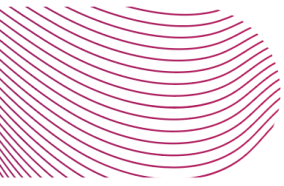




# H1 FY23 Financial and Operational Results

Investor Briefing

February 2023



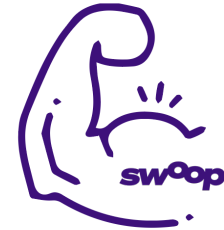
# Highlights



**Expanding organic growth**



**Acquisitions integrating well and growing better under Swoop**



**Strong customer brand in our regions and low churn**



**High Margin Products**



**Scale & Acquisition synergies delivered in 1H23 and future benefits into FY23**



**Leverage the experience and capabilities to build the next large scale national telecommunications company**

# 1H23 Highlights



✓ Strong revenue, underlying EBITDA<sup>1</sup>, and Cash Flow results



✓ Strong and consistent growth with +122% Revenue CAGR and increase from \$0 to \$7.3M EBITDA over the last 3 years, from 1HFY20 to 1HFY23.



✓ A 279% half year on half year increase in total subscriber numbers to 142,441; including the Moose acquisition.



✓ A 11% half year on half year increase in non-mobile subscriber numbers to 41,832.



✓ 155% Growth in Net Operating Cash Flow and 56% improvement in FCF from 1H22.



✓ Continuing to target a FCF neutral position exiting FY23.



✓ \$21M cash at 31 December 2022, combined with \$13M in undrawn debt available to provide significant firepower.



✓ Completed the acquisition of Moose Mobile in November 2022, adding a strong growth engine and FCF generator to the business.

Notes:

1. Underlying EBITDA excludes non-cash (share-based payment expenses) and other one-off items (acquisition and integration costs, corporate restructuring costs, one-off legal costs) that are not considered to be reflective of underlying earnings.

# 1H23 Financial Highlights

Revenue

**\$37.0m**

+55% YoY

Gross Margin

**\$15.7m**

+15% YoY

Underlying EBITDA<sup>1</sup>

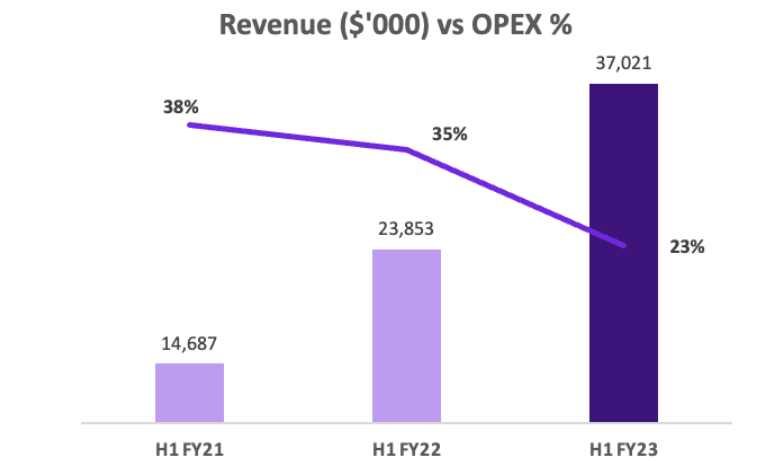
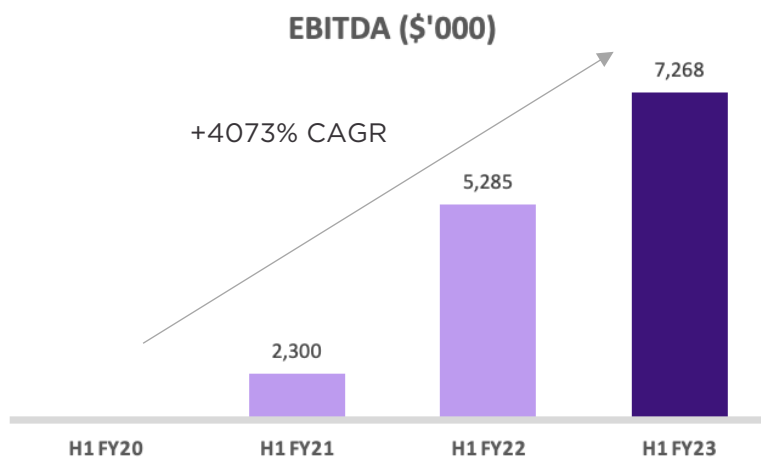
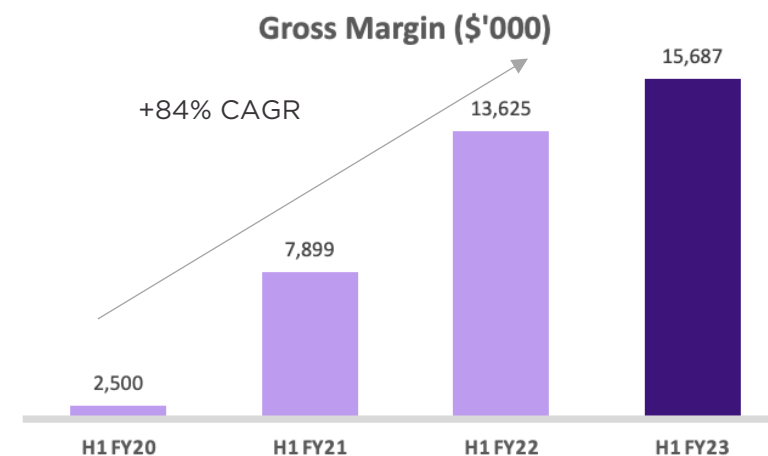
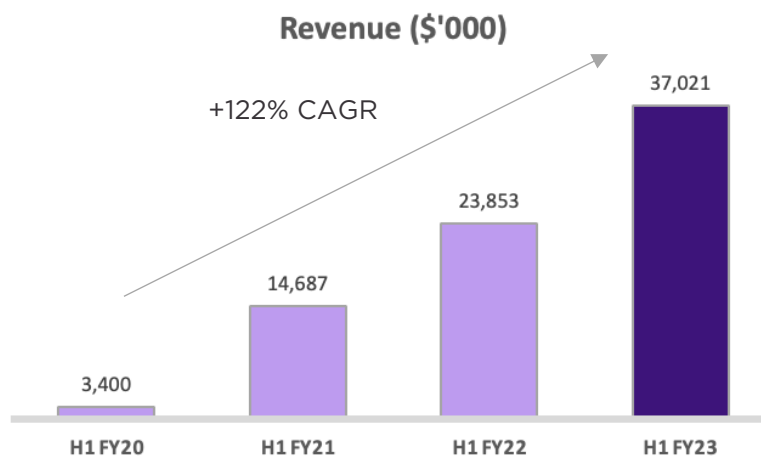
**\$7.3m**

+38% YoY

Opex % of Revenue

**23%**

12% Improvement YoY



Notes:

1. Underlying EBITDA excludes non-cash (share-based payment expenses) and other one-off items (acquisition and integration costs, corporate restructuring costs, one-off legal costs) that are not considered to be reflective of underlying earnings.



# 1H23 Financial Highlights Cont.

Operating Cash Flow

**\$7.4m**

+155% YoY

Free Cash Flow

**(\$2.4m)**

56% Improvement YoY

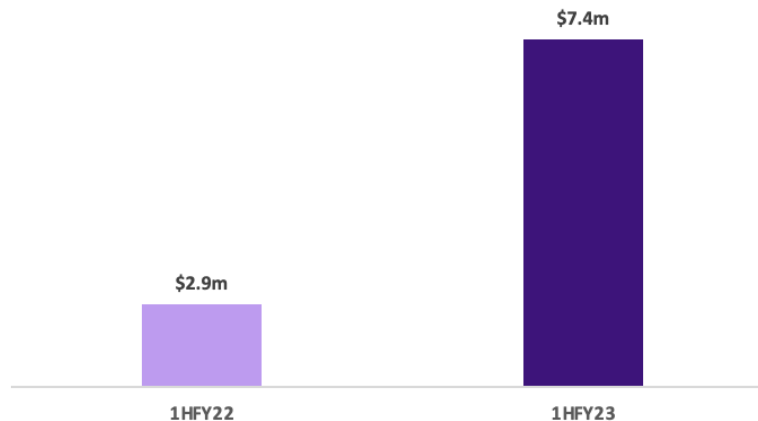
Cash on Balance Sheet

**\$20.9m**

Net Cash Surplus

**\$1.7m**

Operating Cash Flow



Free Cash Flow







# 1H23 Business Update



# Key Operating Metrics (Dec-22)



**512**

No. of fixed wireless  
masts/towers



**163**

Staff across  
Australia



**142,441**

Services in  
Operation  
(41,832 ex Mobile)



**7,073**

Wholesale services



**6,787**

Business services



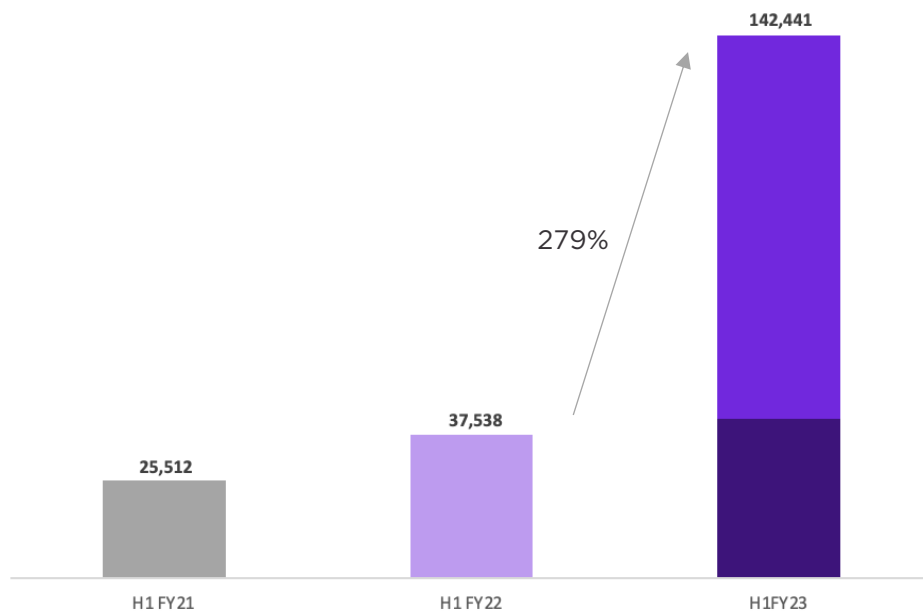
**128,581**

Residential services

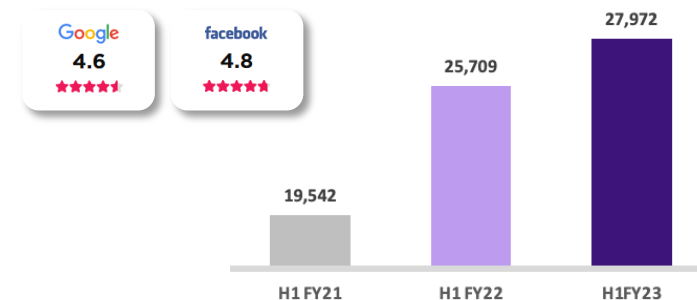
# 1H23 SIO Growth

- 142,441 Services in Operation (SIOs) in Dec-22, including 100,609 Mobile services
- Ex-Mobile, SIOs increased by 4,294 (11%) to 41,832 compared to Dec 21, with all sectors growing, Residential by 2,263, Business by 1,040 and Wholesale by 991

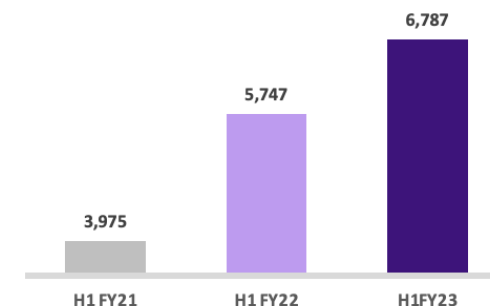
Services in Operation



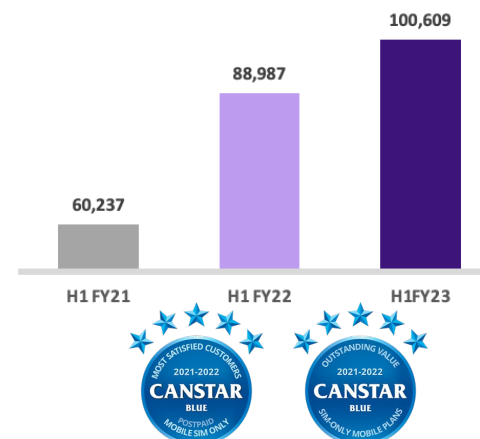
Residential SIOs (ex Mobile)



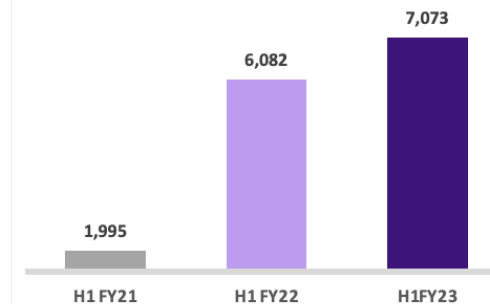
Business SIOs



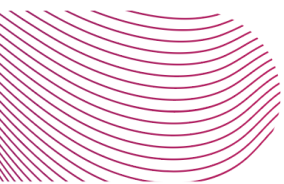
Mobile SIOs



Wholesale SIOs



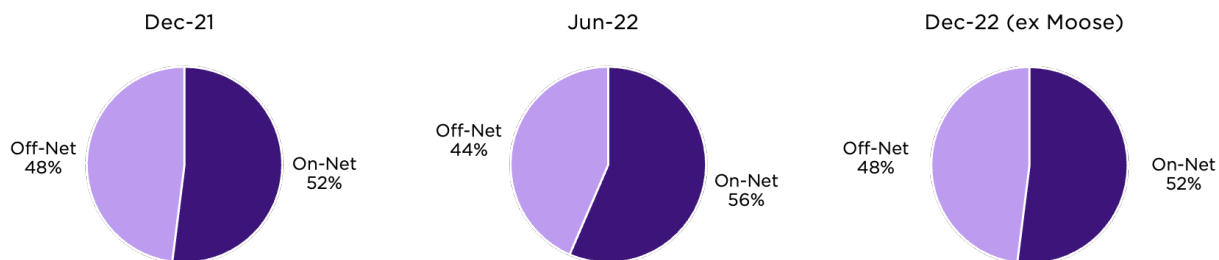




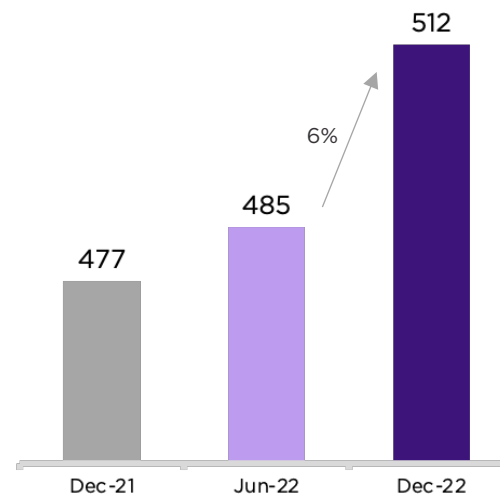
# 1H23 Infrastructure Expansion

- 52% of services were on-net at Dec-22 (ex Moose)
- Our Fixed Wireless tower footprint grew by 27 (or 6%) to 512 towers in 1H23

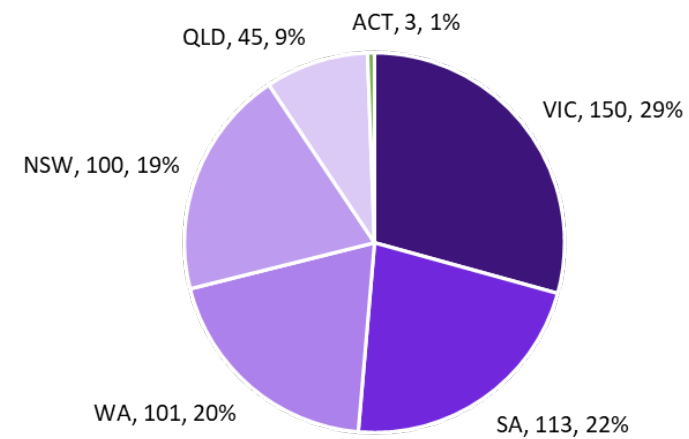
On-Net vs Off-Net Over Time



# Towers Over Time



# Towers by State





# 1H23 Financial Results



# Financial Results

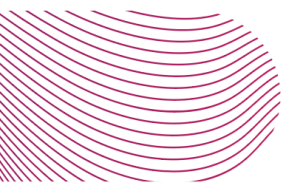
## Financial Results (\$000)

	1H22	1H23	Change	%
Revenue	23,853	37,021	13,168	55%
COGS	(10,228)	(21,334)	(11,106)	(109%)
Gross Margin	13,625	15,687	2,062	15%
Gross Margin %	57%	42%		
Operating Expenses and Overheads	(8,340)	(8,419)	(79)	1%
Underlying EBITDA <sup>1</sup>	5,285	7,268	1,983	38%
Underlying EBITDA %	22%	20%		
Underlying NPAT <sup>2</sup>	(1,349)	(2,309)	(960)	(71%)
Statutory NPAT	(2,862)	(4,237)	(1,376)	(48%)

Notes:

1. Underlying EBITDA excludes non-cash (share based payment expenses) and other one-off items (acquisition and integration costs, corporate restructuring costs, one-off legal costs) that are not considered to be reflective of underlying earnings.
2. Underlying NPAT excludes the tax effected amounts of non-cash (share based payment expenses) and other one-off items (acquisition and integration costs, corporate structuring costs, one-off legal costs) that are not considered to be reflective of underlying earnings.

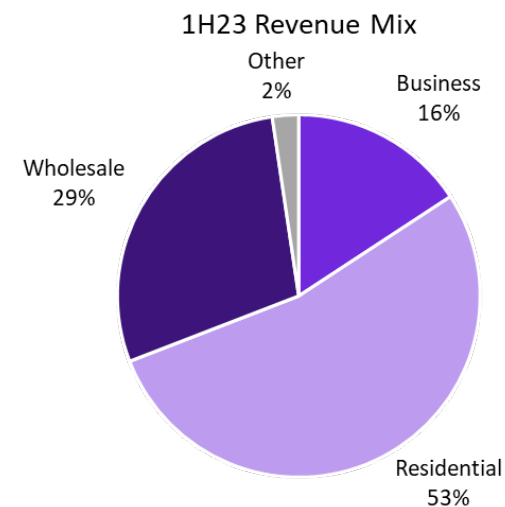
- Operating expenses largely flat on the increase in Revenue, COGS and EBITDA.
- Revenue increased by 55% over the prior corresponding period (pcp)
- The lower gross margin and EBITDA margin in 1H23 largely reflects the impact of Moose which, while a highly profitable revenue stream and a strong FCF generator, is a lower gross margin business.
- Operating expenses and overhead as a proportion of revenue are 23%, down from 35% in the prior corresponding period.



# Revenue Analysis

## Segment Revenue (\$000)

	1H22	1H23	Change
Business	3,346	5,836	+74%
Residential	10,681	19,757	+85%
Wholesale	8,508	10,558	+24%
Other	1,318	870	(34%)
Total	23,853	37,021	55%



- Business & Wholesale revenue continues to be driven by organic IP Transit and NBN EE growth and a full half of VoiceHub
- Residential revenue growth reflects Moose acquisition and organic SIO growth of ~10% (annualised)

# Summary Cash Flow

## Summary Cash Flow (\$000)

	1H22	1H23
Customer and other receipts	24,582	40,487
Payments to suppliers and employees	(21,621)	(32,933)
Other net operating cash flows	(57)	(140)
Operating Cash Flow	2,904	7,414
Capex	(8,201)	(9,767)
Free Cash Flow <sup>1</sup>	(5,297)	(2,353)
Interest paid on finance facility	-	(73)
Other Investing Activities	(11,455)	(24,305)
Financing Activities	43,773	15,632
Cash Flow Movement	27,021	(11,099)
Opening Cash	17,498	32,021
Fx changes	29	17
Closing Cash Balance	44,548	20,939

- Operating Cash Flow continues to improve, from +\$2.9M in 1H22 to +\$7.4M in 1H23
- Majority of capex is network expansion and supporting customer and network systems
- Other investing outflows is largely Moose acquisition consideration, net of cash acquired and deferred consideration payments for previous acquisitions
- Financing activities is primarily funding of the Moose acquisition from our finance facility, less (\$3.4M) spent on the on-market share buy-back
- Strong closing cash position of \$21M

1. Free Cash Flow is defined as Operating Cash Flow (Net Cash from Operating Activities less Interest on finance facility) less Capex.



# Summary Balance Sheet

## Summary Balance Sheet (\$000)

	June 22	Dec 22
Cash	32,021	20,939
Other current assets	7,404	8,875
Trade and other payables	(14,307)	(17,824)
Borrowings (current)	-	(1,878)
Deferred consideration (current)	(5,479)	(2,230)
Other current liabilities	(4,048)	(4,322)
<b>Net Current Assets</b>	<b>15,591</b>	<b>3,560</b>
Property, plant and equipment (including ROU)	44,055	45,492
Intangible assets	45,528	74,271
Borrowings (non-current)	-	(17,311)
Deferred consideration (non-current)	-	(2,260)
Other non-current assets	3,634	3,952
Other non-current liabilities	(12,224)	(12,347)
<b>Net Assets</b>	<b>96,584</b>	<b>95,357</b>

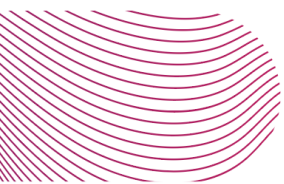
- Strong cash position, with a remaining debt facility of \$13M at 31 December, provides firepower for acquisitive and organic growth
- Deferred consideration represents the fair value of the contingent consideration for Moose
- Intangible assets represents predominantly goodwill, customer relationships and software. The increase in 1H 23 is due to Moose
- NTA position per security reflects the acquisition of Moose in 1H 23

Notes:

1. Balance sheet for both 1H22 and 1H23 is extracted from the Interim Report dated 28 February 2023.

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# Acquisitions



# Acquisitions Recap



8 accretive acquisitions completed to date



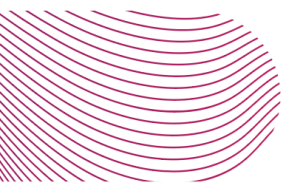
Moose was completed in H1 FY23



Significant pipeline in discussion across Fixed Wireless, Resell, Fibre, Voice

Name	Product	Geography	Segment	Infrastructure	Purchase Price	EBITDA	Date Completed	1H FY23 EBITDA
Announced								
Moose	Resell	Aust wide	Residential	-	\$24.0m	\$3.5m <sup>1</sup>	November 2022	\$1.6m
Planned (under investigation/in discussions) <sup>2</sup>								
Confidential targets	FW/Voice/Fibre/Resell	Aust wide	Residential/SME/Wholesale	Towers/Fibre	TBA	Combined up to \$8.5 - \$10m <sup>1</sup>	FY24	-

16 Notes  
1. Based on vendor provided unaudited management accounts of the relevant targets; note contribution to Swoop EBITDA will vary due to integration costs, accounting policy harmonisation and potential synergies.  
2. Swoop is in discussions with these targets and the terms of any potential acquisition have not yet been agreed. Accordingly, there is no guarantee these opportunities will be pursued or proceed.



# Acquisitions Summary

Name	Product	Geography	Segment	Infrastructure	Purchase Price	Announced EBITDA	Date Completed
Community Communications	FW	Perth	Residential	14 Towers	\$0.3m	\$0.1m <sup>1</sup>	June 2021
Beam	FW	Regional SA	Residential/SME	65 Towers	\$6.7m	\$1.6m <sup>1</sup>	June 2021
Speedweb	Fixed Wireless (FW)	Regional VIC	Residential	51 Towers	\$1.75m	\$0.5m <sup>1</sup>	July 2021
Countrysell	FW/Fibre/ Data Centres	Regional NSW	SME/Government	33 Towers/Data Centres/CBD Fibre	\$4.2m	\$1.0m <sup>1</sup>	July 2021
Voicehub	Voice	National	Wholesale	-	\$6.0m	\$1.5m <sup>1</sup>	November 2021
iFibre	Fibre	SA	Wholesale	Metro Fibre	\$1.5m	\$0.15m <sup>1</sup>	February 2022
Luminet	Fibre	NSW	Wholesale	Metro Fibre	\$8.0m	\$0.8m <sup>1</sup>	April 2022
Moose	Mobile MVNO	National	Residential	-	\$24.0m	\$3.5m <sup>1</sup>	November 2022
					<b>\$52.45m</b>	<b>\$9.13m<sup>1</sup></b>	

# Acquisition Highlight – Moose Mobile



✓ Moose Mobile is a Queensland based national mobile virtual network operator (MVNO)



✓ Moose now provides over **100,000** mobile services on the Optus network to customers across Australia



✓ Cross-sell potential – **100,000** Moose customers for Swoop Fixed Wireless and nbn services, and **28,000** Swoop residential broadband customers for Moose mobile services



✓ Strong cash generation with a very high proportion of EBITDA converting to cash

Completion November 2022

Purchase price of \$24m comprising \$19m in cash and \$5m in Swoop shares

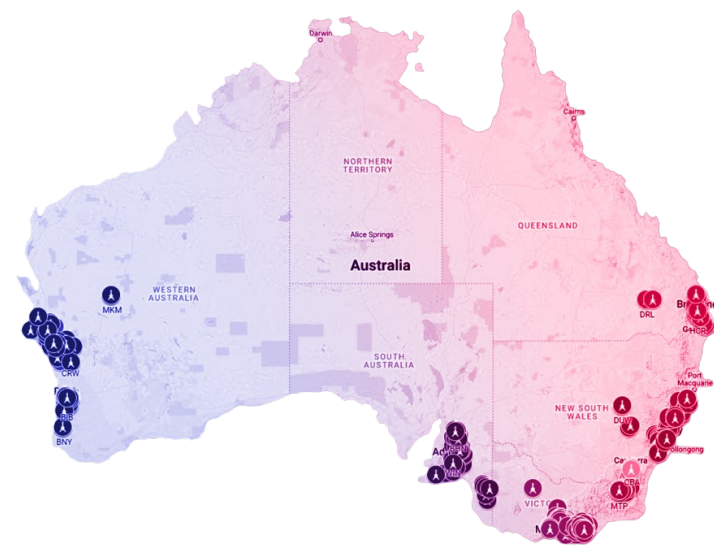
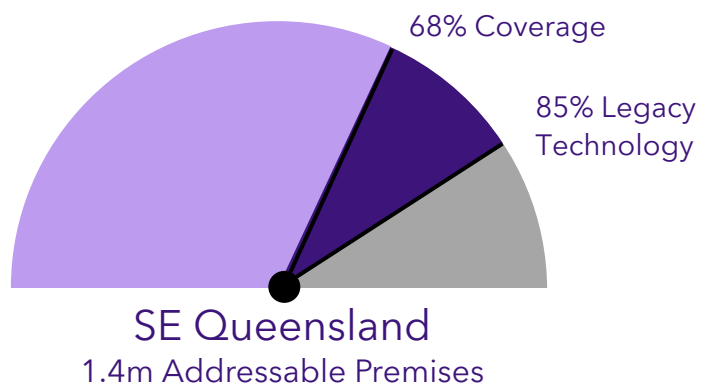
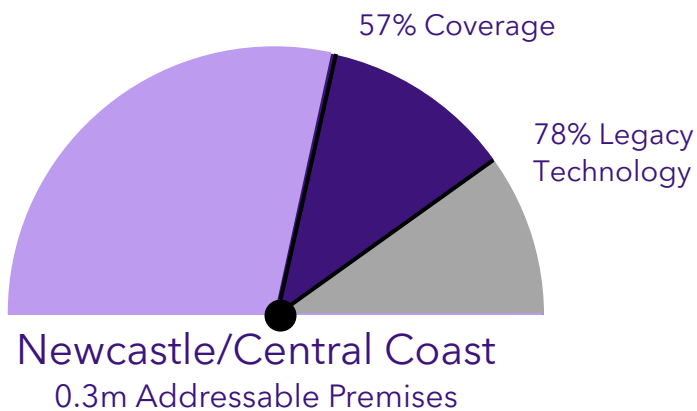
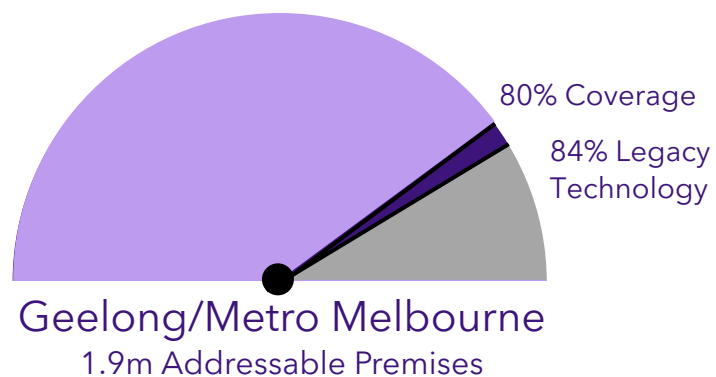
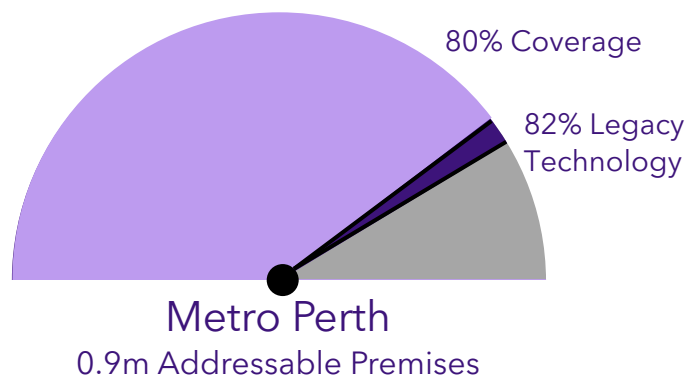
Strong Customer Growth of 7% since announcing in July





# Strategy & Outlook

Massive opportunity to increase market share in areas already covered by Swoop infrastructure.

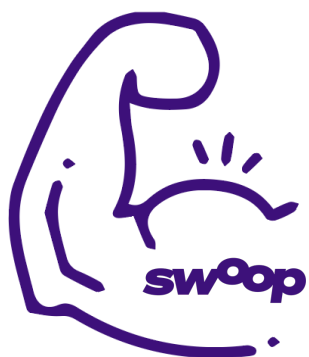


Legacy Technology

■ Within 5km of Swoop PoP



# Focus on Customer Obsession



Build on our strong brand

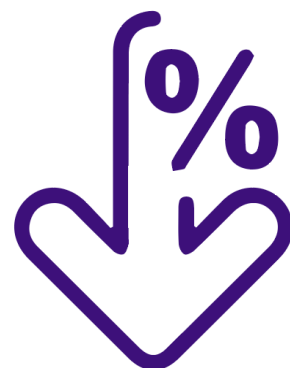
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facebook

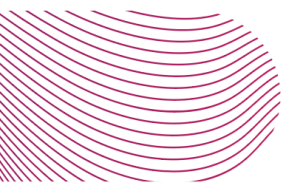
4.8



Continued focus on  
reducing churn now 0.8%  
in December  
(down 0.3% YoY)



Grow number of Channel Partners  
(32% growth in 1H23)  
now 340+ active partners



# Focus on Integration and Automation



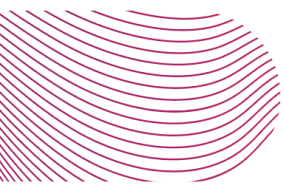
Continue to build  
platforms and turn stuff off  
in FY23



Achieved 190% of targeted  
synergies from FY22  
acquisitions



Further 20% annualised  
synergies identified to be  
delivered in remainder of  
FY23



# High Margin in Demand Products

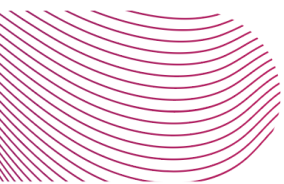


5G Fixed Wireless now rolled out in strategic locations VIC & WA providing greater speeds and higher ARPU



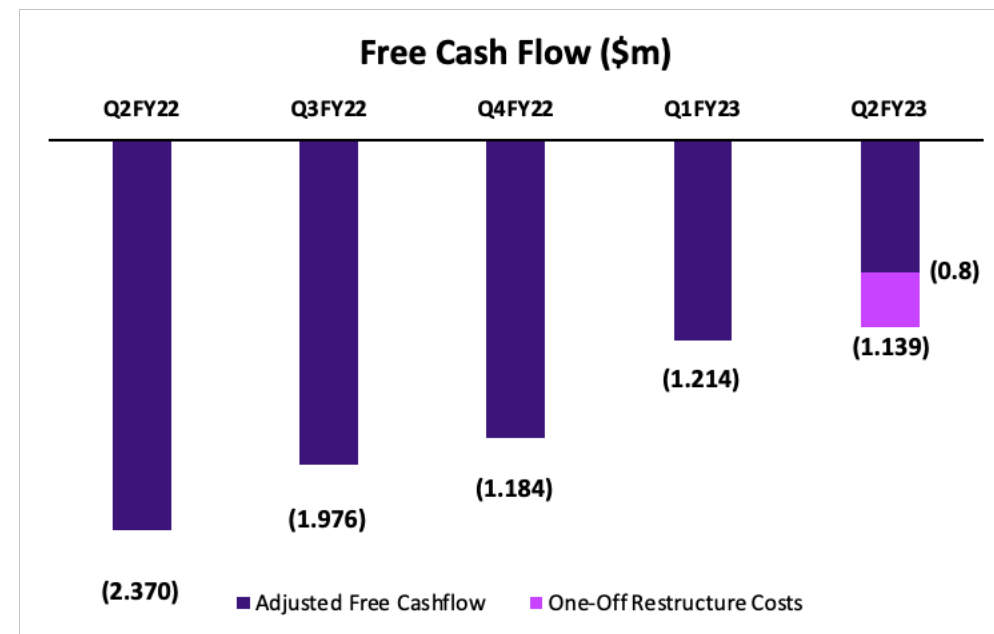
Expanding fibre based on customer demand in existing regions





# FY23 Outlook

- Qtr on Qtr improvement in Free Cash Flow<sup>1</sup>. Targeting exit of FY23 FCF neutral to positive.
- Strong half year on half year Increase in Operating Cash Flow to continue in FY23, up 155% YoY
- FY23 Underlying EBITDA includes additional contribution from acquisitions completed and announced in FY22; as well as continued growth and efficiencies from combined businesses.





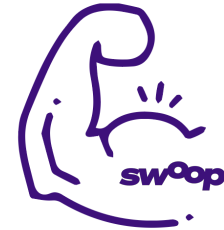
# Summary



**Expanding organic growth**



**Acquisitions integrating well and growing better under Swoop**



**Strong customer brand in our regions and low churn**



**High Margin Products**



**Scale & Acquisition synergies delivered in 1H23 and future benefits into FY23**



**Leverage the experience and capabilities to build the next large scale national telecommunications company**

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# Appendix



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Financial data - All dollar values are in Australian dollars (AUD\$) unless as otherwise presented.

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Swoop uses certain measures to manage and report on its business that are not recognised under Australian Accounting Standards or IFRS. These measures are collectively referred to in this document as 'non-IFRS financial measures' under Regulatory Guide 230 'Disclosing non-IFRS financial information' published by the Australian Securities and Investments Commission (ASIC). Management uses these non-IFRS financial measures to evaluate the performance and profitability of the overall business. The principal non-IFRS financial measures that are referred to in this document is EBITDA. EBITDA is earnings before interest, tax, depreciation and amortisation and significant items. Management uses EBITDA to evaluate the operating performance of the business prior to the impact of significant items, the non-cash impact of depreciation and amortisation and interest and tax charges.

Although Swoop believes that these measures provide useful information about the financial performance of Swoop, they should be considered as supplements to the income statement measures that have been presented in accordance with the Australia Accounting Standards and IFRS and not as a replacement for them.



The Swoop logo is rendered in a bold, white, sans-serif font. The letters 's', 'w', and 'p' are lowercase and slanted to the right. The 'o's are also lowercase but are perfectly circular and upright. The background features a gradient from dark purple on the left to bright pink on the right, with a series of thin, white, concentric wavy lines that create a sense of motion and depth.

**swoop**

[swoop.com.au](https://swoop.com.au)