



## ASX ANNOUNCEMENT

29 July 2022

### Appendix 4C Quarterly Cash Flow Report and Quarterly Activities Report

Swoop Holdings Limited (**ASX: SWP**) is pleased to release its quarterly activities report and Appendix 4C for the three-month period ended 30 June 2022 (**Q4**).

The quarterly cash flow report provided by Swoop incorporates the operations of Swoop (and its subsidiaries) including the businesses acquired during the quarter (Luminet for the 3-month period from 1 April 2022 to 30 June 2022).

Swoop CEO Alex West comments "This quarter rounds out our first full year as an ASX listed company, and the first time we can show a previous corresponding period (**pcp**) comparison to demonstrate the great year it has been for our company.

We have seen strong growth over the year in our customer receipts with a **123%** increase; growing from **\$6.2m** in Q4FY21 to **\$13.9m** in Q4FY22. This alongside a **\$6.43m** increase in net operating cashflow improving from **(\$3.5m)** in Q4FY21 to **\$3.0m** in Q4FY22 demonstrates the quality assets we are building.

The growth in customer receipts over the year shows the high demand for reliable, locally supported internet services in a post pandemic hybrid working environment, that remains resistant to pressures from increases in the cost of living.

A further driver in the improvement in net operating position is our continued focus on managing costs and cashflow, whilst also not seeing (or expecting) an increase in our COGS from inflation but rather increased efficiencies as our acquisition synergies start to flow through.

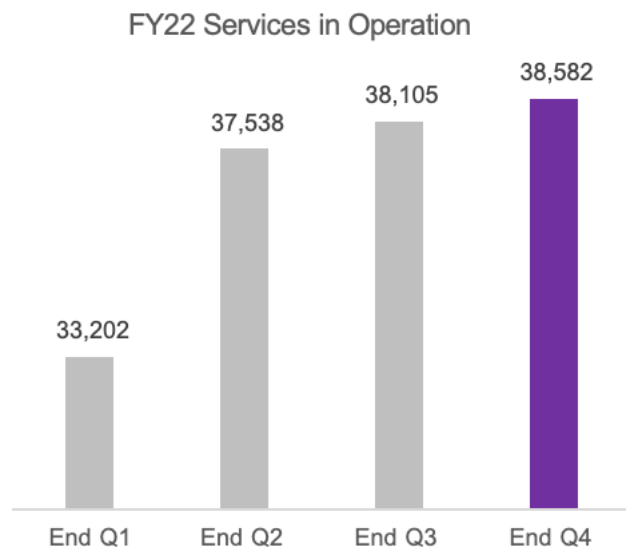
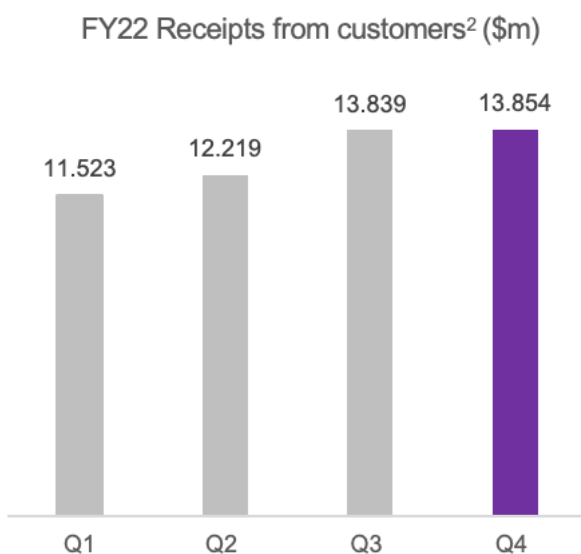
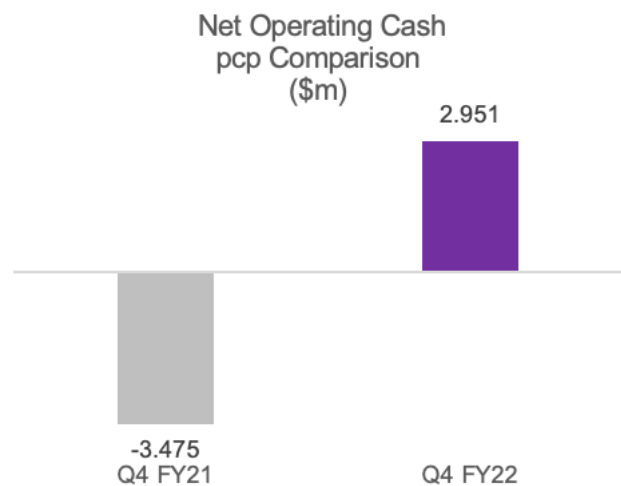
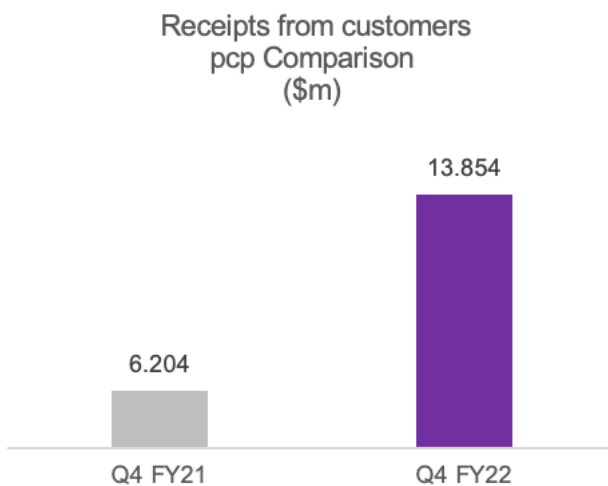
It is expected from these cashflows and our unaudited results that our revenues will remain within our previously stated guidance of \$50.0m-\$53.0m, however we are expecting that we will be exceeding our EBITDA guidance of \$12.0m - \$12.5m.

It is a testament to the amazing customer obsessed team here at Swoop that we have been able to deliver these results whilst also acquiring and integrating seven businesses combining a unique set of infrastructure-based customer offerings, with the announced acquisition of Moose Mobile expected to complete in the next quarter and further expanding our products and the opportunity to provide quality internet to over 95,000 new customers.

Our outlook for FY23 is super strong, with continuing integration delivering a more efficient business and a cost base largely unaffected by inflation, providing an essential service with high gross margins, we enter FY23 as excited as we've ever been.

## Highlights of Q4 & Events Subsequent to the Quarter

- Q4 receipts of \$13.9 million and total second half receipts of \$27.7 million, which is up 16.6% from total first half receipts of \$23.7 million.
- Positive operating cash flows of \$3.0 million for the quarter, which is up from \$1.6 million<sup>1</sup> the previous quarter, largely due to the timing of expenses.
- Number of Services in Operation (SIO's) at the end of Q4 increased to 38,582.
- The proportion of SIO's which are On Net at the end of Q4 is 52%.
- Swoop now has 485 towers and masts across the country.
- Cash balance as at 30 June 2022 was \$32.0 million.
- During the quarter the Company executed a facility agreement with Westpac for \$32.1 million of funding facilities to facilitate further growth and expansion.
- During the quarter the Company completed the acquisition of Sydney-based dark fibre builder, owner and operator Luminet.
- Subsequent to Q4 the Company announced it had entered into an agreement to acquire Queensland-based national mobile virtual network operator Moose Mobile.





## Acquisition and other highlights

### Completed during Q4:

**Completed** the acquisition of Sydney based dark fibre provider Luminet on 1 April 2022. Luminet assets consist of 58km of dark fibre in the Sydney CBD and outer metro areas, connecting key data centres and Hyperscale facilities. The Purchase Price was \$8 million, comprising \$6.4 million in cash and \$1.6 million in Swoop shares issued at the 30-day VWAP prior to Completion. The cash component of the acquisition was funded from existing cash reserves – of that cash component, \$820k will be held back for 12 months for any potential claims and adjustments.

**Executed** a \$32.1 million Facilities Agreement with Westpac Banking Corporation on 9 June 2022. \$20.0 million of the facilities will be available to fund permitted acquisitions<sup>3</sup> and, subject to certain drawdown restrictions, will be available for a 5 year term. A further \$10.0 million will be available to fund permitted acquisitions<sup>3</sup> and capex programmes and is available for a 5 year term. The facilities also include a \$2.0 million overdraft facility to fund working capital requirements and a \$100,000 corporate card facility. Certain security arrangements have also been entered into with Westpac to secure the debt incurred under these facilities. As at 30 June 2022 none of these facilities had been utilised.

### Completed post Q4:

**Entered** into an agreement on 1 July 2022 to acquire Queensland-based national mobile virtual network operator Moose Mobile. Moose provides over 95,000 mobile services on the Optus Network to customers across Australia, with strong cash generation. The Purchase Price payable at completion is \$24.0 million, comprising \$19.0 million in cash and \$5.0 million in Swoop shares to be issued at the 5-day VWAP prior to signing. \$2.85 million of the cash payable on completion will be held in escrow for 6 months for any potential claims or adjustments. An earn out of up to a maximum of \$7.0 million is payable based on Moose's FY2023 and FY2024 EBITDA performance and SIO growth. The cash component of the acquisition will be funded from Swoop's Westpac Debt Facility and Swoop is targeting completion by 1 September 2022.



### **Other events subsequent to 30 June 2022**

On 12 May 2021, Carray Group Pty Limited commenced proceedings in the Federal Court of Australia against Swoop Holdings and certain of its subsidiaries, alleging trade mark infringements. The Swoop entities denied these allegations and filed a cross-claim for groundless threats of trade mark infringement.

The parties are pleased to announce that they have settled their differences, and they wish each other well in the future.

### **Use of Funds**

In accordance with ASX Listing Rule 4.7C2, Swoop has historically provided an (unaudited) update on its use of funds against amounts set out in the Prospectus of April 2021. The update provided in the Appendix 4C for the quarter ended 31 March 2022 (issued on 28 April 2022) reported that the estimated total funds per that prospectus had been fully utilised by 31 March 2022. Accordingly there is no further update to include in this or future announcements as it relates to the use of funds disclosure requirement in relation to that prospectus.

### **Payments to related parties of Swoop and their associates**

The amounts included in item 6 in the Appendix 4C relate to the Directors Fees for the quarter (\$98k) and software subscription costs for software provided by a company related to Matthew Hollis (\$3k). This subscription cost is provided at commercial market rates.

### **Reclassification of previous cash flows**

Certain cash flows for the nine-month period to 31 March 2022 have been reclassified since the Q3 Appendix 4C, issued on 28 April 2022. The reclassification follows a revision of estimates used to determine internal labour costs capitalised to capital projects to a level which reflects the Company's significant capital project activity in the FY22 year. The effect of the reclassifications for the nine-month period to 31 March 2022 has been to increase Net Cash Provided By Operating Activities by \$2.1m (via the reduction in payments for staff costs) and to increase Net Cash Used In Investing Activities by \$2.1m (via the increase in payments for property, plant and equipment).

Approved for release by the Board of Directors of Swoop Holdings Limited.

### **END**

Louise Bolger, Company Secretary

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Phone: 0438 441 594

<sup>1</sup> Net cash flows from operating activities for the previous quarter reflects the reclassifications referred to below.

<sup>2</sup> The Appendix 4C for the three month period ended 31 December 2021 incorporated the operations of Countrytell for the 6 month period July to December 2021 (Countrytell was acquired in the quarter ended 31 December 2021 however the acquisition occurred with an effective date of 1 July 2021). To facilitate comparability these amounts reported in the chart have been adjusted in Q1 FY22 and Q2 FY22 to allocate Countrytell receipts to the period in which they physically occurred.

<sup>3</sup> Permitted acquisitions are acquisitions meeting certain pre-established criteria. Other acquisitions outside these criteria may be made with Westpac's consent.



## About Swoop

Swoop is a national provider of data and voice services to wholesale, business and residential customers with a focus on its own fibre and fixed wireless infrastructure. The Swoop network is designed and scaled to deliver ultra-reliable, high throughput, flexible telecom network services. Swoop is established and has the goal to build its business to become Australia's best challenger internet and telecommunications provider.

## Forward looking statements

This announcement contains forward-looking statements, which address a variety of subjects including, for example product development, marketing position and technical advances. Statements that are not historical facts, including statements about our beliefs, plans and expectations, are forward-looking statements. Such statements are based on our current expectations and information currently available to management and are subject to a number of factors and uncertainties, which could cause actual results to differ materially from those described in the forward-looking statements. The Company's management believes that these forward-looking statements are reasonable as and when made. However, you should not place undue reliance on any such forward-looking statements because such statements speak only as of the date when made. We do not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law or the ASX Listing Rules. In addition, forward-looking statements are subject to certain risks and uncertainties that could cause actual results, events, and developments to differ materially from our historical experience and our present expectations.

## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

**Swoop Holdings Limited**

ABN

20 009 256 535

Quarter ended ("current quarter")

30-Jun-22

#### Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	13,854	51,435
1.2	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	(6,671)	(26,919)
	(c) advertising and marketing	(392)	(1,457)
	(d) leased assets	(513)	(2,635)
	(e) staff costs	(2,448)	(9,378)
	(f) administration and corporate costs	(663)	(2,735)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	(5)	(70)
1.6	Income taxes paid	(211)	(221)
1.7	Government grants and tax incentives	-	841
1.8	Other (provide details if material)	-	-
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>2,951</b>	<b>8,861</b>

## Quarterly cash flow report for entities subject to Listing Rule 4.7B

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>2</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) entities	(6,085)	(19,435)
	(b) businesses	-	(1,318)
	(c) property, plant and equipment	(4,765)	(17,941)
	(d) investments	(107)	(388)
	(e) intellectual property	(43)	(418)
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	203
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(11,000)</b>	<b>(39,297)</b>
<b>3</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	45,989
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	175
3.4	Transaction costs related to issues of shares, convertible notes or options	-	(1,772)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	(644)
3.7	Transaction costs related to loans and borrowings	(520)	(520)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(520)</b>	<b>43,228</b>
<b>4</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	40,507	19,160
4.2	Net cash from in operating activities (item 1.9 above)	2,951	8,861
4.3	Net cash used in investing activities (item 2.6 above)	(11,000)	(39,297)
4.4	Net cash from financing activities (item 3.10 above)	(520)	43,228
4.5	Effect of movement in exchange rates on cash held	84	70
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>32,022</b>	<b>32,022</b>

Consolidated statement of cash flows		Current quarter \$A'000	Previous quarter \$A'000
<b>5</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		
5.1	Bank balances	32,022	40,507
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>32,022</b>	<b>40,507</b>

6 Payments to related parties of the entity and their associates		Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(98)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	(3)
6.3	Include below any explanation necessary to understand the transaction included in items 6.1 and 6.2:	-
6.1 Payment of Directors' remuneration (\$98k) and payments to Director related entities (\$3k)		

7 Financing facilities		Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>			
7.1	Loan facilities	30,000	-
7.2	Credit standby arrangements	2,000	-
7.3	Other (Corporate Card Facility)	100	-
7.4	<b>Total financing facilities</b>	<b>32,100</b>	<b>-</b>
7.5	<b>Unused financing facilities available at quarter end</b>		<b>32,100</b>
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
The following facilities were made available by Westpac Banking Corporation under a Facility Agreement dated 9 June 2022:			
A \$30.0m term loan facility with an interest rate consisting of a Base Rate (BBSY) + Margin. The facilities will be available to fund permitted acquisitions and capex programmes and, subject to certain drawdown restrictions (\$20.0m of the facility is to be drawn down within required timeframes), will be available for a 5 year term.			
A \$2.0m overdraft facility (maturity on demand) with an interest rate consisting of an Overdraft Base Rate (Market Linked Debit Rate) + Margin.			
A \$100,000 corporate card facility (maturity on demand).			
All facilities are secured. Margins are established at the time of drawdown of the applicable facilities.			



8	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	2,951
8.2	Cash and cash equivalents at quarter end (item 4.6)	32,022
8.3	Unused finance facilities available at quarter end (item 7.5)	32,100
8.4	Total available funding (item 8.2 + item 8.3)	<b>64,122</b>
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	N/A*
	* Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
	8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 29-Jul-22

By the Board

Authorised by: .....  
(Name of body or officer authorising release – see note 4)

### Notes

- 1 This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
- 2 If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 107: Statement of Cash Flows apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
- 3 Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
- 4 If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
- 5 If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.