



UNITI

Uniti Wireless Limited
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15 March 2019

Belinda Chiu
Senior Adviser, Listing Compliance (Sydney)
Australian Securities Exchange

By email: listingscompliancesydney@asx.com.au and Belinda.chiu@asx.com.au

Dear Ms Chiu

Uniti Wireless Limited ('UWL'): ASX Query Letter

UWL refers to the 10 questions listed in the letter of 12 March 2019 from the Australian Securities Exchange ('ASX') and provides the following response:

ASX Question 1

In question 4 of the ASX Query Letter, ASX asked: "When did the CEO or Board originally consider the potential termination of employment of Mr Metcalfe and Ms Baranikow? Please provide a date." In its response to question 4, UWL stated that, "*On 12 February 2019, the day after completion of the acquisition of FuzeNet, the CEO advised the Chairman that he believed that the termination of the employment of Mr Metcalfe and Ms Baranikow was in the best interests of the Company and **necessary to enable the commencement of the rationalisation program he had developed***" [emphasis added]. ASX questions the candour of this response.

If the CEO had developed a rationalisation program as at 12 February 2019 and the termination of Mr Metcalfe and Ms Baranikow was part of that program, it seems reasonable to assume that the CEO was contemplating the potential termination of employment of Mr Metcalfe and Ms Baranikow prior to 12 February 2019.

Please advise when the CEO *first* considered the potential termination of employment of Mr Metcalfe and Ms Baranikow.

UWL Response

The CEO has advised that he first considered the potential termination of employment of Mr Metcalfe and Ms Baranikow on 11 February 2019 and recommended their termination on 12 February 2019.

ASX Question 2

If the CEO did consider the potential termination of employment of Mr Metcalfe and Ms Baranikow prior to 12 February 2019, did it occur to him that it may be appropriate in the circumstances to immediately escalate the matter to the Board so that supplementary disclosure regarding the proposed termination could be provided in connection with UWL's Prospectus and subsequent listing?

UWL Response

As noted in response to ASX Question 1, the CEO only commenced considering the potential termination of employment over 11 February 2019 (being one day prior to 12 February 2019) and 12 February 2019 and had not formed a view on the potential termination until 12 February 2019. At that time, the CEO considered it was appropriate to escalate the matter to the Board, which the CEO did initially on 11 February (as a matter for consideration only), and subsequently as his recommendation over the course of 12 February 2019 and 13 February 2019.

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ASX Question 3

In any case, when the CEO approached the Chair on 12 February 2019, being the day before UWL listed on ASX, to relay his views about Mr Metcalfe and Ms Baranikow, did either the CEO or Chair consider at that time that it may be appropriate in the circumstances to provide supplementary disclosure around the proposed termination in connection with UWL's Prospectus and subsequent listing?

UWL Response

Neither the CEO nor the Chairman considered that it was appropriate on 12 February 2019 or immediately prior to UWL's listing to disclose the proposed termination. This is because, at that time, the CEO's proposal had not yet been agreed to or approved by the Board of UWL. At that time, the CEO was not approved to proceed with any termination of employment. As such, any supplementary disclosure prior to listing might have been misleading if the Board had ultimately determined not to proceed with any termination of employment. In any event, once Mr Metcalfe and Ms Baranikow were notified of the terminations, UWL disclosed this to the market.

ASX Question 4

If the answers to questions 2 or 3 are "yes", please explain why a decision was taken to not provide supplementary disclosure.

UWL Response

Please refer to the response to ASX Question 3 above.

ASX Question 5

UWL's announcement dated 15 February 2019 stated that Mr Metcalfe and Ms Baranikow's employment was terminated as "part of the rationalisation and integration of the two businesses."

Further, UWL's response to the ASX Query Letter stated that the CEO "believed that the termination of the employment of Mr Metcalfe and Ms Baranikow was in the best interests of the Company and necessary to enable the commencement of **the rationalisation program he had developed**, including the need to implement change rapidly." [emphasis added]

When did the CEO develop his rationalisation program?

UWL Response

The CEO developed the first elements of his rationalisation program prior to the completion of the FuzeNet acquisition including IP transit and backhaul contract re-negotiations and in relation to re-branding, however decisions in relation to specific employees were made on and after 12 February 2019 following the completion of the acquisition of FuzeNet on 11 February 2019. These staffing elements were only able to be developed at this time as the CEO only gained unrestricted and complete access to the FuzeNet business – and most importantly in this context to its staff reporting to Mr Picton and Mr Seaman – on the morning of 11 February 2019 once the acquisition had completed. The FuzeNet vendors had been insistent on this as they were concerned to protect the FuzeNet business as conducted under their ownership from any disturbance until after the transaction had been completed. By way of clarification in that context, the "rationalisation program [the CEO] had developed" is not referring to a formal "line item" master plan which the CEO had developed prior to completion of the FuzeNet acquisition; rather, it is referring to a more ad hoc and ongoing process where the CEO has been able to identify new opportunities for cost or revenue synergies now that he had obtained unrestricted and complete access to the FuzeNet business and is better placed to understand how the merged UWL and FuzeNet business will practically operate.

ASX Question 6

When did the CEO first share his rationalisation program with the UWL Board?

UWL Response

The CEO developed preliminary views of the potential revenue and cost synergy from the combination of FuzeNet and Uniti during the acquisition due diligence phase, and the general areas of potential cost reduction were discussed, however the UWL board did not discuss the specifics of how costs would be reduced or any specific staffing changes prior to acquisition of FuzeNet.

The CEO did advise of the need to reduce operating and employment costs along with general overheads within Uniti and it was intended as part of the acquisition of FuzeNet to reduce these costs but the specific ways this would actually be achieved were not discussed or documented. As such the Company made a general target for a small total cost reduction (including employment costs) in the pro-forma forecast included in the Prospectus. It was the intention of the Board and a requirement of the CEO to achieve or exceed this forecast cost reduction amount once the acquisition of FuzeNet and the listing was complete.

The CEO first made his recommendation for the termination of employment of the executive Directors to the Chairman on 12 February 2019 and the other non-executive Directors were communicated with on 12 February 2019 and 13 February 2019. Approval to proceed was given on the evening of 13 February 2019. The executive Directors were informed of their termination on 14 February 2019, after closure of the market.

ASX Question 7

Was the CEO's rationalisation program committed to writing or in electronic format? If so, please provide a copy (this is not for release to the market). If not, please explain why not?

UWL Response

No, the CEO's rationalisation program is not documented in any written or electronic format. Please refer to the UWL Response to ASX Question 5 above. Due to rationalisation being a dynamic process, a specific program has not been documented.

ASX Question 8

ASX notes UWL's statements in the Prospectus reproduced above at sub-paragraphs D.b and D.c, which make specific reference to Mr Metcalfe's role in mitigating the risk associated with the departure of Mr Picton and Mr Seaman from FuzeNet and makes clear representations as to Mr Metcalfe's industry expertise and familiarity with FuzeNet.

In light of these statements, please particularise what strategic / commercial concerns became apparent to the CEO, and to which the Chair and independent directors agreed, such that he and they considered the termination Mr Metcalfe and Ms Baranikow's employment immediately after UWL was listed was in the best interests of UWL.

In answering this question, please:

- make specific reference to the key role Mr Metcalfe was expected to play in managing FuzeNet;
- confirm whether the CEO was aware of any of these concerns prior to the finalisation of the FuzeNet acquisition on 11 February 2019 and the listing of UWL on ASX on 12 February 2019; and
- if not, how these concerns arose between UWL's listing such as to require the terminations take effect on 14 February 2019.

UWL Response

Mr Metcalfe was to perform the role of Chief Technology Officer of the merged entity, performing functions that are normally expected of a Chief Technology Officer.

The CEO has confirmed that he was not aware of any of the concerns described in this response prior to the finalisation of the FuzeNet acquisition on 11 February 2019. The CEO became aware that there might be some concerns prior to the listing of UWL on ASX on 12 February 2019 as part of the integration and enhanced access post completion of the acquisition.

It became apparent to the CEO over the course of 11 February 2019 and 12 February 2019 that the functions which were to be carried out by Mr Metcalfe could also be included in the CEO's role, working with existing Fuzenet staff, in a manner in which would realise operational and cost efficiencies. This only became apparent to the CEO over the course of 11 February 2019 and 12 February 2019 as it was only at that time that the CEO gained unrestricted and complete access to the FuzeNet business and was able to form the view that he and the existing FuzeNet staff were capable of continuing to operate the FuzeNet business without the Executive Directors. Once the CEO formed that view and identified the extent of cost savings that could be achieved, he then approached the Chairman and the non-executive Directors with his recommendation. As noted above, the suggestion to terminate the Executive Directors' employment was only approved by the Board in the evening of 13 February 2019, and the executive Directors were terminated on the next business day.

As such, the strategic / commercial concerns which became apparent to the CEO, and to which the Chairman and independent directors agreed, such that he and they considered the termination of Mr Metcalfe's and Ms Baranikow's employment immediately after UWL was listed to be in the best interests of UWL were the immediate realisation of operational and cost efficiencies, which were significant for UWL.

The Prospectus did disclose that there would be cost synergies relating to employees but, at that stage, it was not contemplated that those employees would include Mr Metcalfe and Ms Baranikow, and this was not identified until after the completion of the Fuzenet acquisition for the reasons set out above.

ASX Question 9

Please confirm that UWL is complying with the Listing Rules and, in particular, Listing Rule 3.1.

UWL response:

The Company confirms that it is complying with the Listing Rules, and in particular Listing Rule 3.1.

ASX Question 10

Please confirm that UWL's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of UWL with delegated authority from the board to respond to ASX on disclosure matters.

UWL response:

The Company confirms that the responses contained in this letter have been authorised and approved by the Board of Directors of UWL and in accordance with UWL's published continuous disclosure policy.

Kind Regards

Peter Wildy
Company Secretary
Uniti Wireless Limited



12 March 2019

Mr Peter Wildy
Company Secretary
Uniti Wireless Limited

By email: peter.wildy@unitiwireless.com

Dear Mr Wildy

Uniti Wireless Limited ('UWL'): ASX Query Letter

ASX refers to the following:

- A. UWL's announcement entitled "Director Appointment/Resignation", released on the ASX Market Announcements Platform ("MAP") on 15 February 2019 disclosing that the employment of UWL's co-founders and executive directors, Mr Che Metcalfe (also the UWL Chief Technology Officer ("CTO")) and Ms Sasha Baranikow, had been terminated by UWL's CEO on 14 February 2019. The announcement contained the following disclosure:
- a. *"The termination is part of the rationalisation and integration of the FuzeNet Pty Ltd business acquired on the 11th Feb and the Uniti business. This is a change identified by the CEO and is a decision made as part of the rationalisation of two businesses."*
 - b. *"The change in Board structure is a result of the termination of executive duties, clause 43(g) of the Company's constitution requires that when an Executive Director of the Company ceases to be an executive, the position of Director is vacated. The change in Board constitution is a result of the constitutional provision."*
- B. ASX's query letter dated 21 February 2019 ("ASX Query Letter"), a copy of which was released on MAP on 25 February 2019.
- C. UWL's response to the ASX Query Letter ("UWL's Response"), also released on MAP on 25 February 2019, which contained the following statements by UWL:
- a. In response to question 1 of the ASX Query Letter:
"The Company considers the termination of the employment of Mr Metcalfe and Ms Baranikow resulting in their vacation of office as Directors of the Company to be market sensitive information."
 - b. As part of its response to question 3 of the ASX Query Letter:
"The Board had considered the immediate requirements as UWL transitioned to an ASX listed company and the Board was satisfied with the composition of the Board at the time of listing."
"There was no intention of the Board to remove Mr Metcalfe and Ms Baranikow as Directors once their employment had been terminated. They were not removed as Directors by resolution of the Board, rather it is a requirement of rule 43(g) of the UWL constitution, which provides that a Director who is also an executive is required to vacate the position of Director when that person ceases to be an employee of the Company or its related bodies corporate."
 - c. As part of its response to question 4 of the ASX Query Letter (regarding when the CEO or Board originally considered the potential termination of employment of Mr Metcalfe and Ms Baranikow):
"On 12 February 2019, the day after completion of the acquisition of FuzeNet, the CEO advised the Chairman that he believed that the termination of the employment of Mr Metcalfe and Ms

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Baranikow was in the best interests of the Company and necessary to enable the commencement of the rationalisation program he had developed, including the need to implement change rapidly."

- D. UWL's replacement prospectus dated 16 January 2019 (the "Prospectus"), which contained the following disclosure:
- a. In relation to the share sale and purchase agreement to acquire FuzeNet Pty Ltd ("FuzeNet") prior to listing on ASX:
 - i. In section 1.1 of the Prospectus: *"The combination of both businesses is highly complementary..."*
 - ii. In section 1.1 of the Prospectus: *"The Company will promote the integration of the Uniti Wireless and FuzeNet businesses over time to realise identified synergies and enhance profitability."*
 - iii. In section 3.4.3.2 of the Prospectus: *"The FuzeNet acquisition is an important contributor to the national expansion strategy..."*
 - iv. In section 4.4 of the Prospectus: *"The acquisition of FuzeNet is expected to result in synergies across the Merged Entity which will be achieved through better buying power in relation to direct costs, reduction in staff and elimination of duplicate overhead expenses."*
 - b. In sections 1.1, 3.8.3 and 3.9.1 of the Prospectus: *"As part of the FuzeNet acquisition, Stephen Picton and Ben Seaman will not remain with the FuzeNet business post-completion and **the Company's CEO and CTO will manage the FuzeNet business** [emphasis added]."*
 - c. In section 6.1(d) of the Prospectus: *"There is a risk that the business may not perform at the same level without [Mr Picton's and Mr Seaman's] involvement or oversight, particularly in the period during which the Uniti Wireless and FuzeNet businesses are integrated, which may have an adverse impact on the Group's revenue and profitability. **The Company considers that this risk is mitigated by the fact that its CEO and CTO will assume oversight and management of the FuzeNet business. The Company considers them to be both experienced and seasoned industry experts and familiar with the operations and management of the FuzeNet business (having conducted operational, technical and commercial due diligence on FuzeNet) and accordingly the Company considers that they will be able to manage the FuzeNet business effectively post-acquisition** [emphasis added]."*

Having regard to the information set out above, ASX asks UWL to respond separately to each of the following questions and requests for information.

1. In question 4 of the ASX Query Letter, ASX asked: "When did the CEO or Board originally consider the potential termination of employment of Mr Metcalfe and Ms Baranikow? Please provide a date."

In its response to question 4, UWL stated that, *"On 12 February 2019, the day after completion of the acquisition of FuzeNet, the CEO advised the Chairman that he believed that the termination of the employment of Mr Metcalfe and Ms Baranikow was in the best interests of the Company and **necessary to enable the commencement of the rationalisation program he had developed**"* [emphasis added].

ASX questions the candour of this response.

If the CEO had developed a rationalisation program as at 12 February 2019 and the termination of Mr Metcalfe and Ms Baranikow was part of that program, it seems reasonable to assume that the CEO was contemplating the potential termination of employment of Mr Metcalfe and Ms Baranikow prior to 12 February 2019.

Please advise when the CEO *first* considered the potential termination of employment of Mr Metcalfe and Ms Baranikow.

2. If the CEO did consider the potential termination of employment of Mr Metcalfe and Ms Baranikow prior to 12 February 2019, did it occur to him that it may be appropriate in the circumstances to immediately escalate the matter to the Board so that supplementary disclosure regarding the proposed termination could be provided in connection with UWL's Prospectus and subsequent listing?
3. In any case, when the CEO approached the Chair on 12 February 2019, being the day before UWL listed on ASX, to relay his views about Mr Metcalfe and Ms Baranikow, did either the CEO or Chair consider at that time that it may be appropriate in the circumstances to provide supplementary disclosure around the proposed termination in connection with UWL's Prospectus and subsequent listing?
4. If the answers to questions 2 or 3 are "yes", please explain why a decision was taken to not provide supplementary disclosure.
5. UWL's announcement dated 15 February 2019 stated that Mr Metcalfe and Ms Baranikow's employment was terminated as "part of the rationalisation and integration of the two businesses."

Further, UWL's response to the ASX Query Letter stated that the CEO "believed that the termination of the employment of Mr Metcalfe and Ms Baranikow was in the best interests of the Company and necessary to enable the commencement of **the rationalisation program he had developed**, including the need to implement change rapidly." [emphasis added]

When did the CEO develop his rationalisation program?

6. When did the CEO first share his rationalisation program with the UWL Board?
7. Was the CEO's rationalisation program committed to writing or in electronic format? If so, please provide a copy (this is not for release to the market). If not, please explain why not?
8. ASX notes UWL's statements in the Prospectus reproduced above at sub-paragraphs D.b and D.c, which make specific reference to Mr Metcalfe's role in mitigating the risk associated with the departure of Mr Picton and Mr Seaman from FuzeNet and makes clear representations as to Mr Metcalfe's industry expertise and familiarity with FuzeNet.

In light of these statements, please particularise what strategic / commercial concerns became apparent to the CEO, and to which the Chair and independent directors agreed, such that he and they considered the termination Mr Metcalfe and Ms Baranikow's employment immediately after UWL was listed was in the best interests of UWL.

In answering this question, please:

- make specific reference to the key role Mr Metcalfe was expected to play in managing FuzeNet;
 - confirm whether the CEO was aware of any of these concerns prior to the finalisation of the FuzeNet acquisition on 11 February 2019 and the listing of UWL on ASX on 12 February 2019; and
 - if not, how these concerns arose between UWL's listing such as to require the terminations take effect on 14 February 2019.
9. Please confirm that UWL is complying with the Listing Rules and, in particular, Listing Rule 3.1.
 10. Please confirm that UWL's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of UWL with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9:30 AM AEDT Friday, 15 March 2019**.

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If we do not have your response by then, ASX will have no choice but to consider suspending trading in UWL's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, UWL's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on MAP under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market. Your response should be sent to me by e-mail at ListingsComplianceSydney@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on MAP.

Enquiries

If you have any queries or concerns about any of the above, please contact me immediately.

Kind regards

Adrian Smythe
Manager, Listings Compliance (Sydney)