

23 February 2021

The Manager
Market Announcements Office
Australian Securities Exchange Limited
20 Bridge Street
Sydney NSW 2000

ELECTRONIC LODGEMENT

Dear Sir / Madam

Uniti Group Limited – Financial Reports for half-year ended 31 December 2020

Please find attached the following documents for immediate release to market:

1. Appendix 4D – Half-Year Report; and
2. Half-Year Financial Report

for the half-year ended 31 December 2020.

Authorised for lodgement by:



Ashe-lee Jegathesan
Company Secretary



UNITI GROUP LIMITED

Appendix 4D and Half Year Report

31 DECEMBER 2020



Level 1/44 Currie St Adelaide SA 5000
investors@unitigrouplimited.com
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APPENDIX 4D

HALF YEAR REPORT

1. Company details

Name of entity:	Uniti Group Limited (ASX:UWL) (Company)
ABN:	73 158 957 889
Reporting period:	For the half year ended 31 December 2020
Previous period:	For the half year ended 31 December 2019

2. Results for announcement to the market

				\$'000
Revenue from ordinary activities	up	150.3%	to	55,187
Profit before tax for the half year attributable to the owners of Uniti Group Limited	up	NM	to	6,449
Profit after tax for the half year attributable to the owners of Uniti Group Limited	down	23.6%	to	3,910

Dividends

	Amount per security (cents)	Franked amount per security (cents)
There was no dividend declared, or paid for the half year ended 31 December 2020	Nil	Nil

Review of Operations

The Company recorded underlying Earnings before Interest Tax Depreciation and Amortisation (EBITDA) of \$29.3 million for the financial half year ended 31 December 2020, compared to the corresponding period last year of \$7.2 million. Underlying earnings adjusts statutory earnings for one off significant items of expenditure related to the acquisition of businesses during the half year, the amortisation of customer contracts acquired as part of an acquisition, and for non-cash share based expenses.

During the financial half year ended 31 December 2020, the Company acquired 100% of Harbour ISP Pty Ltd (Harbour), 100% of OptiComm Limited and its controlled entity (OptiComm) and Telstra's (ASX: TLS) Velocity and South Brisbane Exchange assets (Velocity). As disclosed in note 17 of the financial statements, the values identified in relation to these acquisitions are provisional as at 31 December 2020. The Company has identified within these provisional asset values, there are potential significant tax deductions relating to the Instant Asset Write Off and Accelerated Depreciation provisions enacted by the Federal Government. On initial review, the Company has identified an asset pool of \$153.8m within the OptiComm and Velocity assets which may be eligible for some form of upfront instant asset write off or accelerated depreciation, the amount of which is yet to be determined. These potential deductions will adjust the amount of tax payable as opposed to the income tax expense recognised.

The Company recorded an underlying Net Profit before Tax (NPBT) of \$24.7 million for the financial half year ended 31 December 2020, compared to the corresponding period last year of \$4.9 million, an improvement of \$19.8 million.

APPENDIX 4D

HALF YEAR REPORT *continued*

Underlying results overview:

\$'000	31 Dec 2020	31 Dec 2019	\$ change	% change
Revenue ¹	54,566	22,046	32,520	148%
Operating expenses ²	(25,308)	(14,851)	(10,457)	70%
Underlying EBITDA³	29,258	7,195	22,063	307%
Depreciation and amortisation ⁴	(3,165)	(2,033)	(1,132)	56%
Underlying EBIT⁵	26,093	5,162	20,931	405%
Net finance costs	(1,394)	(310)	(1,084)	350%
Underlying net profit before tax	24,699	4,852	19,847	409%

(1) Revenue of \$54.6m excludes dividend income of \$0.6m relating to the Company's acquired interest in OptiComm Limited shares prior to the completion of the Scheme of Arrangement to acquire OptiComm Limited and its controlled entity.

(2) Operating expenses refers to network and hardware expense of \$12.4m (2019: \$7.4m), employee benefits expense of \$12.1m (2019: \$6.6m) and other expenses of \$16.4m (2019: \$5.8m) less significant items of \$15.5m (2019: \$4.9m).

(3) EBITDA refers to earnings before interest, tax, depreciation and amortisation.

(4) Depreciation and amortisation refers to reported depreciation and amortisation expense less amortisation of acquired customer base intangible of \$3.4m (2019: \$0.6m).

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

Reconciliation of underlying to reported results:

\$'000	31 Dec 2020	31 Dec 2019	\$ change	% change
Underlying EBITDA	29,258	7,195	22,063	307%
Significant items				
Acquisition and restructure costs ¹	(12,509)	(2,937)	(9,572)	326%
Share based expenses	(2,989)	(2,005)	(984)	49%
Dividend income	621	-	621	100%
Reported EBITDA	14,381	2,253	12,128	538%
Depreciation and amortisation	(6,538)	(2,648)	(3,890)	147%
Finance costs	(1,394)	(310)	(1,084)	350%
Income tax (expense) / benefit	(2,539)	5,818	(8,357)	(144)%
Reported net profit after tax	3,910	5,113	(1,203)	(24)%

(1) Costs incurred on the acquisition of OptiComm Pty Ltd (OptiComm), Harbour ISP Pty Ltd (Harbour) and Telstra Velocity and South Brisbane Exchange (Velocity) of \$12.4m. In addition, non-recurring restructure costs of \$0.1m were incurred. Acquisition costs incurred in corresponding period last year were for the acquisitions of LBNCo Pty Ltd and its related bodies corporate (LBNCo), OPENetworks Pty Ltd (OPEN) and 1300 Australia Pty Ltd (1300 Australia) and its related entities of \$2.5m. Non-recurring restructure costs of \$0.4m were also incurred in the corresponding period last year.

Underlying earnings per share (EPS):

Cents	31 Dec 2020	31 Dec 2019	Change (cents)	% change
Underlying:				
Basic profit ¹ per share	3.2	1.5	1.7	113%
Diluted profit ¹ per share	3.0	1.4	1.6	114%

(1) Underlying profit used in the calculation of the underlying EPS is underlying NPBT of \$24.7m (2019: \$4.9m) less tax at 30%. A reconciliation of underlying to reported results is included above.

APPENDIX 4D

HALF YEAR REPORT *continued*

3. Net tangible assets

	Reporting period (cents)	Previous period (cents)
Net tangible assets per ordinary security	(20.1)	16.4

The Issued Capital of the Company at the end of the half year is 662,230,433 fully paid shares (31 December 2019: 323,758,860 shares).

4. Control gained over entities

Name of entity:	Date control gained:
Harbour ISP Pty Ltd ⁽¹⁾	17 November 2020
OptiComm Pty Ltd	20 November 2020
OptiComm Integration Pty Ltd	20 November 2020

(1) Date of control of entity is 17 November 2020, with date of economic control being 1 November 2020.

5. Loss of control over entities

Not applicable.

6. Details of associates and joint venture entities

Not applicable.

7. Audit qualification or review

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

8. Attachments

The Interim Report of Uniti Group Limited for the half year ended 31 December 2020 is attached.

9. Signed



Graeme Barclay, Chairman
23 February 2021

UNITI GROUP LIMITED AND ITS CONTROLLED ENTITIES

Interim Financial Report For The Half Year Ended 31 December 2020

ABN 73 158 957 889



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General information

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

Uniti Group Limited is a listed public company limited by shares having listed on the ASX on the 13 February 2019 and is incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

Level 1, 44 Currie Street
Adelaide SA 5000

Principal place of business

Level 1, 44 Currie Street
Adelaide SA 5000

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 23 February 2021.

DIRECTORS' REPORT

The directors present their report, together with the financial statements of Uniti Group Limited and all controlled entities (referred to hereafter as the 'Company' or 'the Group') for the half year ended 31 December 2020.

Directors

The following persons were directors of Uniti Group Limited during the whole of the financial half year and up to the date of this report, unless otherwise stated:

Name	Position
Graeme Barclay	Non-Executive Chairman
John Lindsay	Non-Executive Director
Kathy Gramp	Non-Executive Director
Vaughan Bowen	Executive Director
Michael Simmons	CEO and Managing Director

Principal activities

During the financial half year, the principal activities of the Company consisted of the provision of telecommunications services, with 'three pillars' of strategic growth: Wholesale & Infrastructure (W&I); Communications Platform as a Service (CPaaS); and Consumer & Business (C&B). Uniti's Wholesale & Infrastructure business unit is engaged in the design, installation, operation, maintenance and wholesale sale of fibre-based open access wholesale telecommunications network infrastructure operating mainly in the greenfields, broad acre residential estates

and multiple dwelling units in new housing markets. CPaaS provides a platform as a service for premium voice delivered over 13, 1300, 1800 number calling services. The services include a value-added software as a service data analytics and call tracking application, as well as the leasing of phonewords on these numbers. The C&B business unit undertakes the retail sale of telecommunications products and services including broadband access on owned fibre and wireless access networks as well as resold networks plus the provision of voice services.

Dividends

There was no dividend declared or paid for the half year ended 31 December 2020.

Review of Operations

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The Company recorded an underlying Net Profit before Tax (NPBT) of \$24.7m for the financial half year ended 31 December 2020, compared to the corresponding period last year of \$4.9m, an improvement of \$19.8m.

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DIRECTORS' REPORT *continued*

Reconciliation of underlying to reported results:

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Significant items				
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Reported net profit after tax	3,910	5,113	(1,203)	(24)%

(1) Costs incurred on the acquisition of OptiComm Pty Ltd (OptiComm), Harbour ISP Pty Ltd (Harbour) and Telstra Velocity and South Brisbane Exchange (Velocity) of \$12.4m. In addition, non-recurring restructure costs of \$0.1m were incurred. Acquisition costs incurred in corresponding period last year were for the acquisitions of LBNCo Pty Ltd and its related bodies corporate (LBNCo), OPENetworks Pty Ltd (OPEN) and 1300 Australia Pty Ltd (1300 Australia) and its related entities of \$2.5m. Non-recurring restructure costs of \$0.4m were also incurred in the corresponding period last year.

Underlying earnings per share (EPS):

Cents	31 Dec 2020	31 Dec 2019	Change (cents)	% change
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Basic profit ¹ per share	3.2	1.5	1.7	113%
Diluted profit ¹ per share	3.0	1.4	1.6	114%

(1) Underlying profit used in the calculation of the underlying EPS is underlying NPBT of \$24.7m (2019: \$4.9m) less tax at 30%. A reconciliation of underlying to reported results is included above.

Significant changes in the state of affairs

On 17 November 2020 the Company acquired 100% of Harbour ISP Pty Ltd (Harbour) for a purchase consideration of \$10.3m and 1 million options to acquire Uniti shares at an exercise price of \$1.41. The purchase consideration represents the cost of the business combination in line with AASB 3. Harbour specialises in delivery of superfast retail broadband services in greenfields developments.

On 20 November 2020 the Company acquired 100% of the ordinary shares of OptiComm Limited and its controlled entity, OptiComm Integration Pty Ltd, by way of a Scheme of Arrangement for the total consideration of \$703.4m. The purchase consideration consisted of cash payments of \$530.3m and \$173.1m scrip consideration. The total purchase consideration includes shares acquired via share purchase agreements with certain other OptiComm institutional shareholders prior to the completion of the Scheme of Arrangement. OptiComm operates a FTTP network across Australia servicing both residential and

business customers, including retirement living, community and commercial clients.

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

As disclosed in note 17 of the financial statements, the values identified in relation to these acquisitions are provisional as at 31 December 2020. The Company has identified within these provisional asset values, there are potential significant tax deductions relating to the Instant Asset Write Off and Accelerated Depreciation provisions enacted by the Federal Government. On initial review, the

DIRECTORS' REPORT *continued*

Company has identified an asset pool of \$153.8m within the OptiComm and Velocity assets which may be eligible for some form of upfront instant asset write off or accelerated depreciation, the amount of which is yet to be determined. These potential deductions will adjust the amount of tax payable as opposed to the income tax expense recognised.

Both the OptiComm and Velocity acquisitions were funded by share capital raises completed during the period and a three-year debt facility agreement. In June 2020, a non-renounceable rights issue was completed, raising \$270m (before costs) at \$1.40 per share issued. In December, a placement was completed, raising \$50m (before costs) at \$1.50 per share issued. Any surplus funds have been added to the Company's reserves, with cash and cash equivalents of \$45.5m as at 31 December 2020. The Company executed a \$320m revolving syndicated facility agreement with Westpac Banking Corporation and Commonwealth Bank of Australia taking effect 18 December 2020. The facility includes a \$315m revolving loan facility and a \$5m contingent instrument facility. As at 31 December 2020, \$306.7m of the total facility was utilised.

Impact of COVID-19:

The global impact of the COVID-19 pandemic, and the advice and responses from health and regulatory authorities, is continuously developing. The global economic outlook is facing uncertainty due to the COVID-19 pandemic which has had and may continue to have significant impact on capital markets and share prices. The Company may be impacted both by deterioration in macroeconomic conditions generally and specifically in relation to its operations. Many of the operational and general risks relating to the combined Group are likely to be heightened due to the impacts of the COVID-19 pandemic. To date, COVID-19 has affected, amongst other things, economic conditions, employment markets, equity markets, governmental action, regulatory policy, quarantining, self-isolations and travel restrictions.

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

Although there is a level of inherent uncertainty as outlined above, there has not been any noticeable adverse impact on the Company's operations or profitability.

There were no other significant changes in the state of affairs of the Company during the financial half year.

Subsequent events

As part of the successful completion of the acquisition of certain fibre-to-the-premises (FTTP) assets owned by Telstra Corporation Ltd on 24 December 2020, Uniti launched a Share Purchase Plan (SPP) to shareholders. The SPP was launched to raise up to a further \$10m at the lower of \$1.50, or a 2.0% discount to the 5-day VWAP of UWL shares up to and including the closing date (20 January 2021). As at 22 January 2021, the SPP had been over-subscribed by more than seven times the initially announced SPP Offer amount of \$10m. The Board therefore increased the total offer pool to \$20m. The \$20m proceeds from the SPP were received in January 2021 and 13,335,093 shares issued on 28 January 2021.

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.

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.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

On behalf of the directors



Graeme Barclay, Chairman
23 February 2021

AUDITOR'S INDEPENDENCE DECLARATION



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Australia

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23 February 2021

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

Dear Board Members

Uniti Group Limited

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

As lead audit partner for the review of the financial statements of Uniti Group Limited for the half-year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

A handwritten signature in black ink, appearing to read "Deloitte Touche Tohmatsu".

DELOITTE TOUCHE TOHMATSU

A handwritten signature in black ink, appearing to read "Chris Biermann".

Chris Biermann
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Asia Pacific Limited and the Deloitte organisation.

UNITI GROUP LIMITED

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half year ended 31 December 2020

	NOTE	CONSOLIDATED	
		31 Dec 2020 \$'000	31 Dec 2019 \$'000
Revenue	3	55,187	22,046
Expenses			
Network and hardware expenses	4	(12,359)	(7,419)
Employee benefits expense	4	(12,081)	(6,622)
Depreciation and amortisation	4	(6,538)	(2,648)
Other expense	4	(16,366)	(5,752)
Finance costs	4	(1,394)	(310)
Profit / (loss) before income tax expense		6,449	(705)
Income tax (expense) / benefit		(2,539)	5,818
Profit after income tax (expense) / benefit for the half year		3,910	5,113
Other comprehensive income		—	—
Other comprehensive income for the year, net of tax		—	—
Total comprehensive income for the year		3,910	5,113
		CENTS	CENTS
Basic earnings per share attributable to the owners of Uniti Group Limited	16	0.7	2.3
Diluted earnings per share attributable to the owners of Uniti Group Limited	16	0.7	2.1

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

UNITI GROUP LIMITED

Consolidated Statement of Financial Position

As at 31 December 2020

		CONSOLIDATED	
	NOTE	31 Dec 2020 \$'000	30 Jun 2020 \$'000
Assets			
Current assets			
Cash and cash equivalents		45,490	189,150
Trade and other receivables		14,086	5,981
Inventories		37	161
Deposits and prepayments		2,651	2,073
Contract assets		817	1,008
Total current assets		63,081	198,373
Non-current assets			
Right of use assets	5	4,392	3,044
Property, plant and equipment	6	228,961	46,507
Intangibles	7	895,800	206,027
Deferred tax assets		-	168
Total non-current assets		1,129,153	255,746
Total assets		1,192,234	454,119
Liabilities			
Current liabilities			
Trade and other payables		35,790	13,141
Contract liabilities		7,420	2,269
Employee benefits		2,569	1,076
Contingent consideration	8	2,798	4,439
Deferred consideration	9	6,667	-
Lease liability		1,793	1,357
Provisions		63	184
Provision for income tax		4,869	1,890
Total current liabilities		61,969	24,356
Non-current liabilities			
Trade and other payables		1,411	1,411
Employee benefits		105	93
Contingent consideration	8	33,177	2,712
Deferred consideration	9	12,295	-
Borrowings	10	301,156	-
Lease liability		4,836	3,853
Deferred tax liability		14,472	-
Provisions		414	-
Total non-current liabilities		367,866	8,069
Total liabilities		429,835	32,425
Net assets		762,399	421,694
Equity			
Issued capital	11	755,414	421,812
Reserves	12	9,268	6,065
Accumulated losses		(2,283)	(6,183)
Total equity		762,399	421,694

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

UNITI GROUP LIMITED

Consolidated Statement of Changes in Equity

For the half year ended 31 December 2020

	ISSUED CAPITAL \$'000	RESERVES \$'000	ACCUMULATED LOSSES \$'000	TOTAL EQUITY \$'000
CONSOLIDATED 2019				
Balance at 1 July 2019	46,691	1,283	(22,104)	25,870
Profit after income tax benefit for the year	-	-	5,113	5,113
Issue of share capital:				
Contributions of equity (Note 11)	185,078	-	-	185,078
Transaction costs	(5,207)	-	-	(5,207)
	179,871	-	-	179,871
Issue of shares to vendors on acquisition:				
Issue of shares to Fone Dynamics vendors	6,652	-	-	6,652
Issue of shares to LBNCo vendors	11,262	-	-	11,262
Issue of shares to OPENetworks vendors	9,389	-	-	9,389
Issue of shares to 1300 Australia vendors	20,000	-	-	20,000
Issue of shares to Pivit vendors	80	-	-	80
Transaction costs	(189)	-	-	(189)
	47,194	-	-	47,194
Other:				
Reserve reclassification	(317)	317	-	-
Share based expenses (Note 12)	-	1,686	-	1,686
	(317)	2,003	-	1,686
Balance at 31 December 2019	273,439	3,286	(16,991)	259,734
CONSOLIDATED 2020				
Balance at 1 July 2020	421,812	6,065	(6,183)	421,694
Profit after income tax expense for the year	-	-	3,910	3,910
Issue of share capital:				
Contributions of equity (Note 11)	168,122	-	-	168,122
Transaction costs	(4,032)	-	-	(4,032)
	164,090	-	-	164,090
Issue of shares to vendors on acquisition:				
Issue of shares to OptiComm vendors	173,164	-	-	173,164
Issue of shares to Harbour vendors	804	-	-	804
Transaction costs	(4,612)	-	-	(4,612)
	169,356	-	-	169,356
Other:				
Foreign currency translation	-	-	(10)	(10)
Issue of options to Harbour vendors	-	229	-	229
Conversion of share based expense options	156	-	-	156
Share based expenses (Note 12)	-	2,974	-	2,974
	156	3,203	(10)	3,349
Balance at 31 December 2020	755,414	9,268	(2,283)	762,399

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

UNITI GROUP LIMITED

Consolidated Statement of Cash Flows

For the half year ended 31 December 2020

	CONSOLIDATED	
	31 Dec 2020 \$'000	31 Dec 2019 \$'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	58,986	25,479
Payments to suppliers and employees (inclusive of GST)	(30,634)	(21,930)
Dividends received	621	-
Interest received	480	55
Interest and other finance costs paid	(288)	(215)
Income tax (paid) / refund received	(2,582)	246
Net cash from operating activities	26,583	3,635
Cash flows used in investing activities		
Payment for purchase of business, net of cash acquired	(619,826)	(164,401)
Payments to suppliers for the business acquisitions	(3,219)	(1,570)
Payments for property, plant and equipment	(7,747)	(2,108)
Payments for intangible assets	(587)	-
Net cash used in investing activities	(631,379)	(168,079)
Cash flows from financing activities		
Proceeds from borrowings	305,625	-
Transaction costs related to loans and borrowings	(4,595)	-
Proceeds from issue of shares	168,278	185,078
Share issue transaction costs paid	(7,389)	(5,395)
Repayment of borrowings and lease payments	(783)	(801)
Net cash from financing activities	461,136	178,882
Net (decrease) / increase in cash and cash equivalents	(143,660)	14,438
Cash and cash equivalents at the beginning of the financial year	189,150	19,131
Cash and cash equivalents at the end of the financial half year	45,490	33,569

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

UNITI GROUP LIMITED

Consolidated Notes to the Financial Statements

31 December 2020

Note 1. Significant accounting policies

Statement of compliance

The half year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 *"Interim Financial Reporting"*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *"Interim Financial Reporting"*. The half year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The company is a company of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the company's 2020 annual financial report for the financial year ended 30 June 2020. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Note 2. Operating segments

Identification of reportable operating segments

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

Major customers

There were no major customers in 2020 or 2019 that contributed more than 5% of revenue.

Operating segments

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

- > Consumer & Business.
- > Wholesale & Infrastructure.
- > Communications Platform as a Service (CPaaS).

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

UNITI GROUP LIMITED

Consolidated Notes to the Financial Statements *continued*

31 December 2020

Note 2. Operating segments (*continued*)

Segment revenues and results

CONSOLIDATED – 2020	WHOLESALE & INFRASTRUCTURE \$'000	CPaaS \$'000	CONSUMER & BUSINESS \$'000	UNALLOCATED ¹ \$'000	INTER- COMPANY ² \$'000	TOTAL \$'000
Revenue	29,835	15,114	17,408	1,063	(8,233)	55,187
EBITDA (Reported)	20,209	10,026	2,003	(17,857)	-	14,381
Depreciation and amortisation	(3,192)	(1,406)	(1,940)	-	-	(6,538)
Net finance costs	(8)	(13)	(182)	(1,191)	-	(1,394)
Profit/(Loss) before income tax expense	17,009	8,607	(119)	(19,048)	-	6,449
Income tax expense	-	-	-	(2,539)	-	(2,539)
Profit/(Loss) after income tax expense	17,009	8,607	(119)	(21,587)	-	3,910

(1) Unallocated revenue represents interest income earned in relation to cash and cash equivalents and dividend received as part of the OptiComm acquisition. Unallocated costs include corporate services costs, board costs, share based expenses and acquisition costs.

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

CONSOLIDATED – 2019	WHOLESALE & INFRASTRUCTURE \$'000	CPaaS \$'000	CONSUMER & BUSINESS \$'000	UNALLOCATED ¹ \$'000	INTER- COMPANY ² \$'000	TOTAL \$'000
Revenue	6,624	6,192	12,082	150	(3,002)	22,046
EBITDA (Reported)	3,903	2,438	2,445	(6,533)	-	2,253
Depreciation and amortisation	(378)	(438)	(1,832)	-	-	(2,648)
Net finance costs	-	-	(259)	(51)	-	(310)
Profit/(Loss) before income tax expense	3,525	2,000	354	(6,584)	-	(705)
Income tax benefit	-	-	-	5,818	-	5,818
Profit/(Loss) after income tax expense	3,525	2,000	354	(766)	-	5,113

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

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

Geographical segments

The consolidated entity operated in only one geographical segment during the 2020 and 2019 half year, being Australia.

UNITI GROUP LIMITED

Consolidated Notes to the Financial Statements *continued*

31 December 2020

Note 3. Revenue

	CONSOLIDATED	
	31 Dec 2020 \$'000	31 Dec 2019 \$'000
<i>Revenue from contracts with customers</i>		
Sale of goods	3	265
Rendering of services – Broadband and fibre access networks	17,330	11,663
Rendering of services – Telecommunications services	14,882	6,188
Rendering of services – Recurring network revenues	15,024	2,980
Construction revenues	6,118	624
	53,357	21,720
<i>Other income</i>		
Interest income	442	150
Dividend revenue	621	-
R&D tax incentive revenue	-	153
Other revenue	767	23
	55,187	22,046

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

Disaggregation of revenue

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

CONSOLIDATED 2020	WHOLESALE & INFRASTRUCTURE \$'000	CPaaS \$'000	CONSUMER & BUSINESS \$'000	INTER- COMPANY ⁽¹⁾ \$'000	TOTAL \$'000
<i>Major product lines</i>					
Broadband and fibre access networks	-	-	17,405	(75)	17,330
Telecommunications services	-	15,114	-	(232)	14,882
Recurring network revenues	22,950	-	-	(7,926)	15,024
Construction revenues	6,118	-	-	-	6,118
Sale of goods	-	-	3	-	3
	29,068	15,114	17,408	(8,233)	53,357
<i>Geographical regions</i>					
Australia	29,068	15,114	17,408	(8,233)	53,357
	29,068	15,114	17,408	(8,233)	53,357
<i>Timing of revenue recognition</i>					
Goods transferred at a point in time	6,118	-	3	-	6,121
Services transferred over time	22,950	15,114	17,405	(8,233)	47,236
	29,068	15,114	17,408	(8,233)	53,357

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

UNITI GROUP LIMITED

Consolidated Notes to the Financial Statements *continued*

31 December 2020

Note 3. Revenue (*continued*)

CONSOLIDATED - 2019	WHOLESALE & INFRASTRUCTURE \$'000	CPaaS \$'000	CONSUMER & BUSINESS \$'000	INTER- COMPANY ⁽¹⁾ \$'000	TOTAL \$'000
<i>Major product lines</i>					
Broadband and fibre access networks	-	-	11,663	-	11,663
Telecommunications services	-	6,188	-	-	6,188
Recurring network revenues	5,982	-	-	(3,002)	2,980
Construction revenues	624	-	-	-	624
Sale of goods	-	-	265	-	265
	6,606	6,188	11,928	(3,002)	21,720
<i>Geographical regions</i>					
Australia	6,606	6,188	11,928	(3,002)	21,720
	6,606	6,188	11,928	(3,002)	21,720
<i>Timing of revenue recognition</i>					
Goods transferred at a point in time	624	-	265	-	889
Services transferred over time	5,982	6,188	11,663	(3,002)	20,831
	6,606	6,188	11,928	(3,002)	21,720

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

UNITI GROUP LIMITED

Consolidated Notes to the Financial Statements *continued*

31 December 2020

Note 4. Expenses

	CONSOLIDATED	
	31 Dec 2020 \$'000	31 Dec 2019 \$'000
Profit before income tax includes the following specific expenses:		
<i>Network and hardware expense</i>		
Network and hardware expense	12,359	7,419
<i>Employee benefits expense</i>		
Employee benefits expense	9,092	4,617
Share based expense	2,989	2,005
	12,081	6,622
<i>Depreciation and plant and equipment write off expenses</i>		
Leasehold improvements	35	15
Plant and equipment	2,186	1,398
Right of use assets	680	576
	2,901	1,989
<i>Amortisation</i>		
Customer contracts	3,373	615
Software	191	29
Other intangibles	73	15
	3,637	659
	6,538	2,648
<i>Other expenses</i>		
Restructure costs	143	382
Acquisition costs	12,365	2,555
Other	3,858	2,815
	16,366	5,752
<i>Finance costs</i>		
Interest and finance charges paid/payable	1,394	310

UNITI GROUP LIMITED

Consolidated Notes to the Financial Statements *continued*

31 December 2020

Note 5. Non-Current assets - Right of use assets

CONSOLIDATED	OFFICE LEASES \$'000	PLANT AND EQUIPMENT \$'000	NETWORK INFRASTRUCTURE \$'000	MOTOR VEHICLES \$'000	TOTAL \$'000
30 Jun 2020					
Cost	1,974	83	5,261	117	7,435
Accumulated depreciation	(1,071)	(59)	(3,180)	(81)	(4,391)
	903	24	2,081	36	3,044
31 Dec 2020					
Cost	3,700	126	5,261	247	9,334
Accumulated depreciation	(1,377)	(74)	(3,373)	(118)	(4,942)
	2,323	52	1,888	129	4,392
Reconciliation:					
Balance at 1 July 2020	903	24	2,081	36	3,044
Acquired through business combinations (Note 17)	1,681	-	-	130	1,811
Disposals	-	-	-	-	-
Additions	143	43	31	-	217
Depreciation expense	(404)	(15)	(224)	(37)	(680)
Balance at 31 December 2020	2,323	52	1,888	129	4,392

Note 6. Non-current assets - property, plant and equipment

CONSOLIDATED	LEASEHOLD IMPROVEMENTS \$'000	PLANT AND EQUIPMENT \$'000	NETWORK INFRASTRUCTURE \$'000	TOTAL \$'000
30 Jun 2020				
Cost	219	1,484	51,341	53,044
Accumulated depreciation	(99)	(588)	(5,850)	(6,537)
	120	896	45,491	46,507
31 Dec 2020				
Cost	1,292	2,675	232,729	236,696
Accumulated depreciation	(134)	(711)	(6,890)	(7,735)
	1,158	1,964	225,839	228,961
Reconciliation:				
Balance at 1 July 2020	120	896	45,491	46,507
Acquired through business combinations (Note 17)	1,073	1,115	172,420	174,608
Additions	-	134	9,955	10,089
Reclassification of asset type	-	(22)	-	(22)
Depreciation expense	(35)	(159)	(2,027)	(2,221)
Balance at 31 December 2020	1,158	1,964	225,839	228,961

UNITI GROUP LIMITED

Consolidated Notes to the Financial Statements *continued*

31 December 2020

Note 7. Non-current assets – intangibles

CONSOLIDATED	GOODWILL \$'000	CUSTOMER CONTRACTS \$'000	BRAND AND TRADEMARKS \$'000	SOFTWARE \$'000	OTHER INTANGIBLE ASSETS \$'000	TOTAL \$'000
30 Jun 2020						
Cost	176,011	26,051	4,547	1,681	1,178	209,468
Accumulated amortisation	-	(2,934)	-	(428)	(79)	(3,441)
	176,011	23,117	4,547	1,253	1,099	206,027
31 Dec 2020						
Cost	806,710	83,872	7,982	3,063	1,247	902,874
Accumulated amortisation	-	(6,307)	-	(618)	(149)	(7,074)
	806,710	77,565	7,982	2,445	1,098	895,800
<i>Reconciliation:</i>						
Balance at 1 July 2020	176,011	23,117	4,547	1,253	1,099	206,027
Acquired through business combinations (Note 17)	630,699	57,821	3,435	833	-	692,788
Additions	-	-	-	530	72	602
Reclassification of asset type	-	-	-	20	-	20
Amortisation expense	-	(3,373)	-	(191)	(73)	(3,637)
Balance at 31 December 2020	806,710	77,565	7,982	2,445	1,098	895,800

Note 8. Current and non-current liabilities – contingent consideration

	CONSOLIDATED	
	31 Dec 2020 \$'000	30 Jun 2020 \$'000
Current liability		
Contingent consideration for Fone Dynamics acquisition	-	1,747
Contingent consideration for LBNCo acquisition	2,298	2,692
Contingent consideration for Harbour acquisition	500	-
	2,798	4,439
Non-current liability		
Contingent consideration for LBNCo acquisition	905	2,712
Contingent consideration for Velocity acquisition	32,272	-
	33,177	2,712

UNITI GROUP LIMITED

Consolidated Notes to the Financial Statements *continued*

31 December 2020

Note 9. Current and non-current liabilities – deferred consideration

	CONSOLIDATED	
	31 Dec 2020 \$'000	30 Jun 2020 \$'000
Current liability		
Deferred consideration for Velocity acquisition	6,667	-
	6,667	-
Non-current liability		
Deferred consideration for Velocity acquisition	12,295	-
	12,295	-

Note 10. Non-current liabilities – borrowings

	CONSOLIDATED	
	31 Dec 2020 \$'000	30 Jun 2020 \$'000
Bank loans	305,625	-
Capitalised borrowing costs	(4,469)	-
	301,156	-

The Company executed a \$320m revolving syndicated facility agreement with Westpac Banking Corporation (Westpac) and Commonwealth Bank of Australia (CBA) taking effect on 18 December 2020. The facility includes a \$315m revolving loan facility and a \$5m contingent instrument facility. As at 31 December 2020, \$13.3m of the revolving loan facility was not utilised, with \$305.6 million of the revolving loan facility and \$1.1 million of the contingent instrument facility utilised. Interest on the facility is incurred at the aggregate of the reference bank bill rate plus a margin.

The key terms of the Facility are summarised below:

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

Expiry: 18 December 2023.

The Company is subject to and is compliant with financial covenants and undertakings for the period ended 31 December 2020.

UNITI GROUP LIMITED

Consolidated Notes to the Financial Statements *continued*

31 December 2020

Note 11. Equity - issued capital

	CONSOLIDATED			
	31 Dec 2020 Shares	30 Jun 2020 Shares	31 Dec 2020 \$'000	30 Jun 2020 \$'000
Ordinary shares – fully paid	662,230,433	433,453,275	755,414	421,812

Movements in ordinary share capital (net of transaction costs):

DETAILS	DATE	CONSOLIDATED		
		SHARES	ISSUE PRICE	\$'000
Balance	1 Jul 2020	433,453,275	n/a	421,812
Issue of share capital:				
Issue of shares (Retail entitlement offer)	13 Jul 2020	84,372,830	\$1.40	118,122
Issue of shares (Retail entitlement offer)	21 Dec 2020	33,333,334	\$1.50	50,000
Share issue transaction costs	Various	n/a	n/a	(4,032)
		117,706,164	n/a	164,090
Issue of shares to vendors on acquisition:				
Issue of shares to OptiComm vendors	18 Sep 2020	5,001,901	\$1.26	6,304
Issue of shares to OptiComm vendors	20 Nov 2020	104,943,217	\$1.59	166,860
Issue of shares to Harbour vendors	1 Dec 2020	570,316	\$1.41	804
Share issue transaction costs	Various	n/a	n/a	(4,612)
		110,515,434	n/a	169,356
Other:				
Conversion of share based expense option on exercise	24 Jul 2020	277,780	\$0.25	69
Conversion of share based expense option on exercise	24 Jul 2020	277,780	\$0.31	87
		555,560	n/a	156
Balance		662,230,433	n/a	755,414

Note 12. Equity – reserves

	CONSOLIDATED	
	31 Dec 2020 \$'000	30 Jun 2020 \$'000
Share Option Reserve	9,268	6,065

The reserve is used to recognise the fair value of share based expenses, in particular options issued to Directors and Management.

Movements in reserves

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

CONSOLIDATED	Share Options \$'000
Balance at 1 July 2020	6,065
Options issued	2,974
Options issued to Harbour vendors	229
Balance at 31 December 2020	9,268

The Options have been valued using a Black Scholes methodology based on the share price at grant date, exercise price (various based on vesting dates), Risk Free rate and length of term to expiry.

UNITI GROUP LIMITED

Consolidated Notes to the Financial Statements *continued*

31 December 2020

Note 13. Contingent assets and liabilities

As at 31 December 2020, the Company has given cash backed bank guarantees of \$51,400 to various landlords. In addition, the Company has provided bank guarantees of \$1,090,061 to landlords and developers under the \$5 million contingent instrument facility (Note 10). There were no contingent assets as at 31 December 2020.

Note 14. Related party transactions

The following transactions occurred with related parties:

	CONSOLIDATED	
	31 Dec 2020 \$'000	31 Dec 2019 \$'000
Payment for network tower right of use assets from Axicom Pty Ltd (director-related entity of Graeme Barclay)	221	214
Payment for network tower right of use assets from BSA Limited (director-related entity of Graeme Barclay) ¹	-	6

The following balances are outstanding at the reporting date in relation to transactions with related parties:

Trade payables to Axicom Pty Ltd (director-related entity of Graeme Barclay)	91	342
Trade payables to BSA Limited (director-related entity of Graeme Barclay) ¹	-	6

¹ Mr Barclay resigned from the BSA board in December 2019.

Note 15. Events after the reporting period

As part of the successful completion of the acquisition of certain fibre-to-the-premises (FTTP) assets owned by Telstra Corporation Ltd on 24 December 2020, Uniti launched a Share Purchase Plan (SPP) to shareholders. The SPP was launched to raise up to a further \$10 million at the lower of \$1.50, or a 2.0% discount to the 5-day VWAP of UWL shares up to and including the closing date (20 January 2021). As at 22 January 2021, the SPP had been over-subscribed by more than seven times the initially announced SPP Offer amount of \$10 million. The Board therefore increased the total offer pool to \$20 million. The \$20 million proceeds from the SPP were received in January 2021 and 13,335,093 shares issued on 28 January 2021.

UNITI GROUP LIMITED

Consolidated Notes to the Financial Statements *continued*

31 December 2020

Note 16. Earnings per share (EPS)

	CONSOLIDATED	
	31 Dec 2020 \$'000	31 Dec 2019 \$'000
Profit after income tax	3,910	5,113
Profit after income tax attributable to the owners of Uniti Group Limited	3,910	5,113
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES		
	Number	Number
Weighted average number of ordinary shares used in calculating basic EPS	541,048,662	220,885,800
<i>Adjustments for calculation of EPS:</i>		
Options over ordinary shares	27,696,616	19,402,657
Weighted average number of ordinary shares used in calculating diluted EPS	568,745,278	240,288,457
	Cents	Cents
Basic profit per share	0.7	2.3
Diluted profit per share	0.7	2.1

Note 17. Business combinations

On 1 November 2020 the Company acquired 100% of Harbour ISP Pty Ltd (Harbour) for a purchase consideration of \$10.3 million and 1 million options to acquire Uniti shares at an exercise price of \$1.41. The purchase consideration consisted of a cash payment of \$8.7 million, \$0.8 million scrip consideration and a contingent consideration of \$0.7 million payable in cash (\$0.5 million) and options (\$0.2 million). A portion of the cash payment (\$0.3 million) was paid after the balance date and is classified in Trade and other payables as at 31 December 2020. The contingent consideration is payable 6 months after the completion date and is payable only if the seller has provided all reasonable assistance and support to assist Uniti achieving transition requirements including operating systems and business operations transitioned to Uniti. Harbour specialises in delivery of superfast retail broadband services in greenfields developments. The acquired business contributed revenues of \$4.1 million and profit before tax of \$0.3 million to the consolidated entity for the period from 1 November 2020 to 31 December 2020. Disclosure of the full year contributions for revenue and profit after tax for Harbour is impracticable due to the changes that have occurred during the year readying the business for sale. Disclosure of the actual results for the full year would be misleading to users. The values identified in relation to the acquisition of Harbour are provisional as at 31 December 2020, with the main items outstanding being management's final assessment of the acquired intangible assets and finalisation of tax balances.

UNITI GROUP LIMITED

Consolidated Notes to the Financial Statements *continued*

31 December 2020

Note 17. Business combinations (*continued*)

Details of the acquisition are as follows:

	PROVISIONAL \$'000
Cash and cash equivalents	1,434
Trade receivables	1,237
Prepayments	46
Inventories	41
Deferred tax assets	248
Right of use assets – motor vehicle	130
Customer contracts	1,856
Brand	2,867
Trade payables	(2,283)
Other payables	(439)
Lease liability	(130)
Deferred tax liability	(1,417)
Employee benefits provision	(395)
Net assets acquired	3,195
Goodwill	7,060
Acquisition-date fair value of the total consideration transferred	10,255
<i>Representing:</i>	
Cash payable to vendor	9,222
Options to be issued in lieu of cash paid	229
Shares to be issued in lieu of cash paid	804
	10,255
<i>Cash used to acquire the business, net of cash acquired:</i>	
Acquisition-date fair value of the total consideration transferred	8,419
Less: Cash and cash equivalents	(1,364)
Net Cash used in the financial half year ended 31 December 2020	7,055

On 20 November 2020 the Company acquired 100% of the ordinary shares of OptiComm Limited and its controlled entity, OptiComm Integration Pty Ltd, by way of a Scheme of Arrangement for the total consideration of \$703.4 million. The purchase consideration consisted of cash payments of \$530.3 million and \$173.1 million scrip consideration. The total purchase consideration includes shares acquired via share purchase agreements with certain other OptiComm institutional shareholders prior to the completion of the Scheme of Arrangement. OptiComm operates a FTTP network across Australia servicing both residential and business customers, including retirement living, community and commercial clients. The acquired business contributed revenues of \$11.0 million and profit before tax of \$6.2 million to the consolidated entity for the period from 20 November 2020 to 31 December 2020. Disclosure of the full year contributions for revenue and profit after tax for OptiComm is impracticable due to the changes that have occurred during the year readying the business for sale. Disclosure of the actual results for the full year would be misleading to users. The values identified in relation to the acquisition of OptiComm are provisional as at 31 December 2020, with the main items outstanding being management's final assessment of the draft valuation report in relation to the acquired property, plant and equipment, network infrastructure, intangible assets and finalisation of tax balances. In addition, there is a potential for significant tax deductions relating to the Instant Asset Write Off and Accelerated Depreciation provisions enacted by the Federal Government. On initial review, an asset pool of \$74.6 million may be eligible for some form of upfront instant asset write off or accelerated depreciation, the amount of which is yet to be determined.

UNITI GROUP LIMITED

Consolidated Notes to the Financial Statements *continued*

31 December 2020

Note 17. Business combinations (*continued*)

Details of the acquisition are as follows:

	PROVISIONAL \$'000
Cash and cash equivalents	7,422
Trade receivables	7,073
Prepayments	1,205
Deferred tax assets	2,378
Contract assets	102
Right of use assets – office leases	1,681
Leasehold improvements	1,073
Plant and equipment	1,115
Network infrastructure	93,148
Software	833
Customer contracts	55,345
Brand	568
Trade payables	(5,725)
Other payables	(1,285)
Contract liabilities	(5,538)
Lease liability	(1,806)
Employee benefits provision	(1,469)
Provisions	(455)
Deferred tax liability	(16,774)
Provisions for income tax	(2,097)
Net assets acquired	136,794
Goodwill	566,640
Acquisition-date fair value of the total consideration transferred	703,434
<i>Representing:</i>	
Cash payable to vendor	530,270
Shares to be issued in lieu of cash paid	173,164
	703,434
<i>Cash used to acquire the business, net of cash acquired:</i>	
Acquisition-date fair value of the total consideration transferred	530,270
Less: Cash and cash equivalents	(7,422)
Net Cash used in the financial half year ended 31 December 2020	522,848

On 24 December 2020 the Company acquired Telstra Velocity and South Brisbane Exchange assets (Velocity) for \$140 million from Telstra (ASX:TLS). The purchase consideration consists of a cash payment of \$85 million upon transaction completion, \$20 million payable in 3 equal installments over 3 years and \$35 million payable upon completion of migration of the assets. The \$35 million payable represents a contingent consideration and will be payable only if a specified number of Active Broadband Service is provided by the seller upon migration of the assets. Velocity is Telstra's optical fibre network that uses fibre-to-the-premises FTTP technology to deliver high-speed broadband, phone, subscription TV and free-to-air services in Australia. The acquired business contributed revenues and

UNITI GROUP LIMITED

Consolidated Notes to the Financial Statements *continued*

31 December 2020

Note 17. Business combinations (*continued*)

profit before tax of \$0.5 million to the consolidated entity for the period from 24 December 2020 to 31 December 2020. Disclosure of the full year contributions for revenue and profit after tax for Velocity is impracticable due to the changes that have occurred during the year readying the business for sale. Disclosure of the actual results for the full year would be misleading to users.

The acquisition of the Velocity assets has been treated as a business combination, as opposed to an asset purchase. This is consistent with AASB 3 Business Combinations. To be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The Company has acquired processes in order to manage the Velocity assets, including a technology migration plan, as well as ongoing sales, services, and maintenance plans under a Heads of Agreement. This Agreement requires the Company to adhere to key principles to ensure the acquired assets can continually provide services in line with certain standards. Thus, these processes and standards are substantive, as they are critical to the ability to continue producing income from these assets. The values identified in relation to the acquisition of Velocity assets are provisional as at 31 December 2020, with the main items outstanding being management's final assessment of the draft valuation report in relation to the acquired network infrastructure. In addition, there is a potential for significant tax deductions relating to the Instant Asset Write Off and Accelerated Depreciation provisions enacted by the Federal Government. On initial review, the Network Infrastructure assets of \$79.2 million may be eligible for some form of upfront instant asset write off or accelerated depreciation, the amount of which is yet to be determined.

Details of the acquisition are as follows:

	PROVISIONAL \$'000
Network infrastructure	79,235
Net assets acquired	79,235
Goodwill	56,999
Acquisition-date fair value of the total consideration transferred	136,234
<i>Representing:</i>	
Cash payable to vendor	136,234
Shares to be issued in lieu of cash paid	-
	136,234
Cash used to acquire the business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	85,000
Less: Cash and cash equivalents	-
Net Cash used in the financial half year ended 31 December 2020	85,000

Payment for purchase of business, net of cash acquired

	31 Dec 2020 \$'000
Acquisition of Velocity	85,000
Acquisition of OptiComm	522,848
Acquisition of Harbour	7,055
	614,903
Other – asset purchase and contingent consideration payment	4,923
	619,826

UNITI GROUP LIMITED

DIRECTORS' DECLARATION

In the directors' opinion:

- > the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- > the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the financial half year ended on that date; and
- > there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the directors



Graeme Barclay, Chairman
23 February 2021

UNITI GROUP LIMITED INDEPENDENT AUDITOR'S REVIEW REPORT



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

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Uniti Group Limited, which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors declaration as set out on pages 11 to 30.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Uniti Group Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report. We are independent of Uniti Group Limited in accordance with 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Directors Responsibilities for the Half-year Financial Report

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

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UNITI GROUP LIMITED

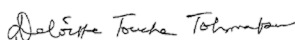
INDEPENDENT AUDITOR'S REVIEW REPORT *continued*

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Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



DELOITTE TOUCHE TOHMATSU



Chris Biermann
Partner
Chartered Accountants
Melbourne, 23 February 2021

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