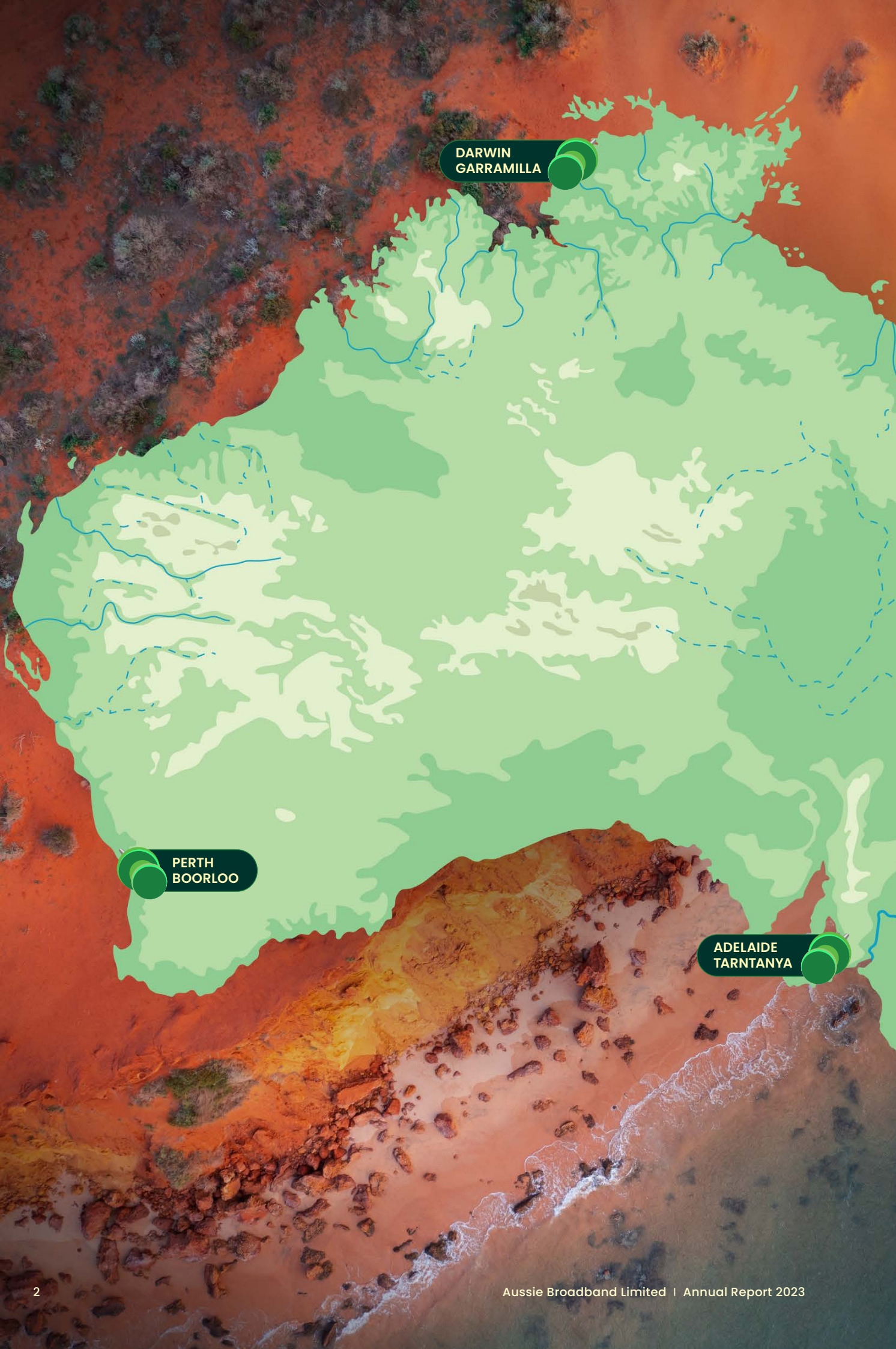




Aussie
Broadband

Annual Report 2023

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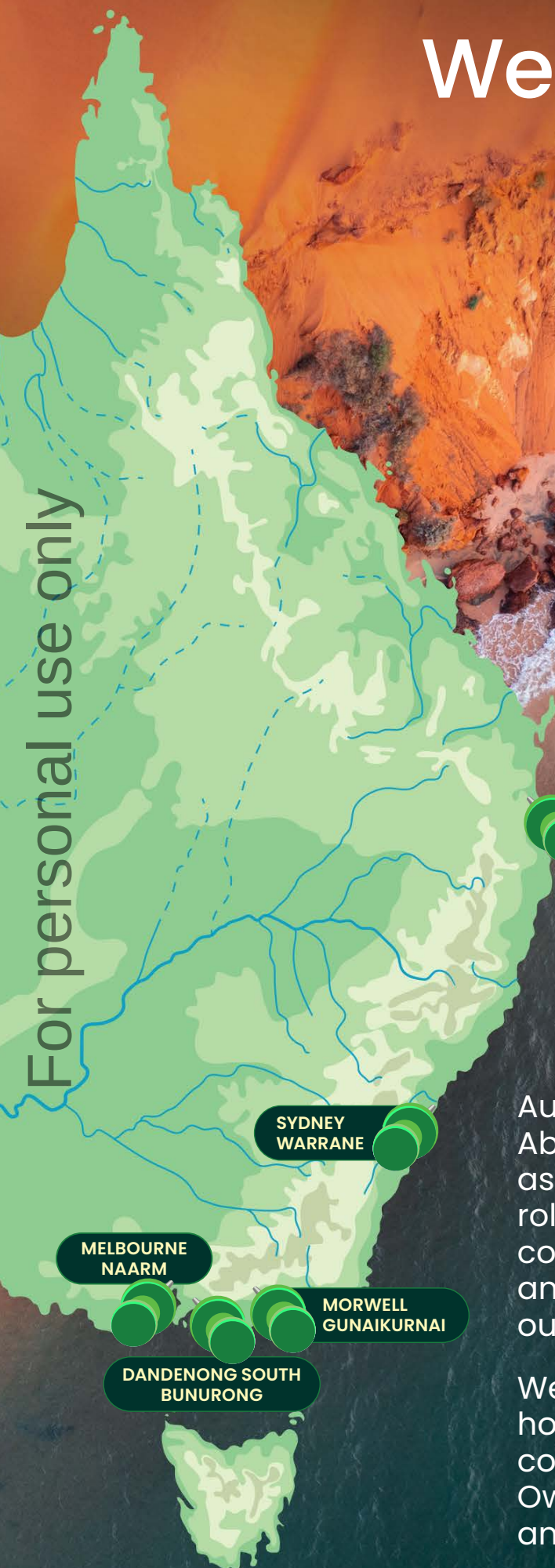
DARWIN
GARRAMILLA

PERTH
BOORLOO

ADELAIDE
TARNTANYA

We acknowledge

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BRISBANE
MEANJIN

SYDNEY
WARRANE

MELBOURNE
NAARM

MORWELL
GUNAIKURNAI

DANDENONG SOUTH
BUNURONG

Aussie Broadband acknowledges Aboriginal and Torres Strait Islanders as the First Australians, and for their role as the original communicators, connectors, and carers of the land and waters across Australia. We pay our respects to Elders past and present.

We commit to working respectfully to honour ongoing cultural and spiritual connections between the Traditional Owners and this country and to building an inclusive Australia together.

About this report

The Annual Report 2023 is a summary of Aussie Broadband's operations, activities, and financial performance for the 12 months ended 30 June 2023 (FY23).

In this report, Aussie Broadband Limited will be referred to as 'Aussie', 'Aussie Broadband', 'the Company', 'we', 'our', and 'us'.

We will also be referring to 'NBN Co Ltd' and 'nbn™' as 'NBN' or 'NBN Co'.

Any reference to the financial year (FY) relates to the period 1 July to 30 June unless otherwise stated.

Our Corporate Governance Statement, detailing our compliance with the 4th edition of the ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations', can be found on the Investor Centre part of our website: aussiebroadband.com.au/investor-centre

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 about the Company and its performance in FY23.

Additional information

This report can also be found online via: aussiebroadband.com.au/investor-centre

Key dates

Financial Year End
30 June 2023

Annual General Meeting
26 October 2023

Investor Day
November 2023

Our 20th Anniversary
December 2023

Please refer to our website for further detail: aussiebroadband.com.au/investor-centre





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Chair and Managing Director's report

Dear Shareholder,

We are very pleased to be able to present this overview to the many people who are invested in seeing Aussie Broadband succeed. Aussie Broadband's strengths lie in our wholehearted commitment to supporting our people so they may deliver exceptional customer outcomes, whether through our product offerings, solutions partnering, service fulfilment or in supporting our communities. We would like to thank you for your investment in and support of Aussie Broadband during FY23, which enabled us to continue on our path of a game worth playing.

A game worth playing has been our rally cry for our people as we go after meaningful goals that support our strategic company direction. For us this is not about short-term objectives, or copying our competitors, it's about building the base for our 2025 ambition to be a leading provider of communications and technology services. This ensures we continue to invest in innovation, customer satisfaction, sustainable practices, and our people.

Acquiring Over the Wire in FY22 was a game changing move that allowed us to flex into areas previously untapped by Aussie Broadband across the enterprise & government (E&G), and wholesale segments. To maximise these opportunities, we restructured our operations to align with the four key segments against which we now report: residential, business, enterprise & government, and wholesale, and we have organised the business cadence and ways of working around these areas. In doing so, we are driving strategies unique to each segment, tailoring our marketing, and our service and product offerings, and seeing positive results.

Throughout FY23 we worked hard to structurally integrate the two businesses and establish firm foundations so that we now operate as one company. There is still some work to do with integrating our systems and this will continue through FY24.

Integrating the two businesses was about more than extending our product offering and diversifying our revenue streams. We built trust between teams and aligned our culture and values; don't be ordinary be awesome, think big, no bullsh*t, be good to people, and have fun. These values are the bedrock upon which we make all major business decisions.

In recognition that we are now so much more than a residential broadband business, we launched our new brand positioning – The Actual Aussie Way – which reflects the multi-faceted business we have become, together with the high-tech innovation and capability and grass roots values that we are known for.

Our performance

We are pleased to report on the performance of the company for FY23, and to advise of an EBITDA result of \$89.6m (before one-off items), which is in line with our guidance range to the market on 27 February 2023 of between \$85.0m and \$90.0m. Revenue grew by \$241.0m year on year, allowing for the full-year effect of Over the Wire. Gross margin improved to 35.4% from 30.0% from a combination of the full year benefit of Over the Wire and the transition of transmission backhaul from rented capacity to company owned fibre optic capacity. Profit before tax increased by 228% year-on-year and earnings per share (EPS) by 281%.

A continuing difficult labour market and a significant increase in inflation added to cost pressures in FY23 and these challenges continue into FY24.

Growth

FY23 saw another year of continued growth across all segments. The sales pipeline has accelerated during the year as we invested in growing our business development teams with a focus on the enterprise & government segment. We are confident we now have the foundations in place to continue our growth into FY24.

Operationally, we reached 691,172 broadband connections, an increase of 18.2% YoY and our NBN market share has increased to 7.59%. We continue to work towards our goal of 1 million broadband services by FY25.



B Corp

After 18 months of hard work and data gathering, Aussie Broadband has been certified a B Corporation (B Corp). It's always been in our DNA to be good to our people and the community, and this achievement takes all that foundational work and helps us demonstrate that for-profit companies can also be good to the planet while delivering for shareholders.

Part of securing this certification was the inclusion of a purpose statement in our Constitution which states:

"The purpose of the Company is to deliver returns to shareholders while having an overall positive impact on society and the environment."

This change together with a stakeholder clause was supported by our shareholders at the 2022 AGM with a vote in favour of almost 96%, so thank you for your support in this endeavour.

Underpinning our B Corp certification are our community impact activities, which seek to build and foster strong, sustainable communities across Australia. Initiatives through our Pledge 1% ensures that as the Company grows, so does the reach and support we provide. We have directly and positively impacted around 110,000 people through our Helping Communities Connect program, direct charity sponsorships, and the Small Change Big Change program.

We are the largest telco in Australia to be accredited a B Corp and one of only 19 telcos in the world, and we hope you are as proud of this achievement as we are. With an overall score of 96.3 we are one of the best performing B Corp Businesses with 250+ employees in Australia (top 6).

Most trusted

Trust is important for a company, and at Aussie Broadband we have been recognised many times for our award-winning customer service and transparency in the ways we engage with all stakeholders. In FY23 we were voted the Most Trusted Brand for Telecommunications in the Roy Morgan Trusted Brand Awards. We were also placed 26th most trusted brand across all industries, at a time when telecommunications has become the most distrusted industry, even rated below social media.

We do not take such accolades lightly. We test every major decision we make at Aussie Broadband against our values and consider the impact on all stakeholders. We will continue to earn our customers' trust, by being transparent and honest and hope that trust is another game we can change for the telco sector.

Network

Aussie Broadband remains focused on providing a first-class experience for customers and throughout FY23 we continued our long-term investment in building a strong and resilient network, completing our POI build primarily using our own fibre. In partnership with Telstra Wholesale we were the first to market utilising Telstra's new 400Gbps wavelength product, which increased our Sydney to Melbourne inter-capital capacity. We now have the expanded capability to deliver our Aussie Fibre business product directly to more customers in more places.

Ongoing investment in our network – including the fibre network rollout with all of our business services – will ensure it is scalable and able to support the million-plus broadband services we aim to have in FY25.

Our people and culture

When expanding a business and doubling its size within a very short time, there can be growing pains, and we were not immune to this. However, the genuine goodwill to create one company, with respect and inclusion top of mind, has been a highlight.

During the year, we welcomed new members to the Executive Leadership team (ELT) thus building overall capability by adding further technology and innovation depth together with systems and project management expertise.

In order to support our growth we have been investing in new systems to assist the day-to-day workforce planning of our teams and enable efficiencies to enhance productivity across the business.

We also elevated our focus on Inclusion & Diversity and have made strong inroads in several areas including establishing a Gender Equity Working Group, with taskforces focusing on mentoring, female representation, parental leave policy and promoting a positive culture.

This year we delivered a suite of additional tools to promote awareness around inclusion and diversity activities. Alongside the development of inclusion SharePoint resources, we also developed a calendar of inclusion events and toolkits to promote awareness of topics such as disabilities, microaggressions, menopause, neurodiversity, and LGBTIQ+ inclusive language.

Recruitment remained a challenge in FY23 as we continued to grow during a period where there was the lowest unemployment rates that Australia has seen for many years. Our strong positive brand in market helped us to continue to secure talent.

Looking to the future

Now that we are a diversified telco and tech company, we are adopting a segment specific go-to-market approach across product, proposition, and customer service. In FY23 we developed core enabling research capabilities, segment specific pricing, profiling, and product development frameworks, which help inform our approach to win market share and serve our customers in each segment.

Core to future growth will be the continued evolution of our technology led automation and customer-facing portals and we will continue to leverage our own assets, including the fibre network, to drive operational efficiencies through scale.

We continue to be strong advocates in the development of the NBN SAU in the interests of consumers. This process has been frustrating and prolonged and is not yet complete. Once finalised it will set the environment for the company and the industry for many years to come. The outcome remains uncertain and we are planning for a range of possibilities.

Attracting the right talent remains critical to Aussie Broadband's future success. We anticipate over the coming six to 12 months that we will need to recruit fewer people from the market, and instead will turn our attention to retention and internal talent mobility.

A final word about our people. Their commitment and dedication to delivering exceptional customer service is second to none, and as we continue to grow, this remains central to all that we do. We would like to offer our personal thanks for their ongoing contribution to our collective success.

Thank you, too, for your continued support.

Yours sincerely,



A handwritten signature in black ink, appearing to read 'Adrian'.

Adrian Fitzpatrick

Chair



A handwritten signature in black ink, appearing to read 'Phillip'.

Phillip Britt

Managing Director

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**Aussie
Broadband**

Leadership team



Phillip Britt
Managing Director

Phillip is a thought leader who has spent nearly three decades in the telco industry. Starting his first ISP at 18, Phil went on to found Wideband Networks in 2003 with his business partner John Reisinger.

He saw a growing need to extend broadband access into regional and rural areas of Australia. As a result, Wideband Networks merged with Westvic Broadband in 2008 to create Aussie Broadband. During this time, he was appointed Managing Director of Aussie Broadband.

Phillip has taken the company from a small, regionally focussed business to an Australia-wide quality internet service provider, with an outstanding reputation for stable internet and award-winning customer service.

He is acknowledged as an excellent communicator and inspirational leader who thrives on large challenges. He leads through straight-talking, his ability to engage with people at all levels, and his core belief in making communities better.

Phillip is a graduate of the JMW Leader of the Future program and is also heavily involved in the not-for-profit sector, particularly with Scouts Victoria.



Brian Maher
Chief Financial Officer

Brian joined Aussie Broadband in 2019 as CFO and Company Secretary. He has over 30 years' experience as a financial professional across a range of industries, including health and general insurance, waste management, materials handling, and professional services.

As a Chartered Accountant and Chartered Secretary, he has experience across the spectrum of business types, including ASX, private equity, mutual not-for-profit, and private companies. Also, as a founder of two businesses, Brian has a deep understanding of developing fast-growth businesses.



Michael Omeros
Executive Director

Michael was a co-founder and the Managing Director of Over the Wire Holdings Limited prior to its acquisition by Aussie Broadband. He has over 20 years of experience in the telecommunications and IT services sectors and graduated from QUT in 1994 with a Bachelor of Engineering – Electronics (First Class Honours) and Bachelor of IT (with Distinction).

Prior to Over the Wire, Michael held a Senior Management role at GBST, worked for Zurich Insurance in the UK and founded Celentia which was subsequently absorbed by Over the Wire.



Matthew Kusi-Appauh
Chief Operating Officer

Kusi worked as a professional in the university sector before joining Aussie Broadband in 2016 to establish its marketing and strategy functions. He became General Manager, Marketing & Corporate Strategy in 2018, Chief Strategy Officer in 2021, and Chief Operating Officer in 2022. He holds a Bachelor of Commerce from the University of Wollongong and is a graduate of the JMW Leader of the Future program.



Anna Clive
Chief Information Officer

Anna joined Aussie in May 2023 and brings with her a wealth of experience having most recently been Chief Operating Officer at BTC Markets and Chief Operations Officer at Thryv (formerly Sensis). Before this she spent almost 10 years at Deloitte as a leader in its strategy and operations management consulting practice.



Jane Betts

Chief People and Reputation Officer

Jane is passionate about transforming organisations, attracting and retaining great talent, developing leadership skills and fostering strong cultures and has done so in various executive roles over her career. Jane joined Aussie Broadband in late 2022 as Chief People and Reputation Officer, coming from other CPO and Strategic People roles in Findex, AGL, Australian Unity and NAB.

Jane is commercially minded and looks for practical solutions to strategic objectives, always keeping people at the centre of her thinking and solution design.



Jonathan Prosser

Chief Strategy Officer

Jonathan is an experienced executive with 8 years' experience in the Telco sector. Four of these involved leading Australia's largest research programs on product, customer, marketing, and pricing in the Telco sector. Prior to this, he clocked up 10 years of management consulting experience across Australia and North America. Jonathan joined Aussie Broadband in 2022 from Telstra where he was Head, Customer Research & Strategic Insights. Prior to Telstra, he also worked at Deloitte as Director of Strategy and Operations.



John Reisinger

Chief Technology Officer

John has worked in the telecommunications industry since 2001. He was a co-founder of Wideband Networks in 2003 and has held the role of Chief Technology Officer since 2008. John brings strong technical expertise and acumen to the role and is responsible for overseeing the Company's network management. He holds a Bachelor of Computing from Monash University and is a graduate of the JMW Leader of the Future program.



Kevin Salerno

Chief Customer Officer

Kevin has extensive experience across the telecommunications, construction, automotive, and agricultural industries in a range of IT management, customer service focussed, and administration positions. He joined Aussie Broadband in 2014 to lead its technical support operations, became General Manager Customer Service in 2018, and Chief Customer Officer in 2022.

Kevin's detailed and practical approach to customer experience influences all parts of the business in support of residential, small business and corporate/enterprise customers. He has 35 years of experience in Information Technology, as well as ITIL and Microsoft System Engineer certifications.



Aaron O'Keefe

Chief Growth Officer

Aaron worked as an IT professional for 10 years before shifting into telecommunications sales. He joined Aussie Broadband as a Business Development Manager in 2008, was promoted to National Sales Manager of the Company's business division in 2014 and then to General Manager of Sales in 2017 and in August 2022 was promoted to Chief Growth Officer.

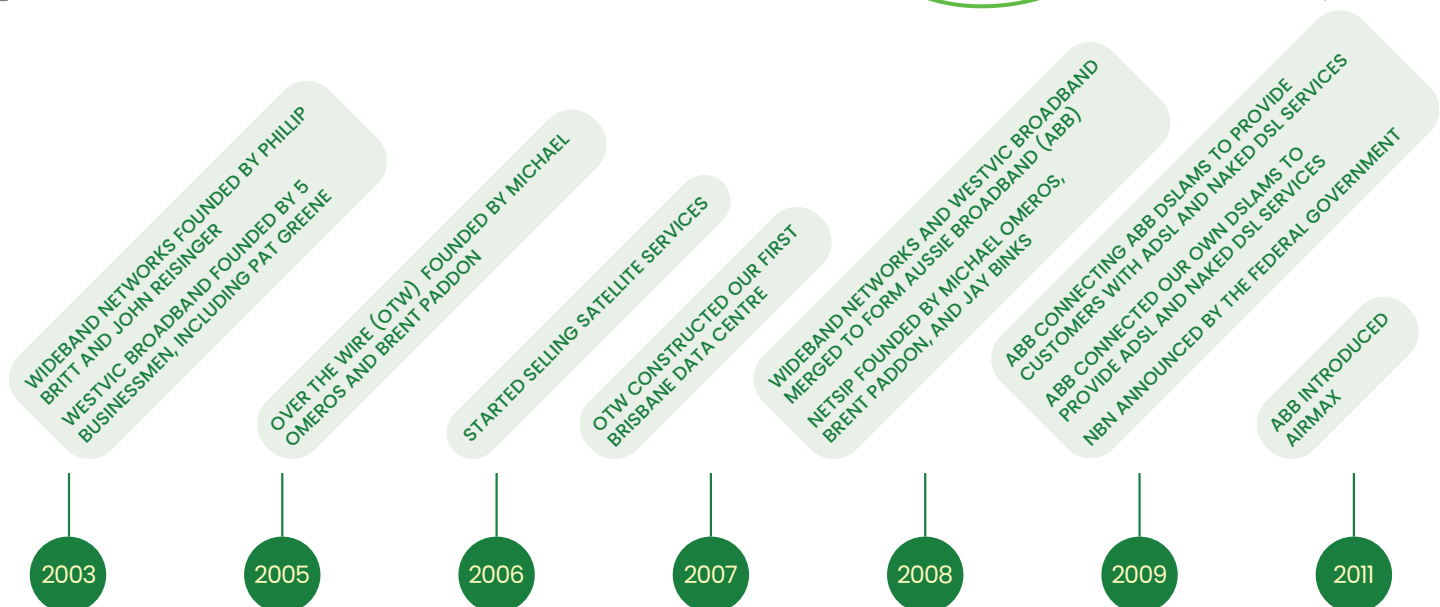
Aaron brings his experience and passion for leadership with deep technical knowledge to the role and an ability to cut across all sales channels. He is responsible for securing some of Aussie Broadband's largest customers.

A game worth playing

Seek above all for a game worth playing – such is the advice of the oracle to modern man.

Robert S. de Ropp

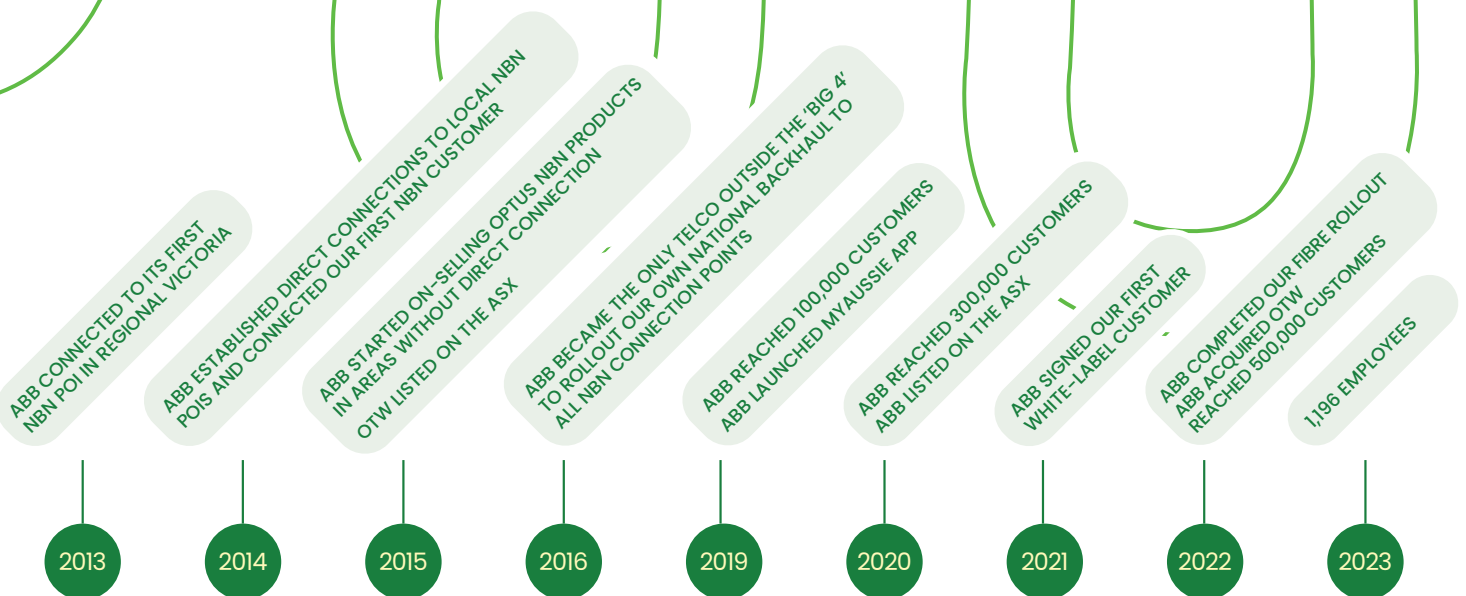
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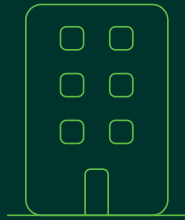
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A game worth playing is about going after meaningful goals that support our strategic company direction. For us this is not about short-term objectives, or copying our competitors, it's about building the base for our 2025 ambition to be a leading provider of communications and technology services.

This ensures we continue to invest in innovation, customer satisfaction, sustainable practices, and our people.



Highlights



354

CONNECTED BUILDINGS

Up 94% in FY23

691,172

BROADBAND CONNECTIONS

Up 18.2% YoY



2022 Service Champion: Customer Service Organisation of the Year - Large

Most trusted telco

26th overall most trusted brand in Australia



B Corp
ACCREDITED



8.2/10 CUSTOMER SATISFACTION

as measured by voice of customer surveys
8.1/10 in FY22



\$501,619

Small Change, Big Change
customer donations





144m

NETSIP AVERAGE MONTHLY MINUTES



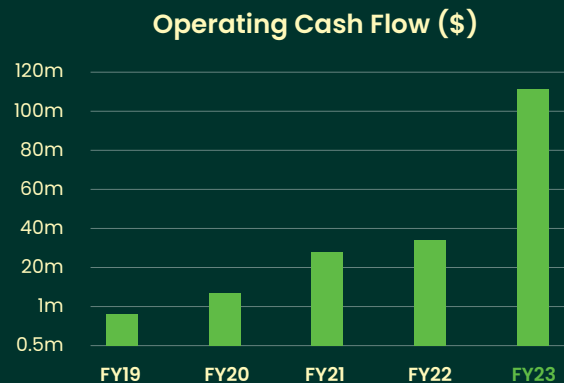
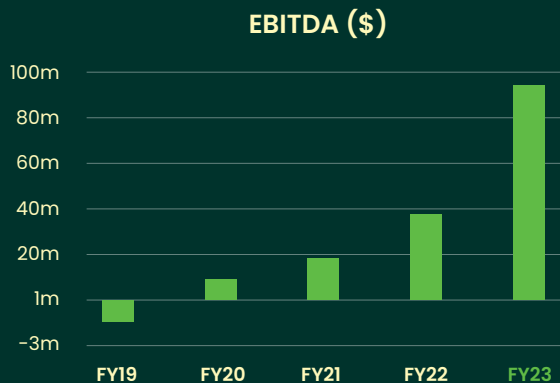
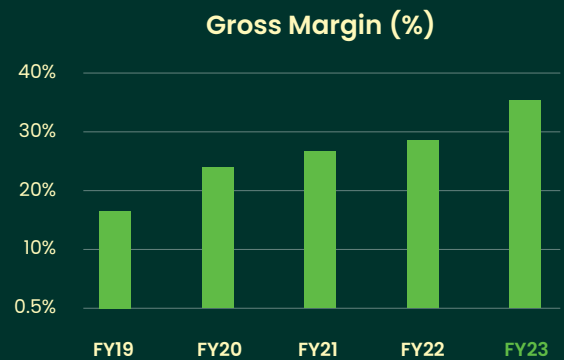
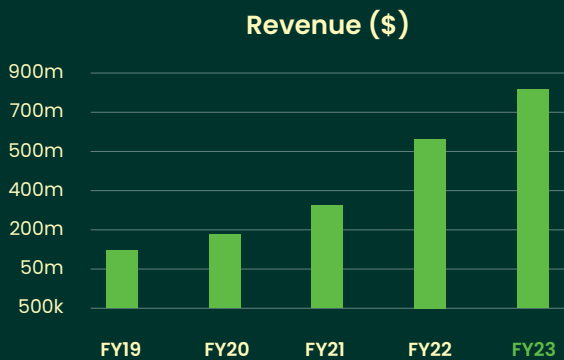
7.59%



SHARE OF NBN® SERVICES

4.88

Complaints per
10,000 services



Trust



Trust is essential for building and maintaining healthy relationships with others. When we trust someone, we feel comfortable confiding in them, relying on them, and working with them towards shared goals.

Without trust, it's difficult to establish a solid foundation for any type of relationship, whether it's a romantic partnership, friendship, family relationship, or business partnership. Trust allows us to feel safe and secure with others, which is crucial for our mental and emotional well-being.

If people trust an organisation, they are much more likely to want to work for it, invest in it, do business with it. They are more likely to give that company the benefit of the doubt. Trust is essential when it comes to building and maintaining a great reputation.

Trust is a safe pair of hands.

In recent years the telecommunications industry has faced trust issues for a variety of reasons. Chief among them were data breaches, cybersecurity threats, and poor customer service.

Edelman's trust research for 2022 found that distrust is now society's default emotion.

For the past 5 years, Roy Morgan has polled approximately 1,800 Australians each month to find out which brands they trust and distrust, and why. For the first time since polling began, the telecommunications industry has become the most distrusted, scoring lower than social media.

The data is qualitative, Australians can choose any brand that comes to mind as trusted, or distrusted. It is completely unprompted, and participants are also asked why a certain brand is trusted or distrusted, allowing the consumer to answer in any way they feel is accurate for them.

Aussie Broadband overtook iiNet in December 2020 as **'Most Trusted Brand for Telecommunications'** in Roy Morgan's quarterly reporting, which was formally awarded at the Trusted Brand Awards in October 2022. We have retained that position ever since.

**Aussie Broadband
named Most
Trusted Brand for
Telecommunications**

**We were also named the 26th most trusted brand
in Australia, across all industries. That's huge!**





We live our values, one of which is no bullsh*t.

If trust is the foundation of all human connections, it's much more important than customer satisfaction and net promoter score, but also much more fragile.

At Aussie Broadband we do not take trust for granted, our values are lived in our business all the time and that reflects out to our customers and all external stakeholders. We recognise that trust is subjective, and factors that can influence trust vary depending on an individual's experience with us, or with our industry, their own values, or perception of our brand.

How have we built trust?

Reputation

When we tell our story, or talk to our customers, we want them to listen. Our strong reputation helps create an audience willing to listen to our story and trust what we have to say. Reliability, transparency, and being an ethical business all feed into our good reputation at Aussie.

Customer reviews

Our customers listen to us, and we listen to them, too. We have always responded to every review received via Product Review, Facebook, and Google, whether they are positive or negative. Transparency, and honesty have always been at the heart of our values. Listening to our customers shows that we genuinely care, and many innovations have come out of customer comments; MyAussie upgrades, for instance.

Communication

Open and transparent communication is key, and we are honest and clear in our communications to customers. We don't talk to our customers unless we have something to say and, when we do talk to them, we use Plain English.

Reliability

We have a consistent approach to delivering the best experience for our customers, from signing up to our services, right through to how we communicate outages.

Dependability

Our network is built to be solid, reliable, and dependable. And our customers can always rely on our on-shore call centres, because they have always been on-shore.

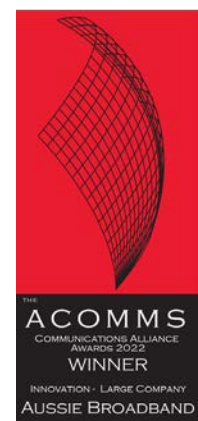
Personal connections

At Aussie, our customers are more than just an account number, we see each and every one as an individual. Our customer service team is empowered to go the extra mile when assisting customers over the phone, and our all-Australian call centre staff don't read from scripts.

Community impact

We care about the places in which we live and work, and value the many partnerships we have with community groups. Our recent B Corp accreditation is proof that we are not just talking the talk, we believe in what we're doing and others see that too.

We're proud to be named **'Most Trusted Brand for Telecommunications'**, but we don't take our success for granted. Similar to the continuous improvement it takes to be a B Corp, we will always strive to be better for our customers, and for our industry.



Benefit-for-all



7,000
Businesses worldwide

19 Telcos
worldwide

560
in Australia

1 Other telco
in Australia

Becoming a B Corporation (B Corp) accredited business provides a **strong framework** to assess the current impact of a company, as well as **compare** and review performance against 'best practice' and **improve** operations accordingly.

The road to accreditation

Being a B Corp is a badge of honour, and it's not given lightly – you don't automatically become one because you run an ethical business. You must prove that your business stands for everything that B Corp requires, which ensures the integrity of their certification. In 2021, we started along the road to prove we had what it takes to become a B Corp.

More than 18 months and 200 detailed questions on how Aussie Broadband is run later, we made it! In June 2023 Aussie Broadband became an accredited B Corp. It was a great opportunity to learn and review our processes and performance, and create a plan for even better things in the future.

We're in great company, with the likes of Patagonia, Bank Australia, Ben & Jerry's, and ClarkeHopkinsClarke in the B Corp network. It's

a worldwide network that consists of more than 7,000 businesses, spanning 161 industries and 91 countries. There are just 560 B Corps in Australia, and with only one other smaller telco in that list, we are currently the largest B Corp certified telco.

**THE PURPOSE OF THE
COMPANY IS TO DELIVER
RETURNS TO SHAREHOLDERS
WHILE HAVING AN OVERALL
POSITIVE IMPACT ON SOCIETY
AND THE ENVIRONMENT.**



The 'B' stands for 'Benefit-for-all'

Following certification as a B Corp, we signed a legal agreement committing to always consider the impacts of our decisions on our stakeholders. In the true definition of the 'B' in B Corp, stakeholders are defined as everyone – employees, suppliers, our communities, and the natural environment.

We were proud to make this commitment and be among the ethical leaders of the business world. To further enhance our commitment, we updated our company's purpose in the constitution to include 'The purpose of the Company is to deliver returns to shareholders while having an overall positive impact on society and the environment.'

Adopting the B Corp legal requirement means committing to a higher standard of accountability in our decisions, even during leadership changes or capital raises. It signals to investors, employees, and directors that the company Purpose is embedded in the core of the business.

Being a B Corp means committing to a journey of continuous improvement

B Corporations are required to recertify every 3 years. This helps keep us focused on continuous improvement and leads to long-term business resilience.

Certification is holistic, not exclusively focused on a single social or environmental issue. The process to achieve and maintain certification is rigorous and requires engaging teams and departments across the whole organisation. Taking company size and profile into account, verification involves documenting Aussie Broadband's business model and information about our operations, structure, work processes, and potential public complaints.

We will continue to work hard and improve as we strive to be one of the best when it comes to being an equitable, inclusive, and innovative business. Working closely with our community, and the global B Corp network, we will make an even bigger impact next year.

Here's to the continuously improving future chapters of our B Corp journey.



Infrastructure assets resilience

Aussie Fibre

Our ongoing Aussie Fibre project is Aussie's biggest investment in infrastructure since we began and it's a cornerstone of our growth ambitions.

We deployed infrastructure in Telstra Exchanges allowing us to deliver Aussie Fibre services directly from these facilities. This has increased our customer capacity within the Aussie Fibre footprint, while simplifying the connection process for these customers.

Part of that investment throughout FY23 included a string of foundation works. These were an essential expansion to our future capacity, positioning us to readily meet much higher demand from clients and rollouts on our Aussie Fibre network. The works will continue throughout FY24 as we expand Aussie Fibre availability throughout Australia.

In FY23 we introduced local connectivity in the Northern Territory, and in FY24 we will be expanding this to Tasmania and the Australian Capital Territory, improving the experience for users, and giving us a competitive advantage in those areas.

Cloud

As we expand our focus further into the enterprise and government, wholesale, and reseller market segments, in FY23 Aussie Broadband embarked upon foundational works to expand our cloud infrastructure.

The company is increasing our capacity on our data protection platform, with two new data centres added in Sydney and Melbourne to bring data closer to our clients.

We increased proficiencies in the functions around our observability, threat detection and response capability across Aussie's cloud infrastructure.

Aussie Broadband designed and implemented a bespoke cloud platform for a major government client in FY23, which it continues to manage. It is based on the next-generation cloud architecture that is serving as the basis of our shared cloud platform.

Voice

Aussie Broadband's acquisition of Over the Wire enabled us to become one of six tier 1 voice infrastructure owners and service providers through our NetSIP brand. We have developed the NetSIP infrastructure in-house, and our dedicated teams are continually shaping the platform based on direct feedback from our extensive partner network.

This asset gives Aussie greater control over pricing and margins, and offers increased flexibility in how we create and offer integrated telecoms service bundles comprised of our services across all product segments.

Our growth throughout FY23 was very successful, with Aussie Broadband now being the third largest provider of '13' numbers in Australia. '13' numbers are 6-digit phone numbers Australians can call from anywhere in the country at a fixed rate and they are commonly used by Australia's largest businesses, corporations, and organisations.

As the operator of NetSIP, Aussie Broadband worked with regulators and industry to minimise the impact of scam calls, by continually monitoring and optimising our systems to deal with the latest methods used by scam operators.

Owning this infrastructure gives us much greater control over the reliability, quality, and scalability of our services. It reduces our dependency on third-party providers and allows us to be more innovative, meaning enhanced services for our customers and exciting future opportunities.

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Building resilience

Aussie Broadband occupies a unique position within the Australian telco landscape, having grown from its regional roots to become one of the few telcos that operates as both a service provider and an infrastructure owner.

Our ambition to provide exceptional telecommunications services, while underpinning the infrastructural fabric that powers Australia's growing digital economy led Aussie Broadband to make several key investments in FY23.

Network resilience

Giving our customers a first-class experience has always been Aussie Broadband's priority. To achieve this, we are continuing our long-term investment in building a strong and resilient network. In FY23, we also worked with several partners to expand our capacity, redundancy, and interconnectivity.

In partnership with Telstra Wholesale, we were the first to market utilising Telstra's new 400Gbps wavelength product. This enabled us to increase our Sydney and Melbourne inter-capital network capacity. Additionally, we have the expanded capability to deliver our Aussie Fibre business product directly to more customers in more places.

With the rise of streaming, our network team worked closely with some of the world's biggest streaming services to give our customers access to the content they want most. We significantly increased our traffic capacity to leading streaming and cloud providers.

Aussie Broadband's commitment to this first-class experience extends to all Australians. We have expanded our presence in the Northern Territory by deploying a broadband network gateway in Darwin providing a better localised experience to our customers in-region.

THESE INVESTMENTS ALLOW US TO CONFIDENTLY POSITION AUSSIE BROADBAND AS A LEADING PROVIDER OF WORLD-CLASS INFRASTRUCTURE, SERVICES, AND EXPERIENCES.

We expanded Aussie's capacity to international locations through increased presence and capacity at global exchange points in Singapore, San Jose, CA, and Los Angeles, CA.

We have increased the capacity of our backend network infrastructure and service platforms to meet the needs of our growing customer base utilizing these systems. Further, we have begun investing in strengthening our enterprise network capabilities by creating dedicated network segments and elements focused specifically on the particular needs of our enterprise & government customers.

Aussie Broadband grew capability to provide high quality change management by enhancing and expanding our pre-production testing environment. This improves our ability to simulate and test the impact of changes across our network in a safe environment prior to deployment. In parallel, we have been continuously reviewing and improving our best practices and procedures across our network to deliver enhanced service availability.

As reliance on technology rises, so will the risks facing Australians. To protect our customers, Aussie Broadband launched a new platform to mitigate distributed denial of service (DDoS) attacks.

These investments allow us to confidently position Aussie Broadband as a leading provider of world-class infrastructure, services, and experiences.

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Operational and community impact highlights



\$89.6m

EBITDA

UP \$50.2M



\$788.0m

REVENUE

UP 44.1%



35.4%

**GROSS
MARGIN%**

UP 5.9 PPT

\$116.7m

OP CASH FLOW

UP 208.8%

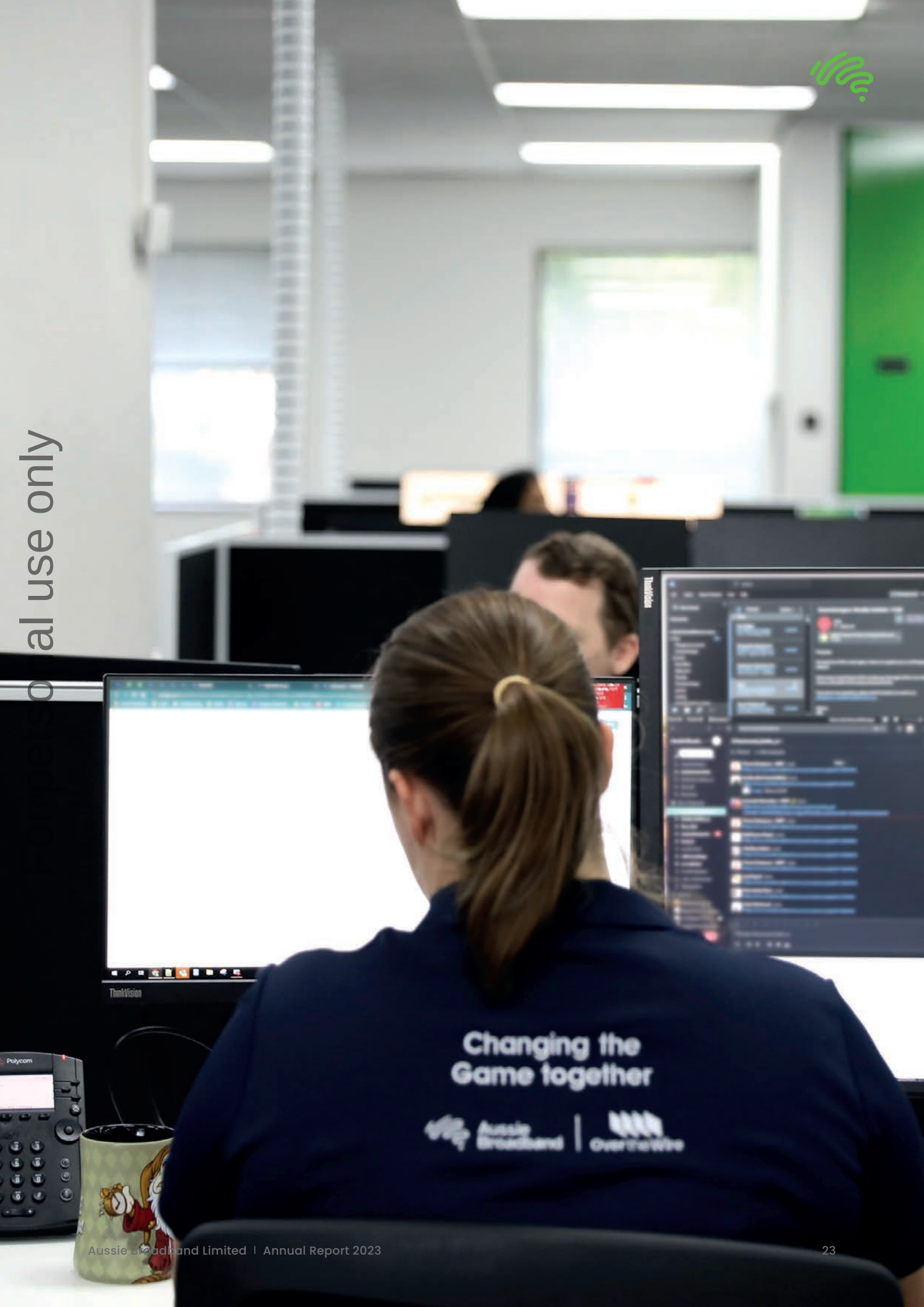
Overview

Following the acquisition of Over the Wire, we restructured our operating segments (residential, business, enterprise & government, and wholesale) with a focus on 'changing the game' through high-quality products and award-winning customer service. We identified some key performance indicators within each segment, to help monitor and measure success against our goals.

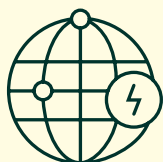
This section also explores our success against community impact measures, recognising that we focus on more than operational excellence; we also measure our positive impact on our communities.

In line with the restructure of the business

segments, Aussie Broadband rebranded in June to launch *the Actual Aussie Way*. This rebranding talks to our expansion beyond broadband into a diversified and versatile telco. The new branding highlights how we play in the market, and what sets us apart from our competitors, along with an emphasis on our grass root values. The Actual Aussie Way is about standing up for something, doing things differently, and creating a new gold class standard in telco. This is what a trusted, award-winning telco looks like in Australia.



Residential segment highlights



**12.3%
INCREASE**

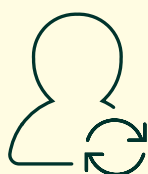
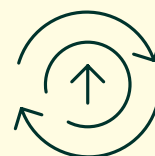
**IN BROADBAND
CONNECTIONS**



**23%
INCREASE
IN REVENUE**

GROSS MARGIN

**GREW
BY 43%**



**CUSTOMER CHURN
AVERAGING AT**

1%

Residential segment: fixed broadband, telephony, mobile, and other value add services for residential customers.

In FY23, Aussie Broadband was named the most trusted telco in Australia with a positive trust score (according to Roy Morgan). Most of our competitors sit in the bottom 10 most distrusted brands (and with matching negative trust scores). Alongside the Roy Morgan Trust award, Aussie has received awards from Mozo, CHOICE, and more, including the inaugural most trusted internet service provider award from Canstar.

We saw a massive 53% growth YoY in mobile services, with the marketing and sales teams using key retail periods to drive activations. With over 55,000 mobile customers, we continue to gain ground in this space and see this offering as an important area for diversification within our residential segment.

In the data space, we focused on higher-speed broadband customers in FY23 and achieved market share growth reaching 7.59% of Active Services in June, while we continued to outpace our competitors with approximately 10% share of orders each month. We were the only Tier-1 provider with positive net service activation orders.

We implemented new state-of-the-art contact centre software to ensure we continue to deliver efficiencies and market leading customer experiences. The system enables contact centre teams to focus on first contact resolution, customer churn, and retention. The automation capability recognises when a customer has a good experience with a customer service representative and will route them through to that person if they call again.

Business segment highlights



GROSS MARGIN
GREW BY

66%

47%
INCREASE
IN REVENUE



21.3%

INCREASE IN
BROADBAND
CONNECTIONS



CUSTOMER
CHURN RATE

0.6% BY
EOFY

Business segment: connectivity, mobile, voice, and support services for small and medium size businesses.

FY23 saw Aussie Broadband enhance our customer experience for small business customers by creating a true Business segment for the first time. This entailed detaching our business customer support from the residential support team and creating a brand-new team, whose specialty lies in understanding the needs and requirements of small and medium size businesses.

Restructuring customer support for business customers was integral to our future strategy for retention in this segment. Another major focus this financial year was the integration of the sales teams, following the acquisition of Over the Wire, to become one sales group.

Along with this integration, we also adopted a new sales methodology, which entailed developing a partnership approach to relationship management and coaching our teams on consultative selling. This complemented our existing noble sales purpose model and, by becoming a trusted advisor, helped us achieve record monthly sales during FY23.

By the end of FY23 churn rates for business customers was just 0.6% proving that with considered account management, we are able to deliver solid results.

E&G segment highlights



214%

INCREASE
IN REVENUE



800+

NEW DEALS
SIGNED



19.5%

INCREASE IN
BROADBAND
CONNECTIONS



GROSS MARGIN

GREW BY 209%

Enterprise and government segment: enterprise and government grade telecommunication services to large business and government customers.

Following the acquisition of Over the Wire in 2022, we focused on bringing the best elements of both companies together as well as some major foundational work in the enterprise & government sector to be able to forge ahead as a provider of premium network, voice, data, and cloud solutions.

Our emphasis has been on developing the team to promote our expertise and specialisation, particularly in Cloud, SDWAN, and Voice.

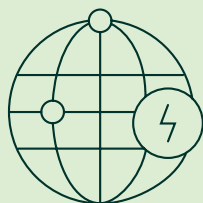
We work in collaboration with our customers to deeply understand their business requirements and technology challenges. We then leverage our product portfolio to provide customised solutions that address their needs. This deep partnering approach is resulting in the execution of longer-term contracts. With the foundational work complete, we are now well underway to building out the team that will take this segment to the next stage.

Wholesale segment highlights

145%
INCREASE
IN REVENUE



GROSS MARGIN
GREW
BY 217%



54.6%
INCREASE IN BROADBAND
CONNECTIONS

THIRD LARGEST HOST OF
'13' NUMBERS
IN AUSTRALIA

Aussie provides broadband and VoIP services, customer support, service delivery, account, and credit management to our white-label customer, who undertake their own sales and marketing activities.

The Aussie Broadband white-label program continued to deliver strong growth throughout FY23, with future development planned which will expand on available features via a continuous improvement process.

The wholesale team has continued to expand to support growth within our Managed Service Provider (MSP) program, which allows our partners to leverage our award-winning network and deliver great technology solutions for their customers. They also have full access to multiple technologies, premium support, and automated platforms that can link with their existing systems.

The Aussie Partner program is now fully automated and features low touch for both us and our partners, while offering customers the Aussie experience they expect. It also allows us to partner with people in Australia to help sell our services in areas where they have reach and relationships that we don't.

All wholesale segments have delivered strong growth throughout the financial year, and investment in the team as well as development of wholesale products will continue to support forecast growth in FY24 and beyond.

Community impact highlights

The desire to have an authentic, positive impact on the community was built into Aussie Broadband's DNA in the early days and has informed our values and strategic direction. With another year of growth, we had an even greater opportunity and responsibility to create a difference in the community.

We continued to support Pledge 1%, which is a commitment to giving up to 1% of our time, offering 3 days of annual paid community service leave to our employees, and 1% of our EBITDA through time, charitable donations, and product discounts. In FY23 this figure totalled \$454,922, and our staff took 550 hours of community service leave collectively.

Our signature program, Helping Communities Connect, has directly impacted 88,350 people, via 589 not-for-profit (NFP) partners, representing 1,354 active services.

Under the Helping Communities Connect program, we discount our products for eligible charities, non-profit organisations, and majority owned Indigenous businesses. It's our way of supporting grassroots work through the power of connection, and giving back to our community.

WE ARE A PROUD PARTNER OF THE SCHOOL STUDENT BROADBAND INITIATIVE WITH THE AIM OF BOOSTING EDUCATION OPPORTUNITIES AND NARROWING THE DIGITAL DIVIDE.

One of our supported NFP partners is Homie, a streetwear label and social enterprise that we have supported since 2020. They donate 100% of their profits to young people affected by homelessness and other hardships.

Aussie Broadband customers supported us in giving back through our involvement with Small Change Big Change. The program enables our customers to easily donate \$1 on their monthly bill, and 100% of these funds are passed through to our partner charities. We have generated \$501,619 in customer donations since 2019, of which \$151,774 was raised in FY23. There are currently 12,864 customers signed up to donate each month.

More than 16,500 lives were positively impacted by our customers donations during FY23.

Aussie Broadband also participated in the Low-income and Digital Inclusion Forum (LIDIF), which actively collaborates across the telco industry, NFPs, and government agencies to lower barriers around access, affordability, and digital ability for unconnected, digitally excluded consumers nationwide.

Aussie Broadband is a proud partner of the School Student Broadband Initiative (SSBI). With the aim of boosting education opportunities and narrowing the digital divide, the initiative will provide 12 months of free NBN to approximately 30,000 families with school-aged children and no current NBN connection at home.

Our employees also have the opportunity to get involved in our communities via staff-led passion projects. Throughout the year, their initiatives made a huge impact in the community in areas including homelessness, neurodiversity, inclusion and diversity, and mental health.

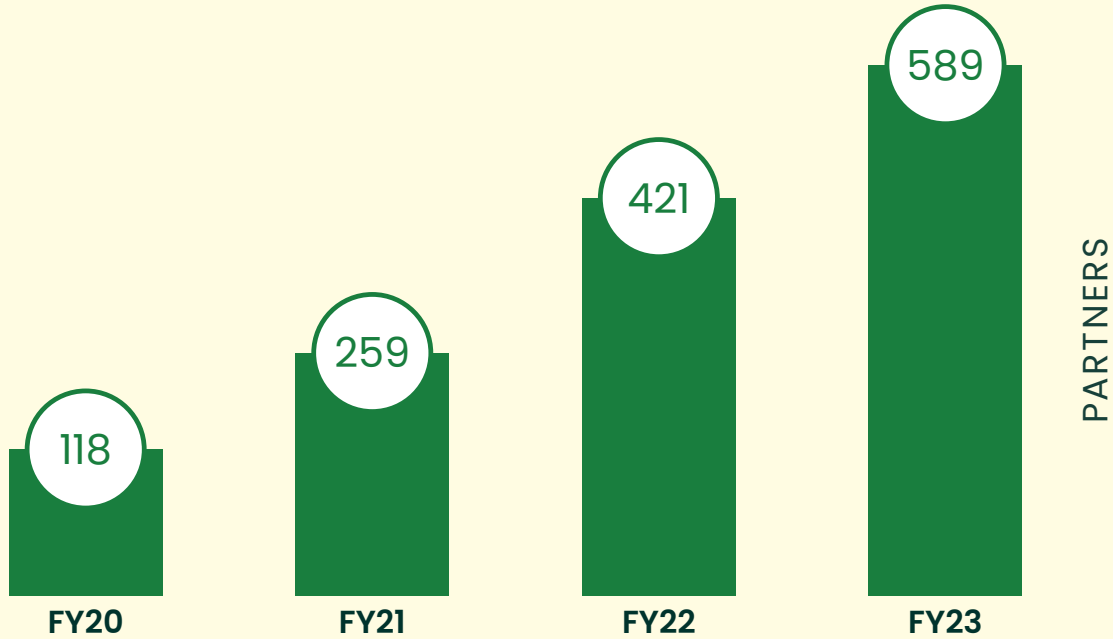
FY23 saw the Gippsland Pride Initiative create a partnership between Aussie Broadband, our Managing Director Phillip Britt, Uniting Vic/Tas, and Thorne Harbor Health to address the issues identified in the national certified Rainbow Brick Road survey. Aussie Broadband is proud to be supporting this initiative via \$25,000 contribution every year for the next three years.

During the year, we continued our reconciliation journey through our Reconciliation Action Plan (RAP). Key partnerships were strengthened with a \$30,000 Christmas donation to Childrens Ground and our ongoing support of Red Dust via the Small Change Big Change program. We were also proud to expand our Helping Communities Connect program to product discounts for majority owned Indigenous businesses.

In FY24 we will deepen our engagement with the NFP sector through our charitable support, empower them to have a greater understanding of the essential role of connectivity, and help close the digital divide.



NOT-FOR-PROFIT PARTNERS



111,684
people positively
impacted



12,864 customers
donate
\$1.00 per
month
for Small Change Big Change



Our people, our planet, our community – ESG report

Aussie Broadband is proud to be an accredited B Corp, further embedding our commitment to 'Be good to people' while balancing the need to deliver strong returns to shareholders and having an overall positive impact on society and the environment.

Our Environmental Social and Governance (ESG) framework is supported by our Community Impact Statement.

- We support and **empower Australia's Not-for-profit and Charity Sector** with discounted, safe and reliable internet and telecommunications services.
- We **acknowledge and celebrate indigenous culture** and history while focusing on providing clear pathways to improved indigenous quality of life for Aboriginal and Torres Strait Islander Peoples.
- We **promote regional development** and employment opportunities.
- We embed **sustainability** and a considered response to climate change in how we work with our staff, customers and supply chains.
- We lead discussion and **work collaboratively with the telco industry** on key impact areas that demand a coordinated response.
- We provide employment and **support pathways for marginalised communities**.
- We **support our diverse communities, staff and customers** to be who they are, providing accessibility and inclusion for all.

Environment

Reporting Period	FTE	GHG Emissions (t CO ₂ -e)	GHG Emissions (t CO ₂ -e/Unit)
FY20	352	1,718.10	4.88
FY21	450	3,735.00	8.30
FY22	1,033	6,366.08	6.16

We engaged environmental auditors 'Carbon Neutral' to assess our FY22 carbon footprint. The audit found Aussie Broadband's total carbon footprint had increased to 6,366 tonnes (CO₂-e) for the period. The increase was largely due to the increased scope of Aussie Broadband operations and the acquisition of Over the Wire.

As a result, Aussie Broadband purchased 1,680 accredited carbon offsets comprised of 840 Australian Biodiverse Reforestation Carbon Offsets (BRCO) and 840 International Renewable Energy Offsets. This represents Aussie Broadband's Scope 1 and 2 emissions, which are under our direct operational control.

The BRCO offsets were generated from the Yarra Yarra Biodiversity Corridor plantings located in the northern wheatbelt of Southwestern Australia. The region has an exceptionally high number of unique plant and animal species. It has been identified as one of 35 global biodiversity hotspots for wildlife and plants, and is the first one identified in Australia.

Aussie Broadband tracks emission intensity by CO₂-e / Full time equivalent employees. This metric allows for more meaningful comparison of emissions between years, operations, and organisational footprint. For FY22 we observed a 29% decrease YoY (8.30 tonnes CO₂-e to 6.16 tonnes CO₂-e).



As part of our commitment to reduce our footprint, key areas of focus were identified, including the need to continue our transition to Greenpower, investing in on-site power generation, and working collaboratively with our suppliers to reduce the impacts of their operations, products, and services

In FY24, our main office in Dandenong South will transition to 100% GreenPower supplemented by the installation of 212kW of Solar PV, which is scheduled to come online in late 2023. The system will reduce the carbon footprint at the site by 248 tonnes of CO₂-e per year, and generate 258,081kWh of electricity per year (32.74% of current site grid consumption).

Our upstream and downstream suppliers account for more than 70% of our total carbon footprint, and working with them on our shared journey toward carbon reduction is imperative. Aussie Broadband partnered with Givvable to track the sustainability, social, and diversity attributes of our suppliers and trading partners. In FY23 we saw an increase in certifications held by our top 100 suppliers by spend, from 31% to 55%.

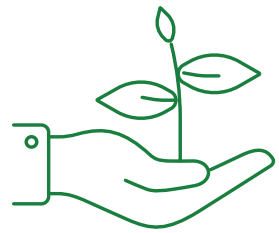
B Corp Score
96.3

Certified



Corporation

Carbon Neutral
for scope 1 and 2
emissions



78%



of our staff think Aussie is a great
place to work (March 2023)

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Social

Aussie Broadband is committed to the collaborating with other members of the telco industry to address social issues, promote diversity and inclusion to all stakeholders, and embed continual learning and development for a positive experience for our staff.

In FY23 we continued our longstanding partnership with the Telco Together Foundation focusing on initiatives that address social challenges in an increasingly connected world. Focus areas included reducing the incidence of Domestic and Family Violence for our customers and staff through the Telco Industry Domestic and Family Violence Action Framework, and reducing Modern Slavery in our supply chains through operational and cultural change in our organisation and the telco industry.

Aussie Broadband is a founding member of the Modern Slavery Supplier risk platform. This platform provides a central avenue for telco members to assess their individual and shared suppliers for modern slavery risks and then allows for collaboration to help decide what actions to take, based on internal and international risk profiles.

A key area of focus for Aussie Broadband is enabling and empowering Australians from lower socio-economic backgrounds to narrow the digital divide through promoting affordable internet, improved digital literacy, and access to key support and education functions. Aussie Broadband is working actively with the not-for-profit, government, and corporate sectors through the Low Income and Digital Inclusion Forum (LIDIF) and the School Student Broadband Initiative (SSBI).

Aussie Broadband is proud to support the Financial Counselling Foundation (FCF), which provides additional support to existing grants and implements projects identified as worthy through a priority assessment and grants-based process. The current priority areas include the delivery of important initiatives to support victims of family violence, those at risk of homelessness, and First Nations communities.

Aussie Broadband is also a Gold Pledge partner of Soldier On, a not-for-profit organisation delivering holistic support services to current and former Australian Defence Force personnel, and their families.

In FY23, we fulfilled our Workplace Gender Equality Agency (WGEA) reporting requirements, areas of focus included the gender pay gap, retention and attraction of female staff, and policy development.

To progress our work in gender equity, and in line with International Women's Day, on 8 March, we developed Aussie's first Gender Equity Working Group. Within this group, 4 priorities were identified to drive greater equity for the current and potential female workforce at Aussie Broadband - Culture, Representation, Mentoring, and Parental Leave. Task forces began implementing gender equity initiatives across the company. Aussie also joined the Telco Vendor Forum on Gender Equity, working with industry partners to advance gender equity.

In building our understanding of the Aussie workforce, an inclusion and diversity questionnaire was circulated during Harmony Week. The data collected will inform our progress as we discover how to support segments of our workforce with accessibility and inclusion.

**4 GENDER EQUITY TASK FORCES
(REPRESENTATION, MENTORING,
CULTURE, AND PARENTAL LEAVE)**

**19 SPONSORED PLACES
FOR THE WOMEN IN STEMM SUMMIT**

**OUR WORKFORCE SPEAKS
MORE THAN 40 LANGUAGES**

**92.8% SAY THAT AUSSIE
STAFF ARE TREATED
FAIRLY**

During the year, we developed a suite of additional tools to promote inclusion and diversity awareness. Alongside new inclusion SharePoint resources, we also created a calendar of inclusion events and toolkits to promote awareness of topics including disability, microaggressions, menopause, neurodiversity, and LGBTIQ+ inclusive language. A streamlined process was also implemented to induct new employees into our inclusion activities.



We are continually seeking feedback from our teams so we can improve working environments and team wellbeing. Throughout FY23, we ran a quarterly 'pulse check' focusing on 10 elements supporting employee engagement. From July 2023, Aussie will move to a monthly listening platform, which will bring more detailed insights into areas such as engagement, inclusion and diversity, transformation and change, and wellbeing. This will help us create a dynamic employee experience.

Staff benefits at Aussie Broadband focus on employee wellbeing and enhancing our teams' experiences both in the workplace and at home through financial, health, and learning initiatives.

We continue to build our comprehensive Learning and Development program which provides staff with support at different stages of their employment. This includes induction, study leave, professional development planning, ongoing training opportunities, leadership training, and an online platform providing access to over 20,000 courses for tailored and self-directed learning. Support for our foundational capabilities developed during FY23, with a focus on customer services skills and companywide knowledge management. One third of non-entry level vacancies were filled by existing staff.

33.4% OF NON-ENTRY LEVEL VACANCIES WERE FILLED BY EXISTING STAFF IN FY23

Governance

To demonstrate Aussie Broadband's commitment to ESG, we updated the constitution and changed our purpose to: 'The purpose of the Company is to deliver returns to shareholders while having an overall positive impact on society and the environment'.

Several mechanisms govern our ESG approach, including:

- The People and Community sub-committee of our Board, which is responsible for oversight and review of our people strategy, inclusion and diversity program, remuneration principles, community programs, and sustainability activities
- Formal policy oversight on matters such as gifts and entertainment, donations, our values, and the Code of Conduct
- Strategic focus, with "Thriving and Talented People" and "Building Better Communities" as two of our six strategy pillars

Training is aligned with these mechanisms and is embedded across the organisation.

For example, annual compliance training on gifts and entertaining, dealing with customers in financial hardship, training on our modern slavery obligations, and helping those experiencing domestic and family violence.





Aussie Broadband

- 1** Don't be ordinary,
be awesome
- 2** Think BIG
- 3** No bullsh*t
- 4** Be good to people
- 5** Have fun

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Directors' report

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as 'the Group') consisting of Aussie Broadband Limited (referred to hereafter as 'the Company' or 'the parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2023.

1. Directors

The following persons were directors of Aussie Broadband Limited during the year ended 30 June 2023 and up to the date of this report. All directors held their position as a director throughout the entire year and up to the date of this report.



Adrian Fitzpatrick

Non-Executive Director and Chair

Adrian has extensive operational, financial management and strategic experience from a career that has spanned over 40 years. He has held senior leadership and management positions with Pitcher Partners, where he was one of the firm's founding partners. He is a Non-Executive Director with ARB Corporation Limited (ASX: ARB) and is a former director of RXP Services Limited and the Accident Compensation Conciliation Service.

Adrian is a Fellow of the Institute of Chartered Accountants in Australia and New Zealand and holds a Bachelor of Commerce from the University of Melbourne.

Adrian is a member of the Audit, Risk and Compliance Committee and the People and Community Committee.



Richard Dammary

Non-Executive Director

Richard is an experienced director, currently serving on the boards of Wisetech Global Limited (ASX:WTC), Australia Post, Nexus Hospitals Group (QIC), and Salta Properties Pty Ltd. He is an Adjunct Professor at Monash University where he teaches corporate governance in the business school.

Richard was formerly the Chairman of Doctor Care Anywhere PLC (ASX:DOC), the Chairman of Creative Partnerships Australia, and a Non-Executive Director of Quantum Group Holdings Pty Limited.

Richard has held senior leadership roles in a range of major Australian and New Zealand companies, most recently with Woolworths Group. His telco experience includes roles at Telstra, Telecom New Zealand, and AAPT. He also served as a partner of major law firm Minter Ellison where he advised NBN, SingTel, Optus, M2, and the Commonwealth Government Department of Communications.

Richard is a Fellow of the Australian Institute of Company Directors.

Richard is the Chair of the People and Community Committee and a member of the Audit, Risk and Compliance Committee.

Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.



Vicky Papachristos

Non-Executive Director

Vicky is an experienced director, executive, and marketing and business development consultant with over 30 years' of experience. She has worked in both Australia and the USA, across private, public/ASX, government, not-for-profit/mutual organisations and start-ups. She holds professional directorships with Big River Industries Limited (ASX: BRI) and GMHBA Private Health Insurance.

Vicky is a member of the Australian Institute of Company Directors. She holds a Bachelor of Engineering from Monash University and a Master of Business Administration from the Australian Graduate School of Management.

Vicky is the Chair of the Audit, Risk and Compliance Committee and a member of the People and Community Committee.



Patrick Greene

Non-Executive Director

Patrick has owned and managed a range of businesses including retail, print, commercial property leasing and broadband services since 1987. He has extensive sales, marketing, financial and management experience.

Patrick won Franchisee of the Year awards at state and national levels for Snooze, a chain of retail furniture stores. He was a co-founder and general manager of Westvic Broadband from 2003 before it merged with Wideband Networks in 2008, culminating in his retirement.

Patrick has been a Director of Aussie Broadband since 2017 and is a member of the Audit, Risk and Compliance Committee and the People and Community Committee.



Phillip Britt

Managing Director and Executive Director

Phillip is a highly experienced executive with 25 years' of experience in the telecommunications sector. He co-founded Wideband Networks in 2003 and following the merger with Westvic Broadband in 2008, he became the Managing Director of Aussie Broadband. He has served on the Board of Directors of Aussie Broadband since the merger.

Phillip is a graduate of the JMW Leader of the Future program, has held voluntary leadership roles at state and national levels, was awarded the ACOMMS Communications Ambassador in 2020, and is an inductee into the telco industry Edison Awards Hall of Fame.



Michael Omeros

Executive Director

Michael was a co-founder and the Managing Director of Over the Wire Holdings Limited prior to its acquisition by Aussie Broadband. He has over 20 years of experience in the telecommunications and IT services sectors and graduated from QUT in 1994 with a Bachelor of Engineering – Electronics (First Class Honours) and Bachelor of IT (with Distinction).

Prior to Over the Wire, Michael held a senior management role at GBST, worked for Zurich Insurance in the UK, and founded Celentia, which was subsequently absorbed by Over the Wire.

2. Directors' meetings

The following table shows the number of meetings of the Company's Board of Directors (**'the Board'**) and its committees, and the number of meetings attended by each Director during the year ended 30 June 2023:

	Full Board		Nomination and Remuneration Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
Adrian Fitzpatrick	11	11	4	4	7	7
Richard Dammary	11	11	3	4	7	7
Vicky Papachristos	11	11	4	4	7	7
Patrick Greene	10	11	4	4	7	7
Phillip Britt*	10	11	3	4	5	7
Michael Omeros*	11	11	4	4	6	7

*Executive Directors are not members of committees but do have a standing invitation to attend with no entitlement to vote.

3. Directors' interests

The relevant interest of each Director in the shares, debentures, interests in registered schemes and rights or options over such instruments issued by the companies within the Group and other related bodies corporate, as notified by the Directors to the ASX in accordance with S205G (1) of the *Corporations Act 2001*, at the date of this report is as follows:

Director	Ordinary Shares	Options over ordinary shares	Rights over ordinary shares
Adrian Fitzpatrick	119,082	-	13,866
Richard Dammary	107,747	-	10,224
Vicky Papachristos	77,930	-	13,634
Patrick Greene	10,361,992	-	-
Phillip Britt	15,753,059	1,521,015	-
Michael Omeros	4,862,432	78,925	-



4. Company secretary

The Company Secretary is Brian Maher who was appointed in November 2019. Brian is a Chartered Accountant and Chartered Secretary. He holds a Bachelor of Arts from the University of Nottingham and a Graduate Diploma of Applied Corporate Governance from the Governance Institute of Australia.

5. Principal activities

The principal activity of the Group is a national carrier of telecommunications and technology services in Australia, servicing residential, business, wholesale and white label and enterprise & government customers. There has been no significant change in the nature of this activity during the financial year.

6. Operating and financial review

Overview

The key focus of FY23 was the integration of Over the Wire into the Aussie Broadband Group to allow the business to operate as a single unit and setup for the next growth phase. Despite the disruption and challenges of integration, the Group continued to grow strongly and achieved a number of noteworthy milestones:

- NBN connections market share grew from 6.46% to 7.59% (excluding satellite). This represented connection growth of 106,379 services (up 18.2%) to a total of 691,172 connections as at 30 June 2023
- Realised \$5.3m in synergies during FY23 from the Over the Wire integration
- Continued investment in our network increased resilience and created the foundations to help the Group achieve its goal of more than 1 million broadband services by FY25
- The number of buildings connected to fibre increased and the core Fibre network was completed, with additional investment of \$19.1m
- Invested in contact centre systems to maintain our market leading customer service
- Signed 800 new deals in the enterprise & government segment, with a 37% quarterly increase in deals closed in the last quarter of the financial year
- Delivered strong growth in the wholesale segment by an additional 39,035 (up 54.6%) active services
- Increased the numbers hosted on the voice platform to 1.3m (up 32.1%) and became the third largest host of 13 Numbers in Australia (up from 5th)
- Our presence in mobile services grew by 52.6% from FY22 to 57,988 customers
- Maintained our 'most trusted' telco status and received more than 16 awards for excellence
- Achieved B-Corp Certification and cemented our commitment to Being good to people by directly and positively impacting more than 110,000 people through our Helping Communities Connect program, direct charity sponsorships, and the Small Change Big Change program.

The achievements above could not have been possible without the Aussie Broadband team, which is pivotal in driving our strategy. Undertaking an integration while also continuing to grow strongly through Business as Usual activities is not easy and it took the dedication of the entire team. Thank you.

Operations

In FY23 and following the acquisition of Over the Wire Holdings Limited in March 2022, Aussie Broadband restructured its operating segments (residential, business, enterprise & government, and wholesale) with a focus on 'changing the game' through providing high-quality products and customer service. To align with the 4 operating segments, the Group revised its segment reporting of financial performance and associated key performance indicators.

- Residential: representing services to residential customers, including fixed broadband, telephony, mobile, and other value add services. The residential segment continues to drive growth and provide market leading customer service and user experience.
- Business: representing services to small and medium size businesses. Services include connectivity, mobile, voice and support services, leveraging our technology and customer service know how to deliver product offerings and exceptional customer service.
- Wholesale: providing white label and wholesale capabilities to provide services (connectivity and voice) to large white label partners across all sectors (e.g energy, retail, financial) and managed service providers (MSP) with exceptional network and customer service.
- Enterprise & government: providing enterprise & government-grade telecommunication services to large business and government customers. This includes a broad range of services, including connectivity, mobile, voice, managed network, security and cloud services.

The Group focused on building the right foundations and processes to realise the goal of having more than 1 million broadband services in FY25, and further diversify and grow revenue streams across other segments. This has come through investment in the Aussie Broadband ways of working, fibre network expansion, and growth. The Group is strongly positioned through this investment.

The group invested and implemented new contact centre software. This enables the Group to continue to provide efficiencies and market-leading customer experiences.

The Group recognises the value of owning and operating its own infrastructure assets and continued to invest in a nationwide fibre network and make disciplined commercial investment decisions with a focus on returns and payback periods, as well as building capacity for future growth opportunities.

Network innovation continued with an Australian-first partnership with Telstra Wholesale, delivering 400Gbps of live traffic between Sydney and Melbourne.

In line with the diversification of revenue streams the Group refreshed rebranded in June 2023 to launch the Actual Aussie Way to reflect our expansion beyond residential broadband into a multi-faceted and multi-segmented telecommunications company. The new approach highlights our market differentiators – high-tech products with grass roots values.

New Zealand operations and live contact centre answering services were exited during the year to focus on core strategic products and services. Both transactions were completed in FY23 with an immaterial impact on the Group's earnings.

During the year new members joined the ELT, contributing to the overall capability of the business by adding further technology and innovation depth together with systems and project management expertise.

Recruitment remained a challenge in FY23 as we continued to grow during a period of the lowest unemployment rates that Australia has seen for many years. Our strong positive brand in market helped us to secure talent and attracting the right talent remains critical to Aussie Broadband's future success. We anticipate that over the coming six to 12 months we will need to recruit fewer people from the market, and instead will turn our attention to retention and internal talent mobility.

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Financial performance

The Group monitors performance at a number of levels including two non-IFRS measures:

Gross Margin – revenue less network and hardware expenses, which represents the margin generated from customers before the costs of employees, marketing, and administration. It allows us to identify whether we are generating leverage from our network as we scale; and

EBITDA – earnings before interest, tax, depreciation and amortisation, which is often the key focus of investors and has a strong correlation to operating cash flow. EBITDA is represented before transaction expenses, integration costs and fair value adjustments to provide a normalised view of performance.

The Group's revenue was \$788.0m in FY23, representing an increase of 44.1% on the previous year. This result was driven by 18.2% growth in broadband connections to 691,172 and revenue growth in the Business, and enterprise & government sectors (up 46.5% and 213.6% respectively), reflecting the impact of a full year of revenues from the Over the Wire acquisition.

Gross margin improved from 29.5% in FY22 to 35.4% in FY23, driven by cost benefits realised from the investment in fibre and segment mix changes.

The Group's reported earnings before interest, depreciation, and amortisation (EBITDA) – and before transaction and integration expenses – was \$89.6m compared to \$39.4m in FY22.

Employee expenses as a percentage of revenue were 15.7%, in comparison to the previous period of 13.3%, driven by the full year impact of the more labour intensive Over the Wire business, increased investment in new leadership and business development roles and wage inflation due to a tight employment market. Marketing costs as a percentage of revenue were 4.2%, a reduction from 5.8% in the previous period, reflecting the Group's focus on optimising our marketing spend in an increasingly challenging market.

Administration and other expenses as a percentage of revenue were 4.1%, increasing from 3.2% in the previous period, largely reflecting higher costs relating to systems development and implementation and full year impact of Over the Wire operating costs.

The Group's net profit after providing for income tax was \$21.7m, in comparison to FY22 of \$5.3m. Accordingly, basic earnings per share increased from 2.39 cents to 9.14 cents.

Depreciation and amortisation continued to increase as a result of the fibre network reaching scale and additional network hardware required in the core business for customer aggregation, as well as the full year impact of the acquisition.

Financial position

The Group's property, plant and equipment of \$91.8m at 30 June 2023 largely comprises of Group owned fibre and other infrastructure assets, with the largest contributor to the increase in FY23 relating to the continued roll out of the core fibre network and customer builds. In addition, the Group held intangible assets of \$398.1m, predominately reflecting goodwill and intangible assets arising from the acquisition of Over the Wire.

Net borrowings at 30 June 2023 were \$74.2m, a \$52.0m reduction compared to 30 June 2022. Borrowings of \$10.0m and \$15.0m were repaid in March and June 2023, respectively and cash balances increased by \$27.3m year on year. The \$15.0m revolving credit facility remains unused at 30 June 2023 and is available to use at the Group's discretion.

Cashflow

The Group reported operating cashflows of \$116.7m in FY23, compared to the previous year of \$37.8m. The key driver of the higher cash flows largely reflects the full 12 months' ownership of Over the Wire improved working capital management, and tax refunds of \$1.9m offset by higher net interest costs of \$7.1m.

Investing cashflows of the Group in FY23 were \$46.0m, in comparison to the previous year of \$308.1m which included payment for the Over the Wire business of \$265.6m. Capital expenditure (including intangibles) during FY23 totalled \$49.1m, compared to the previous year of \$42.5m.

Business strategies and prospects for future financial years

In FY23, Aussie Broadband's began its transition from being a largely residential-focused retail service provider (RSP) into a diversified telecommunications and technology company underpinned by class leading customer service serving the residential, business, wholesale, enterprise & government segments.

The Group's future focus is to continue to drive growth in each of the segments by adopting segment-specific go-to-market approaches, products, propositions, and customer service. FY23 saw the successful development of core-enabling research capabilities, segment-specific pricing, profiling, and product development frameworks. These capabilities provide Aussie Broadband with greater clarity of where-to-play and how-to-win in each segment.

The continued evolution of the Group's automation and customer-facing portals will be core to future growth. Additionally, the Group will continue to leverage its network and fibre-owned infrastructure to drive operational efficiencies through scale.

While our attention will remain on organic growth, the Group is open to the potential of 'bolt-on' and transformative acquisitions. As always, such opportunities will only be pursued where it is believed that they will deliver superior value to shareholders.

Material business risks

The material business risks that have the potential to impact the future prospects of the Group include:

- Competitive landscape** – the telecommunications market is concentrated at the top with 4 large players and a long tail of challengers led by Aussie Broadband. Competition is based on price and product quality and the Group is focused on delivering a quality product at an appropriate price. NBN offers periodic incentives to RSPs to increase its revenue. These incentives often create increased competitive activity that can impact new sales.
 The Group constantly monitors the market to identify Aussie Broadband's relative positioning and responds accordingly.
- Bandwidth utilisation and NBN pricing** – the NBN Co Special Access Undertaking (SAU) variation process has been protracted and has not concluded at the date of this report. The impact on the industry and Aussie Broadband remains uncertain and, once finalised, may require the Company to develop new retail and wholesale pricing strategies. These strategies will remain true to Aussie Broadband's shape of-share approach, which is designed to maximise portfolio level margins and maintain outstanding service. While the new SAU arrangements will outline a pathway to eliminating CVC charges for the next 3 years, the Company has to effectively balance customer experience and cost. At an operational level, the Group constantly reviews ways of optimising bandwidth use and utilises a range of commercial levers including technology, product and pricing to deliver the best outcomes for consumers while managing our operational costs and return on investment.
- Community and environmental risks** – the Group considers the social, political and physical environment risks. The Group does not anticipate that climate change will have a material impact on prospects in the near term. We remain alert to evidence of any emerging risks, and run a program to identify ways of minimising our own impact on the environment.
- Capital** – while the Group has sufficient resources to fund the business-as-usual capital investment plan and has strong operating cash flows, opportunities were identified to expand the Group's fibre optic network which would provide additional margin improvement. This additional capital works program is discretionary and can be timed as existing cash flows permit or fast-tracked with additional access to capital. Acquisition opportunities may require additional funding.



- **People and culture risks** – Aussie Broadband's people are central to the Group's success. Strong competition in the employment market means sourcing the right people at sustainable costs will remain a challenge. The tight labour market combined with macro-economic pressures leading to increased wage inflation continues into FY24. As the Group grows, evolving the culture while maintaining the essence of Aussie to ensure the Group remains attractive to current and potential employees will be critical.

The Group relies on a number of key senior employees and if they were to leave, their departure may have an adverse impact on the Group however the business continues to develop robust succession planning. Long-term incentives are also in place to partially mitigate this risk.

- **Regulation and compliance** – The Group operates in a heavily regulated environment and has established compliance protocols to ensure our products and services are fit for purpose. The Group holds a carrier licence under the Telecommunications Act and must comply with the applicable licence conditions set out in that Act. There is a risk that licence conditions may be varied or, if the Company does not comply with the licence conditions, that the licence is cancelled. Should the licence conditions be varied, or the licence cancelled it would have a material impact on the Company's activities.

The Company regularly reviews its carrier licence compliance obligations and will endeavour to take all reasonable steps to prevent the cancellation, expiry, lapsing, or such other adverse effect to the Group's carrier licence.

The Company's market behaviour is monitored and regulated by the Australian Communications and Media Authority, the Australian Competition and Consumer Commission, the Telecommunications Industry Ombudsman, and state fair trading bodies. A number of consumer groups also monitor the conduct of major providers and report persistent failure to comply with consumer, trading, and telecommunications regulations.

- **Cyber and security** – Cyber and information security risks (including privacy and data security) remain a focal point across Australian businesses, including Aussie Broadband. There is a risk that the Group is subject to a cyber security incident. The Group continues to operate under the increasing requirements of the Security of Critical Infrastructure Act and other legislative instruments from the Department of Home Affairs.

7. Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial year.

8. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

9. Matters subsequent to the end of the financial year

There has not been any other matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial periods.

10. Likely developments and expected results of operations

The Group will continue to invest in marketing activities to fuel ongoing organic customer growth. The Group will also continue to invest in the development of its own systems and fibre optic network, and extend the network where there is demand and a strong business case to do so. Continued expansion of business, enterprise & government revenue is expected, with newly acquired product capabilities being bundled with the Group's existing capabilities. Potential acquisition opportunities will be considered where it is believed such acquisitions will deliver superior value to shareholders.

11. Environmental regulation

The Group is not subject to any significant environmental regulations under Australian or state laws.

12. Shares under options and rights

Unissued ordinary shares of Aussie Broadband Limited under option at the date of this report are as follows:

Grant date	Vesting date	Expiry date	Exercise / Strike price	Number of shares
1 July 2020	1 July 2023	30 June 2026	\$1.00	1,911,937
1 July 2021	1 July 2024	30 June 2027	\$2.85	1,138,679
1 July 2022	1 July 2025	30 June 2028	\$3.30	874,825
1 July 2023	1 July 2026	30 June 2029	\$2.93	37,724

All unissued shares are ordinary shares of the Company.

All options expire on the earlier of their expiry date or termination of the employee's employment. Further details about share-based payments to Key Management Personnel (KMP) are included in the Remuneration Report.

These options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

NED rights were granted as follows:

The Company has established a Non-Executive Directors' Fee Sacrifice Plan under which directors can elect to sacrifice some or all of their directors' fees in exchange for rights to convert to shares in the Company, such rights to convert to shares (referred as 'NED Rights') with no additional price payable on dates determined by the directors, which will generally be following the half and full year financial results announcement.

- On 26 August 2022, 34,665 NED rights were granted
- On 26 August 2022, 42,111 NED rights were converted to ordinary shares (upon conversion of FY22 NED Rights), which were issued to the respective Non-Executive Directors as new shares
- On 6 March 2023, 17,233 NED rights were converted to ordinary shares (upon conversion of tranche 1 of the FY23 NED Rights), which were issued to the respective Non-Executive Directors as new shares
- On 24 August 2023, 37,724 rights were granted in relation to Directors' fees for the year ending 30 June 2024

13. Shares issued on the exercise of options

There were no ordinary shares of Aussie Broadband Limited issued on the exercise of options during the year ended 30 June 2023 and up to the date of this report.

14. Indemnity and insurance of officers or auditor

The Company has indemnified the Directors and Executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium of \$1,165,435 (2022: \$1,047,726), in respect of a contract to insure the Directors and Executives of the Company against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not, during or since the end of 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.



15. Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in Note 36 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial 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 36 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.

16. 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.

17. 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.

18. Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this Directors' report.

19. Auditor

KPMG continues in office in accordance with section 327 of the *Corporations Act 2001*.

20. Remuneration report (audited)

20.1. Letter from the Chair of the People and Community Committee

Dear Shareholders

FY23 continued to be a year of growth and positive change for the Company as we made progress on our strategy. Key business highlights for the year are outlined in section 6.

From a people and community perspective, we are especially pleased that we:

- **Improved** our gender pay parity
- **Continued** to make progress on our ESG initiatives including achieving B Corp certification
- **Continued** to have leading scores on inclusion; 84% of staff say they can be themselves at Aussie
- **Committed** to using 100% renewable energy by 2025

In addition, while our share price performance has been volatile over the past 2 years – in part due to broader share market volatility – since our IPO in October 2020 we have delivered a total shareholder return of more than 198% to 30 June 2023, outperforming the ASX 300's total shareholder return of 29% over this same period.

FY23 Remuneration outcomes

As outlined in previous remuneration reports, Aussie Broadband has a rigorous performance-based remuneration system, with objective measures used to determine at risk remuneration, and to align employee and stakeholder interests.

Fixed remuneration changes

Following a benchmarking exercise undertaken in 2022, the Board approved a number of fixed remuneration increases in early 2023 to maintain market competitiveness with our peers and retain our executive leadership team as the Company continues to grow. Specifically:

- The Managing Director received an increase from \$500,000 to \$650,000 (effective from 1 August 2022)
- The Chief Technology Officer received an increase from \$280,000 to \$320,000 (effective from 1 August 2022)
- The Chief Operating Officer received an increase from \$300,000 to \$350,000 (effective from 1 August 2022).

The Board believes it is important to remunerate our executive team competitively to execute our growth strategy.

Short-term Incentive (STI)

All key management personnel (KMP), together with other members of the Executive Team, participate in the STI plan. A Group scorecard was approved by the Board at the start of the year that was used to assess executive (including KMP) performance, ensuring a 'one team' approach.

Full details of our STI outcomes are in section 20.6. Despite the Board's commitment to limit the exercise of discretion, it did so in FY23 for the reasons stated in section 20.6. The Board does not envisage any circumstances in which it would exercise discretion in relation to FY24 STI outcomes.

For FY24 we have also revised our scorecard approach to ensure STI achievement is more closely aligned to the profitability of the business and place a greater emphasis on EBITDA.



Long-term Incentive (LTI)

As foreshadowed in the FY22 Remuneration Report, during FY23 the People and Community Committee considered the most appropriate form of LTI, including whether introducing performance rights alongside, or instead of, options would be suitable. The Board concluded that options continue to be the simplest and most effective way to create shareholder alignment and incentivise executives to continue pursuing our growth agenda.

Broader non-financial goals will continue to be an important focus, not least as a result of Aussie Broadband's responsibilities as a B-Corp.

The Board will continue to carefully consider the most appropriate LTI design.

Following feedback from external stakeholders last year, we have also made improvements to our disclosure to simplify and enhance the transparency and readability of this report.

Thank you for your ongoing support.

Best wishes,



Richard Dammery

Chair of the People and Community Committee

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20.2. Who is covered by this report?

This Remuneration Report applies to KMP, defined as those people having authority and responsibility for planning, directing, and controlling the activities of the Company, namely the Directors, Managing Director, Chief Financial Officer (CFO) and the Chief Technology Officer (CTO).

Table 1: List of FY23 Key Management Personnel

Name	Position	Term	People and Community Committee	Audit, Risk and Compliance Committee
Non-Executive Directors (NEDs)				
Adrian Fitzpatrick	Non-Executive Director – Chair ¹	Full year	Member	Member
Richard Dammary	Non-Executive Director	Full year	Chair	Member
Vicky Papachristos	Non-Executive Director	Full year	Member	Chair
Patrick Greene	Non-Executive Director	Full year	Member	Member
Executive KMP				
Phillip Britt	Managing Director	Full year	*	*
Michael Omeros	Executive Director	Full year	*	*
Brian Maher	Company Secretary and Chief Financial Officer (CFO)	Full year	*	*
John Reisinger	Chief Technology Officer (CTO)	Full year	–	–
Matthew Kusi Appauh	Chief Operating Officer (COO)	Full year	–	–

* Attend committee meetings as an observer

¹ Chair of the Aussie Broadband Limited Board of Directors



20.3. Remuneration at a glance

Our why – to change the telco game

Our values

A thriving people, culture and community

Exceptional customer experience, products and services

Sustainable growth and expansion

- Don't be ordinary, be awesome
- Think big
- No bullsh*t
- Be good to people
- Have fun



Our remuneration principles

Our employees share in our success.

Keep it simple and recognise great performance.

Pay fairly for our market position, benchmarked against market practice.

We seek to pay our executives at the market median for total fixed remuneration and at the 75th percentile for Total Target Remuneration where outstanding performance is delivered. We benchmark our executives' remuneration against companies of similar market capitalisation, with particular reference to industry peers.



How we pay our executives

	Definition	Description
Total Fixed Remuneration (TFR)	Consists of base salary, superannuation, car and other allowances	TFR reflects the strategic value of the role, size and complexity, individual responsibilities and experience and skills. TFR is set by reference to the market median for comparators including companies of similar market capitalisation with particular reference to industry peers.
Short-term Incentive (STI)	A defined % of TFR paid as a cash bonus upon signing of the financial statements. For KMP, 20% is deferred for 12 months, after which it is paid in cash	STI is payable on the same basis for all participants (i.e. a one team approach). In FY23 this was based on 3 target areas aligned with our strategic priorities, as set out in section 20.6.
Long-term Incentive (LTI)	Consists of options and/or performance rights	LTI is currently awarded to KMPs as an option grant to eligible participants with an exercise price indexed to the market price at the time of issue. Options vest after a 3-year period if participants remain employed by the company and are exercisable for a further period of up to 3 years.

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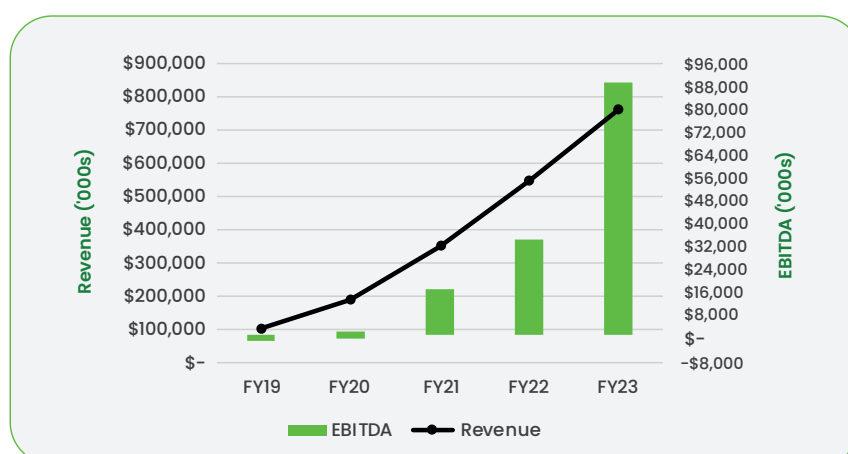
20.4. Company performance outcomes for the past 5 years

Set out below in Table 2 and the graphs are summaries of the key financial metrics and performance outcomes for the past 5 years. As the table shows, the company achieved significant revenue and EBITDA growth in the period FY19 – FY23. FY23 was a highly successful year for Aussie as we grew revenue by 44%, but more pleasingly, our profitability improved as EBITDA grew by 156%.

Table 2: Summary of 5-year company performance

Year ended 30 June	2023	2022	2021	2020	2019
Revenue (\$'000)	787,955	546,940	350,270	190,493	99,652
Gross margin (\$'000)	278,601	161,352	98,274	44,792	17,888
Gross margin %	35.4%	29.5%	28.1%	23.5%	18.0%
EBITDA (\$'000)	89,613	34,976	17,843	3,064	(2,373)
EBITDA %	11.4%	6.4%	5.1%	1.6%	(2.3%)
Net profit/(loss) (\$'000)	21,739	5,321	(4,494)	(12,299)	(4,889)
Share price at start of year (\$)²	3.31	2.95	1.00	-	-
Share price at end of year (\$)²	2.98	3.31	2.95	-	-
Basic earnings per share (cents)²	9.14	2.39	(2.64)	-	-

5-year revenue and EBITDA performance



² Aussie Broadband Limited was not a listed entity prior to 2021 and therefore there was no active market for the shares to determine a price



20.5. FY23 Executive KMP actual remuneration received

Table 3 shows the actual remuneration received by Executive KMP in FY23, provided as a voluntary disclosure. The table below details the actual pay and benefits for KMPs who were employed at 30 June 2023. This table differs to the statutory remuneration table in section 12 which has been prepared in accordance with the Australian Accounting Standards.

Table 3: Actual remuneration received by Executive KMP in FY23 (Unaudited)

Name	Total fixed remuneration	Other benefits ³	FY21 deferred STI paid in FY23 ⁴	FY22 STI paid in FY23 ⁵	LTI vested in FY23	Total remuneration paid during FY23 ⁶
Phillip Britt	635,425	13,143	43,200	120,000	-	811,768
Michael Omeros	376,813	9,110	-	-	-	385,923
Brian Maher	419,888	-	22,080	76,800	-	518,768
John Reisinger	312,048	13,143	15,840	47,040	-	388,071
Matthew Kusi-Appauh	344,322	-	-	57,600	-	401,922

³ Other benefits include car allowance for Phillip Britt and John Reisinger and carpark allowance for Michael Omeros

⁴ Includes 20% of FY21 KMP STI which was deferred for 12 months (refer to 20.6 for STI reward details)

⁵ Includes 80% of FY22 KMP STI. 20% has been deferred for 12 months and will be paid in FY24 (refer to 20.6 for STI reward details)

⁶ Includes the FY21 deferred and FY22 non-deferred STI payments (refer to 20.6 for STI reward details)

20.6. STI outcomes

As set out in table 4, for FY23 STI, 45% of the scorecard was based on revenue growth and no EBITDA target was set. Given Aussie Broadband's very strong business performance and EBITDA growth, the Board determined that a STI outcome of 27.6% across all measures did not fairly reflect the achievements of management and presented a retention risk.

The Board is conscious of the feedback received from last year's AGM that some stakeholders have a general level of discomfort with the Board exercising discretion in relation to at-risk remuneration. Generally, the Board shares this view. Nevertheless, for the reasons outlined above, the Board exercised upwards discretion to increase the STI outcome to 50%, which is still lower than the FY22 outcome of 60%, despite EBITDA and revenue being higher this year and the gross margin improving. We also note that, for KMP, 20% of STI awards will be deferred for 12 months.

Table 4: Details of FY23 Short-term Incentive plan

Target	Weighting	Measured by	Reason for inclusion
Growth	30%	Revenue	Mobile phones identified as a key area for growth in residential business Cloud and voice minutes recognise the contribution from OTW acquisition.
	15%	Grow mobile services	
	15%	Grow cloud revenue	
	15%	Grow NetSIP voice minutes	
Retention	10%	Maintain and improve ABB standalone customer churn (residential and business combined)	Ensures management continue to focus on maintaining leading standards of service.
Internal	5%	Voluntary staff turnover (>6 months of service)	Ensures management maintain a balanced focus on employee engagement and operational efficiency.
	5%	Employee cost as percentage of revenue	
	5%	Admin cost as percentage of revenue	
Total			



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Conditions of satisfaction	Performance assessment	Actual Outcome
Revenue and agreed revenue growth in line with targets set.	Overall revenue metrics partially met	10.1%
ABB customer churn rates are lower than performance targets set.	ABB continues to perform well in aspirations to retain customers and achieved the stretch target for this goal.	10.0%
Voluntary staff turnover rates lowered by 10% - 15% of baseline. Employee costs and admin costs as a percentage of revenue in line with targets set.	ABB outperformed on reduction in employee turnover goals and achieved the target for employee cost as a percentage of revenue.	7.5%
		27.6%

The STI payable to each executive KMP is outlined below in Table 5.

Table 5: FY23 STI awarded to Executive KMP

Role	FY23 STI opportunity (% of FY23 TFR)	FY23 STI Payable (\$)	FY23 STI deferred until FY25 (\$) ⁷	FY23 Total STI Achieved (\$) ⁸
Phillip Britt – MD	50%	130,000	32,500	162,500
Michael Omeros – Executive Director	20%	31,600	7,900	39,500
Brian Maher – CFO	40%	64,000	16,000	80,000
John Reisinger – CTO	25%	32,000	8,000	40,000
Matthew Kusi-Appauh – COO	30%	42,000	10,500	52,500

⁷ Refer to section 20.6 for details of STI reward payment deferral (20%)

⁸ 50% of the FY23 STI opportunity was rewarded

20.7. Changes to FY24 STI

In the interests of transparency, Table 6 outlines the FY24 STI measures that the Board approved for the Executive Leadership team, including KMP.

Table 6: FY24 STI Measures

Target	Weighing	Measured by	Reason for inclusion	Conditions of satisfaction
EBITDA	35%	Actual Company EBITDA performance in line with target set	EBITDA gives our shareholders comfort that rewards are linked to actual financial performance.	Board approved budget
Revenue growth	35%	Actual Company revenue growth in line with target set	Ensures management is focused on balancing cost and growth levers for shareholder return.	Board approved budget
Customer churn	15%	Residential customer churn rates	Ensures management continues to focus on maintaining leading standards of service.	Maintaining or improving residential customer churn in line with target set by Board
Staff voluntary turnover	15%	All voluntary turnover for FY24	Employee turnover demonstrates focus on the employee experience.	Reduction in employee voluntary turnover in line with Board-agreed target
Total	100%			

The Board has also approved an amendment to the STI Plan, whereby:

- 40% of target STI \$ potential vests at threshold performance;
- 100% of target STI \$ potential vests for budget performance; and
- 125% of target STI \$ potential (maximum) vests for stretch performance.

In addition, to ensure the business remains focused on profitable growth, and that we consider the affordability of STI payments, if EBITDA performance is below threshold, the non-financial measures (customer churn and staff voluntary turnover) will be capped at the target outcome.



20.8. Employment terms for Directors and KMP's

Directors

NEDs of Aussie Broadband are appointed by the Board and elected or re-elected by the shareholders. They are engaged through a letter of appointment.

Executive KMP

Remuneration and other terms of employment for senior executives are formalised in employment agreements. The key terms of those agreements are outlined in Table 7.

Table 7: Employment terms for Executive KMP

Name	Duration of contract	Notice period (company and individual)	Terms of agreement
Phillip Britt	No fixed term	9 months	• Non-solicitation and non-compete clauses • Statutory leave entitlements
Michael Omeros	No fixed term	6 months	• Non-solicitation and non-compete clauses • Statutory leave entitlements
Brian Maher	No fixed term	6 months	• Non-solicitation and non-compete clauses • Statutory leave entitlements
John Reisinger	No fixed term	6 months	• Non-solicitation and non-compete clauses • Statutory leave entitlements
Matthew Kusi-Appauh	No fixed term	6 months	• Non-solicitation and non-compete clauses • Statutory leave entitlements

All executive KMP are employed on service agreements that detail the components of remuneration paid but do not prescribe how remuneration levels are to be modified from year to year. The agreements do not provide for a fixed term, although the service agreements may be terminated on specified notice.

20.9. Director remuneration

Our approach

In keeping with our remuneration principles, fees and payments to NEDs reflect the demands and responsibilities of their roles, and are benchmarked regularly against market trends to ensure they are fair and competitive. They are designed to attract and retain Directors with the skills, experience, knowledge and cultural alignment that Aussie Broadband needs to achieve the Company's goals and ambitions.

Under the Constitution:

- The Board decides the total amount paid to each Director as remuneration for their services as a Director; and
- The total amount paid to all NEDs for their services must not exceed in aggregate in any financial year the amount fixed by the Company in general meeting. The current fee cap as approved by shareholders at the 2022 AGM is \$850,000.

To maintain independence, NEDs do not receive any performance-based remuneration.

Fees paid

Following a review in 2022, the Chair fee was increased (from \$130,000 to \$185,000), effective 1 November 2022, to improve market competitiveness. No other fee changes were made.

FY23 NED fees (inclusive of superannuation) are outlined in Table 8 below.

Table 8: FY23 NED fees

Role	Fees from FY23
Chair fee 1 July – 30 October 2022	\$130,000
Chair fee 1 November 2022 – 30 June 2023	\$185,000
NED	\$100,000
Committee Chair	\$10,000
Committee member	Nil

NEDs are entitled to be reimbursed for travel and other expenses incurred while carrying out their duties as a Director of Aussie Broadband. Directors may be paid additional or special remuneration if, at the request of the Board, they perform any extra services or make special exertions.

Details of NED Share Plan

A NED Fee Sacrifice Plan was established in FY22 to further encourage and facilitate share ownership for Aussie Broadband's NEDs. Given the limitations of insider trading laws and trading blackout periods on Directors' ability to acquire shares on market, the NED Share Plan allows greater flexibility for NEDs to sacrifice Directors' fees and in return be allocated an equivalent value of shares in the Company.

Each NED receives an offer to participate in the NED Plan (Participant) and may voluntarily elect to sacrifice up to 100%, but no less than 20%, of the fees they are otherwise entitled to receive as NEDs into rights, each of which entitles the NED to receive one share per right.

The rights are allocated based on the volume weighted average price (VWAP) of our shares with no discount. Because the rights are purchased by Directors through fee sacrifice, there are no performance conditions attached to the rights granted to NEDs.



NED statutory remuneration

NED remuneration has been disclosed below in Table 9 and has been prepared in accordance with the Australian Accounting Standards.

Table 9: FY23 NED statutory remuneration

Name	Year	Cash incl superannuation ⁹	Fees sacrificed under the NED Share Plan	Total
Adrian Fitzpatrick	2023	132,385	32,500	164,885
	2022	109,349	-	109,349
Richard Dammary	2023	70,012	40,000	110,012
	2022	95,234	-	95,234
Vicky Papachristos	2023	70,012	40,000	110,012
	2022	95,343	-	95,343
Patrick Greene ¹⁰	2023	100,055	-	100,055
	2022	87,500	-	87,500
Total	2023	372,464	112,500	484,964
	2022	387,426	-	387,426

Summary of rights to NEDs

The details of the fees sacrificed by a number of our Directors and the rights over Aussie Broadband shares granted to each of them under the NED Share Plan for FY23 are set out in Table 9 below.

Table 10: FY23 Movements in rights under the NED Share Plan

Name		Fees sacrificed for share rights	Number of rights granted ¹¹	Converted in FY23	Conversion Date
Adrian Fitzpatrick	Tranche 1	16,250	4,979	4,979	Feb 2023
	Tranche 2	16,250	5,036	-	Aug 2023
Richard Dammary	Tranche 1	20,000	6,127	6,127	Feb 2023
	Tranche 2	20,000	6,198	-	Aug 2023
Vicky Papachristos	Tranche 1	20,000	6,127	-	Feb 2023
	Tranche 2	20,000	6,198	6,127	Aug 2023
Patrick Greene ¹⁰	Tranche 1	-	-	-	-
	Tranche 2	-	-	-	-

⁹ Fees are inclusive of superannuation and legislative payroll taxes and are on a pro-rata basis where necessary

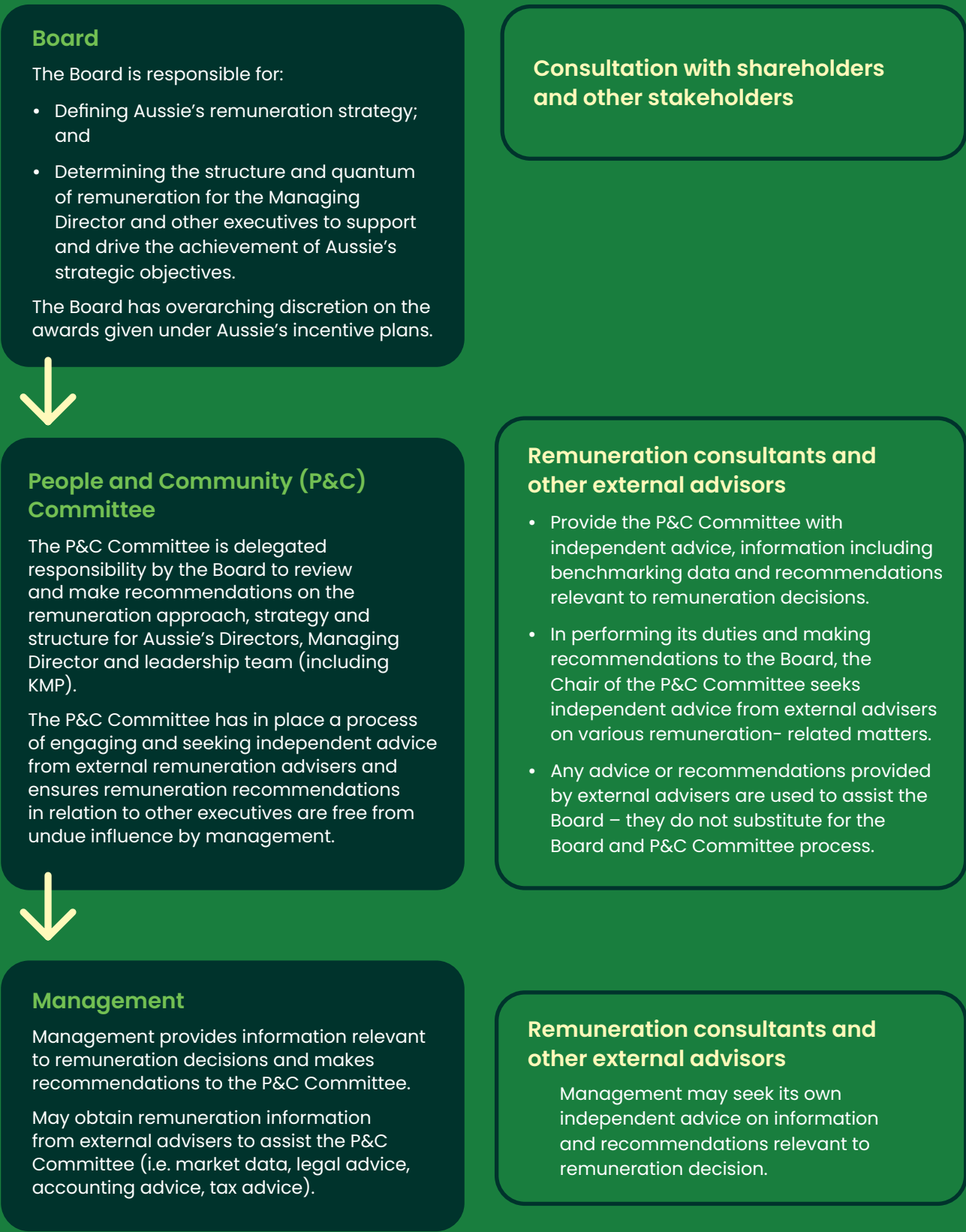
¹⁰ Director has elected not to participate in the NED share plan

¹¹ Share rights calculated based on 10-day VWAP price of \$3.264 and \$3.227 for Tranches 1 and 2, respectively

20.10. Remuneration governance framework

The Company’s Remuneration Governance Framework is illustrated below.

During the year, SW Corporate was engaged to review the remuneration governance framework and provide market data. No remuneration recommendations were provided as defined in the *Corporations Act 2001 (Cth)*.

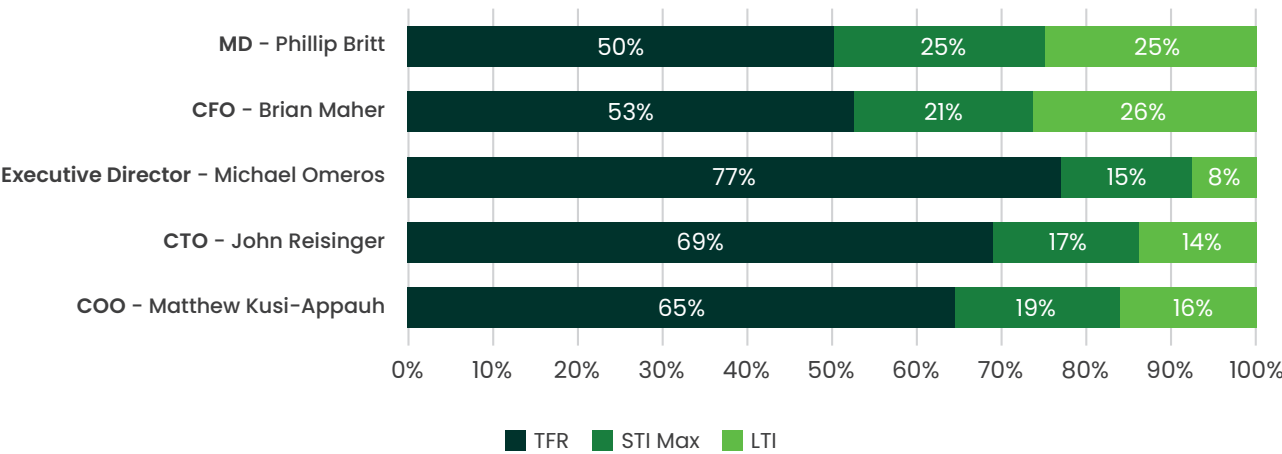




20.11. Executive KMP remuneration mix for FY23

The remuneration mix payable to Executive KMP at maximum performance is detailed in Graph 2 below.

Graph 2: Executive KMP remuneration mix at maximum



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20.12. Statutory remuneration

Executive statutory remuneration

The remuneration details of executive KMP for the 2023 and 2022 financial years are calculated in accordance with the Australian Accounting Standards as per Table 11 below.

Table 11: FY23 Executive KMP statutory remuneration

Short-term and post-employment benefits					
Name	Year	Salary	Cash STI	Non-monetary benefits ¹²	Other short-term benefits ¹³
Phillip Britt	2023	600,755	162,500	13,143	3,278
	2022	452,290	150,000	13,143	2,485
Michael Omeros ¹⁶	2023	350,002	39,500	9,110	12,190
	2022	104,691	-	-	-
Brian Maher	2023	393,715	80,000	-	-
	2022	372,510	96,000	-	37,416
John Reisinger	2023	285,923	40,000	13,143	1,498
	2022	237,020	58,800	13,117	4,836
Matthew Kusi-Appauh	2023	318,164	52,500	-	16,245
	2022	268,531	72,000	-	12,082
Total	2023	1,948,559	374,500	35,396	33,211
	2022	1,435,042	376,800	26,260	56,819

¹² Other benefits include car allowance for Phillip Britt and John Reisinger and carpark allowance for Michael Omeros

¹³ Includes FY23 net annual leave

¹⁴ Includes FY23 net long service leave

¹⁵ In relation to executives this represents the value calculated under AASB 2 Share-based Payment for share options which vest over three years.

¹⁶ Appointed 15 March 2022



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Post-employment benefits		Long-term benefits		
Superannuation	Long service leave ¹⁴	Share-based payments ¹⁵	Total	
26,883	-	386,717	1,193,276	
27,500	15,305	278,383	939,106	
26,811	5,715	13,167	456,495	
5,892	1,724	-	112,307	
26,125	6,204	158,067	664,111	
27,490	5,795	91,400	630,611	
26,157	18,436	84,343	469,500	
23,702	4,948	63,009	405,432	
26,158	10,095	94,324	517,486	
26,840	13,416	65,157	458,026	
132,134	40,450	736,618	3,300,868	
111,424	41,188	497,949	2,545,482	

Movements in equity and Long-term Incentives

Details of the option grants made to executive KMP under the LTI plan and at IPO are provided in Tables 12 and 13 below.

Table 12: FY23 movements in options under the LTI

Name	Opening balance at 1 July 2022	Long Term Incentive options granted	Exercised	Closing balance at 30 June 2023	Vested and exercisable	Vested during the year
Phillip Britt	1,169,926	205,697	-	1,375,623	-	-
Brian Maher	388,858	126,583	-	515,441	-	-
John Reisinger	282,095	40,507	-	322,602	-	-
Michael Omeros	-	25,000	-	25,000	-	-
Matthew Kusi-Appauh	270,439	55,380	-	325,819	-	-

Table 13: Options granted under the LTI

Name	Number of options granted	Grant date	Vesting and exercisable date	Expiry date	Exercise price	Fair Value at grant date (\$)
Phillip Britt	698,228	01/07/2020	01/07/2023	30/06/2026	\$1.00	335,149
	471,698	01/07/2021	01/07/2024	30/06/2027	\$2.85	500,000
	205,697	01/07/2022	01/07/2025	30/06/2028	\$3.30	325,001
Michael Omeros	25,000	01/07/2022	01/07/2025	30/06/2028	\$3.30	39,500
Brian Maher	237,915	01/07/2020	01/07/2023	30/06/2026	\$1.00	114,199
	150,943	01/07/2021	01/07/2024	30/06/2027	\$2.85	160,000
	126,583	01/07/2022	01/07/2025	30/06/2028	\$3.30	200,001
John Reisinger	189,642	01/07/2020	01/07/2023	30/06/2026	\$1.00	91,028
	92,453	01/07/2021	01/07/2024	30/06/2027	\$2.85	98,000
	40,507	01/07/2022	01/07/2025	30/06/2028	\$3.30	64,001
Matthew Kusi-Appauh	157,231	01/07/2020	01/07/2023	30/06/2026	\$1.00	75,471
	113,208	01/07/2021	01/07/2024	30/06/2027	\$2.85	120,000
	55,380	01/07/2022	01/07/2025	30/06/2028	\$3.30	87,500



Summary of shares held by KMP

The shareholdings of Directors and Executive KMP as at 30 June 2023 are outlined in Table 14 below. This includes exercised options and vested share rights under the Non-Executive Director Share Plan scheme.

Table 14: FY23 Director and KMP movements in shareholdings

Name	Opening balance at 1 July 2022	Received from the exercise of options / vesting of NED rights	Acquired in market in FY23	Disposed in market in FY23	Closing balance at 30 June 2023
Directors					
Adrian Fitzpatrick	85,827	24,255	9,000		119,082
Richard Dammery	79,309	22,438	6,000	-	107,747
Vicky Papachristos	65,279	12,651	-	-	77,930
Patrick Greene	10,361,992	-	-	-	10,361,992
Executive KMP					
Phillip Britt	16,069,059	-	184,000	(500,000)	15,753,059
Brian Maher	173,714	-	7,700	-	181,414
Michael Omeros	4,757,874		104,558	-	4,862,432
John Reisinger	16,069,059	-	184,000	-	16,253,059
Matthew Kusi-Appauh	933,873	-	35,500	-	969,373

This concludes the remuneration report which has been audited.

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



Phillip Britt
Managing Director

25 August 2023



Adrian Fitzpatrick
Chair

25 August 2023



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Aussie Broadband Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Aussie Broadband Limited for the financial year ended 30 June 2023 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Suzanne Bell

Partner

Melbourne

25 August 2023

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Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2023

	Note	Consolidated	
		30 June 2023	30 June 2022
		\$'000	\$'000
Revenue	5	787,952	546,940
Expenses			
Network and hardware expenses		(509,354)	(385,588)
Employee expenses		(123,675)	(72,792)
Marketing expenses		(33,038)	(31,548)
Administration and other expenses	6	(32,267)	(17,633)
Depreciation and amortisation expense	13, 14, 15	(49,996)	(24,043)
Interest expense		(10,990)	(2,476)
Interest income		1,212	149
Gain on disposal of businesses	29	1,114	-
Business acquisition expenses		(63)	(3,124)
Business integration expenses		(2,650)	(1,279)
Profit before income tax expense		28,245	8,606

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	Note	Consolidated	
		30 June 2023	30 June 2022
		\$'000	\$'000
Income tax expense	7	(6,528)	(3,285)
Profit after income tax expense for the year	24	21,717	5,321
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Other comprehensive gain/(loss) for the year		22	(54)
Total comprehensive income for the year		21,739	5,267
		Cents	Cents
Basic earnings per share	26	9.14	2.39
Diluted earnings per share	26	9.09	2.38

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

Consolidated statement of financial position

As at 30 June 2023

	Note	Consolidated	
		30 June 2023	30 June 2022
		\$'000	\$'000
Assets			
Current assets			
Cash and cash equivalents	8	75,056	47,722
Trade and other receivables	9	43,355	37,204
Inventories	10	6,424	4,793
Financial assets	11	1,112	1,109
Prepayments		20,011	10,675
Current tax assets	12	246	2,139
Total current assets		146,204	103,642
Non-current assets			
Trade and other receivables	9	956	-
Property, plant and equipment	13	91,827	64,120
Intangibles	14	398,089	416,358
Right-of-use assets	15	56,457	44,296
Financial assets	11	54	79
Total non-current assets		547,383	524,853
Total assets		693,587	628,495

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	Note	Consolidated	
		30 June 2023	30 June 2022
		\$'000	\$'000
Liabilities			
Current liabilities			
Trade and other payables	16	94,711	53,722
Contract liabilities	19	34,143	28,150
Financial liabilities	18	23,629	76,835
Employee benefits	17	9,769	7,583
Deferred consideration	21	782	2,500
Total current liabilities		163,034	168,790
Non-current liabilities			
Financial liabilities	18	180,373	139,838
Deferred tax liabilities	7	56,858	50,345
Employee benefits	17	1,541	800
Total non-current liabilities		238,772	190,983
Total liabilities		401,806	359,773
Net assets		291,781	268,722
Equity			
Issued capital	22	298,462	298,288
Reserves	23	2,162	962
Accumulated losses	24	(8,843)	(30,528)
Total equity		291,781	268,722

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

Consolidated statement of changes in equity

For the year ended 30 June 2023

Consolidated	Issued capital	Share based payments reserve	Foreign currency translation reserve	Accumulated losses	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2022	298,288	1,016	(54)	(30,528)	268,722
Profit after income tax expense for the year	-	-	-	21,717	21,717
Other comprehensive income/ (expense) for the year	-	-	54	(32)	22
Total comprehensive income for the year	-	-	54	21,685	21,739
Transactions with owners in their capacity as owners:					
Issue of ordinary shares (Note 22)	174	-	-	-	174
Share-based payments (Note 25)	-	1,146	-	-	1,146
Balance at 30 June 2023	298,462	2,162	-	(8,843)	291,781

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Consolidated	Issued capital	Share based payments reserve	Foreign currency translation reserve	Accumulated losses	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2021	95,088	308	-	(35,849)	59,547
Profit after income tax expense for the year	-	-	-	5,321	5,321
Other comprehensive (loss) for the year	-	-	(54)	-	(54)
Total comprehensive income for the year	-	-	(54)	5,321	5,267
Transactions with owners in their capacity as owners:					
Issue of ordinary shares (Note 22)	206,291	-	-	-	206,291
Costs associated with issues of ordinary shares (Note 22)	(3,091)	-	-	-	(3,091)
Share-based payments (Note 25)	-	708	-	-	708
Balance at 30 June 2022	298,288	1,016	(54)	(30,528)	268,722

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

Consolidated statement of cash flows

For the year ended 30 June 2023

	Note	Consolidated	
		30 June 2023	30 June 2022
		\$'000	\$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		866,589	595,117
Payments to suppliers and employees (inclusive of GST)		(744,685)	(552,862)
		121,904	42,255
Interest received		1,212	147
Interest paid		(8,298)	(1,030)
Income taxes refunded/(paid)		1,861	(3,583)
Net cash from operating activities	20	116,679	37,789
Cash flows from investing activities			
Payments for business acquisition (net of cash acquired)	21	(1,468)	(265,627)
Payments for property, plant and equipment		(38,973)	(40,733)
Payments for intangibles	14	(10,130)	(1,736)
Proceeds from disposal of business	29	4,429	-
Proceeds from disposal of property, plant and equipment		93	14
Net cash used in investing activities		(46,049)	(308,082)

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	Note	Consolidated	
		30 June 2023	30 June 2022
		\$'000	\$'000
Cash flows from financing activities			
Equity proceeds (net of costs)		-	130,877
Repayment of lease liabilities	15	(18,006)	(11,935)
Repayment of borrowings	18	(25,311)	(32,312)
Drawdown of debt facility (net of costs)	18	-	173,756
Net recovery of security deposits		21	619
Net cash (used in)/from financing activities		(43,296)	261,005
Net increase/(decrease) in cash and cash equivalents		27,334	(9,288)
Cash and cash equivalents at the beginning of the financial year		47,722	57,010
Cash and cash equivalents at the end of the financial year	8	75,056	47,722

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

Notes to the consolidated financial statements

1. Reporting entity

The consolidated financial statements of Aussie Broadband Limited (referred to hereafter as the **'Company'** or **'parent'**) and its subsidiaries (collectively, the **'Group'**) for the year ended 30 June 2023 were authorised for issue in accordance with a resolution of the Directors on 25 August 2023.

Aussie Broadband Limited is a public company incorporated and domiciled in Australia. The financial statements are presented in Australian dollars, which is the functional currency of the parent and its subsidiaries and the presentation currency of the Group.

The registered office and principal place of business is located at 3 Electra Avenue Morwell VIC 3840

The principal activity of the Group is a national carrier of telecommunications and technology services in Australia, servicing residential, business, wholesale and enterprise & government customers.

2. Significant accounting policies

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

Basis of preparation

These consolidated financial statements (referred to hereafter as the 'consolidated financial statements') are general purpose financial statements of the Group for the year ended 30 June 2023. These have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (**'AASB'**).

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

The consolidated financial statements have been prepared under the historical cost convention.

The consolidated financial statements provide comparative information in respect of the previous period. The accounting policies have been applied consistently to all periods presented in the consolidated financial statements.

Going concern

The consolidated financial statements have been prepared on a going concern basis which contemplates the continuity of business operations, realisation of assets and settlement of liabilities in the ordinary course of business and at the amounts stated in the financial report.

The Group recorded a profit for the year of \$21,717,000 (30 June 2022: profit \$5,321,000). The Group has net assets of \$291,781,000 (30 June 2022: \$268,722,000 and its current liabilities exceed current assets by \$16,830,000 as at 30 June 2023 (30 June 2022: Net current assets deficit of \$65,148,000).

In determining the appropriateness of the basis of preparation, the Directors have considered the Group's continued positive operating cash flows of \$116,679,000 (30 June 2022: \$37,789,000) and cash and cash equivalents available as at 30 June 2023 of \$75,056,000 (30 June 2022: \$47,722,000).



Further consideration has also been made supporting the basis of preparation including, but not limited, to the Group's:

- nature of the current liabilities which include customer prepayments of \$34,143,000 per Note 19 for which there is not expected to be any direct cash outflow;
- continued strong operating cash flows;
- access to the capital markets to raise additional funds as necessary; and
- ability to alter its strategies, plans and operations to operate within the parameters of its available cash resources.

On this basis, it is the opinion of the Directors, the Group will have adequate resources to meet its obligations as they fall due for a minimum period of 12 months from the date of this report.

Parent entity information

In accordance with the *Corporations Act 2001*, these consolidated financial statements present the results of the Group 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 Aussie Broadband Limited ('Company' or 'parent entity') as at 30 June 2023 and the results of all subsidiaries for the year then ended. Aussie Broadband Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group 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 Group. They are de-consolidated from the date that control ceases.

Profit or loss and each component of other comprehensive income ('OCI') are attributed to the equity holders of the parent of the Group. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group 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 Group.

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.

Where the Group 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 Group 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.

Any investment retained is recognised at fair value.

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 Maker ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Identification of reportable operating segments

The Group provides telecommunication services in Australia focused on providing internet and other telecommunication services. It is organised into business units based on the types of customers it provides services to and has identified 4 reportable segments:

- A. The "Residential" segment, which provides telecommunications services to residential users.
- B. The "Business" segment, which provides telecommunications services to business users.
- C. The "Wholesale" segment which provides telecommunication services to third-party resellers.
- D. The "enterprise & government" segment is a newly added segment during the year ending 30 June 2023. It provides telecommunications services to large enterprises including those in the public sector.

No operating segments have been aggregated to form the above reportable operating segments.

The Managing Director is identified as the Chief Operating Decision Maker ('CODM'), and he monitors the operations and operating results of the segments separately for the purpose of making decisions about resource allocation and performance assessment.

The CODM reviews the performance of individual segments, together with segmental 'margin'. The segment margin constitutes revenue and applicable network and hardware expenses attributable to a segment. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

There are no transfers between operating segments.

The information reported to the CODM is on a monthly basis.

Foreign currency translation

The Group's consolidated financial statements are presented in Australian dollars, which is also the parent company's functional and presentation currency.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded by each entity at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

Revenue recognition

The Group recognises revenue as follows:

Revenue from contracts with customers

The Group's primary revenue streams relate to the provision of internet services, together with related hardware, to residential and business customers.

The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer, with the exception of new development connections, for which the Group considers itself to be an agent.



The Group's primary performance obligations are the supply of internet data services and related hardware. Generally, contracts are a bundle of goods and services including NBN services, related hardware such as modems, mobile services and handsets. The Group allocates the transaction price to the distinct goods and services in the bundle based on observable standalone selling prices of these products and services. However, any lease components (with the Group as lessor) are separated and accounted for under the applicable lease accounting standard, AASB 16 Lease Accounting.

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery of those goods at the customer's location.

Rendering of services

Revenue is recognised when control has transferred to the customer. Transfer of control from sale of services occurs based on passage of time (for contracts with fixed monthly fees) or when the services have been consumed (for usage or excess based contracts).

Billing in advance

Where goods or services have been billed in advance and the performance obligations to transfer the goods or services to the customer have not been satisfied, the consideration received will be recognised as revenue received in advance and recognised as a contract liability until such time as those performance obligations are met, and revenue is recognised.

Residential customer contracts

Residential sales represent sales to residential property owners/renters for broadband services and related hardware. Residential contracts are described as 'no lock-in contracts' whereby the customer can terminate the services at any time. In such a situation, the customer is entitled to a pro-rata refund of the monthly subscription fee paid in advance. For these contracts, the enforceable duration of the contract is short-term (less than one month).

Business customer contracts

Business sales represent sales to small, medium, and large businesses for telecommunication services, including NBN, telephony, other internet, and support services. Business contracts are generally described as 'no lock-in contracts' and operate on a similar basis to residential contracts. Some business contracts are based on a fixed monthly charge for each service/hardware provided and range in duration from 12 to 36 months. Penalties to the customer apply in the event of early termination and accordingly the enforceable duration of the contracts coincide with the term stipulated in the contract. Modems, hardware, and telephony systems provided under these contracts are generally considered to represent leases, with the Group as lessor, and are accounted for in accordance with AASB 16 Lease Accounting.

Wholesale customer contracts

Wholesale represents revenue from customers who on-sell the telecommunications services provided by the Group to end users. The largest component is a single white label contract where the Group provides broadband and voice services together with customer support and billing services. Revenue is recognised consistent with Residential contracts to the extent that each service is provided on a month-to-month basis but under a wholesale master agreement with an initial term of 3 years.

Enterprise and government customer contracts

Enterprise sales represent sales to large enterprises and the government sector for telecommunication services, including NBN, telephony, other internet, and support services. Most enterprise contracts are based on a fixed monthly charge for each service/hardware provided and range in duration from 12 to 36 months. Penalties to the customer apply in the event of early termination and accordingly the enforceable duration of the contracts coincide with the term stipulated in the contract. Modems, hardware, and telephony systems provided under these contracts are generally considered to represent leases, with the Group as lessor, and are accounted for in accordance with AASB 16 Lease Accounting.

Costs to obtain a contract (sales commissions)

Sales commissions paid under the long-term contract commission structure are directly attributable to obtaining customer contracts mainly in the business customer segment and are paid or payable throughout the life in relation to the acquired customer. The sales commissions value is determined and payable on a regular basis over the period that customer ultimately remains with the Group. As such, the costs are expensed as incurred.

Management has elected to apply the practical expedient to immediately expense commissions payable or paid on any sales contract which has a term of 12 months or less.

Sales commissions paid under the sales commission scheme are immediately expensed as and when paid. These commissions are based on sales made to residential and business customers who are under a 'no-lock-in' contract and therefore the contract operates on a month-to-month basis.

Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of equipment provide customers with a right to return the goods within a specified period. The rights of return and volume rebates give rise to variable consideration.

Significant financing component

The payment terms in the Group's contracts range from monthly in advance for the goods or services to 30 days. On this basis, it is considered that there is not a significant time difference between payment and performance by the Group (either providing the goods or services). Generally, the Group does not believe that the contracts contain a significant financing component other than a significant arrangement entered into during the year ending 30 June 2023, which involves the exchange of data transmission capacity.

Trade receivables

A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e. only the passage of time is required before payment of the consideration is due).

Interest

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.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax

Income tax expense for the year is the tax payable on that year's taxable income based on the applicable income tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior years, where applicable. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in the Consolidated Statement of Financial Position.

Taxable profit differs from profit before tax as reported in the Consolidated Statement of Profit or Loss and Other Comprehensive Income because of items of income or expenses that are taxable or deductible in other years and items that are never taxable or deductible.



Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the Consolidated Statement of Profit or Loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- A. When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- B. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- A. When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- B. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Good 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 Australian Taxation Office ('ATO'). 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 trade and 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 ATO, 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.

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 Group'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 Group'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 in the Consolidated Statement of Financial Position comprise cash at bank and on hand and short-term highly liquid deposits with a maturity of 3 months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, and are considered an integral part of the Group's cash management.

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 14 to 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. A percentage of aged debt revenue is used to determine the expected credit loss provision. This is continually reviewed and adjusted for any market factors.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Inventories

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

Recognition and measurement

Plant and equipment is stated at historical cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Plant and equipment	3–10 years
Motor vehicles	5 years
Office furniture and equipment	3–20 years
Leasehold improvements	3–10 years
Fibre assets	25 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e. at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

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

Capital Work In Progress

Assets that are created over time through the combination of materials and activity are carried as capital work in progress until the asset is completed and available for use at which point it is capitalised in the appropriate category and depreciated therefrom.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets (where relevant). The Group recognises lease liabilities to make lease payments and right-of-use ('ROU') assets representing the right to use the underlying assets.

A. Right-of-use assets

The Group recognises ROU assets at the commencement date of the lease (i.e. the date the underlying asset is made available for use). ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of the ROU assets includes the amount of lease liabilities recognised, initial direct costs incurred, and any lease payments made at or before the commencement date less any lease incentives received. The cost of ROU assets also includes an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. ROU assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- i. Property 3–10 years
- ii. Network equipment 3–10 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The ROU assets are also subject to impairment.

The Group's ROU assets are disclosed in the statement of financial position (see Note 15).

B. Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate ('IBR') at the lease commencement date because the interest rate implicit in the lease is generally considered to not be readily determinable.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are disclosed in the statement of financial position (see Note 18).

C. Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low-value (where relevant). Lease payments on short-term leases and leases of low-value assets are recognised as expense in profit or loss on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from operating leases is accounted for on a straight-line basis over the lease term and is included in revenue in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category that is consistent with the function of the 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.

Intangible assets with indefinite useful lives are not amortised but are tested for impairment annually

Subsequently, intangible assets are measured in the following way:

Brand value

Brands are amortised on a straight-line basis over the period of their expected benefit, being 2 years.

Customer relationships

Customer relationships acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their expected finite life of approximately 10 years, based upon the Group's historical levels of customer retention. Customer relationships are carried at fair value less any accumulated amortisation and impairment losses.

IP addresses

IPv4 Addresses have an indefinite useful life. The Group determined that this assessment remained appropriate because there is a finite number of these IP Addresses which for the foreseeable future will remain widely used globally. The Group will continue to monitor the useful life of the IP Addresses and make changes to the useful life as appropriate. IP Addresses are subsequently measured at cost less any accumulated impairment loss.

Internally generated software

Costs that are clearly associated with an identifiable and unique product, which will be controlled by the Group and have a profitable benefit exceeding the cost beyond one year, are recognised as intangible assets.

The following criteria are required to be met before the related expenses can be capitalised as an intangible asset:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- The intention to complete the intangible asset and use or sell it.
- The Group's ability to use or sell the intangible asset.
- How the intangible asset will generate probable future economic benefits. Among other things, the Group can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and
- Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Computer software development costs recognised as assets are amortised over their useful lives, not exceeding a period of 5 years.

Acquired software

Acquired software is subsequently measured at cost, and amortised over a 5-year period, which is the period of their expected benefit.

Goodwill

Goodwill arises on the acquisition of a business combination. Goodwill is calculated as the excess sum of:

- the consideration transferred;
- any non-controlling interest; and
- the acquisition date fair value of any previously held equity interest; over the acquisition date fair value of net identifiable assets acquired.

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.

Goodwill is allocated to the Group's Cash Generating Unit's ('CGU') or groups of CGU's, representing the lowest level at which goodwill is monitored.

Recoverable amount of non-financial assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of 5 years. A long-term growth rate is calculated and applied to project future cash flows after the 5th year.

Impairment losses are recognised in profit or loss in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Financial assets and liabilities

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Initial recognition and measurement

On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through OCI or fair value through profit or loss.



The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ('SPPI')' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in 3 categories; financial assets at amortised cost, financial assets at fair value through OCI, and financial assets at fair value through profit or loss.

Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured using the effective interest rate ('EIR') method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables, deposits, and cash and cash equivalents.

Impairment

The Group recognises an allowance for expected credit losses ('ECLs') for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in 2 stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment such as rising interest rates, industry specific events etc.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when the rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either the Group has transferred substantially all the risks and rewards of the asset, or the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities

Initial recognition and measurement

On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through OCI or fair value through profit or loss.

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, borrowings and lease liabilities.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in 2 categories:

- A.** Financial liabilities at fair value through profit or loss; and
- B.** Financial liabilities at amortised cost.

A. Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by AASB 9 Financial Instruments ('AASB 9'). Separated embedded derivatives, e.g. those relating to the convertible notes which are not considered to be equity components, are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in AASB 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.



B. Financial liabilities at amortised cost

This is the category most relevant to the Group. After initial recognition, borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as interest expense in profit or loss.

This category generally applies to trade and other payables and borrowings. For more information, refer to Note 16 and Note 18, respectively.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group 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 Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or 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.

Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group 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.

When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in profit or loss net of any reimbursement.

Employee benefits

Wages, salaries, annual leave and sick leave

Liabilities for employee benefits for wages, salaries, annual leave, sick leave and any other employee benefits expected to be settled within twelve months of the reporting dates are calculated at undiscounted amounts based on the remuneration rates that the Group expects to pay as at the reporting date, including related on-costs such as workers compensation insurance and payroll tax.

Long-term service benefits

The Group's net obligation in respect of long-term service benefits, other than superannuation plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates and is discounted using the rates attached to high-quality corporate bonds at the balance sheet date which have maturity dates approximating to the terms of the Group's obligations.

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date is 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 high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share-based payments

Equity-settled and cash-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 are measured at fair value on grant date. Fair value is independently determined using either the Binomial or 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 Group 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 are 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.



The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

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 conditions are satisfied.

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 Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group 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 measurement

The Group measures financial instruments, and non-financial assets at fair value at each balance sheet date in accordance with AASB 13 Fair Value Measurement ('AASB 13').

Fair value is 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2. Significant accounting policies (continued)

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- A.** Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- B.** Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- C.** Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. No transfers between the levels of the fair value hierarchy occurred during the year ended 30 June 2023 or 30 June 2022.

Management determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be remeasured or reassessed as per the Group's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

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.

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

Where the business combination is achieved in stages, the Group 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.

Deferred consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of deferred consideration classified as an asset or liability 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 acquiree.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest held in the acquiree, forms the cost of the investment.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also 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.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Aussie Broadband 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.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Rounding of amounts

The Group is of a kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports) Instruments 2016/191 and in accordance with the legislative instrument, amounts in the consolidated interim financial statements have been rounded off to the nearest thousand dollars, unless otherwise stated.

Comparative figures

Comparatives have been reclassified and restated to be consistent with the presentation in the current year.

New or amended Accounting Standards and Interpretations

A number of new accounting standards and interpretations became mandatory during the financial year. None of these had a material impact on the accounting policies of the Group or the preparation of the financial statements.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2023. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

3. Critical accounting judgements, estimates and assumptions

The preparation of the Consolidated Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the Consolidated Financial Statements. Management continually evaluates its judgements and estimates in relation to assets and liabilities, contingent liabilities, revenues and expenses.

Management bases its judgements, estimates and assumptions on historical experience and on various other 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. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Judgements

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal.

After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew (e.g. construction of significant leasehold improvements or significant customisation to the leased asset).



Typically, the Group included the renewal period as part of the lease term for:

- A.** Property leases with shorter non-cancellable periods (3–5 years). The Group historically exercises these renewal options.
- B.** The Group also has several leases of space on towers to which it attaches its broadband communication equipment. Many of these leases are in 'hold-over' whereby the non-cancellable period of the lease has expired however the Group is entitled to continue to lease the tower space on a month-to-month basis. The entity includes the hold-over period as part of the lease and has determined the hold-over periods of these leases to be between 5 and 7 years, based on business plans and forecasts. There will be a significant negative effect if a replacement tower is not readily available and the costs associated with relocating the Group's broadband communication equipment to alternative towers is significant.

The Group does not typically include the renewal period for data network cable leases as the end of each contract provides an opportunity to tender the services and secure better terms.

Recovery of deferred tax assets

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

Estimates and assumptions

Estimation of useful lives of assets

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill and other indefinite life intangible assets

The Group 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 2 and outcome of the impairment testing in Note 14. 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.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Provision for expected credit losses of trade receivables (ECLs)

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due. These provision rates are considered representative across all customers of the Group based on recent sales experience, historical collection and forward-looking information that is available

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate which can lead to an increased number of defaults in the telecommunications sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Leases – Estimating the incremental borrowing rate (IBR)

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Employee benefits provision

As discussed in Note 2, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Business combinations

As discussed in Note 2, 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 Group 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.

The fair value of the assets acquired and liabilities assumed in the consolidated financial statements for the year ended 30 June 2022 have been measured on a provisional basis. Since then, the Purchase Price Allocation ('PPA') has been finalised, as set out in Note 30.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities
- **Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.



Further information about the assumptions made in measuring fair values is included in the following notes:

- Intangibles (Note 14)
- Financial liabilities (Note 18)
- Fair values (Note 21)
- Share-based payments (Note 25)
- Business combinations (Note 30)

4. Operating segments

Identification of reportable operating segments

The Group is organised into 4 operating segments: Residential, Business, Wholesale and White Label, and enterprise & government. These operating segments are based on the internal reports that are reviewed and used by the Managing Director (who is identified as the Chief Operating Decision Maker ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews gross margin on a segmental level. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Operating segment information

Consolidated – 30 June 2023	Residential	Business	Wholesale	Enterprise and Government	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	511,807	89,391	100,393	86,361	787,952
Network and hardware expenses	(352,040)	(47,264)	(68,044)	(42,006)	(509,354)
Gross Margin	159,767	42,127	32,349	44,355	278,598
Employee expenses					(123,675)
Marketing expenses					(33,038)
Administration and other expenses					(32,267)
Depreciation and amortisation expense					(49,996)
Interest expense					(10,990)
Interest income					1,212
Gain on disposal of businesses					1,114
Business acquisition expenses					(63)
Business integration expenses					(2,650)
Profit before income tax expense					28,245
Income tax expense					(6,528)
Profit after income tax expense					21,717

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During the financial year, the Group changed the structure of its operating segments. The comparative information has been restated, consequently, in this transition year, the operating segments for the previous financial year are set out below:

Consolidated - 30 June 2022 (restated)	Residential	Business	Wholesale	Enterprise and Government	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	417,373	61,008	41,023	27,536	546,940
Network and hardware expenses	(305,953)	(35,651)	(30,810)	(13,174)	(385,588)
Gross Margin	111,420	25,357	10,213	14,362	161,352
Employee expenses					(72,792)
Marketing expenses					(31,548)
Administration and other expenses					(17,633)
Depreciation and amortisation					(24,043)
Interest expense					(2,476)
Interest income					149
Business acquisition expenses					(3,124)
Business integration expenses					(1,279)
Profit before income tax expense					8,606
Income tax expense					(3,285)
Profit after income tax expense					5,321

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5. Revenue

	Consolidated	
	30 June 2023	30 June 2022
	\$'000	\$'000
The disaggregation of revenue from contracts with customers is as follows:		
Rendering of services	762,634	528,880
Sale of goods	24,638	17,643
Other income from customers	680	417
Revenue from contracts with customers	787,952	546,940
Timing of revenue recognition		
Goods and services transferred at a point in time	36,068	21,324
Services transferred over time	751,884	525,616
	787,952	546,940

Performance obligations

Information about the Group's performance obligations are summarised below:

Internet data, mobile calls and data, telephony services, hosting and managed services and customer support performance obligations are satisfied over time upon completion of service and payment is generally due monthly, either in advance or arrears.

Certain contracts with customers contain performance obligations for the delivery of equipment (i.e. modems and hardware). These performance obligations are satisfied upon delivery of the equipment and payment is generally due within 30 days of delivery.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied) as at 30 June 2023 is as follows:

	Consolidated	
	30 June 2023	30 June 2022
	\$'000	\$'000
Within one year	25,059	16,534
More than one year	24,446	17,436
	49,505	33,970



6. Administration and other expenses

Included in Administration and other expenses are:

	Consolidated	
	30 June 2023	30 June 2022
	\$'000	\$'000
Financial expenses	9,371	6,516
Professional expenses	3,760	2,293
Office expenses	9,656	5,390
Other expenses	9,480	3,434
	32,267	17,633

7. Income tax expense

	Consolidated	
	30 June 2023	30 June 2022
	\$'000	\$'000
Income tax expense recognised in profit and loss		
Current tax expense		
Current period	1,145	(3,478)
Change in estimates related to prior years	(632)	-
Change in unrecognised tax losses	(535)	71
Deferred tax expense		
Origination and reversal of temporary differences	6,496	5,940
Tax effect of deductible expenses recognised against equity	-	1,324
Changes in timing differences related to prior years	54	(572)
Aggregate income tax expense	6,528	3,285

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7. Income tax expense (continued)

	Consolidated	
	30 June 2023	30 June 2022
	\$'000	\$'000
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	28,245	8,606
Tax at the statutory tax rate of 30%	8,474	2,582
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Effect of tax rates in foreign jurisdictions	(14)	(6)
Non-deductible expenses	316	1,210
Profit on disposal of businesses	(333)	-
Deferred tax liabilities released on disposal of intangible assets	(1,434)	-
Change in unrecognised tax losses	(535)	71
Changes in timing differences related to prior years	54	(572)
Income tax expense	6,528	3,285

Unrecognised deferred tax assets

	Consolidated	
	30 June 2023	30 June 2022
	\$'000	\$'000
Deferred tax assets have not been recognised in respect of the following items:		
Tax losses	862	1,660

At June 2023 tax losses have been recognised as deferred tax assets to the extent that it is probable that future taxable profit would be available against which the Group could utilise the benefits therefrom. Certain losses, which relate to the period prior to the Group's initial public offering have not been recognised as this portion of the Group's tax losses are subject to ongoing testing that creates uncertainty as to their recoverability.

\$263,000 of losses incurred pre-2015 and unrecognised on 30 June 2023 are no longer available to the Group.



Deferred tax balances relate to the following

	Consolidated	
	30 June 2023	30 June 2022
	\$'000	\$'000
Amounts recognised in the statement of financial position		
Deferred tax liability comprises temporary differences attributable to:		
Property, plant and equipment	(22,391)	(10,628)
Acquired intangibles	(42,132)	(50,277)
Right-of-use asset/(liability)	88	225
Intangible asset – software	(170)	(33)
Expected credit loss provision	381	468
Employee provisions	3,391	2,514
Other deferred tax differences	3,975	4,513
Tax losses	-	2,873
Net deferred tax balance	(56,858)	(50,345)

Amounts recognised in profit or loss

	Consolidated	
	30 June 2023	30 June 2022
	\$'000	\$'000
Property, plant and equipment	(11,762)	(9,480)
Acquired intangibles	8,145	2,018
Right-of-use asset/(liability)	(137)	166
Intangible asset – software	(137)	(294)
Expected credit loss provision	(85)	146
Accrued revenue	-	27
Employee provisions	890	464
Other deferred tax differences	(537)	1,013
Tax losses	(2,873)	-
Deferred tax expense	(6,496)	(5,940)

\$1,324,000 of deferred tax movements were recognised in equity in 2022 as they related to costs offset against the equity in relation to costs associated with issuing new equity.

8. Cash and cash equivalents

	Consolidated	
	30 June 2023	30 June 2022
	\$'000	\$'000
Current assets		
Cash on hand	3	3
Cash at bank	75,053	47,719
	75,056	47,722

9. Trade and other receivables

	Consolidated	
	30 June 2023	30 June 2022
	\$'000	\$'000
Current assets		
Trade receivables	35,084	31,694
Less: Allowance for expected credit losses	(1,292)	(1,559)
	33,792	30,135
Other receivables	9,563	7,069
Trade and other receivables – current	43,355	37,204
Non-current assets		
Other receivables	956	-
Trade and other receivables – non-current	956	-

Allowance for expected credit losses

Movements in the allowance for expected credit losses are as follows:

	Consolidated	
	30 June 2023	30 June 2022
	\$'000	\$'000
Opening balance	1,559	442
Additional provisions recognised	2,087	2,720
Receivables written off during the year as uncollectable	(2,354)	(1,603)
Closing balance	1,292	1,559



10. Inventories

	Consolidated	
	30 June 2023	30 June 2022
	\$'000	\$'000
Current assets		
Routers	6,097	4,630
IP Phones	144	16
Other	183	147
	6,424	4,793

11. Financial assets

	Consolidated	
	30 June 2023	30 June 2022
	\$'000	\$'000
Current assets		
Deposits	1,112	1,109
Non-current assets		
Deposits	54	79

12. Current tax assets

	Consolidated	
	30 June 2023	30 June 2022
	\$'000	\$'000
Current assets		
Income tax refund due	246	2,139

13. Property, plant and equipment

	Consolidated	
	30 June 2023	30 June 2022
	\$'000	\$'000
Non-current assets		
Leasehold improvements - at cost	4,045	3,917
Less: Accumulated depreciation	(1,963)	(1,607)
	2,082	2,310
Plant and equipment - at cost	131,395	91,419
Less: Accumulated depreciation	(53,715)	(47,867)
	77,680	43,552
Motor vehicles - at cost	630	652
Less: Accumulated amortisation	(432)	(403)
	198	249
Computer equipment - at cost	7,166	5,171
Less: Accumulated depreciation	(3,527)	(2,324)
	3,639	2,847
Capital work in progress	8,228	15,162
	91,827	64,120



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 improvement	Plant and Equipment	Motor Vehicles	Office and Computer Equipment	Capital Work in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2021	299	8,386	181	1,478	7,049	17,393
Additions	227	7,771	129	1,741	30,794	40,662
Additions through business combinations (Note 30)	1,990	9,301	2	208	-	11,501
Disposals	(5)	(76)	-	-	-	(81)
Transfers from/(to) Capital WIP	-	22,446	-	235	(22,681)	-
Depreciation expense	(201)	(4,276)	(63)	(815)	-	(5,355)
Balance at 30 June 2022	2,310	43,552	249	2,847	15,162	64,120
Additions	333	16,982	84	1,601	19,894	38,894
Transfers from/(to) Capital WIP	2	26,377	-	449	(26,828)	-
Disposals	(111)	(426)	(64)	(3)	-	(604)
Depreciation expense	(452)	(8,805)	(71)	(1,255)	-	(10,583)
Balance at 30 June 2023	2,082	77,680	198	3,639	8,228	91,827

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14. Intangibles

	Consolidated	
	30 June 2023	30 June 2022
	\$'000	\$'000
Non-current assets		
Goodwill – at cost	239,236	239,236
IP Addresses – at cost	12,062	5,932
Customer contracts – at cost	140,618	144,600
Less: Accumulated amortisation	(18,177)	(4,276)
	122,441	140,324
Software – at cost	35,334	32,734
Less: Accumulated amortisation	(12,815)	(6,299)
	22,519	26,435
Brands – at cost	5,200	5,200
Less: Accumulated amortisation	(3,369)	(769)
	1,831	4,431
	398,089	416,358



Reconciliations

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

Consolidated	Software	Customer relationships	Brand	IP Addresses	Goodwill	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2021	2,030	-	-	1,963	-	3,993
Additions	1,736	-	-	-	-	1,736
Additions through business combinations (Note 30)	25,113	144,600	5,200	3,969	239,236	418,118
Amortisation expense	(2,444)	(4,276)	(769)	-	-	(7,489)
Balance at 30 June 2022	26,435	140,324	4,431	5,932	239,236	416,358
Additions	3,572	428	-	6,130	-	10,130
Disposals	(714)	(4,065)	-	-	-	(4,779)
Amortisation expense	(6,774)	(14,246)	(2,600)	-	-	(23,620)
Balance at 30 June 2023	22,519	122,441	1,831	12,062	239,236	398,089

The amortisation expenses are recognised in profit or loss in 'depreciation and amortisation'.

IP Addresses and Goodwill with indefinite useful lives are tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Recent market transactions of IP Addresses confirm that the fair value of the assets is greater than its carrying value and therefore there is no evidence of impairment. The impairment testing undertaken by the Group has not indicated any impairment to goodwill or any other infinite life intangible assets.

Impairment Testing of Intangible Assets

At each reporting date, the Group reviews the carrying amount of its intangible assets to determine whether there is any indication of impairment. If any indication exists, the assets recoverable amount is estimated. Goodwill is tested annually for impairment. The assets recoverable amount is the higher of an asset or Cash Generating Unit's (CGU) fair value less cost of disposal and its value in use.

Intangible assets deemed to have indefinite lives are allocated to the Group's cash generating units (CGUs) identified according to the lowest levels for which there are separately identifiable cash flows that are largely independent of the cash flows from other assets or groups of assets. Therefore, the Group has determined its CGU's reflect its Operating segment's as detailed in Note 4. The allocation of the Group's goodwill and other intangible assets at 30 June 2023 is as follows:

Consolidated	Residential	Business	Wholesale	Enterprise and Government	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Goodwill	51,250	58,102	48,786	81,098	239,236
Other intangible assets	11,353	67,868	6,472	73,160	158,853

The Group performed its annual impairment test in June 2023. The recoverable amount of the CGU's as at 30 June 2023 has been determined based on a value in use calculation using estimated future cash flows. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The following describes each key assumption on which the Group has based its cash flow projections to undertake impairment testing under the value in use method:

- Cash flow forecasts are based on past performance, financial budgets approved by the Company's Board and future projections for a five – year period, risk adjusted where necessary. The key assumptions in the CGU cash flow projections include revenue and expense growth rates, gross margins and anticipated future capital expenditure. These assumptions are based on the Group's plans that factor into consideration historic performance, forecast macroeconomic and industry conditions and the estimated effect of the Group's strategic plans;
- Terminal value is calculated using a perpetuity growth formula based on cash flow forecasts using a weighted average cost of capital (after tax) and forecast growth rate.
- A weighted average cost of capital (before tax) of between 12.7-13.2% has been used for all CGU's.
- The terminal growth rates used of 2.0% does not exceed the forecasted long-term Australian inflation rate.

Outcome of impairment testing

As a result of this analysis, the estimated recoverable amount of all CGU's exceeded their carrying amounts. Accordingly, no impairment has been recognised as at 30 June 2023.

15. Right-of-use assets and lease liabilities

	Consolidated	
	30 June 2023	30 June 2022
	\$'000	\$'000
Non-current assets		
Network equipment	68,828	43,707
Less: Accumulated depreciation	(31,190)	(21,791)
	37,638	21,916
Property	24,322	24,223
Less: Accumulated depreciation	(5,503)	(1,843)
	18,819	22,380
	56,457	44,296



Reconciliations

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

Consolidated	Property	Network equipment	Total
	\$'000	\$'000	\$'000
Balance at 1 July 2021	1,318	10,957	12,275
Additions	17,021	16,593	33,614
Additions through business combinations (Note 30)	11,606	3,994	15,600
Modifications	46	(202)	(156)
Disposals	(5,664)	(175)	(5,839)
Depreciation expense	(1,947)	(9,251)	(11,198)
Balance at 30 June 2022	22,380	21,916	44,296
Additions	162	26,311	26,473
Disposals	-	(60)	(60)
Modifications	186	1,355	1,541
Depreciation expense	(3,909)	(11,884)	(15,793)
Balance at 30 June 2023	18,819	37,638	56,457

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Reconciliations

Set out below are the carrying amounts of lease liabilities (included under Note 18 Financial Liabilities) and the movements during the year.

Consolidated	Property	Network equipment	Total
	\$'000	\$'000	\$'000
Balance as at 1 July 2021	1,368	9,196	10,564
Additions through business combination (note 30)	11,606	3,986	15,592
Additions	17,021	16,593	33,614
Modifications	46	(202)	(156)
Accretion of interest	414	538	952
Disposals	(5,757)	(181)	(5,938)
Payments	(1,812)	(10,123)	(11,935)
Balance as at 30 June 2022	22,886	19,807	42,693
Additions	162	26,311	26,473
Modifications	184	1,358	1,542
Accretion of interest	696	1,383	2,079
Disposals	-	(61)	(61)
Payments	(3,931)	(14,075)	(18,006)
Balance at 30 June 2023	19,997	34,723	54,720

The maturity analysis of lease liabilities is disclosed in Note 31 Financial Risk Management.

Consolidated	
30 June 2023	30 June 2022
\$'000	\$'000
The following are amounts recognised in profit or loss:	
Depreciation expense of ROU assets	15,793
Interest expense on lease liabilities	2,079
Expense relating to short-term leases (not included in the measurement of the lease liability)	887
18,759	12,812



The Group had cash outflows for ROU leases of \$18,006,000 (30 June 2022: \$11,935,000) which includes interest of \$2,079,000 (30 June 2022: \$952,000).

The Group has lease contracts for property that contain variable payments based on the outcome of market rent reviews and the Consumer Price Index ('CPI'). The potential future cash outflows relating to changes in these variable payments are not reflected in the measurement of lease liabilities until those indexes or rates change in the future and affect cash outflows.

The future cash outflows relating to leases that have not yet commenced are disclosed in Note 28.

The Group has several lease contracts that include extension options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs.

The Group has determined that, with the exception of data network cable leases, it is reasonably certain of exercising all extension options in its current lease agreements. The potential future rental payments relating to periods following the exercise date of extension options have therefore been included in the measurement of lease liabilities.

Management exercises significant judgement in determining whether these extension options are reasonably certain to be exercised (see Note 3 for a discussion of significant judgements, estimates and assumptions).

16. Trade and other payables

	Consolidated	
	30 June 2023	30 June 2022
	\$'000	\$'000
Current liabilities		
Trade payables	69,494	34,929
Accrued charges	18,481	15,240
Other creditors	6,736	3,553
	94,711	53,722

Refer to Note 31 for further information on financial risk management.

17. Employee benefits

	Consolidated	
	30 June 2023	30 June 2022
	\$'000	\$'000
Current liabilities		
Annual leave	7,564	5,647
Long service leave	2,205	1,936
	9,769	7,583
Non-current liabilities		
Long service leave	1,541	800

18. Financial liabilities

	Consolidated	
	30 June 2023	30 June 2022
	\$'000	\$'000
Borrowings	149,282	173,980
Lease liability (Note 15)	54,720	42,693
	204,002	216,673

	Consolidated	
	30 June 2023	30 June 2022
	\$'000	\$'000
Current liabilities		
Borrowings	9,699	64,466
Lease liability	13,930	12,369
	23,629	76,835
Non-current liabilities		
Borrowings	139,583	109,514
Lease liability	40,790	30,324
	180,373	139,838

Refer to Note 31 for further information on financial instruments.



Borrowings – Syndicated debt facility

The Group has a syndicated debt facility which is secured over all present and subsequently acquired property of the Group, excluding certain properties under lease arrangements. There are 3 facilities under the agreement as follows:

- **Facility A** – \$110,000,000 – matures 10 March 2025 and is subject to half yearly repayments of \$10,000,000 where the net leverage ratio is greater than 1.25 from March 2023 when the first payment was made. Based on current leverage ratio calculations, the next reduction instalment required under the facility agreement is \$10,000,000 due in March 2024, which has been recorded as a current liability. The balance of the facility is recorded as non-current.
- **Facility B** – \$40,000,000 – matures 10 March 2025. Accordingly, the facility has been recorded as non-current at the balance date.
- **Facility C** – \$15,000,000 working capital facility – maturing on 10 March 2024 has been settled at 30 June 2023 but remains available for redraw.

Under the terms of these facilities the Group is required to comply with the following financial covenants:

- Net leverage ratio to be less than 2.5 at 30 June 2023, each half-year end date thereafter; and
- Interest cover ratio to be not less than 3.0 times at each half-year end.

As at 30 June 2023 and 30 June 2022 the Group complied with these covenants.

Reconciliation of changes in liabilities arising from financing activities

Consolidated – 30 June 2023	Opening 1 July 2022	Changes from Financing Cash flows	New / Modified / Terminated arrangements	Accreted interest	Closing 30 June 2023
	\$'000	\$'000	\$'000	\$'000	\$'000
Borrowings	173,980	(25,311)	-	613	149,282
Lease liabilities	42,693	(18,006)	27,954	2,079	54,720
	216,673	(43,317)	27,954	2,692	204,002

Consolidated – 30 June 2022	Opening 1 July 2021	Changes from Financing Cash flows	New / Modified / Terminated arrangements	Accreted interest	Closing 30 June 2022
	\$'000	\$'000	\$'000	\$'000	\$'000
Borrowings	-	173,756	-	224	173,980
Lease liabilities	10,564	(11,935)	43,112	952	42,693
	10,564	161,821	43,112	1,176	216,673

19. Contract liabilities

	Consolidated	
	30 June 2023	30 June 2022
	\$'000	\$'000
Current liabilities		
Contract liabilities	34,143	28,150
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	28,150	15,769
Payments received in advance	757,877	528,043
Additions through business combinations (Note 30)	-	9,954
Transfer to revenue	(751,884)	(525,616)
Closing balance	34,143	28,150



20. Reconciliation of profit after income tax to net cash from operating activities

	Consolidated	
	30 June 2023	30 June 2022
	\$'000	\$'000
Profit after income tax expense for the year	21,717	5,321
Adjustments for:		
Depreciation and amortisation	49,996	24,043
Net loss/(gain) on disposal of property, plant and equipment	510	(13)
Net gain on disposal of business (Note 29)	(1,114)	-
Equity settled Share-based payments (Note 25)	1,146	708
Non-cash NED Share Plan costs (Note 22)	174	94
Lease interest costs in financing cash flows (Note 15)	2,079	952
Debt cost amortisation (Note 18)	613	224
Conditional consideration released (Note 21)	(250)	-
Change in operating assets and liabilities:		
(Increase) in trade and other receivables	(6,059)	(4,519)
(Increase)/decrease in inventories	(1,631)	864
Decrease/(increase) in net tax assets	8,389	(298)
(Increase)/decrease in prepayments	(9,348)	198
Increase in trade and other payables	41,170	6,242
Increase in contract liabilities	6,175	2,426
Increase in employee benefits	3,112	1,547
Net cash from operating activities	116,679	37,789

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21. Fair values

Set out below is a comparison, by class, of the carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values.

Classification of financial assets and financial liabilities

Set out below is the classification of financial assets and liabilities according to their measurement bases together with their carrying amounts as reported in the Statement of Financial Position:

Consolidated – 30 June 2023	At Amortised cost	At Fair values	Total
	\$'000	\$'000	\$'000
Financial Assets			
Cash and cash equivalents (Note 8)	75,056	-	75,056
Trade and other receivables (Note 9)	43,355	-	43,355
Financial assets (Note 11)	1,166	-	1,166
Total assets	119,577	-	119,577
Financial Liabilities			
Trade and other payables (Note 16)	94,711	-	94,711
Borrowings (Note 18)	149,282	-	149,282
Deferred consideration	-	782	782
Lease liabilities (Note 15)	54,720	-	54,720
Contract liabilities (Note 19)	34,143	-	34,143
Total liabilities	332,856	782	333,638



Consolidated – 30 June 2022	At Amortised cost	At Fair values	Total
	\$'000	\$'000	\$'000
Financial Assets			
Cash and cash equivalents (Note 8)	47,722	-	47,722
Trade and other receivables (Note 9)	37,204	-	37,204
Financial assets (Note 11)	1,188	-	1,188
Total assets	86,114	-	86,114
Liabilities			
Trade and other payables (Note 16)	53,722	-	53,722
Borrowings (Note 18)	173,980	-	173,980
Deferred consideration	-	2,500	2,500
Lease liabilities (Note 15)	42,693	-	42,693
Contract liabilities (Note 19)	28,150	-	28,150
Total liabilities	298,545	2,500	301,045

There were no transfers between levels during the financial year.

Fair value hierarchy – financial assets and liabilities measured at fair value

Set out below are the assets and liabilities carried at fair value within level 3 of the fair value hierarchy:

	Consolidated	
	30 June 2023	30 June 2022
	\$'000	\$'000
Opening balance as at 1 July	2,500	-
Deferred consideration	-	2,500
Conditional consideration payments	(1,468)	-
Conditional consideration released	(250)	-
Balance as at 30 June	782	2,500

Fair value hierarchy – financial assets and liabilities not measured at fair value

The Group has determined that the carrying values of financial instruments carried at amortised cost approximate fair value.

22. Issued capital

	Consolidated			
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	Shares	Shares	\$'000	\$'000
Ordinary shares – fully paid	237,682,509	237,623,165	298,462	298,288

Movements in ordinary share capital

Movements in spare share capital

Details	Date	Shares	Issue price	\$'000
Opening balance	1 July 2021	190,340,026		95,088
Share Placement	15 September 2021	28,500,000	\$4.00	114,000
Share Purchase Plan	8 October 2021	4,991,925	\$4.00	19,968
Shares issued pursuant to the NED Share Plan	24 February 2022	33,303	\$2.81	94
Shares issued as consideration for acquisition of Over the Wire Holdings Limited	15 March 2022	13,757,911	\$5.25	72,229
Less: Share issue costs attributable to equity		-		(3,091)
Balance	30 June 2022	237,623,165		298,288
Shares issued pursuant to the NED Share Plan	26 August 2022	42,111	\$2.80	118
Shares issued pursuant to the NED Share Plan	6 March 2023	17,233	\$3.25	56
Balance	30 June 2023	237,682,509		298,462



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.

Share buy-back

There is no current on-market share buy-back.

Capital management

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of any financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

23. Reserves

	Consolidated	
	30 June 2023	30 June 2022
	\$'000	\$'000
Foreign currency reserve	-	(54)
Share-based payments reserve	2,162	1,016
	2,162	962

24. Accumulated losses

	Consolidated	
	30 June 2023	30 June 2022
	\$'000	\$'000
Accumulated losses at the beginning of the financial year	(30,528)	(35,849)
Profit after income tax expense for the year	21,717	5,321
Transfer from foreign currency reserve	(32)	-
Accumulated losses at the end of the financial year	(8,843)	(30,528)

25. Share-based payments

Under the Company's Long-Term Incentive Plan the members of Key Management Personnel and other senior employees have been awarded options to purchase shares in the Company at a future date. The plan is designed to provide incentives to deliver long-term shareholder value. Under this plan, holders of vested options are entitled to purchase shares at the market price at grant and participation is at the discretion of the Board following recommendations by the People and Community Committee.

The terms and conditions of the share options granted during the year ended 30 June 2023, together with the valuation approach, are as follows.

The fair value of each share option granted during the current year has been measured as \$1.58 per option (30 June 2022: \$1.06) using a Black-Scholes model involving the following inputs:

	30 June 2023	30 June 2022
Issue date	1 July 2022	19 July 2021
Number of options issued	874,825	1,138,678
Market price at grant of option	\$3.30	\$2.85
Exercise price of option*	\$3.30	\$2.85
Vesting date	1 July 2025	1 July 2024
Expiry date	30 June 2028	30 June 2027
Expected share price volatility at grant	55%	45%
Expected dividend yield per annum	1.50%	1.50%
Risk-free interest rate per annum**	3.23%	0.77%
Fair value per option	\$1.58	\$1.06

*Exercise price of the option at the grant date is the 10-day volume weighted average price (VWAP) up to and including 30 June 2022. (2022: 30 June 2021)

** Risk-free interest rate per annum (being the 5-year Australian Government bond yield).

No options have expired or been exercised since grant date. The board has exercised its discretion under the Plan Rules to pro-rata vest 234,825 options under the "good leaver" provisions of those Rules. At the same time 91,093 options lapsed.

The Company has established a Non-Executive Directors' Fee Sacrifice Plan under which directors can elect to sacrifice some or all of their directors' fees in exchange for rights to acquire shares in the Company, such rights to convert to shares (referred as 'NED Rights') with no additional price payable on dates determined by the Directors which will generally be following the half and full year financial results announcement.

On 26 August 2022, 34,665 NED Rights were granted.

On 26 August 2022, 42,111 NED rights were converted to ordinary shares (upon conversion of FY22 NED Rights), which were issued to the respective Non-Executive Directors as new shares.

On 6 March 2023, 17,233 NED rights were converted to ordinary shares (upon conversion of tranche 1 of the FY23 NED Rights), which were issued to the respective Non-Executive Directors as new shares.

	Consolidated	
	30 June 2023	30 June 2022
Expense arising from share-based payment transactions	\$'000	\$'000
Long-term Incentive Plan share options	1,146	708



26. Earnings per share

	Consolidated	
	30 June 2023	30 June 2022
	\$'000	\$'000
Earnings per share for profit from continuing operations	21,717	5,321
Profit after income tax	21,717	5,321

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	237,664,500	222,304,711
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	1,197,801	1,627,752
Weighted average number of ordinary shares used in calculating diluted earnings per share	238,862,301	223,932,463

	Cents	Cents
Basic earnings per share	9.14	2.39
Diluted earnings per share	9.09	2.38

27. Dividends

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Franking credits

	Consolidated	
	30 June 2023	30 June 2022
	\$'000	\$'000
Franking credits available for subsequent financial years based on a tax rate of 30%	20,375	22,548
Income tax recoverable	(485)	(2,224)
Net franking credits available based on a tax rate of 30%	19,890	20,324

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date.
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date.
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends or the Company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend.

28. Commitments

The Group had no lease contracts that had not yet commenced as at 30 June 2023 (30 June 2022: Nil)

Capital expenditure contracted for at the end of each financial year but not recognised as liabilities is as follows:

	Consolidated	
	30 June 2023	30 June 2022
	\$'000	\$'000
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities:		
Property, plant and equipment	12,440	8,592
Total committed spend	12,440	8,592

Capital commitments relate to contractual commitments associated with upgrades to network infrastructure and the development of the fibre optic network.

29. Disposal of businesses

On 28 February 2023, the Group disposed of its 100% of the share capital it owned in Zintel Communications Limited (incorporated in New Zealand), and on 4 May 2023 disposed of the virtual receptionist business and assets of Zintel Communications Pty Limited (known as "Fonebox").

Net consideration of \$5.8 million is receivable from the disposal of these businesses, and of this amount, \$4.8 million was received by 30 June 2023. The remaining \$1.0 million is due before 31 December 2023. After the payment of legal and professional fees associated with the disposals, net proceeds of \$4.4 million were received.

A profit before tax of \$1.1 million has been recorded after deducting the net assets disposed of and accounting for legal and professional fees associated with the divestment.



30. Business combinations

On 15 March 2022 the Company acquired 100% of the share capital of Over the Wire Holdings Limited (OTW) following the implementation of a Scheme of Arrangement approved by the Federal Court on 3 March 2022.

The acquisition of OTW provided the Group with an additional 16,000 customers and provided the Group with an expanded product and capability set to facilitate future growth in the business, enterprise & government sectors.

For the period to 30 June 2022 OTW contributed revenue of \$38.5 million and profit of \$4.5 million to the Group's results (before amortisation of acquired intangibles). If the acquisition had occurred on 1 July 2021 the Group estimates that consolidated revenue would have been \$642 million and the consolidated profit \$1.4 million (including \$16.1 million in relation to the amortisation of acquired intangibles).

Consideration transferred

Following elections made by the former shareholders of OTW the final consideration for the acquisition amounted to \$347.4 million comprising \$275.2 million of cash and \$72.2 million of shares.

Acquisition costs

The Group incurred \$3.0 million of legal fees, due diligence and advisory costs in relation to the acquisition in the period ended 30 June 2022. Costs associated with securing debt and issuing securities relating to the acquisition have been set off against the debt and equity proceeds.

Identifiable assets and liabilities acquired

The following table summarises the recognised amounts of assets and liabilities acquired at the date of acquisition. In the 30 June 2022 financial report the balances were provisional. The provisional purchase price allocation period is 12 months from the acquisition date and closed on 15 March 2023. No further purchase price adjustments were recognised during the period ended 30 June 2023. The accounting of the net identifiable assets acquired as their final fair values is outlined below:

Details of the acquisition were as follows:

	Final fair value
	\$'000
Cash and cash equivalents assets	9,546
Trade and other receivables	15,737
Other assets	10,125
Plant and equipment	11,501
Right-of-use assets	15,600
Identifiable intangibles assets (Note 14)	178,882
Deferred tax asset	3,353
Deferred tax liabilities	(52,295)
Trade and other payables	(20,668)
Contract liabilities	(9,954)
Employee benefits	(3,257)
Lease liabilities	(15,592)
Borrowings	(32,312)
Deferred consideration	(2,500)
Acquisition-date fair value of the total consideration transferred	108,166

Fair values have been established as follows:

Plant and Equipment – Valued as assets in use having regard to the estimated useful life of the assets.

Intangible assets:

- **Customer relationships** – multi-period excess earnings which considers the present value of net cash flows expected to be generated by the customer relationships.
- **Software, Brand and IP Addresses** – a mixture of replacement cost, historical cost and relief from royalty methods have been used, appropriate to each asset. The relief-from-royalty method considers the discounted estimated royalty payments that are expected to be avoided as a result of the intellectual property being owned.

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	\$'000
Consideration transferred	347,402
Add: Fair value of identifiable net liabilities	18,421
Add: Deferred tax liability on limited life intangibles	52,295
Less: Identifiable intangible assets	(178,882)
Goodwill	239,236



31. Financial risk management

Financial risk management objectives

The Group'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.

Risk management is carried out by senior executives under supervision of the Board of Directors ('the Board'). The executives are responsible for the identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Executives report to the Board on a regular basis.

The Group's principal financial liabilities comprise of syndicated borrowing facilities (see Note 18) lease liabilities (see Note 15) and trade and other payables (see Note 16). The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade receivables, cash and short-term deposits that derive directly from its operations.

Market risk

Interest rate risk

The Group's main interest rate risk arises from borrowings. Borrowing obtained at variable rates exposes the Group to interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. Refer to Note 18 for details of borrowings.

The Group had no hedging arrangements in place during the period having considered the relative pricing of hedges against the risk exposure in the context of its enterprise-wide risk management framework. The Group will continue to monitor the economic conditions and the hedging market and consider its risk management strategies accordingly.

A reasonably possible change of 100 basis points in interest rates throughout the reporting period would have increased (decreased) equity and profit or loss by the amounts shown below (noting that the borrowings were only in place since March 2022 for the comparative period).

Interest rate sensitivity	Increase/(decrease) in basis points	
		\$'000
2023	100	1,500
	(100)	(1,500)
2022	100	510
	(100)	(510)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group manages its credit risk by obtaining, where possible, direct debit arrangements with its customers upon signing contracts for services. When in-arrears, payment arrangements are made where the expected credit provided is in excess of \$1,000, typically with larger corporate accounts, these customers are assessed for their credit worthiness by obtaining credit rating agency information, confirming references and setting appropriate credit limits. For 30 June 2023, there was no particular concentration of credit risk in any single customer (30 June 2022: \$nil).

The Group has adopted a lifetime expected credit loss approach in estimating expected credit losses in relation to trade receivables through the use of a provision matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection and forward-looking information that is available (factors specific to debtors and the economic environment such as industry wide events).

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, no active enforcement activity and a failure to make contractual payments for a period greater than one year.

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

30 June 2023	30 days or less	31-60 days	61-90 days	>90 days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Estimated total gross carrying amount at default (Note 9)	32,253	966	280	1,585	35,084
Total expected credit loss (Note 9)	(517)	(141)	(71)	(563)	(1,292)

30 June 2022	30 days or less	31-60 days	61-90 days	>90 days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Estimated total gross carrying amount at default	30,183	539	370	602	31,694
Total expected credit loss	(764)	(219)	(201)	(375)	(1,559)

Liquidity risk

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by monitoring cash flows.



Financing arrangements

Unused borrowing facilities at the reporting date:

30 June 2023	Facility Limit	Unused portion
	\$	\$
Syndicated debt – Facility A limit	110,000,000	-
Syndicated debt – Facility B limit	40,000,000	-
Syndicated debt – Facility C limit	15,000,000	15,000,000
ANZ performance guarantee facility limit	750,000	19,158
ANZ commercial card facility limit	1,000,000	987,432
ANZ standby letter of credit or guarantee facility	1,000,000	1,000,000
NAB Asset Finance Facility limit	1,500,000	1,500,000
NAB bank guarantee limit	126,970	-
NAB corporate card facility limit	160,000	149,870
Westpac bank guarantee facility	1,350,000	120,023

30 June 2022	Facility Limit	Unused portion
	\$	\$
Syndicated debt – Facility A limit	120,000,000	-
Syndicated debt – Facility B limit	40,000,000	-
Syndicated debt – Facility C limit	15,000,000	-
ANZ performance guarantee facility limit	1,000,000	269,158
ANZ commercial card facility limit	300,000	291,654
NAB Asset Finance Facility limit	1,500,000	1,475,231
NAB bank guarantee limit	126,970	-
NAB corporate card facility limit	160,000	155,751
Westpac bank guarantee facility	1,500,000	620,023

Refer Note 18 for re-financing arrangements agreed post-balance date.

Remaining contractual maturities

The following tables detail the Group'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.

30 June 2023	1 year or less	Between 1 and 5 years	Remaining contractual maturities
	\$'000	\$'000	\$'000
Non-derivatives			
Non-interest bearing			
Trade payables (Note 16)	94,711	-	94,711
Contract liabilities (Note 19)	34,143	-	34,143
Interest-bearing - variable			
Borrowings (Note 18)	9,699	139,583	149,282
Lease liability (Note 15)	13,930	40,790	54,720
Deferred consideration	782	-	782
Total non-derivatives	153,265	180,373	333,638

30 June 2022	1 year or less	Between 1 and 5 years	Remaining contractual maturities
	\$'000	\$'000	\$'000
Non-derivatives			
Non-interest bearing			
Trade payables	53,722	-	53,722
Contract liabilities	28,150	-	28,150
Interest-bearing - variable			
Borrowings	64,466	109,514	173,980
Lease liability	12,369	30,324	42,693
Deferred consideration	2,500	-	2,500
Total non-derivatives	161,207	139,838	301,045

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

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. Please refer the Note 21 for details of fair value.



32. Parent entity information

During the year, the Group owned 100% interests and voting rights in subsidiaries in the following controlled entities:

Entity	Country of incorporation	Equity holding 30 June 2023	Equity holding 30 June 2022
		%	%
Wideband Networks Pty Ltd	Australia	100%	100%
Westvic Broadband Pty Ltd	Australia	100%	100%
Over the Wire Holdings Limited	Australia	100%	100%
Over the Wire Pty Ltd	Australia	100%	100%
OTW Corp Pty Ltd	Australia	100%	100%
Digital Sense Hosting Pty Ltd	Australia	100%	100%
NetSIP Pty Ltd	Australia	100%	100%
Sanity Holdings Pty Ltd	Australia	100%	100%
Telarus Pty Ltd	Australia	100%	100%
VPN Solutions Pty Ltd	Australia	100%	100%
Access Digital Networks Pty Ltd	Australia	100%	100%
Comlinx Pty Ltd	Australia	100%	100%
Faktortel Pty Ltd	Australia	100%	100%
Faktortel Holdings Pty Ltd	Australia	100%	100%
Zintel Communications Pty Ltd	Australia	100%	100%
Zintel Communications Limited (Disposed on 28 Feb 2023)	New Zealand	-	100%

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

Statement of profit or loss and other comprehensive income

	Company	
	30 June 2023	30 June 2022
	\$'000	\$'000
Profit after income tax	25,743	5,565
Total comprehensive income	25,743	5,565

Statement of financial position

	Company	
	30 June 2023	30 June 2022
	\$'000	\$'000
Total current assets	142,784	109,667
Total assets	624,815	544,894
Total current liabilities	141,688	142,515
Total liabilities	328,985	275,552
Equity		
Issued capital	298,462	298,288
Share-based payments reserve	2,162	1,016
Accumulated losses	(4,794)	(29,962)
Total equity	295,830	269,342

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

Refer Note 33 for Deed of Cross Guarantee between the parent entity and its subsidiaries. The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2022.

Contingent liabilities

The group had no contingent liabilities as at 30 June 2023 and 30 June 2022.

Capital commitments – Property, plant and equipment

The Company had no lease contracts that had not yet commenced as at 30 June 2023 (30 June 2022: nil).

The Company entity had capital commitments for property, plant and equipment as at 30 June 2023. Refer Note 28 for capital commitments.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in Note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.



33. Deed of Cross Guarantee

On 31 March 2023 Aussie Broadband Limited and the subsidiary entities disclosed in Note 33 entered into a Deed of Cross Guarantee in accordance with ASIC Corporations (Wholly-owned Companies) Instrument 2016/785. As a result, the subsidiary entities are relieved from the *Corporations Act 2001* requirement to prepare and lodge an audited financial report and directors' report. The effect of the deed is that each party guarantees the debts of the others.

34. Key management personnel disclosures

Directors' loans and interests

The Group did not extend any loans to, nor were there any transactions with, Key Management Personnel.

The aggregate compensation made to Directors and other members of Key Management Personnel of the Group is set out below.

Compensation of Key Management Personnel of the Group

Key Management Personnel ('KMP') refer to those who have authority and responsibility for planning, directing and controlling the activities of the Group. KMP are deemed to include the following:

- A. The Non-Executive Directors of the Group
- B. The Executive Directors of the Group being the Managing Director and the Executive Director
- C. The Chief Financial Officer, the Chief Technology Officer, and the Chief Operating Officer.

Compensation

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

	Consolidated	
	30 June 2023	30 June 2022
	\$	\$
Short-term employee benefits	2,734,585	2,267,500
Post-employment benefits	164,289	126,271
Long-term benefits	25,149	41,188
Share-based payments	736,617	497,949
Total compensation paid to key management personnel	3,660,640	2,932,908

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel. Further details are available in the Remuneration Report.

35. Related party transactions

Parent entity

Aussie Broadband Limited is the parent entity.

Key management personnel

Disclosures relating to key management personnel are set out in Note 34 and the Remuneration Report included in the Directors' Report.

Transactions with related parties

Details of the composition of KMP and their remuneration are included in Note 34. During the prior year, related parties of KMP were employed by the Group and were paid gross wages of \$1,024 plus superannuation.

There were no transactions with related parties during the current and previous financial year.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

36. Remuneration of auditors

During the financial year, the following fees were paid or payable for services provided by the auditor of the Group:

	Consolidated	
	30 June 2023	30 June 2022
	\$	\$
Audit services		
KPMG – Audit and review of the financial statements	512,605	484,391
Other services		
KPMG – Financial advisory	21,000	293,973
Total remuneration of auditors	533,605	778,364

37. Events after the reporting period

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.



Directors' declaration

30 June 2023

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Australian 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 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- at the date of this declaration, there are reasonable grounds to believe that the members of the Consolidated Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the Deed of Cross Guarantee described in Note 33 to the financial statements.

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



Adrian Fitzpatrick
Chair

25 August 2023



Phillip Britt
Managing Director

25 August 2023

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Independent auditor's report



Independent Auditor's Report

To the shareholders of Aussie Broadband Limited

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report** of Aussie Broadband Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated statement of financial position as at 30 June 2023;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

The **Group** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 *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 fulfilled our other ethical responsibilities in accordance with these requirements.

Key Audit Matters

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The **Key Audit Matters** we identified are:

- Revenue from contracts with customers
- Valuation of goodwill and intangible assets

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of 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.

Revenue from contracts with customers (\$788m)	
Refer to Note 2 Revenue recognition and Note 5 to the Financial Report	
The key audit matter	How the matter was addressed in our audit
The majority of the Group's revenue relates to the provision of telecommunication services for residential, business, enterprise and government and wholesale customers. Revenue from contracts with customers was a key audit matter due to: • The quantum of service revenue earned during the year; • The different revenue recognition policies for rendering of services (over time) and sale of goods (point in time); • The advanced billing arrangements for the rendering of services that require an adjustment for contract liabilities attributable to unearned revenue at year end to comply with the Group's revenue recognition policy. The contract liabilities adjustment is prepared manually and is prone to greater risk for bias, error and inconsistent application. Additional audit effort was required to evaluate that the revenue recognised in the last period was in compliance with the Group's revenue recognition policy and the requirements of the applicable accounting standard; and • The audit effort required given the volume of contracts with customers and transactions during the period.	Our procedures included: • We obtained an understanding of the nature of the various revenue streams and the related revenue recording processes, systems and controls. • We assessed the Group's revenue recognition accounting policies for compliance with applicable accounting standards. • We tested, on a sample basis, over time and point in time revenue transactions recorded throughout the year. This included assessing: • Existence of an underlying arrangement with the customer; • The amounts invoiced to customers in accordance with the Group's approved pricing list; and • The timing of revenue recognition for each revenue contract based on completed performance obligations and the Group's revenue recognition policy. • We assessed the manual contract liabilities adjustment prepared by the Group for compliance with Australian Accounting Standards. On a sample basis, we tested the accuracy of key inputs to the contract liabilities adjustment by checking an underlying arrangement with the customer existed and checking the customer's billing cycle and plan pricing to customer agreed contractual terms.

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	• We assessed the integrity of the contract liabilities adjustment, including the mathematical accuracy of the underlying formulas. • We assessed the disclosures in the financial report using our understanding obtained from our testing and against the requirements of the accounting standards.
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Valuation of goodwill and intangibles assets (\$398m)	
Refer to Note 2 Intangible assets and Note 14 to the Financial Report	
The key audit matter	How the matter was addressed in our audit
Valuation of goodwill and intangible assets, is a key audit matter due to the following: • The size of the balance being 57% of total assets. • The inherent complexity in auditing the: • Determination of the Group's cash generating units ("CGU's"); • The Group prepares a separate discounted cash flow model for each CGU; • Allocation of goodwill and intangible assets that arose from the acquisition of Over the Wire during the period ending 30 June 2022 to the CGU's; • Forward-looking assumptions applied to the Group's value in use (VIU) models for each CGU given the significant judgement involved; and • Significant judgement associated with discount rates including the underlying risks of each CGU. The Group uses complex models to perform their annual testing of goodwill and intangible assets for impairment. The models are largely manually developed and include a range of internal and external sources as inputs to the assumptions.	Our procedures included: • Using our understanding of the nature of the Group's business, we analysed: • The ability to identify independent cashflows which aligns to internal reporting of the Group to assess how results are monitored and reported; • The implications for CGU identification in accordance with accounting standards; and • The Group's determination of CGU carrying values, including the goodwill and intangible assets against the requirements of the accounting standards. • We considered the appropriateness of the value in use method applied by the Group to perform the annual impairment test of goodwill and intangible assets against the requirements of the accounting standards. • We assessed, along with our specialist, the integrity of the VIU models used, including the accuracy of the underlying calculation formulas. • Using our knowledge of the Group and industry, and working with our valuation specialists to challenge the significant assumptions incorporated in the Group's VIU models:

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Complex modelling, using forward-looking assumptions tends to be prone to greater risk for potential bias, error and inconsistent application. These conditions necessitate additional scrutiny by us, in particular to address the objectivity of sources used for assumptions, and their consistent application. We involved specialists to supplement our senior audit team members in assessing this key audit matter.	• We assessed the relevant cash flow forecasts and underlying assumptions against the latest Board approved plan; • We challenged the Group's forecast revenue growth rate and margin percentage assumptions by comparing against the Group's current business performance and macroeconomic environment; • We challenged the Group's significant forecast cash flow assumptions by comparing them to historical performance, current actual and expected market conditions in the forecast period; • We compared the implied valuation multiples from comparable companies to the implied valuation multiple from the Group's model; • We compared the terminal growth rates used against relevant forecast Gross Domestic Product growth rates and industry trends; and • We independently developed a discount rate range using publicly available market data for comparable entities, adjusted by risk factors specific to the Group and the industry it operates in. • Considering the sensitivity of the models to changes in key assumptions, such as forecast growth rates and discount rates, within a reasonably possible range, to identify those assumptions that may have the largest impact if they are adjusted. • Assessing the related disclosures included in the financial report using our understanding of the matters obtained from our testing and against the requirements of accounting standards.
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Other Information

Other Information is financial and non-financial information in Aussie Broadband Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible

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for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*;
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Group's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf
This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Aussie Broadband Limited for the year ended 30 June 2023 with the exception of page 51 section 20.5,

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the

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complies with *Section 300A* of the *Corporations Act 2001*.

Corporations Act 2001.

Our responsibilities

We have audited the Remuneration Report included in section 20 of the Directors' report for the year ended 30 June 2023.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

Suzanne Bell

Partner

Melbourne

25 August 2023

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ASX additional information

Additional information required by the Australian Securities Exchange Ltd listing rules and not shown elsewhere in this report is as follows. This information was current as at 11 August 2023.

Distribution of shareholders and holdings

Size of holding	Number of holders		Number of shares	
	#	%	#	%
1 – 1,000	9,252	42.91	4,066,488	1.71
1,001 – 5,000	9,551	44.30	22,874,310	9.62
5,001 – 10,000	1,537	7.13	11,376,057	4.79
10,001 – 100,000	1,152	5.34	26,248,163	11.04
100,001 and over	67	0.31	173,117,491	72.48
Total	21,559	100.00	237,682,509	100.00

Included in the above total are 1,538 shareholders holding a less than marketable parcel of 168 shares. The holdings of the 20 largest shareholders of fully paid ordinary shares represent 66.88% of the shares.

Substantial shareholders

Substantial shareholders of the company were as follows:

	Shares	% of total
Intertubes Pty Ltd	15,946,809	6.71
Digital Interworks Pty Ltd	15,753,059	6.63
Lennox Capital Partners Pty Limited	11,898,022	5.01



Twenty Largest Shareholders of Fully Paid Ordinary Shares

The names of the 20 largest shareholders of ordinary fully paid shares and the percentage of capital each holds are as follows:

	Shares	% of total
J P Morgan Nominees Australia Pty Limited	25,273,215	10.63
National Nominees Limited	17,895,200	7.53
HSBC Custody Nominees (Australia) Limited	16,891,963	7.11
Intertubes Pty Ltd	15,946,809	6.71
Digital Interworks Pty Ltd	15,753,059	6.63
Citicorp Nominees Pty Limited	10,945,253	4.60
Panama Trial Pty Ltd	10,361,992	4.36
Ian Watson Holding Company Pty Ltd	8,719,561	3.67
BNP Paribas Nominees Pty Ltd <Agency Lending DRP A/C>	8,263,486	3.48
BNP Paribas Noms Pty Ltd <DRP>	5,355,189	2.25
Michael Nictarios Omeros <Milimais Investments A/C>	4,020,479	1.69
David Swan Holding Company Pty Ltd	3,420,074	1.44
BNP Paribas Nominees Pty Ltd Hub24 Custodial Serv Ltd <DRP A/C>	3,308,423	1.39
JVBI Super Pty Ltd <JVBI Super Fund A/C>	3,295,791	1.39
Cambenic Pty Ltd	2,124,698	0.89
Washington H Soul Pattinson And Company Limited	2,075,000	0.87
Citicorp Nominees Pty Limited <Colonial First State INV A/C>	1,967,940	0.83
Certane CT Pty Ltd <Hayborough OPP Fund>	1,210,000	0.51
Mirrabooka Investments Limited	1,192,545	0.50
Matthew Kusi-Appauh	931,873	0.39
Total of Top 20 holders	158,952,550	66.88
Balance of register	78,729,959	33.12

Voting rights

In accordance with the Company's Constitution voting rights for ordinary shares are as follows:

- A. on a show of hands, each member has one vote; and
- B. on a poll, each member has:
 - i. one vote for each fully paid share; and
 - ii. in the case of partly paid shares, that proportion of a vote as is equal to the proportion which the amount paid up on that shareholder's shares bears to the total issue price for the shares, excluding calls paid in advance of the due date for payment for the share.

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Corporate directory

Aussie Broadband Limited

ACN 132 090 192

ABN 29 132 090 192

Registered Office

3 Electra Avenue

Morwell VIC 3840

1300 880 905

Board of Directors

Adrian Fitzpatrick	Non-Executive Chair
Phillip Britt	Executive Director and Managing Director
Michael Omeros	Executive Director
Patrick Greene	Non-Executive Director
Richard Dammary	Non-Executive Director
Vicky Papachristos	Non-Executive Director

Company Secretary

Brian Maher

Investor Relations

Email: investors@team.aussiebroadband.com.au

Website: www.aussiebroadband.com.au

ASX

Aussie Broadband is listed on the Australian Securities Exchange Ltd (ASX) under the issuer code: ABB

Share Registry

Link Market Services Limited

Level 13, Tower 4, Collins Square

727 Collins Street

Melbourne VIC 3008

1300 554 474 (within Australia)

+61 1300 554 474 (outside Australia)

View or update your holding details at

<https://investorcentre.linkmarketservices.com.au>

Auditor

KPMG

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727 Collins Street

Melbourne VIC 3008

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