separate products and services in a bundle based on their stand-alone selling prices for items that can be sold separately. The stand-alone selling prices for items that can be sold separately are determined based on the list prices at which the Group sells the devices and services. For items that are not sold separately, the Group estimates stand-alone selling prices using the adjusted market assessment approach.

Telecommunication services

Revenue from the provision of telecommunication services relating to the provision of SMS and voice services and 1300 number leasing is recognised over time as the customer simultaneously receives and consumes the benefit of the service. The services offered to customers each represent distinct performance obligations. The transaction price is fixed monthly amounts for 1300 numbers and variable based on usage for SMS services.

Recurring network revenues

Revenue from the provision of network operations services includes recurring network operations revenue received from retail service providers for network access in the form of a monthly wholesale charge. Network operations revenue is recognised over time as the services are rendered.

Construction revenue

Services to developers as contracted customers are considered a distinct performance obligation enabling the developer to discharge its regulatory requirements in seeking approval to assign titles on properties with an established broadband network connection.

Notes to the Financial Statements

for the year ended 30 June 2021

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES continued

The associated revenue may be recognised over time, over the project life as costs are incurred, on the basis that the benefit of the construction is received and consumed as the construction is performed.

The Company recognises as construction revenue, non-refundable cash contributions from developers for installation of networks in their Broadacre estates and Multi Dwelling Uniti (MDU) developments. For Broadacre estates, construction revenue is recognised when the network is practically complete. The connection service is the primary performance obligation the Group has to a developer. For MDU developments, there is not a distinct connection service and developer revenue is recognised over the life of the construction period, as a percentage of the total contract value.

This above treatment differs to developer billing, which is recognised with billing milestones largely based on practical completion.

Interest revenue

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Disposal of assets

Revenue from the disposal of other assets is recognised when the group has transferred the risks and rewards of ownership to the buyer.

All revenue is stated net of the amount of goods and services tax (GST).

Research and Development/Grants

Research and Development incentives and other grant incentives are recognised when grant criteria are met.

Other items of income

Other items of income are recognised when they are received or when the right to receive payment is established.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Uniti Group Limited (the "head entity") and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the "separate taxpayer within group" approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group.

Under the terms and conditions of the Group's tax funding agreement, the Company charges each subsidiary for all current tax liabilities incurred in respect of their activities. Where the inter-company charge is less than the current tax liability of the subsidiary, this results in a contribution by the Company to the subsidiary.

The Company also reimburses each subsidiary for any tax assets arising from unused tax losses.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Notes to the Financial Statements

for the year ended 30 June 2021

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES continued

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue. Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Contract assets

Contract assets are recognised when the consolidated entity has transferred goods or services to the customer but where the consolidated entity is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

Inventories

Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Stock on hand is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on both a straight-line basis and a diminishing value basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Leasehold improvements	5 years	Diminishing Value basis
Plant and equipment	3-8 years	Straight Line basis
Software	5 years	Straight Line basis
Network Infrastructure	4-40 years	Straight Line basis

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Leases and right-of-use assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly and should be physically distinct or represent substantially all the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component based on relative stand-alone prices.

Measurement

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are summarised below.

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

CLASS OF RIGHT-OF-USE ASSET	*USEFUL LIFE*	*DEPRECIATION METHOD*
Buildings	2 to 10 years	Straight line basis
Network Infrastructure	2 years to 20 years	Straight line basis
Plant and Equipment	4 to 5 years	Diminishing value basis
Motor Vehicles	8 years	Diminishing value basis

The lease liability is initially measured at present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed payments, including in-substance fixed payments
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of the lease unless the Group is reasonably certain not to terminate early.

Notes to the Financial Statements

for the year ended 30 June 2021

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES continued

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amounts expected to be payable under a residual value guarantee or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets (less than $10,000), including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Extension options

Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The Group assesses at lease commencement whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Trademarks

Trademarks owned by group entities are carried at cost less accumulated impairment losses.

Customer contracts

Customer contracts acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 3 years to 10 years.

Software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 3 years.

Impairment of financial assets

The Group recognises loss allowances for expected credit loss (ECL) on financial assets measured at amortised cost. The Group measures loss allowances at an amount equal to lifetime ECLs. The Group has adopted the simplified approach under AASB 9 for calculating the allowance. The collective loss allowance is determined based on the historical default percentage in each portfolio and adjusted for other current observable and forward-looking information to estimate lifetime ECL for similar financial assets.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due. The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions; or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). The impact of COVID-19 on the allowance for calculation for expected credit losses calculation was assessed as at 30 June 2021. Please refer to Note 8.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer
- a breach of contract such as a default or being more than 90 days past due
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise
- it is probable that the borrower will enter bankruptcy or other financial reorganisation or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering financial asset in its entirety or a portion thereof. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Notes to the Financial Statements

for the year ended 30 June 2021

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES continued

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Unit (CGU).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated to reduce the carrying amount of assets in the CGU on a pro rata basis. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Impairment of right-of-use assets

The carrying values of right-of-use assets are reviewed for impairment annually. If an indication of impairment exists, and where the carrying value of the right-of-use asset exceeds the estimate recoverable amount, the right-of-use assets are written down to their recoverable amount. The assessment includes a review of performing and non-performing towers. Where a tower is identified as non-performing, the right-of-use asset associated with that non-performing tower is reduced to its recoverable amount through an impairment charge.

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted.

The amounts are unsecured and are usually paid within 30 days of recognition.

Contract liabilities

Contract liabilities represent the consolidated entity's obligation to transfer services to a customer and are recognised when a customer pays consideration, or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the consolidated entity has transferred the services to the customer.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share-based payments

Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other vesting conditions are satisfied.

Notes to the Financial Statements

for the year ended 30 June 2021

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES continued

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made.

An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurements

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Capital risk management

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital. Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity will look to raise capital when an opportunity to invest in a business or company is seen as value adding relative to the current company's share price at the time of the investment.

Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Notes to the Financial Statements

for the year ended 30 June 2021

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES continued

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Uniti Group Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to "rounding-off". Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

NOTE 2. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Goodwill and other indefinite life intangible assets

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in Note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Business combinations

As discussed in Note 1, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Impact of COVID-19

As noted in the Review of Operations in the Directors' Report, the Board and management have considered the impact of COVID-19 on the consolidated entity's operations and financial performance, and have noted that there were no significant changes in the state of affairs of the consolidated entity during the financial year. In particular, Uniti's business has been resilient to date. Uniti has not claimed any amounts under the Australian Government JobKeeper Payment Scheme.

In preparing the consolidated financial report, management has considered the impact of COVID-19 on the various balances in the financial report, including the carrying values of trade receivables, as well as balances and accounting estimates for which cash flow forecasts are required to be prepared, such as impairment assessments of goodwill and brand names. Management determined that there was no significant impact of COVID-19 on the above-mentioned balances and accounting estimates.

Software-as-a-Service (SaaS) arrangements

Note 1 describes the entity's accounting policy in respect of customisation and configuration costs incurred in implementing SaaS arrangements. In applying the entity's accounting policy, the directors made the following key judgements that have had the most significant effect on the amounts recognised in financial statements.

Capitalisation of configuration and customisation costs in SaaS arrangements

Part of the customisation and configuration activities undertaken in implementing SaaS arrangements may entail the development of software code that enhances or modifies, or creates additional capability to the existing on-premise software to enable it to connect with the cloud-based software applications (referred to as bridging modules or APIs). Judgement was applied in determining whether the additional code meets the definition of and recognition

Notes to the Financial Statements

for the year ended 30 June 2021

NOTE 2. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS continued

criteria for an intangible asset in AASB 138 Intangible Assets. During the year, the Company recognised $917,000 (2020: $799,000) as intangible assets in respect of customisation and configuration costs incurred in implementing SaaS arrangements.

Determination whether configuration and customisation services are distinct from the SaaS access

Costs incurred to configure or customise the cloud provider's application software are recognised as operating expenses when the services are received. In a contract where the cloud provider provides both the SaaS configuration and customisation, and the SaaS access over the contract term, the directors applied judgement to determine whether these services are distinct from each other or not, and therefore, whether the configuration and customisation costs incurred are expensed as the software is configured or customised (i.e. upfront), or over the SaaS contract term.

Specifically, where the configuration and customisation activities significantly modify or customise the cloud software, these activities will not be distinct from the access to the cloud software over the contract term. Judgement has been applied in determining whether the degree of customisation and modification of the cloud-based software would be deemed significant. The Company did not recognise any prepayments in respect of customisation and configuration activities undertaken in implementing SaaS arrangements which are considered not to be distinct from the access to the SaaS access over the contract term.

NOTE 3. OPERATING SEGMENTS

Identification of reportable operating segments

Segment information is based on the information that management uses to make decisions about operating matters and allows users to review operations through the eyes of management. Operating segments represent the information reported to the chief operating decision makers (CODM), being the Board of Directors, for the purposes of resource allocation and assessment of segment performance. Any new acquisitions will be made to complement the business units.

Major customers

There were 4 major customers that contributed more than 5% of revenue in 2021 (2020: Nil).

Operating segments

The directors have chosen to organise the Group around the three main business units in which the Group operates. Specifically, the Group's reportable segments under AASB 8 follows:

- Consumer & Business (formerly Consumer & Business Enablement) (C&B)
- Wholesale & Infrastructure (W&I)
- Communications Platform as a Service (formerly Specialty Services) (CPaaS)

The reportable segments represent the group's cash-generating units for impairment testing purposes, with corporate income (interest and one-off dividend) and costs being allocated to the three cash-generating units. The chief decision maker for the reporting segments are the CEOs of each of the three business units.

Segment revenues and results

CONSOLIDATED – 2021	W & I $'000	CPaaS $'000	C& B $'000	UNALLOCATED[1] $'000	INTER-COMPANY[2] $'000	TOTAL $'000
Revenue	105,442	30,810	43,609	1,064	(20,450)	160,475
EBITDA (Reported)	78,579	19,973	4,468	(29,410)	-	73,610
Depreciation and amortisation	(14,797)	(2,773)	(3,848)	-	-	(21,418)
Net finance costs	-	(23)	(394)	(7,538)	-	(7,955)
Profit before income tax expense	63,782	17,177	226	(36,948)	-	44,237
Income tax expense	-	-	-	(15,042)	-	(15,042)
Profit after income tax expense	**63,782**	**17,177**	**226**	**(51,990)**	**-**	**29,195**

(1) Unallocated revenue represents $0.5 million interest income earned in relation to cash and cash equivalents and $0.6m dividend income relating to Uniti's acquired interest in OptiComm shares prior to the completion of the scheme of Arrangement to acquire OptiComm. Unallocated costs include corporate services costs and board costs, share based expenses, restructure, and acquisition costs..

(2) Intercompany revenue is eliminated on consolidation and relates primarily to recurring charges from the W&I business unit to the C&B business unit for the provision of wholesale telecommunications services.

CONSOLIDATED – 2020	W & I $'000	CPaaS $'000	C& B $'000	UNALLOCATED[1] $'000	INTER-COMPANY[2] $'000	TOTAL $'000
Revenue	22,351	20,969	24,004	324	(9,432)	58,216
EBITDA (Reported)	14,525	11,752	4,779	(15,001)	-	16,055
Depreciation and amortisation	(1,283)	(1,916)	(3,654)	-	-	(6,853)
Net finance costs	-	(29)	(403)	(163)	-	(595)
Profit before income tax expense	13,242	9,807	722	(15,164)	-	8,607
Income tax income	-	-	-	7,314	-	7,314
Profit after income tax expense	**13,242**	**9,807**	**722**	**(7,850)**	**-**	**15,921**

(1) Unallocated revenue represents interest income earned in relation to cash and cash equivalents. Unallocated costs include corporate services costs, board costs, share-based payment expenses, restructure, and acquisition costs..

(2) Intercompany revenue is eliminated on consolidation and relates primarily to recurring charges from the W&I business unit to the C&B business unit for the provision of wholesale telecommunications services.

Geographical segments

The consolidated entity operated in only one geographical segment during 2021 and 2020, being Australia.

Notes to the Financial Statements

for the year ended 30 June 2021

NOTE 4. REVENUE

	CONSOLIDATED 2021 $'000	2020 $'000
Revenue from contracts with customers		
Sale of goods	**36**	37
Rendering of services – Broadband and fibre access networks	**43,378**	23,462
Rendering of services – Telecommunications services	**30,073**	20,576
Rendering of services – Recurring network revenues	**63,616**	10,989
Construction revenues	**21,137**	2,182
	158,240	57,246
Other revenue		
Interest revenue	**443**	324
Dividend revenue	**621**	-
Other revenue	**1,171**	646
	2,235	970
	160,475	58,216

Revenue from contracts with customers is recognised over time, excluding sale of goods.

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

CONSOLIDATED – 2021	W & I $'000	CPaaS $'000	C& B $'000	INTER-COMPANY[1] $'000	TOTAL $'000
Major product lines					
Broadband and fibre access networks	-	-	43,572	(194)	43,378
Telecommunications services	-	30,810	-	(737)	30,073
Recurring network revenues	83,135	-	-	(19,519)	63,616
Construction revenues	21,137	-	-	-	21,137
Sale of goods	-	-	36	-	36
	104,272	30,810	43,608	(20,450)	158,240
Geographical regions					
Australia	104,272	30,810	43,608	(20,450)	158,240
Timing of revenue recognition					
Goods transferred at a point in time	-	-	36	-	36
Services transferred over time	104,272	30,810	43,572	(20,450)	158,204
	104,272	30,810	43,608	(20,450)	158,240

(1) Intercompany revenue is eliminated on consolidation and relates primarily to recurring charges from the W&I business to the C&B business unit for the provision of wholesale telecommunications services.

CONSOLIDATED – 2020	W & I $'000	CPaaS $'000	C& B $'000	INTER-COMPANY[1] $'000	TOTAL $'000
Major product lines					
Broadband and fibre access networks	-	-	23,797	(335)	23,462
Telecommunications services	-	20,576	-	-	20,576
Recurring network revenues	20,086	-	-	(9,097)	10,989
Construction revenues	2,182	-	-	-	2,182
Sale of goods	-	-	37	-	37
	22,268	20,576	23,834	(9,432)	57,246
Geographical regions					
Australia	22,268	20,576	23,834	(9,432)	57,246
Timing of revenue recognition					
Goods transferred at a point in time	-	-	37	-	37
Services transferred over time	22,268	20,576	23,797	(9,432)	57,209
	22,268	**20,576**	**23,834**	**(9,432)**	**57,246**

(1) Intercompany revenue is eliminated on consolidation and relates primarily to recurring charges from the W&I business to the C&B business unit for the provision of wholesale telecommunications services.

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Notes to the Financial Statements

for the year ended 30 June 2021

NOTE 5. EXPENSES

	CONSOLIDATED	
	2021 $'000	**2020 $'000**
Profit before income tax includes the following specific expenses:		
Network and hardware expense		
Network and hardware expense	**34,391**	13,837
Employee benefits expense		
Employee benefits expense	**22,225**	12,816
Share-based payments expense	**6,772**	4,581
	28,997	17,398
Depreciation		
Leasehold improvements	**148**	28
Plant and equipment	**7,305**	3,127
Right-of-use assets	**1,502**	813
	8,955	3,968
Amortisation		
Customer contracts	**11,967**	2,586
Software	**347**	220
Other intangibles	**149**	79
	12,463	2,885
	21,418	6,853
Other expenses		
Restructure costs	**1,384**	707
Acquisition costs	**12,592**	5,187
Other	**9,501**	5,032
	23,477	10,926
Finance costs		
Interest and finance charges paid/payable	**7,955**	595

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NOTE 6. TAX BALANCES

	CONSOLIDATED	
	2021 $'000	**2020 $'000**
Income tax expense		
Current tax	–	1,890
Deferred tax – origination and reversal of temporary differences	**16,269**	(9,204)
Under/over provision	**(1,227)**	–
Aggregate income tax expense/(benefit)	**15,042**	(7,314)
Deferred tax included in income tax expense comprises:		
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	**44,237**	8,607
Tax at the statutory tax rate of 30% (2020: 30%)	**13,271**	2,582
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Net deferred tax assets and liabilities brought to account	**1,407**	(9,204)
Tax losses utilised	–	(2,281)
Deferred Tax Asset Losses not previously brought to account, now brought to account	**(326)**	–
Under/over provision	**(1,227)**	–
Acquisition costs - permanent	**369**	–
Share-based payments	**1,537**	1,629
Other items	**11**	(40)
Income tax expense/(benefit)	**15,042**	(7,314)
Deferred tax assets not bought to account		
Unrecognised deferred tax relating to tax losses	–	–
Unrecognised deferred tax relating to temporary differences	–	–
	–	–

During FY21 Uniti recorded an income tax expense of $15.0 million. Whilst an income tax expense has been incurred during the period, Uniti is in a tax refund position as at 30 June 2021. This is predominantly driven by capital allowance incentives that allow accelerated deductions for depreciating assets. The application of these tax depreciation incentives resulted in a deduction of $155.6 million (tax affected: $46.7 million), and therefore Uniti is in a tax loss position for FY21. Of this $155.6 million, $135.0 million derives from assets acquired as part of the OptiComm and Velocity acquisitions. As at 30 June 2021, Uniti has carried forward tax losses of $106.8 million (tax affected: $32.0 million) as a result of the losses incurred in the current year ($96.8 million) and the opening losses as at 1 July 2020 of $9.1 million. The opening tax loss position represents the recognition of income tax losses incurred by Uniti and certain acquired companies from prior periods and the movement in the deferred tax assets and liabilities on the acquired companies joining the tax consolidated group. The transition to significant profits before tax in FY20 and the continued growth in profitability of Uniti has meant that the realisation of accumulated losses being recouped against current and future taxable income is more certain, resulting in the recording of the deferred tax asset for these losses.

Notes to the Financial Statements

for the year ended 30 June 2021

NOTE 6. TAX BALANCES continued

Movements in deferred tax balances

					BALANCE AS AT 30 JUNE 2021		
CONSOLIDATED – 2021	NET OPENING BALANCE $'000	RECOGNISE IN PROFIT OR LOSS $'000	RECOGNISED DIRECTLY TO EQUITY $'000	ACQUISITIONS $'000	NET CLOSING BALANCE $'000	DEFERRED TAX ASSETS $'000	DEFERRED TAX LIABILITIES $'000
Trade and other receivables	728	79	–	22	829	829	–
Property, plant & equipment	–	(46,994)	–	(1,630)	(48,624)	–	(48,624)
Intangible assets	(8,964)	3,489	–	(18,395)	(23,870)	–	(23,870)
Provisions and accruals	475	(964)	–	6,251	5,762	5,762	–
Deferred Income	1,187	(108)	–	1,662	2,741	2,741	–
Lease liability	650	(4)	–	–	646	646	–
Blackhole expenditure	3,675	(1,405)	2,217	579	5,066	5,066	–
Tax losses carried forward	2,417	29,637	–	–	32,054	32,054	–
	168	(16,270)	2,217	(11,511)	(25,396)	47,098	(72,494)

					BALANCE AS AT 30 JUNE 2020		
CONSOLIDATED – 2020	NET OPENING BALANCE $'000	RECOGNISE IN PROFIT OR LOSS $'000	RECOGNISED DIRECTLY TO EQUITY $'000	ACQUISITIONS $'000	NET CLOSING BALANCE $'000	DEFERRED TAX ASSETS $'000	DEFERRED TAX LIABILITIES $'000
Trade and other receivables	–	728	–	–	728	728	–
Intangible assets	–	72	–	(9,036)	(8,964)	–	(8,964)
Provisions and accruals	–	475	–	–	475	475	–
Deferred Income	–	1,187	–	–	1,187	1,187	–
Lease liability	–	650	–	–	650	650	–
Blackhole expenditure	–	3,675	–	–	3,675	3,675	–
Tax losses carried forward	–	2,417	–	–	2,417	2,417	–
	–	9,204	–	(9,036)	168	9,132	(8,964)

NOTE 7. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	CONSOLIDATED	
	2021 $'000	2020 $'000
Cash at bank	**57,332**	7,499
Cash on deposit	**–**	181,651
	57,332	189,150

Prior year cash and cash equivalents includes $148.0 million net proceeds from the institutional entitlement offer, which was used to partially fund the Company's acquisition of OptiComm Limited.

Reconciliation to cash and cash equivalents at the end of the financial year

The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

	CONSOLIDATED	
	2021 $'000	2020 $'000
Balances as above	**57,332**	189,150
Balance as per statement of cash flows	**57,332**	189,150

NOTE 8. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	CONSOLIDATED	
	2021 $'000	2020 $'000
Trade receivables	**17,123**	7,563
Less: Allowance for expected credit losses	**(2,765)**	(2,428)
	14,358	5,135
Other receivables	**1,031**	846
	15,389	5,981

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

CONSOLIDATED	EXPECTED CREDIT LOSS RATE %(1)	CARRYING AMOUNT 2021 $'000	ALLOWANCE FOR EXPECTED CREDIT LOSSES 2021 $'000
0 to 1 months overdue	**4%**	**13,793**	**(486)**
1 to 2 months overdue	**34%**	**911**	**(306)**
2 to 3 months overdue	**51%**	**562**	**(287)**
Over 3 months overdue	**91%**	**1,857**	**(1,686)**
		17,123	**(2,765)**

(1) Specific debtors balances have been excluded from the general provision where there is a degree of certainty around the recoverability of these debts or Uniti is not exposed to any credit risk.

	CONSOLIDATED	
	2021 $'000	2020 $'000
Opening balance	**2,428**	575
Additional provisions recognised	**(354)**	260
Additions as part of Business Combinations	**691**	1,593
	2,765	2,428

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NOTE 8. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES continued

Allowance for expected credit losses

The allowance for expected credit losses are determined using a provision matrix and excludes debtors based on specific assessment. The consolidated entity has recognised a loss of $983,000 (2020: $260,000) in other expenses in respect of the expected credit losses for the year ended 30 June 2021.

Impact of COVID-19 on the allowance for expected credit losses calculation:

Management acknowledges that there is a level of uncertainty in the economy at present. However, the telecommunications industry is insulated to a degree due to the essential nature of the services the Group provides. In addition, demand for internet services and bandwidth has increased, further emphasising the importance of telecommunications services. Furthermore, the construction industry has at large continued to operate during the COVID-19 restriction period and we have not noted a decline in revenues due to any pandemic related factors. Management has employed a level of conservatism when assessing current and forecast credit conditions and considered this when determining the default rate on debtors' balances.

NOTE 9. CURRENT ASSETS – INVENTORIES

	CONSOLIDATED	
	2021 $'000	**2020 $'000**
Customer premise and network equipment	**35**	161
	35	161

NOTE 10. CURRENT ASSETS – DEPOSITS AND PREPAYMENTS

	CONSOLIDATED	
	2021 $'000	**2020 $'000**
Deposits	**18**	75
Security deposits	**98**	57
Prepayments	**2,604**	1,941
	2,720	2,073

NOTE 11. CURRENT ASSETS – CONTRACT ASSETS

	CONSOLIDATED	
	2021 $'000	**2020 $'000**
Contract assets	**961**	1,008
	961	1,008

NOTE 12. NON-CURRENT ASSETS – RIGHT-OF-USE ASSETS

	CONSOLIDATED 2021 $'000	CONSOLIDATED 2020 $'000
Office leases – at cost	**3,783**	1,974
Less: Accumulated depreciation	**(1,856)**	(1,071)
	1,927	903
Plant and equipment – at cost	**338**	83
Less: Accumulated depreciation	**(147)**	(59)
	191	24
Network Infrastructure – at cost	**5,261**	5,261
Less: Accumulated depreciation	**(3,542)**	(3,180)
	1,719	2,081
Motor Vehicles – at cost	**94**	117
Less: Accumulated depreciation	**(94)**	(81)
	-	36
	3,837	3,044

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

CONSOLIDATED	OFFICE LEASES $'000	PLANT AND EQUIPMENT $'000	NETWORK INFRASTRUCTURE $'000	MOTOR VEHICLES $'000	TOTAL $'000
Balance at 1 July 2019	569	69	3,774	52	4,464
Additions	–	–	–	–	–
Additions through business combinations	526	–	–	–	526
Disposals	–	–	–	–	–
Remeasurement (1)	195	(28)	(1,314)	23	(1,124)
Depreciation expense	(387)	(17)	(379)	(39)	(822)
Balance at 30 June 2020	903	24	2,081	36	3,044
Additions	–	–	–	–	–
Additions through business combinations (Note 33)	1,681	–	–	130	1,811
Disposals	–	–	–	–	–
Remeasurement (1)	323	254	30	(123)	484
Depreciation expense	(980)	(87)	(392)	(43)	(1,502)
Balance at 30 June 2021	1,927	191	1,719	-	3,837

(1) During the year, remeasurement in the lease liability has resulted in the change in the carrying value of the right-of-use assets.

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for the year ended 30 June 2021

NOTE 13. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED	
	2021 $'000	**2020 $'000**
Leasehold improvements – at cost	**1,319**	219
Less: Accumulated depreciation	**(247)**	(99)
	1,072	120
Plant and equipment – at cost	**2,747**	1,484
Less: Accumulated depreciation	**(911)**	(588)
	1,836	896
Network infrastructure – at cost	**242,208**	51,341
Less: Accumulated depreciation	**(11,108)**	(5,850)
	231,100	45,491
	234,008	46,507

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

CONSOLIDATED	LEASEHOLD IMPROVEMENTS $'000	PLANT AND EQUIPMENT $'000	NETWORK INFRASTRUCTURE $'000	TOTAL $'000
Balance at 1 July 2019	147	471	2,971	3,589
Additions	–	166	8,864	9,030
Additions through business combinations	–	463	35,856	36,319
Measurement period adjustments	–	(242)	-	(242)
Disposals	–	(31)	-	(31)
Reclassification of asset type	–	-	611	611
Remeasurements (1)	–	272	(1,112)	(840)
Depreciation expense	(27)	(203)	(1,699)	(1,929)
Balance at 30 June 2020	120	896	45,491	46,507
Additions	27	137	28,201	28,365
Additions through business combinations (Note 33)	1,073	1,112	172,423	174,608
Measurement period adjustments (Note 33)	–	–	(8,283)	(8,283)
Disposals	–	(13)	–	(13)
Reclassification of asset type	–	–	–	–
Remeasurements [1]	–	68	208	276
Depreciation expense	(148)	(364)	(6,940)	(7,452)
Balance at 30 June 2021	**1,072**	**1,836**	**231,100**	**234,008**

(1) During the year, the base asset value for customer premise equipment (CPE) was adjusted based on the active customer list as at 30 June 2021.

NOTE 14. NON-CURRENT ASSETS – INTANGIBLES

	CONSOLIDATED	
	2021 $'000	2020 $'000
Goodwill	**808,649**	176,011
Less: Impairment	**–**	–
	808,649	176,011
Customer contracts – at cost	**84,576**	26,051
Less: Accumulated amortisation	**(14,890)**	(2,934)
	69,686	23,117
Software – at cost	**3,304**	1,681
Less: Accumulated amortisation	**(783)**	(428)
	2,521	1,253
Other intangible assets	**1,321**	1,178
Less: Accumulated amortisation	**(228)**	(79)
	1,093	1,099
Brand	**7,959**	4,524
Trademarks	**23**	23
	7,982	4,547
	889,931	206,027

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NOTE 14. NON-CURRENT ASSETS – INTANGIBLES continued

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

CONSOLIDATED	GOODWILL $'000	CUSTOMER CONTRACTS $'000	BRANDS $'000	SOFTWARE $'000	OTHER INTANGIBLE ASSETS $'000	TRADEMARKS $'000	TOTAL $'000
Balance at 1 July 2019	13,451	6,531	–	680	235	23	20,920
Additions	-	174	–	452	76	–	702
Additions through business combinations	161,327	20,367	1,695	330	1,230	–	184,950
Measurement period adjustments	1,233	(1,560)	2,829	–	–	–	2,502
Reclassification of asset type	–	–	–	23	(23)	–	–
Remeasurement				–	(341)		(341)
Amortisation expense	–	(2,395)	–	(232)	(79)	–	(2,706)
Balance at 30 June 2020	176,011	23,117	4,524	1,253	1,099	23	206,027
Additions	-	-	–	1,075	143	–	1,218
Additions through business combinations (Note 33)	630,699	57,849	3,435	833	-	–	692,816
Measurement period adjustments (Note 33)	1,939	676	-	(141)	–	–	2,474
Remeasurement	–	11	-	(152)	-	–	(141)
Amortisation expense	–	(11,967)	–	(347)	(149)	–	(12,463)
Balance at 30 June 2021	808,649	69,686	7,959	2,521	1,093	23	889,931

Impairment testing

Goodwill acquired through business combinations and brands have been allocated for impairment testing purposes to the following cash-generating units:

- Consumer & Business (C&B) (Formerly Consumer & Business Enablement)
- Wholesale & Infrastructure (W&I)
- Communications Platform as a Service (CPaaS) (Formerly Specialty Services)

The recoverable amount of the CGU has been determined by a value-in-use calculation using a discounted cash flow model, based on a 5 year projected cash flow and terminal value. The cash flow projections are based on financial estimates approved by the Board for the 2021 financial year and Management's view on the further four years. As part of the annual impairment test for goodwill, management assesses the reasonableness of growth rate assumptions by reviewing historical cash flow projections as well as future growth objectives. Corporate charges were allocated to each business unit based on the percentage of the business unit's underlying EBITDA in comparison to the Group.

Key assumptions are those to which the recoverable amount of an asset or cash-generating units is most sensitive.

The following key assumptions were used in the discounted cash flow model:

KEY ASSUMPTIONS	W&I	CPAAS	C&B
Discount rate (post tax)	7.5%	9.4%	10.8%
Terminal value growth rate	3%	3%	3%

Other key assumptions used in the calculation are:

- Five-year cash flow forecasts, of which the initial year is the board approved budget.
- Capital expenditure five-year forecast.
- The discount rates (post tax) used in 2020 were 7.8% for W&I, 8.5% for CPaaS and 8.7% for C&B.

The discount rate has been determined using the estimated weighted average cost of capital which incorporates both the cost of debt and the cost of capital, using a benchmark gearing level. The resulting discounted cash flow exceeded the carrying value of goodwill on the company's balance sheet.

Carrying amounts and recoverable amounts by business units for FY21 are disclosed in the table below:

KEY ASSUMPTIONS	W&I	CPAAS	C&B
Carrying amount – goodwill	721,149	70,833	16,667
Carrying amount – intangible assets	50,331	20,972	7,458

Impact of COVID-19 on impairment testing

Management has considered any potential impacts from COVID-19 when assessing the recoverable amount of the CGU. The Group may be impacted both by deterioration in macroeconomic conditions generally and specifically in relation to its operations. To date, COVID-19 has affected, amongst other things, economic conditions, employment markets, equity markets, governmental action, regulatory policy, quarantining, self-isolations and travel restrictions.

In addition, the COVID-19 global pandemic may specifically impact the projected growth rate of Uniti's W&I business, including any downturn in the property market which may lead to a delay in the construction of new developments and in the signing of new developer agreements and/or delay in the construction of dwellings under these new agreements, resulting in delays in the realisation of revenue from these contracts. There is also a risk that the operations may be interrupted by government enforced restrictions (such as lockdowns) or other COVID-19 related health concerns.

Although there is a level of inherent uncertainty as outlined above, there has not been any noticeable adverse impact on the group's operations or profitability as further discussed below. We note that telecommunications remains an essential service and the current environment has led to increased demand for telecommunications products and services.

Sensitivity

As disclosed in Note 2, the directors have made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease. Management has considered the possible change in EBITDA and discount rates applied and any change would need to be significant for the recoverable amount not to exceed the carrying amount.

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for the year ended 30 June 2021

NOTE 15. CURRENT AND NON-CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	CONSOLIDATED	
	2021 $'000	2020 $'000
Current liability		
Trade payables	**13,319**	5,601
Other payables	**17,238**	2,164
Accrued expenses	**3,138**	5,376
	33,695	13,141
Non-current liability		
Unearned Grant Income – South Australia Financing Authority Grant	**1,411**	1,411
	1,411	1,411

Unearned Income of $1.4 million (2020: $1.4 million) was received in the prior year from the South Australia Financing Authority but not yet recognised. This income will be brought to account as revenue progressively as grant income criteria are met.

Refer to Note 24 for further information on financial instruments.

NOTE 16. CURRENT AND NON-CURRENT – CONTRACT LIABILITIES

	CONSOLIDATED	
	2021 $'000	2020 $'000
Current liability		
Customer contract liabilities	**3,581**	2,269
Non-current liability		
Customer contract liabilities	**–**	–
	3,581	2,269
Reconciliation		
Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:		
Opening balance	**2,269**	498
Additions as part of Business Combination	**4,900**	1,178
Revenue recognised from opening balance	**(1,455)**	(472)
Revenue recognised from acquired balance	**(2,844)**	(1,178)
Revenue deferred during the year	**711**	2,243
	3,581	2,269

Unsatisfied performance obligations

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was $3.6 million as at 30 June 2021 ($2.3 million as at 30 June 2020) and is expected to be recognised as revenue in future periods as follows:

	CONSOLIDATED	
	2021 $'000	2020 $'000
Within 12 months	**3,581**	2,269
1 – 2 years	**–**	–
2 – 5 years	**–**	–
	3,581	2,269

NOTE 17. CURRENT AND NON-CURRENT LIABILITIES – EMPLOYEE BENEFITS

	CONSOLIDATED	
	2021 $'000	2020 $'000
Employee benefits – current	**2,598**	1,076
Employee benefits – non-current	**107**	93
	2,705	1,169

Amounts not expected to be settled within the next 12 months

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the consolidated entity does not have an unconditional right to defer settlement. However, based on past experience, the consolidated entity does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

The following amounts reflect leave that is not expected to be taken within the next 12 months:

	CONSOLIDATED	
	2021 $'000	2020 $'000
Employee benefits obligation expected to be settled after 12 months	**638**	295

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NOTE 18. CURRENT AND NON-CURRENT LIABILITIES – CONTINGENT CONSIDERATION

	CONSOLIDATED	
	2021 $'000	2020 $'000
Current liability		
Contingent consideration for Fone Dynamics acquisition	–	1,747
Contingent consideration for LBNCo acquisition	**2,799**	2,692
	2,799	4,439
Non-current liability		
Contingent consideration for LBNCo acquisition	–	2,712
Contingent consideration for Velocity acquisition	**32,808**	–
	32,808	2,712

The total contingent consideration for LBNCo and Velocity was measured at fair value as at 30 June 2021.

Refer to Note 24 for further information on contingent consideration.

NOTE 19. CURRENT AND NON-CURRENT LIABILITIES – DEFERRED CONSIDERATION

	CONSOLIDATED	
	2021 $'000	2020 $'000
Current liability		
Deferred consideration for Velocity acquisition	**6,561**	–
	6,561	–
Non-current liability		
Deferred consideration for Velocity acquisition	**12,500**	–
	12,500	–

Refer to Note 24 for further information on deferred consideration.

NOTE 20. CURRENT AND NON-CURRENT LIABILITIES – BORROWINGS

	CONSOLIDATED	
	2021 $'000	2020 $'000
Current liability		
Bank loans	–	–
	–	–
Non-current liability		
Bank loans	**265,625**	–
Capitalised borrowing costs	**(3,714)**	–
	261,911	–

The Company executed a $320 million revolving syndicated facility agreement with Westpac Banking Corporation and Commonwealth Bank of Australia taking effect 18 December 2020. The facility included a $315 million revolving loan facility and a $5 million contingent instrument facility. The Company renegotiated a syndicated facility with Westpac Banking Corporation, Commonwealth Bank of Australia and Macquarie Bank Limited taking effect 26 May 2021. The facility included a reduced $285 million revolving loan facility and a $5 million contingent instrument facility. As at 30 June 2021, $19.4 million of the revolving loan facility was not utilised, with $265.6 million of the revolving loan facility and $0.9 million of the contingent instrument facility utilised. Interest on the facility is incurred at the aggregate of the reference bank bill rate plus a margin.

The key terms of the Facility are summarised below:

Security: Joint and several liability guarantee, with first-ranking security with respect to the Group's present and after acquired property.

Expiry: 18 December 2023.
The Company is subject to and is compliant with financial covenants and undertakings for the period ended 30 June 2021.

Refer to Note 24 for further information on financial instruments.

Description of Lease Arrangements

The Group leases land and buildings for its office spaces as well as network infrastructure, plant and equipment and motor vehicles. The typical lease period of these leases is summarised below. Where leases include an option to renew the lease after the end of the contract term, the Group assesses at the lease commencement whether it is reasonably certain to exercise the extension options. It reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control. Some leases provide for additional rental payments that are based on changes in consumer price indices.

LEASE CATEGORY	TERM OF LEASE	RENEWAL OPTION AVAILABLE
Buildings	2 – 5 years	2 – 5 years
Network Infrastructure	2 – 10 years	2 – 10 years
Plant and Equipment	4 – 5 years	None
Motor Vehicles	8 years	None

Assets pledged as security

The lease liabilities are effectively secured as the rights to the leased asset, recognised in the statement of financial position, revert to the lessor in the event of default.

NOTE 21. EQUITY – ISSUED CAPITAL

	CONSOLIDATED			
	2021 SHARES	2020 SHARES	2021 $'000	2020 $'000
Ordinary shares – fully paid	**676,537,743**	433,453,275	**777,917**	421,812

Notes to the Financial Statements

for the year ended 30 June 2021

NOTE 21. EQUITY – ISSUED CAPITAL continued

		CONSOLIDATED		
DETAILS	**DATE**	**SHARES**	**ISSUE PRICE**	**$'000**
Balance	30 June 2019	147,034,060	n/a	46,691
Issue of share capital:				
Issue of shares (Placement)	26 August 2019	15,548,988	$1.20	18,659
Issue of shares (Retail entitlement offer)	26 August 2019	19,131,363	$1.20	22,958
Issue of shares (Retail entitlement offer)	20 September 2019	48,803,240	$1.20	58,564
Issue of shares (Placement)	11 December 2019	26,505,383	$1.62	42,939
Issue of shares (Retail entitlement offer)	11 December 2019	17,105,166	$1.62	27,710
Issue of shares (Retail entitlement offer)	27 December 2019	8,795,543	$1.62	14,249
Issue of shares (Placement)	24 June 2020	108,480,884	$1.40	151,873
Share issue transaction costs	Various	n/a	n/a	(9,116)
		244,370,567	n/a	327,836
Issue of shares to vendors on acquisition:				
Issue of shares to Pivit vendor	4 July 2019	56,196	$1.42	80
Issue of shares to Fone Dynamics vendor	12 August 2019	12,556,059	$0.53	6,652
Issue of shares to LBNCo vendor	30 September 2019	9,384,755	$1.20	11,262
Issue of shares to OPENetworks vendor	31 October 2019	6,492,425	$1.45	9,389
Issue of shares to 1300 Australia vendor	16 December 2019	12,345,682	$1.62	20,000
Issue of shares to Pivit vendor	8 May 2020	140,550	–	–
Share issue transaction costs	Various	n/a	n/a	(189)
		40,975,667	n/a	47,194
Other:				
Issue of shares under employee shares	20 April 2020	94,828	$1.22	115
Conversion of share-based payment option on exercise	19 June 2020	648,153	$0.25	161
Conversion of share-based payment option on exercise	25 June 2020	330,000	$0.56	184
Reserves reclassification	n/a	n/a	(317)	2,028
Share issue transaction costs	Various	n/a	n/a	(52)
		1,072,981	n/a	91
Balance	30 June 2020	433,453,275	n/a	421,812
Issue of share capital:				
Issue of shares (Retail entitlement offer)	13 July 2020	84,372,830	$1.40	118,122
Issue of shares (Retail entitlement offer)	21 December 2020	33,333,334	$1.50	50,000
Issue of shares (Share Purchase Plan)	29 January 2021	13,335,093	$1.50	20,003
Share issue transaction costs	Various	n/a	n/a	(3,167)
		131,041,257	n/a	184,958
Issue of shares to vendors on acquisition:				
Issue of shares to OptiComm vendor	18 September 2020	5,001,901	$1.26	6,304
Issue of shares to OptiComm vendor	20 November 2020	104,943,217	$1.59	166,860
Issue of shares to HarbourISP vendor	1 December 2020	570,316	$1.41	804
Share issue transaction costs	Various	n/a	n/a	(3,458)
		110,515,434	n/a	170,510
Other:				
Conversion of share-based payment option on exercise	24 July 2020	277,780	$0.25	69
Conversion of share-based payment option on exercise	24 July 2020	277,780	$0.31	87
Conversion of share-based payment option on exercise	26 February 2021	648,153	$0.31	203
Conversion of share-based payment option on exercise	26 February 2021	11,824	-	-
Conversion of share-based payment option on exercise	15 March 2021	200,000	$0.17	34
Issue of shares under employee shares	31 March 2021	112,240	$2.17	244
		1,527,777	n/a	637
Balance	**30 June 2021**	**676,537,743**	**n/a**	**777,917**

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Reconciliation to proceeds from issue of shares

	CONSOLIDATED 2021 $'000	CONSOLIDATED 2020 $'000
Issue of Shares	**362,337**	384,477
Business acquisitions	**(173,968)**	(40,747)
Repayment of contingent consideration	**-**	(6,652)
Share-based payments and reserve reclassification	**149**	202
	188,518	337,280

NOTE 22. EQUITY – RESERVES

	CONSOLIDATED 2021 $'000	CONSOLIDATED 2020 $'000
Share option and share rights reserve	**14,943**	6,065
	14,943	6,065

Share option and share rights reserve

The reserve is used to recognise the fair value of share-based payments, in particular options issued to Directors and Senior Management. In addition, share rights granted to Directors and Senior Management are recorded in the reserve.

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

CONSOLIDATED	TOTAL $'000
Balance at 30 June 2019	1,283
Options issued	4,465
Reserve reclassification	317
Balance at 30 June 2020	6,065
Share based payments	6,528
Equity settled short term incentives	576
Options issued to HarbourISP vendors	1,774
Balance at 30 June 2021	**14,943**

Notes to the Financial Statements

for the year ended 30 June 2021

NOTE 23. EQUITY – ACCUMULATED PROFITS / (LOSSES)

	CONSOLIDATED	
	2021 $'000	**2020 $'000**
Accumulated losses at the beginning of the financial year	**(6,183)**	(22,104)
Profit after income tax expense for the year	**29,195**	15,921
Accumulated profits / (losses) at the end of the financial year	**23,012**	(6,183)

NOTE 24. FINANCIAL INSTRUMENTS

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity.

Market risk

Foreign currency risk

The consolidated entity undertakes limited transactions denominated in foreign currency and is exposed to limited foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency.

Price risk

The consolidated entity is not exposed to any significant price risk. Most customers in each entity sign up to a contract term with an agreed price.

Interest rate risk

The Company executed a revolving syndicated facility agreement with Westpac Banking Corporation and Commonwealth Bank of Australia taking effect 18 December 2020. As at 30 June 2021, $19.4 million of the revolving loan facility not utilised, with $265.6 million of the revolving loan facility and $0.9 million of the contingent instrument facility utilised. Interest on the facility is incurred at the aggregate of the reference bank bill rate plus a margin.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a code of credit, including obtaining agency credit information when applicable, confirming references and setting appropriate credit limits The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables using a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available.

The impact of COVID-19 on the allowance for calculation for expected credit losses calculation was assessed as at 30 June 2021. Please refer to Note 8.

The consolidated entity does not have a credit risk exposure as there is no single customer that represents a material component of the outstanding debtor balance. There are no guarantees against receivables but management closely monitors the receivable balance on a monthly basis and is in regular contact with this customers to mitigate risk.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan and, no active enforcement activity.

Cash and cash equivalents

Credit risk related to balances with banks and other financial institutions is managed by the Board.

The Group held cash and cash equivalents of $57.3 million as at 30 June 2021 and $189.2 million as at 30 June 2020. The cash and cash equivalents are held with bank and financial institution counterparties, which are rated A to AA-, based on Standard & Poor's ratings.

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The Group uses a similar approach for assessment of ECLs for cash and cash equivalents to those used for debt securities.

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements

Unused borrowing facilities at the reporting date:

	CONSOLIDATED	
	2021 $'000	2020 $'000
Bank loans	19,375	–
	19,375	–

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities.

The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Notes to the Financial Statements

for the year ended 30 June 2021

NOTE 24. FINANCIAL INSTRUMENTS continued

CONSOLIDATED – 2021	WEIGHTED AVERAGE INTEREST RATE %	1 YEAR OR LESS $'000	BETWEEN 1 AND 2 YEARS $'000	BETWEEN 2 AND 5 YEARS $'000	OVER 5 YEARS $'000	REMAINING CONTRACTUAL MATURITIES $'000
Non-derivatives						
Non-interest bearing						
Trade payables	–	13,319	–	–	–	13,319
Other payables	–	3,140	–	–	–	3,140
Interest-bearing – fixed rate						
Contingent Consideration	3.30%	2,799	32,808	–	–	35,607
Deferred Consideration	3.30%	6,561	12,500	–	–	19,061
Lease liability	8.21%	1,921	1,171	2,675	4,645	10,412
Bank loans	3.09%	–	–	265,625	–	265,625
Total non-derivatives		27,740	46,479	268,300	4,645	347,164

CONSOLIDATED – 2020	WEIGHTED AVERAGE INTEREST RATE %	1 YEAR OR LESS $'000	BETWEEN 1 AND 2 YEARS $'000	BETWEEN 2 AND 5 YEARS $'000	OVER 5 YEARS $'000	REMAINING CONTRACTUAL MATURITIES $'000
Non-derivatives						
Non-interest bearing						
Trade payables	–	5,601	–	–	–	5,601
Other payables	–	7,540	–	–	–	7,540
Contingent consideration	–	4,439	2,712	–	–	7,151
Interest-bearing – fixed rate						
Lease liability	8.21%	1,058	921	1,887	2,934	6,800
Total non-derivatives		18,638	3,633	1,887	2,934	27,092

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

The interest expense on lease liabilities incurred in FY21 was $417,000 (2020: $432,000). The interest expense on the contingent and deferred consideration incurred in FY21 was $849,000 (2020: Nil).

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

NOTE 25. FAIR VALUE MEASUREMENT

Fair value

The fair value of financial assets and liabilities of the group approximate their carrying value.

Fair value hierarchy

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

LEVEL 1	LEVEL 2	LEVEL 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

CONSOLIDATED – 2021	LEVEL 1 $'000	LEVEL 2 $'000	LEVEL 3 $'000	TOTAL $'000
Liabilities				
Contingent consideration	–	–	35,607	35,607
Total liabilities	–	–	35,607	35,607

CONSOLIDATED – 2020	LEVEL 1 $'000	LEVEL 2 $'000	LEVEL 3 $'000	TOTAL $'000
Liabilities				
Contingent consideration	–	–	7,152	7,152
Total liabilities	–	–	7,152	7,152

There were no transfers between levels during the financial year. The fair value of assets and liabilities classified as level three is determined by the use of models incorporating unobservable inputs and assumptions. Included within the $35.6 million balance (FY20: $7.1 million) above is $2.8 million (FY20: $5.4 million) contingent consideration for the LBNCo acquisition and $32.8 million for the Velocity acquisition. The LBNCo consideration has been calculated based on amounts expected to be settled using estimated constructed and activated port numbers, developer revenue and new development fee amounts. The Velocity consideration has been calculated based on the terms outlined in the Sale Agreement, discounted to net present value.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Notes to the Financial Statements

for the year ended 30 June 2021

NOTE 26. KEY MANAGEMENT PERSONNEL DISCLOSURES

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	CONSOLIDATED	
	2021 **$**	**2020** **$**
Short-term employee benefits	**2,049,713**	1,657,330
Post-employment benefits	**125,801**	97,009
Long-term benefits	**64,173**	14,187
Equity settled options	**5,156,924**	3,822,214
	7,396,611	5,590,740

NOTE 27. REMUNERATION OF AUDITORS

During the financial year the following fees were paid or payable for services provided by Deloitte Touche Tohmatsu, the auditor of the company, its network firms and unrelated firms:

	CONSOLIDATED	
	2021 **$**	**2020** **$**
Audit services – Deloitte Touche Tohmatsu		
Audit or review of the financial statements	**341,000**	170,000
Other services – Deloitte Touche Tohmatsu		
File access fees	**–**	8,950
	341,000	178,950

NOTE 28. CONTINGENT ASSETS

There are no contingent assets as at 30 June 2021.

NOTE 29. CONTINGENT LIABILITIES

As at 30 June 2021 the Company has provided bank guarantees of $1,054,545 to landlords and developers under the $5 million contingent instrument facility (Note 20). As at 30 June 2020, the Company had given bank guarantees of $1,651,000 on a term deposit and to various landlords.

NOTE 30. COMMITMENTS

	CONSOLIDATED	
	2021 **$'000**	**2020** **$'000**
Capital commitments		
Committed at the reporting date but not recognised as liabilities, payable:	**–**	126

NOTE 31. RELATED PARTY TRANSACTIONS

Parent entity

Uniti Group Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in Note 34.

Key management personnel

Disclosures relating to key management personnel are set out in Note 26 and the remuneration report included in the directors' report.

Transactions with related parties

The following transactions occurred with related parties:

	CONSOLIDATED	
	2021 $	2020 $
Payment for network tower right-of-use assets from Axicom Pty Limited (director-related entity of Graeme Barclay)	**513,959**	497,389
Payment for network tower right-of-use assets from BSA Limited (director-related entity of Graeme Barclay)	-	5,455

	CONSOLIDATED	
	2021 $	2020 $
Current payables:		
Trade payables to Axicom Pty Limited (director-related entity of Graeme Barclay)	**49,758**	110,674

NOTE 32. PARENT ENTITY INFORMATION

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	PARENT	
	2021 $'000	2020 $'000
Loss after income tax	**(30,744)**	(6,351)
Total comprehensive income	**(30,744)**	(6,351)

Notes to the Financial Statements

for the year ended 30 June 2021

NOTE 32. PARENT ENTITY INFORMATION continued

Statement of financial position

	PARENT	
	2021 $'000	2020 $'000
Total current assets	**(47,475)**	169,892
Total assets	**1,049,742**	411,595
Total current liabilities	**21,348**	8,004
Total liabilities	**315,282**	13,155
Equity		
Issued capital	**777,917**	421,812
Share-based payments option reserve	**14,626**	5,749
Accumulated losses	**(58,083)**	(29,121)
Total equity	**734,460**	398,440

Contingent liabilities

As at 30 June 2021, the parent entity has provided bank guarantees of $1,054,545 to landlords and developers under the $5 million contingent instrument facility. The parent entity had given bank guarantees as at 30 June 2020 of $1,651,000 on a term deposit and to various landlords (2019: $24,600 to various landlords).

Capital commitments

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2021 and 30 June 2020.

NOTE 33. BUSINESS COMBINATIONS

HarbourISP Pty Ltd

On 1 November 2020 the Company acquired 100% of HarbourISP Pty Ltd (HarbourISP) for a purchase consideration of $11.8 million and 1 million options to acquire Uniti shares at an exercise price of $1.54. The purchase consideration consisted of a cash payment of $8.7 million, $0.8 million scrip consideration and a contingent consideration of $2.2 million payable in cash ($0.5 million) and options ($1.8 million). The contingent consideration is payable 6 months after the completion date and is payable only if the seller has provided all reasonable assistance and support to assist Uniti achieving transition requirements including operating systems and business operations transitioned to Uniti. The contingent consideration was fully paid as at 30 June 2021. HarbourISP specialises in delivery of superfast retail broadband services in greenfields developments. The acquired business contributed revenues of $16.4 million and profit before tax of $1.7 million to the consolidated entity for the period from 1 November 2020 to 30 June 2021. Disclosure of the full year contributions for revenue and profit after tax for HarbourISP is impracticable due to the changes that have occurred during the year readying the business for sale. Disclosure of the actual results for the full year would be misleading to users. The values identified in relation to the acquisition of HarbourISP were provisional as at 31 December 2020. The final values are as follows:

Details of the acquisition are as follows:

	FINAL $'000
Cash and cash equivalents	1,364
Trade receivables	747
Prepayments	341
Inventories	3
Deferred tax assets	104
Right of use assets	130
Customer contracts	1,856
Brand	2,867
Trade payables	(2,227)
Other payables	(455)
Contract liabilities	(325)
Lease liability	(130)
Deferred tax liability	(1,421)
Employee benefits provision	(395)
Net assets acquired	**2,459**
Goodwill	9,341
Acquisition-date fair value of the total consideration transferred	**11,800**

Representing:	
Cash payable to vendor	9,222
Options issued in lieu of cash paid	1,774
Shares issued in lieu of cash paid	804
	11,800
Cash used to acquire the business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	9,222
Less: Cash and cash equivalents	(1,364)
Net Cash used in the financial year ended 30 June 2021	**7,858**

Notes to the Financial Statements

for the year ended 30 June 2021

NOTE 33. BUSINESS COMBINATIONS continued

	FINAL $'000
Reconciliation:	
Goodwill at 31 December 2020	7,060
Measurement period adjustments:	
Trade receivables	(560)
Prepayments	295
Inventories	(38)
Deferred tax assets	(144)
Trade payables	57
Other payables	(17)
Contract liabilities	(325)
Net deferred tax liability	(4)
Net assets acquired	(736)
Acquisition-date fair value of the total consideration transferred	
Revaluation of options contingent on performance hurdles issued in lieu of cash paid	1,545
Goodwill at 30 June 2021	9,341

OptiComm Limited

On 20 November 2020 the Company acquired 100% of the ordinary shares of OptiComm Limited and its controlled entity, OptiComm Integration Pty Ltd, by way of a Scheme of Arrangement for the total consideration of $703.4 million. The purchase consideration consisted of cash payments of $530.3 million and $173.1 million scrip consideration. The total purchase consideration includes shares acquired via share purchase agreements with certain other OptiComm institutional shareholders prior to the completion of the Scheme of Arrangement. OptiComm operates a FTTP network across Australia servicing both residential and business customers, including retirement living, community and commercial clients. The acquired business contributed revenues of $66.5 million and profit before tax of $40.3 million to the consolidated entity for the period from 20 November 2020 to 30 June 2021. Disclosure of the full year contributions for revenue and profit after tax for OptiComm is impracticable due to the changes that have occurred during the year readying the business for sale. Disclosure of the actual results for the full year would be misleading to users. The values identified in relation to the acquisition of OptiComm were provisional as at 31 December 2020. The final values are as follows:

Details of the acquisition are as follows:

	FINAL $'000
Cash and cash equivalents	7,422
Trade receivables	7,860
Prepayments	1,205
Deferred tax assets	6,783
Contract assets	102
Right of use assets – office leases	1,681
Leasehold improvements	1,073
Plant and equipment	1,112
Network infrastructure	84,891
Software	691
Customer contracts	56,022
Brand	568
Trade payables	(3,800)
Other payables	(2,881)
Contract liabilities	(4,575)
Lease liability	(1,806)
Employee benefits provision	(1,469)
Provisions	(455)
Deferred tax liability	(16,977)
Provisions for income tax	(500)
Net assets acquired	136,947
Goodwill	566,487
Acquisition-date fair value of the total consideration transferred	**703,434**
Representing:	
Cash payable to vendor	530,270
Shares to be issued in lieu of cash paid	173,164
	703,434
Cash used to acquire the business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	530,270
Less: Cash and cash equivalents	(7,422)
Net Cash used in the financial year ended 30 June 2021	**522,848**

Notes to the Financial Statements

for the year ended 30 June 2021

NOTE 33. BUSINESS COMBINATIONS continued

	FINAL $'000
Reconciliation:	
Goodwill at 31 December 2020	566,640
Measurement period adjustments:	
Trade receivables	787
Deferred tax assets	4,203
Network infrastructure	(8,259)
Software	534
Trade payables	1,924
Other payables	(1,596)
Contract liabilities	963
Provision for income tax	1,597
Net assets acquired	153
Goodwill at 30 June 2021	566,487

Telstra Velocity

On 24 December 2020 the Company acquired Telstra Velocity and South Brisbane Exchange assets (Velocity) for $140 million from Telstra (ASX:TLS). The purchase consideration consists of a cash payment of $85 million upon transaction completion, $20 million payable in 3 equal instalments over 3 years and $35 million payable upon completion of migration of the assets. The $35 million payable represents a contingent consideration and will be payable only if a specified number of Active Broadband Service is provided by the seller upon migration of the assets. Velocity is Telstra's optical fibre network that uses fibre-to-the-premises FTTP technology to deliver high-speed broadband, phone, subscription TV and free-to-air services in Australia. The acquired business contributed revenues and profit before tax of $11.3 million to the consolidated entity for the period from 24 December 2020 to 30 June 2021. Disclosure of the full year contributions for revenue and profit after tax for Velocity is impracticable due to the changes that have occurred during the year readying the business for sale. Disclosure of the actual results for the full year would be misleading to users.

The acquisition of the Velocity assets has been treated as a business combination, as opposed to an asset purchase. This is consistent with AASB 3 Business Combinations. To be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The Company has acquired processes in order to manage the Velocity assets, including a technology migration plan, as well as ongoing sales, services, and maintenance plans under a Heads of Agreement. This Agreement requires the Company to adhere to key principles to ensure the acquired assets can continually provide services in line with certain standards. Thus, these processes and standards are substantive, as they are critical to the ability to continue producing income from these assets. The values identified in relation to the acquisition of Velocity assets were provisional as at 31 December 2020. The final values are as follows:

Details of the acquisition are as follows:

	FINAL $'000
Network infrastructure	79,211
Net assets acquired	**79,211**
Goodwill	56,810
Acquisition-date fair value of the total consideration transferred	**136,021**
Representing:	
Cash payable to vendor	85,000
Contingent consideration	32,271
Deferred consideration	18,750
Shares to be issued in lieu of cash paid	-
	136,021
Cash used to acquire the business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	85,000
Less: Cash and cash equivalents	-
Net Cash used in the financial year ended 30 June 2021	**85,000**

	FINAL $'000
Reconciliation:	
Goodwill at 31 December 2020	56,999
Measurement period adjustments:	
Network infrastructure	(24)
Net assets acquired	(24)
Acquisition-date fair value of the total consideration transferred	
Revaluation of the deferred consideration	(213)
Goodwill at 30 June 2021	56,810

Payment for purchase of businesses, net of cash acquired

	2021 $'000
Acquisition of HarbourISP	7,858
Acquisition of OptiComm	522,848
Acquisition of Velocity assets	85,000
	615,706
Other – deferred consideration payment	4,268
Other – asset purchase	682
	620,656

Notes to the Financial Statements

for the year ended 30 June 2021

NOTE 34. INTERESTS IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in Note 1:

NAME	PRINCIPAL PLACE OF BUSINESS/ COUNTRY OF INCORPORATION	OWNERSHIP INTEREST 2021	2020
OptiComm Limited	Australia	**100.00%**	–
OptiComm Integration Pty Ltd	Australia	**100.00%**	–
HarbourISP Pty Ltd	Australia	**100.00%**	–
1300 Holdings Pty Ltd	Australia	**100.00%**	100.00%
1300 Australia Pty Ltd	Australia	**100.00%**	100.00%
Alpha Phone Words Pty Ltd	Australia	**100.00%**	100.00%
LBNCo Holdings Pty Ltd	Australia	**100.00%**	100.00%
LBNCo InterCo Pty Ltd	Australia	**100.00%**	100.00%
LBNCo BidCo Pty Ltd	Australia	**100.00%**	100.00%
LBN Co Pty Ltd	Australia	**100.00%**	100.00%
Service Elements Pty Ltd	Australia	**100.00%**	100.00%
Link Us Pty Ltd	Australia	**100.00%**	100.00%
Capital Fibre Networks Pty Ltd	Australia	**100.00%**	100.00%
OPENetworks Pty Ltd	Australia	**100.00%**	100.00%
Fuzenet Pty Ltd	Australia	**100.00%**	100.00%
Fibreworks Pty Ltd	Australia	**100.00%**	100.00%
Fone Dynamics Pty Ltd	Australia	**100.00%**	100.00%
Call Dynamics Pty Ltd	Australia	**100.00%**	100.00%
Uniti Air Pty Ltd	Australia	**100.00%**	100.00%
Uniti EST Pty Ltd	Australia	**100.00%**	100.00%
Uniti Play Pty Ltd	Australia	**100.00%**	100.00%
FDX Holdings Pty Ltd	Australia	**100.00%**	100.00%
ACN 619 678 787 Pty Ltd	Australia	**100.00%**	100.00%
FDX Infotech Pty Ltd	Australia	**100.00%**	100.00%
Fuzeconnect Pty Ltd	Australia	**100.00%**	100.00%
LK Internet Pty Ltd	Australia	**100.00%**	100.00%
Uniti Wireless Limited	Australia	**100.00%**	100.00%
Uniti Broadband Limited	Australia	**100.00%**	100.00%

NOTE 35. DEED OF CROSS GUARANTEE

A deed of cross guarantee between Uniti Group Limited and its entities listed above was enacted during the financial year and relief was obtained from preparing individual financial statements for the Group under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785. Under the deed, Uniti Group Limited guarantees to support the liabilities and obligations of its subsidiaries listed above. As its entities are a party to the deed the income statement and balance sheet information of the combined class-ordered group is equivalent to the consolidated information presented in this financial report.

NOTE 36. EVENTS AFTER THE REPORTING PERIOD

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.

In addition, the COVID-19 global pandemic may specifically impact the projected growth rate of Uniti's W&I business, including any downturn in the property market which may lead to a delay in the construction of new developments and in the signing of new developer agreements and/or delay in the construction of dwellings under these new agreements, and/or increased vacancy rates, resulting in delays in the realisation of revenue from these contracts.

There is also a risk that the operations of Uniti may be interrupted by government enforced restrictions (such as lockdowns) or other COVID-19 related health concerns. Uniti has not claimed any amounts under the Australian Government JobKeeper Scheme during the financial year.

Although there is a level of inherent uncertainty as outlined above, there has not been any noticeable adverse impact on the Group's operations or profitability. Telecommunications remains an essential service and the current environment has led to increased demand for telecommunications products and services.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Notes to the Financial Statements

for the year ended 30 June 2021

NOTE 37. RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH FROM OPERATING ACTIVITIES

	Consolidated 2021 $'000	Consolidated 2020 $'000
Profit after income tax expense for the year	**29,195**	15,921
Adjustments for:		
Depreciation and amortisation	**21,418**	6,853
Write-off of assets	**88**	57
Profit on disposal of plant and equipment	**(3)**	(3)
Business acquisitions transaction costs and restructure costs	**13,928**	5,168
Share-based payments	**6,544**	4,465
Non-cash share expense	**244**	115
Contingent and Deferred consideration	**445**	-
Capitalised borrowing costs	**931**	-
Income tax expense	**15,042**	(7,314)
Change in operating assets and liabilities:		
(Increase) in trade and other receivables	**(932)**	(487)
(Increase)/Decrease in inventories	**(45)**	216
Decrease/(Increase) in deposits and prepayments	**899**	(344)
Decrease/(Increase) in contract assets	**148**	(184)
Increase/(Decrease) in trade and other payables	**3,477**	(1,960)
(Decrease) in employee benefits	**(328)**	(1,417)
(Decrease) in other provisions	**(226)**	(35)
(Decrease)/Increase in customer contract liability	**(3,588)**	593
Tax refund	**116**	-
Tax paid	**(2,714)**	-
Net cash from operating activities	**84,639**	21,644

NOTE 38. NON-CASH INVESTING AND FINANCING ACTIVITIES

	2021 $'000	2020 $'000
Equity-settled contingent consideration	**-**	6,276
Shares issued under employee share plan	**244**	115
Share based payments under Senior Executive Incentive Plan (SEIP)	**7,104**	4,465
	7,348	10,856

NOTE 39. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

CONSOLIDATED	OTHER LOANS $'000	SAFA LOAN $'000	BANK LOANS $'000	LEASE LIABILITY $'000	TOTAL $'000
Balance at 1 July 2019	15	2,460	–	6,865	9,340
Net cash from/(used in) financing and operating activities	(15)	(2,460)	–	(989)	(3,464)
Acquisition of right-of-use assets	–	–	–	628	628
Remeasurement of lease liability (Note 12)	–	–	–	(1,294)	(1,294)
Balance at 30 June 2020	–	–	–	5,210	5,210
Net cash from/(used in) financing and operating activities	–	–	265,625	(1,764)	263,861
Finance costs on bank loan	–	–	(3,714)	–	(3,714)
Acquisition of right-of-use assets	–	–	–	1,936	1,936
Remeasurement of lease liability (Note 12)	–	–	–	607	607
Balance at 30 June 2021	–	–	261,911	5,989	267,900

NOTE 40. EARNINGS PER SHARE

	CONSOLIDATED	
	2021 $'000	**2020 $'000**
Profit after income tax	**29,195**	15,921
Profit after income tax attributable to the owners of Uniti Group Limited	**29,195**	15,921

	NUMBER	NUMBER
Weighted average number of ordinary shares used in calculating basic earnings per share	**607,186,809**	274,015,626
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	**29,298,463**	15,690,104
Weighted average number of ordinary shares used in calculating diluted earnings per share	**636,485,272**	289,705,730

	CENTS	CENTS
Basic earnings per share	**4.81**	5.81
Diluted earnings per share	**4.59**	5.50

NOTE 41. SHARE-BASED PAYMENTS

A share option plan has been established by the consolidated entity and approved by shareholders at a general meeting, whereby the consolidated entity may, at the discretion of the Nomination and Remuneration Committee, grant options over ordinary shares in the company to certain key management personnel of the consolidated entity. Options granted carry no dividend or voting rights, nor do they carry any rights to participate in any issues of shares of the Company or any other entity. All options were granted over unissued, and on satisfaction of performance conditions that may be applicable, fully paid ordinary shares in the Company. Options typically (unless Board determines otherwise, or shareholders approve otherwise) vest based on the provision of service over the vesting period whereby the employee becomes beneficially entitled to the option on vesting date. Options are exercisable by the holder from the vesting date.

Notes to the Financial Statements

for the year ended 30 June 2021

NOTE 41. SHARE-BASED PAYMENTS continued

Set out below are summaries of options granted under the plan:

2021

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	BALANCE AT THE START OF THE YEAR	GRANTED	EXERCISED	EXPIRED/ FORFEITED/ OTHER	BALANCE AT THE END OF THE YEAR
21/12/2018	30/06/2022	$0.25	3,072,786	–	–	–	3,072,786
21/12/2018	30/06/2023	$0.30	1,843,670	–	–	–	1,843,670
21/12/2018	30/06/2024	$0.38	1,843,670	–	–	–	1,843,670
13/02/2019	30/06/2024	$0.38	925,933	–	–	–	925,933
13/02/2019	30/06/2022	$0.25	277,780	–	(277,780)	–	–
13/02/2019	30/06/2023	$0.31	925,933	–	(925,933)	–	–
13/03/2019	30/06/2023	$0.17	200,000	–	(200,000)	–	–
13/03/2019	31/12/2022	$0.25	819,410	–	–	–	819,410
13/03/2019	30/06/2023	$0.30	819,410	–	–	–	819,410
13/03/2019	30/06/2024	$0.38	819,410	–	–	–	819,410
13/03/2019	30/06/2023	$0.25	200,000	–	–	–	200,000
15/04/2019	31/03/2023	$0.71	330,000	–	–	–	330,000
15/04/2019	31/03/2024	$0.86	590,000	–	–	–	590,000
10/09/2019	10/09/2023	$1.35	660,000	–	–	–	660,000
10/09/2019	10/09/2024	$1.50	660,000	–	–	–	660,000
10/09/2019	10/09/2025	$1.65	930,000	–	–	–	930,000
18/10/2019	18/10/2023	$1.62	200,000	–	–	–	200,000
18/10/2019	18/10/2024	$1.77	200,000	–	–	–	200,000
18/10/2019	18/10/2025	$1.92	250,000	–	–	–	250,000
5/11/2019	30/06/2022	$1.35	669,868	–	–	–	669,868
5/11/2019	31/12/2022	$1.35	178,632	–	–	–	178,632
5/11/2019	31/03/2023	$1.35	71,940	–	–	–	71,940
5/11/2019	30/06/2023	$1.35	580,551	–	–	–	580,551
5/11/2019	31/03/2024	$1.35	71,940	–	–	–	71,940
5/11/2019	30/06/2024	$1.35	580,551	–	–	–	580,551
5/11/2019	31/03/2025	$1.35	128,620	–	–	–	128,620
27/04/2020	26/04/2024	$1.38	80,000	–	–	–	80,000
27/04/2020	26/04/2025	$1.53	80,000	–	–	–	80,000
27/04/2020	26/04/2026	$1.68	90,000	–	–	–	90,000
3/12/2020	30/06/2023	$1.48	–	3,534,024	–	–	3,534,024
3/12/2020	30/06/2024	$1.48	–	3,534,024	–	–	3,534,024
3/12/2020	30/06/2025	$1.48	–	3,534,024	–	–	3,534,024
15/04/2021	30/06/2027	$2.17	–	1,000,000	–	–	1,000,000
Balance as at 30 June 2021			**18,100,104**	**11,602,072**	**(1,403,713)**	**-**	**28,298,463**

Set out below are the options exercisable, that vested at the end of the financial year:

GRANT DATE	EXPIRY DATE	2021 NUMBER	2020 NUMBER
26/10/2018	30/06/2022	**3,072,786**	3,072,786
26/10/2018	30/06/2023	**1,843,670**	1,843,670
26/10/2018	30/06/2024	**1,843,670**	-
13/02/2019	30/06/2022	**-**	925,933
13/02/2019	30/06/2023	**-**	925,933
12/03/2019	30/06/2023	**200,000**	-
13/03/2019	30/06/2022	**-**	200,000
13/03/2019	31/12/2022	**819,410**	819,410
13/03/2019	30/06/2023	**819,410**	1,019,410
13/03/2019	30/06/2024	**819,410**	-
15/04/2019	31/03/2023	**-**	330,000
15/04/2019	31/03/2024	**330,000**	-
10/09/2019	10/09/2023	**660,000**	-
18/10/2019	18/10/2023	**200,000**	-
5/11/2019	30/06/2022	**669,868**	669,868
5/11/2019	31/12/2022	**178,632**	178,632
5/11/2019	31/03/2023	**71,940**	71,940
5/11/2019	30/06/2023	**580,551**	580,551
5/11/2019	31/03/2024	**71,940**	-
5/11/2019	30/06/2024	**580,551**	-
27/04/2020	26/04/2024	**80,000**	-
3/12/2020	30/06/2023	**3,534,024**	-
3/12/2020	30/06/2024	**3,534,024**	-
		19,909,886	10,638,133

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

GRANT DATE	EXPIRY DATE	SHARE PRICE AT GRANT DATE	EXERCISE PRICE	EXPECTED VOLATILITY	DIVIDEND YIELD	RISK-FREE INTEREST RATE	FAIR VALUE AT GRANT DATE
3/12/2020	30/06/2023	$1.53	$1.48	31%	0.0%	0.11%	$0.32
	30/06/2024	$1.53	$1.48	31%	0.0%	0.11%	$0.37
	30/06/2025	$1.53	$1.48	31%	0.0%	0.11%	$0.41
15/04/2021	30/06/2027	$2.60	$2.17	26%	0.0%	0.09%	$0.85

Director's Declaration

for the year ended 30 June 2021

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.
On behalf of the directors

Graeme Barclay
Chairman

24 August 2021

Independent Auditor's Report

for the year ended 30 June 2021

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060
477 Collins Street
Melbourne, VIC, 3000
Australia

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www.deloitte.com.au

Independent Auditor's Report to the members of Uniti Group Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Uniti Group Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated balance sheet as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to directors of the Company, would be in the same terms if given to directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report

for the year ended 30 June 2021

Deloitte.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Assessment of the recoverability of goodwill *Refer to note 14* As at 30 June 2021, the Group had goodwill totalling $809 million. The recoverability of goodwill is subject to judgement in determining assumptions and estimates involved in evaluating the recoverable amounts of the cash generating units ("CGUs'). The CGUs disclosed are: • Consumer & Business ; • Wholesale & Infrastructure; and • Customer Platforms as a Service. As disclosed in note 14, management applied a 'value in use' approach for all CGUs. Under this approach, discounted cash flow models were prepared, which included significant judgements and estimates relating to: • Future cash flows for each CGU; • Discount rates; and • Terminal value growth rates. Changes to these assumptions can impact the recoverable amount determined for each CGU.	Our procedures included, but were not limited to: • Assessing the design and implementation of key controls relating to the preparation of the value-in-use models; • Assessing the determination of the Group's CGUs based on our understanding of the nature of the Group's businesses and how independent cash flows are derived; • Agreeing forecast cash flows to the latest Board approved budget and assessing the accuracy of management's forecasting; • With the assistance of our valuation specialists we: o Assessed management's value-in-use methodology; o Challenged key assumptions, including forecast growth rates by comparing them to historical results and economic forecasts including the impact of COVID-19; o Performed a cross-check against comparable companies to assess the reasonableness of the value-in-use models; o Evaluated the discount rate used by assessing the cost of capital for each CGU by comparison to market data such as IBISWorld industry reports; o Tested the mathematical accuracy of the valuation model; and o Assessed management's sensitivity analyses around key assumptions and estimates used in the valuation model. We also assessed the appropriateness of the disclosures included in the notes to the financial statements.
Accounting for acquisitions in the current period *Refer to note 33* The Group acquired several businesses during the 30 June 2021 financial year and finalised the accounting for certain acquisitions that were provisionally accounted for at 31 December 2020. Significant judgement is involved in relation to acquisition accounting including: • Determining the determination of the acquisition as a business combination or asset purchase; • Determining the fair value of acquired tangible assets such as network infrastructure; and • Identifying and valuing intangible assets acquired in the business combination such as customer relationships and brand names. Changes in the above matters can impact the amount of goodwill recognised for each of the respective acquisitions.	Our procedures included, but were not limited to: • Reviewing the sale agreements to understand key terms and conditions; • Assessing the procedures performed by management regarding the: o Application of AASB 3 *Business Combinations* to the transaction including the determination of whether the transaction is a business combination or an asset acquisition; and o Identification and valuation of acquired assets and liabilities, including intangible assets. • With the assistance of our valuation specialists we: o Assessed the third party valuations utilised by management in their determination of fair value of assets acquired; o Evaluated the methodology and assumptions used by the third party in the valuation performed; and o Assessed the competence and objectivity of the third party. We also assessed the appropriateness of the disclosures included in the notes to the financial statements.

Deloitte.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, which we obtained prior to the date of this auditor's report and also includes the following information which will be included in the annual report (but does not include the financial report or our auditors report thereon): Annual Review, which is expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and accordingly we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual Review, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 34 to 55 of the Directors' Report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Uniti Group Limited, for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

Deloitte.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Chris Biermann
Partner
Chartered Accountants
Melbourne, 24 August 2021

UNITI GROUP LIMITED ANNUAL REPORT 2021

Shareholder Information

30 June 2021

ASX Additional Shareholder Information

Additional information required by the ASX Listing Rules and not disclosed elsewhere in this report is set out below and was applicable as at 31 July 2021 (unless otherwise stated).

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

HOLDINGS RANGES	HOLDERS	TOTAL UNITS	%
1-1,000	3,712	1,959,770	0.290
1,001-5,000	4,011	10,456,481	1.530
5,001-10,000	1,602	12,098,026	1.770
10,001-100,000	2,132	56,251,693	8.220
100,001-9,999,999,999	248	603,913,135	88.200
Total	**11,705**	**684,679,105**	**100.000**

EQUITY SECURITY HOLDERS

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted and unquoted ASX escrow equity securities are listed below:

	ORDINARY SHARES	
	NUMBER HELD	% OF TOTAL SHARES ISSUED
J P Morgan Nominees Australia Pty Limited	131,616,131	19.223%
HSBC Custody Nominees (Australia) Limited	81,863,642	11.956%
National Nominees Limited	71,374,332	10.424%
Citicorp Nominees Pty Limited	51,381,327	7.504%
BNP Paribas Nominees Pty Ltd Hub24 Custodial Serv Ltd <DRP A/C>	25,814,235	3.770%
Cornish Group Investments Pty Ltd <Cornish Group Investmnts A/C>	23,480,000	3.429%
BNP Paribas Noms Pty Ltd <DRP>	20,951,084	3.060%
UBS Nominees <CapitalJInvestments A/C>	13,905,665	2.031%
Cannes Management Pty Ltd <Kestelman Family No 2 A/C>	10,154,854	1.483%
Asoon Holdings Pty Ltd <The Cross Family>	9,258,663	1.352%
Certane Ct Pty Ltd <Bipeta>	5,756,810	0.841%
BNP Paribas Nominees Pty Ltd <Agency Lending DRP A/C>	5,274,369	0.770%
Capital B Asset Management Pty Ltd <Capital [B] A/C>	5,000,000	0.730%
Bowen Family Super Co Pty Ltd <Bowen Family Super A/C>	4,797,372	0.701%
Mr Michael John Simmons	4,676,881	0.683%
Mr Vaughan Bowen	4,547,771	0.664%
Sandhurst Trustees Ltd <Berkholts Investments A/C>	3,974,987	0.581%
Thirty Fourth Zulu Pty Ltd <Hamilton Super Fund A/C>	3,822,529	0.558%
Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	3,670,049	0.536%
Dr Jules Willem Johan Mathys Maussen <Maussen Family A/C>	3,657,500	0.534%
Total Securities of Top 20 Holdings	**484,978,201**	**70.833%**

RESTRICTED SECURITIES

The following securities have escrow restrictions applicable:

Ordinary Securities Subject To Voluntary Escrow

Release 18 November 2021	570,316
Total	570,316

SUBSTANTIAL HOLDERS

No shareholder holds more than 5% interest in the Group

VOTING RIGHTS

The voting rights attached to ordinary shares are set out below:

Ordinary shares including Voluntary and ASX Escrow shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Options

Options have no voting rights.

There are no other classes of equity securities.

On Market Buy Back

There is no current on market buy back.

Use of Proceeds

In accordance with Listing Rule 4.10.19, the Company confirms that it has used cash and assets in a form readily convertible to cash in a way consistent with its business objectives during the period 13 February 2019 (date of listing) and 30 June 2021.

Corporate Directory

DIRECTORS

Graeme Barclay

Kathy Gramp

John Lindsay

Vaughan Bowen

Michael Simmons

COMPANY SECRETARY

Ashe-lee Jegathesan

ANNUAL GENERAL MEETING

26 November 2021
Please refer to our website for further detail:
www.unitigrouplimited.com

REGISTERED OFFICE

Level 1, 44 Currie Street
Adelaide SA 5000
Phone: 1300 847 201

PRINCIPAL PLACE OF BUSINESS

Level 1, 44 Currie Street
Adelaide SA 5000
Phone: 1300 847 201

SHARE REGISTER

Boardroom Pty Limited
Grosvenor Place
Level 12, 225 George Street
Sydney NSW 2000
Phone: 1300 808 280

AUDITOR

Deloitte Touche Tohmatsu
477 Collins Street
Melbourne VIC 3000

STOCK EXCHANGE LISTING

Uniti Group Limited shares are listed on the Australian Securities Exchange (ASX code: UWL)

WEBSITE

www.unitigrouplimited.com

Notes

Notes

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