

## ASX Announcement

29 November 2023

### **2023 Annual General Meeting – Correction to Chairman and CEO Speeches**

Symbio Holdings Limited (ASX: SYM) advises that it has corrected the Chairman's Address and the CEO and CFO's Address to Shareholders – both lodged with the ASX in connection with yesterday's 2023 Annual General Meeting – through the addition of the date of the meeting, 28 November 2023, to each Address.

The updated documents are attached.

This announcement has been authorised for release by the Company Secretary.

**ENDS**

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# Symbio Chairman's AGM Address November '23

28 November 2023

## Chairman's Address

Turning now to my Chairman's address.

It is fair to say that FY23 was a challenging year for Symbio.

In November last year, we celebrated Symbio's 20<sup>th</sup> birthday and marked the company's transition from a traditional telecommunications provider into a global, seasoned Software-as-a-Service (SaaS) Operator.

Simultaneously, we navigated a downturn in global economic conditions and a rapid deterioration in demand from some of our largest international customers, coupled with a ramp up in domestic competition. We acted quickly in response to these changing conditions, taking prudent measures to reduce CapEx and OpEx and preserve Symbio's strong balance sheet.

As the year progressed Symbio saw a return to growth with an increase of 11% in numbers on its network as existing CPaaS customers consolidated services, choosing Symbio based on the level of service, trust, and expertise they have come to expect.

The UCaaS acquisition of Intrado's Cloud Communications business saw a 143% increase in seats, adding 60 leading Enterprise and Government customers and approximately 60,000 Cisco collaboration seats, cementing our long-standing partnership with Cisco.

Symbio's Australian and New Zealand based TaaS business continued to perform in line with expectations, with a net increase of 10% to 180,000 services by the end of the financial year.

June of this year also saw the milestone launch of Symbio's Malaysian voice network and the introduction of the South-East Asian Hub, following the model of our Australia & New Zealand Hub. These hubs provide customers with cost-effective, scalable, and high-availability voice coverage across two key regions. By reducing the costs associated with managing multiple interconnections, the Hub model has allowed Symbio customers to expand, connect and thrive in a rapidly digitising region.

On the 1<sup>st</sup> of August this year, Symbio announced the receipt of an unsolicited acquisition proposal from Superloop to acquire all the shares in Symbio via a scheme of arrangement. The board of Symbio believed there was sufficient commercial merit in the proposal to enter into a due diligence process with Superloop.

Then, on the 29<sup>th</sup> of September, Symbio received a competing proposal from Aussie Broadband, which the board of Symbio considered to be superior to the Superloop proposal.

After an extended period of due diligence, Aussie Broadband lodged an unconditional offer to acquire all the shares in Symbio. The Symbio Board voted unanimously in favour of Aussie Broadband's proposal on the 31<sup>st</sup> of October 2023 and recommends shareholders support the scheme, in the absence of a superior proposal and subject to the conclusions of an independent expert report. A scheme implementation agreement has been signed, under which Aussie Broadband will pay \$2.26 in cash and 0.192 Aussie Broadband shares for each Symbio share, representing a total equity value of \$262 million and implying an enterprise value of \$241 million. Symbio is also permitted to pay a dividend to shareholders of up to 35 cents per Symbio share, implying a release of franking credits of up to 15 cents per share.

The offer is set to complete on 28 February 2024, subject to satisfaction of all conditions precedent, including approval by Symbio shareholders at the scheme meeting. Further important detail will be provided in the Scheme Booklet to be provided to Symbio shareholders in coming weeks.

As is evident from the competing bids, Symbio is an attractive proposition - it is profitable, debt free and continues to grow both domestically and abroad. The launch of our Malaysia network and growth in Singapore customers is testament to our success and is underpinned by our strategic ambition of reaching one hundred million numbers by 2030. We have made progress towards this ambitious goal

in the past year by growing our total addressable market while delivering reliable and effective access to our customers as they continue to expand further into Asia.

While Taiwan remains a key investment area for Symbio, with keen interest being expressed by global customers, expansion into this market is paused for now due to the focus on the acquisition process.

As Symbio continues to grow it has recognised the impact its operations have on the environment, society, and governance (ESG) and committed to setting meaningful ESG targets and actions. FY23 saw the completion of Symbio's ESG strategic framework, moving closer towards its long-term goal of Net Zero.

## Thanks

In closing, I'd like to thank my fellow Directors for their continued support throughout FY23 and into FY24. Navigating the complexities of successive takeover proposals, whilst maintaining focus on BAU and cost discipline is hard work. Your board has met more than 30 times this calendar year as we continued to strive for the best outcomes for you, our Shareholders,

I would also like to thank the members of the Executive Leadership Team who have been called upon to manage multiple due diligence processes as well as continue to lead the business through a challenging trading year.

I would also like to acknowledge all of the amazing Symbio Staff, who have remained focused on closing deals, working to budget, and continuing the work they are doing in executing Symbio's Vision 2030.

Finally, thank-you to you, our shareholders for your continued support - your belief in the company and what it could achieve has underpinned Symbio's success.

# Symbio CEO and CFO's AGM Address November '23

28 November 2023

Thank you Anne, and welcome everyone to our 2023 annual general meeting.

Symbio is a software company that has changed the way the world communicates.

- We have been around for 21 years, and in that time Symbio has been a pioneer in our industry. While we don't talk about this often, I will take a couple of minutes of your time today.
- Symbio is recognized by the global industry as being at the frontier of internet voice communications.
- Some of our pioneering milestones, that stand out to me when I look back:
  - Bringing Skype calling into the Australian market. The Skype partnership was a pivotal moment for our company. Forging a unique partnership that lasts till this day through our Microsoft relationships. Thanks to Symbio, Australia become a top-5 market for Skype globally. Skype recognized Symbio as its highest quality provider globally. Consequently, as the Skype team spread across the globe, they took the Symbio name and reputation with them, giving us inside access to the biggest software companies in the world. When Silicon Valley needs voice capabilities in Australia, they call Symbio.
  - Over the years, Symbio has enabled cloud voice communications for many global brands – like Google, Twilio, Zoom, Dial Pad, Ring Central and many more. Our reputation and capabilities allowed these brands to launch products in Australia – often as a first overseas market outside the USA. This gave Australian businesses and consumers a unique advantage globally.
  - Of course, we could not have achieved that without our people – we call ourselves Symbions. Many of our original Symbions started as graduates. Together they built Australia's first ever national VoIP network, and now we've taken it global. They solved problems that were unique and innovative; and did it with a sense of ownership and pride. This unique business and all its capabilities would not exist without our Symbions – past and present. Thank you team!
- Today we still power the voice communications for **all** the global brands mentioned – having helped them launch and grow in Australia, subsequently launching them into New Zealand, and most recently Singapore, and now in the process of launching Malaysia.
- Our use cases and business models are underpinned by the long-term technology megatrends of hybrid geographically diverse workforce, the enterprise-level shift towards cloud-based communication services, and the need to connect and serve high growth emerging markets in Asia. Many of these mega-trends were not even conceptualized when Symbio launched in 2002. During our 21 years we have seen many business models come and go, but we have continuously adapted and reshaped our business through innovation and good-old-fashioned determination and hard work.
- Our Vision 2030 strategy has been to grow our TAM to over 100 million numbers within the next two years, thereby providing a huge opportunity for long term profitable growth.
- Today we find ourselves on the threshold of yet another milestone in our history, having received competitive take-over offers from SuperLoop and subsequently Aussie Broadband. Our future is destined to be part of an even bigger Australian story.

Symbio operates in three distinct business divisions.

### **CPaaS**

The CPaaS division – which stands for Communications Platform as-a-Service – is where we provide wholesale as-a-service capabilities to some of the largest global communications software and telecoms operators.

Our primary product in this division is the provision of phone numbers in the cloud so our customers can build software based services to deliver in the geographies we operate in. Phone numbers generate recurring revenues which yield a high margin. Additionally, we also provide complimentary services such as call termination and origination services.

As at June 30, this division had 7.3 million phone numbers on the network, which was a net increase of 11% on the prior year. I'm pleased to update that as of the end of October (in just 4 months), we have reached 7.6 million numbers. These phone numbers generated one third of the divisions revenue, and two thirds of its margin – on a monthly recurring basis.

### **TaaS**

The TaaS division – which stands for Telecommunications as-a-Service, and trades under the Telco-in-a-box brand – is where we provide a white label wholesale marketplace of telecommunications services – including voice, NBN and mobile. Our customers in this area range from mum-and-dad IT integrators, all the way to large outsource providers and major retail brands.

As at June 30, this division had 180 thousand services in operation, which is a net increase of 10%. The bulk of the revenue and margin in this division is recurring due to the nature of the monthly subscription services.

### **UCaaS**

The UCaaS division – which stands for Unified Communications as-a-Service – is where we provide services to enterprise, government and large IT integrators.

Our primary product in this division is the sale, provision and enablement of Cisco WebEx and Microsoft Teams services.

As at June 30, this division had 144K seats, which is an increase of 143%. This was helped along by the acquisition of Intrado in February, however there was still strong organic seats growth of 22% in year. The bulk of the revenue and margin in this division is recurring, however the intrado business has introduced a services component which is contract based.

- Symbio's simplified strategy, which we call Vision 2030, is to reach 100 million phone numbers on our network, supporting the communications needs of the future.
- That strategy is based on well entrenched global technology megatrends of enterprise cloud adoption and new ways of working, including hybrid working. We anticipate that these trends will prevail.
- Our expansion into the new high-tech Asian markets of Singapore, Malaysia and Taiwan will increase our addressable market further fuelling long term growth.
- A key component of the significant market opportunity being unlocked through our Asian expansion is the rapid growth of our total addressable market, or TAM.
- By 2025, we are targeting an addressable market potential of 180 million numbers – across our expected markets of Australia, NZ, Singapore, Malaysia, and Taiwan.
- Furthermore, by 2030, the targeted completion point for our expansion, our TAM will be 680 million potential phone numbers, and our 100 million number goal will be within reach through organic and acquisitive growth given the mega trends we are experiencing.

- We have announced a pause to adding additional markets as we focus on demonstrating profitability in Singapore, Malaysia. We have also recently paused Taiwan for this financial year pending the ABB transaction outcome.
- There are two dimensions to consider when evaluating the benefits our Vision 2030 strategy will open up additional markets in Asia.

The first dimension is the TAM – or total addressable market.

- Australia is our home market, and we have been operating here for 20 years. In that time we have built up approximately 10% market share. During that time Symbio was the clear pioneer in this space in Australia, and we were responsible for opening up the market for all of the popular use cases our customers use today.
- Symbio has of course already diversified into other adjacent product areas such as UCaaS and TaaS, and those businesses each have their own TAM potential in addition to the phone number market.
- As you can see, the expansion into new larger markets like Malaysia and Taiwan dramatically increases the TAM growth opportunity – to nearly 95 million people, or 270% increase over Australia alone.

The second dimension is the unit economics.

- The Australian market is now relatively mature, and while we are still growing organically very strongly, the unit economics have been eroded due the scale of our larger customers in the market, the recent shift by our customers to save money in their established markets, changing use cases and the emergence of some local competition. I'd like to stress that the latter has in itself not caused the shift in unit economics, but rather the confluence with market needs that has crystalised the shift. Despite this, we expect to see continued phone number growth in Australia.
- Regardless of the unit economics however, Australia itself is a limited market for long-term (say 10+ year horizon) potential for growth at the phone number and margin level.
- As you can see from the visuals, the new markets are considerably higher in terms of per phone number unit pricing – achieving 2 to 5 times the per unit revenue – and this is at Symbio's competitive sell price, which has already been discounted below market price due to the disruptive nature of our market entry.
- Keep in mind we are leveraging a lot of established intellectual property, and leveraging a lot of established operating expenses – like sales, operations, customer service, network engineering – the EBITDA contribution of these new markets will also be higher once they are established. Most importantly, we have the large global customers trusting our brand and service.
- So, in conclusion, the financial benefit of the Asian expansion is that of a massively larger TAM opportunity, multiplied by a significant uplift in per unit revenue. This will translate into higher per unit margins once each market reaches break even, and a higher EBITDA margin will follow as we scale.
- Singapore continues building momentum towards cash flow break-even this financial year.
- In terms of sales and revenue generation... we now have 39K numbers in production. Additionally, we have firm orders for a further 45K numbers in the provisioning system awaiting number porting.
- Since our last update at the end of August, in just the last 3 months, our live inventory has grown 77%, and our firm orders are up 45%. We are currently 2/3 of the way to break even, and we've closed the gap by half in just one quarter. Our number porting run-rate in

Singapore continues to increase as we iron out the kinks in the losing carrier's systems to allow us to perform faster bulk porting.

- Nobody said that opening new markets was easy, and yes, we may have been over optimistic with the time taken to get customers on board in these new markets. However, when you consider the relatively low CAPEX for each new market, the green field TAM opportunity, and the per phone number unit economics... I still believe very much in the success of Singapore... and our strategy of opening up new untapped markets.

On that note, I'd like to pass over to Kate to provide a financial update. Thanks Kate.

The Symbio business continues to perform, and we are reaffirming our EBITDA guidance of 30 -35 million.

We are seeing continued organic growth across the 3 segments. Our cost control projects are on track, and we remain committed to achieving flat OPEX and CAPEX allowing the margin growth to flow through to EBITDA.

Despite the price pressures we guided in our CPaaS division, we are seeing YoY growth in both numbers and recurring margin. The unit economics for recurring margin is performing ahead of expectations.

Our TaaS and UCaaS divisions remain largely unaffected by these cost pressures, contributing YoY growth. TaaS continues to grow recurring margin across mobile, NBN and voice products. With system migrations complete the TaaS division are now focusing releasing new e-sim and enhanced data capabilities.

The UCaaS division has seen growth across all channels, supported by addition of the Intrado business. The Intrado integration has now been completed. This half we have achieved a number of key customer renewals as well as new customer wins.

We have a strong balance sheet. Our cash balance at 30 June was 35.8m and we continue to target a cash collection ratio of over 90% each half. We have 60m of undrawn debt at 30 June available to support our Vision 2030 and Asian expansion strategies.

FY23 was a turbulent year for Symbio. Unexpected changes in the economic environment, combined with accelerated investment led to a downgrade of our EBTIDA guidance in December 2022. Symbio quickly took immediate steps to reduce OPEX and CAPEX, where possible, while still achieving almost all of the strategic initiatives planned for FY23. These successful initiatives are in part helping us with lower cost execution and customer growth in FY24 and beyond.

Our recurring gross margin, the key driver of financial performance at Symbio, was 69.4m at 30 June 2023 up 6% on prior year, Phone numbers, the leading indicator of gross margin growth, was 7.3m up 11%

Despite the challenging year, we maintained a strong balance sheet. Our strong cash generation and balance sheet allowed the Board to declare a fully franked final dividend of 3.4 cents per share – a signal of our continued confidence in the strength of the business and to thank our long term shareholders for their continuing support.

As Rene has mentioned, we are seeing good progress towards reaching breakeven in Singapore and remain confident of achieving this goal within FY24.

Our priorities for the FY24 financial year are to continue organic growth in Australia and prove our Asian Expansion strategy, while also increasing our operating efficiency and maintaining a flat cost base

- With the right structure and technology in place, we remain focused on executing our Vision 2030 strategy. This includes reaching cash flow breakeven in Singapore and continuing to grow our Malaysian business.

- Taiwan remains a key investment area for further TAM growth, with keen interest being expressed by Symbio's global customers. However the company has paused further work on Taiwan pending the completion of the transaction.
- Symbio continues to undertake strategic projects that will allow us to reduce our cost base and create further operating efficiencies.
- Our Board and management are committed to maintaining a flat cost base across operating and capital expenses. We are also focused on increasing the levels of customer self-service and automation across all three business segments and reducing network operating costs across all markets.
- Our outlook remains positive. We have a clear strategic vision underpinned by long-term megatrends of hybrid working, enterprise cloud, and emerging digitisation in Asia. **These FY24 Priorities combined, are enabling us to return to EBITDA growth this financial year and into the future.**
- In conclusion, our strategic vision and outlook remain positive. We are a high-quality business, profitable and cash generative, and will continue to deliver, on our Vision 2030 plans to expand our TAM further into Asia, generating long-term profitable growth.
- With a unique competitive advantage, quality global customer base, and strong balance sheet, we have built a valuable, global business.
- The business is in excellent condition and performing well going into the final stages of the transaction with ABB.