



FY23 Financial and Operational Results

Investor Briefing | August 2023



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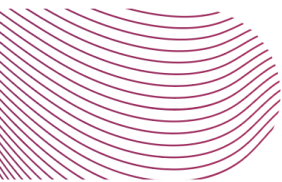
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Financial data - All dollar values are in Australian dollars (AUD\$) unless as otherwise presented.

Non IFRS financial measures

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 Australian Accounting Standards and IFRS and not as a replacement for them.



Connecting People. Improving Lives



Premium provider of residential and SMB Broadband

Residential mobile telephony for price-conscious customers



Fixed Wireless infrastructure to improve margins



NBN for national coverage



National MVNO on the Optus network



FY23 Highlights Summary



✓ FY23 Revenue¹ of \$78.2M, up 51% on FY22 Revenue



✓ Underlying EBITDA² of \$16.3M, up 25% on FY22 Underlying EBITDA



✓ Strong growth with +73% Revenue CAGR and increase of \$14.5M in EBITDA from \$1.8M in FY20 to \$16.3M in FY23



✓ A 304% increase in total subscriber numbers to 155,843 from FY22



✓ Exited Q4 FY23 in a \$0.5m positive free cash flow position.
Majority of capex for network growth and customer systems.



✓ Operating Cash Flow continues to improve up 62% from +\$8.9M in FY22 to +\$14.3M in FY23



✓ Bought back 9.3 million of Swoop Shares in FY23, executing our capital management strategy



✓ \$12M undrawn in available financing facilities, coupled with our strong cash position \$19M as at 30 June 2023, provides significant runway for growth and strategic opportunities.

Notes:

1. References to Revenue are to revenue from ordinary activities and other income (but excluding interest income).
2. Underlying EBITDA excludes non-cash (share-based payment expenses, impairment charges) 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.



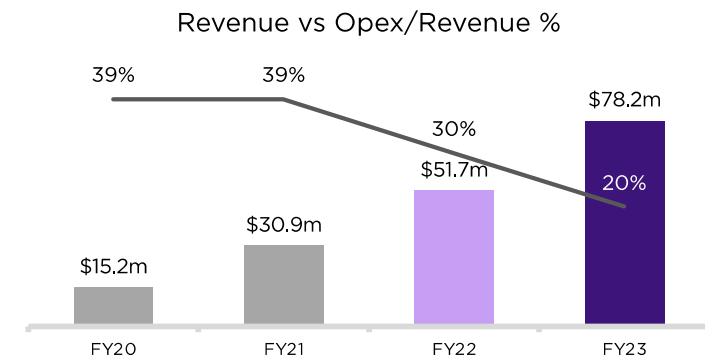
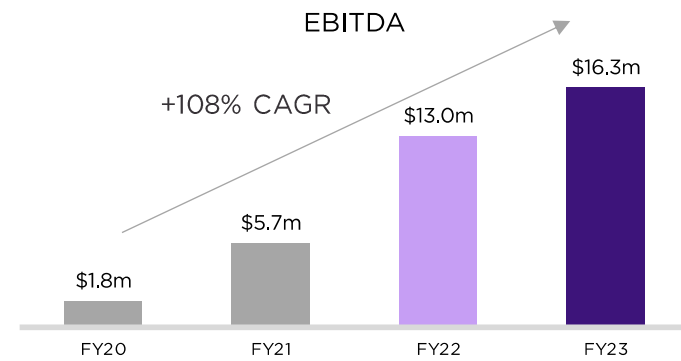
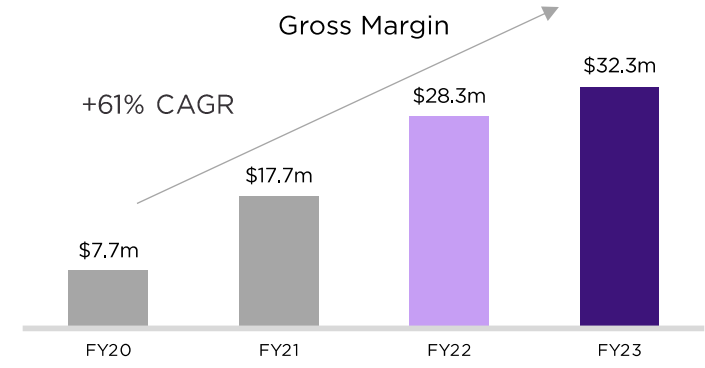
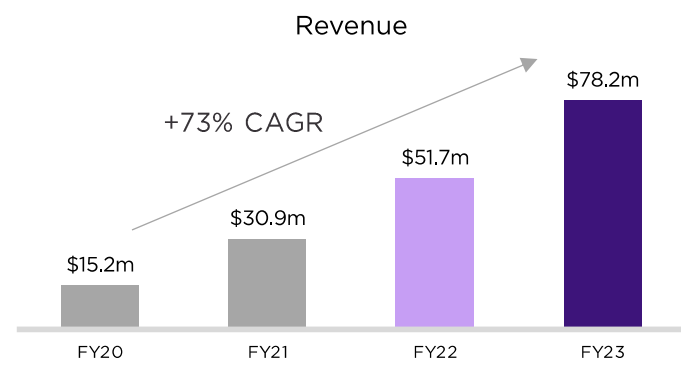
FY23 Financial Highlights₁

Revenue
\$78.2m
+51% YoY

Gross Margin
\$32.3m
+14% YoY

Underlying EBITDA
\$16.3m
+25% YoY

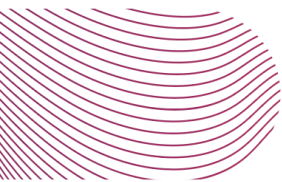
Opex % of Revenue
20%
+10% Improvement YoY



Notes:

1. Comparisons shown above to FY21 are to Pro Forma Results. FY21 Pro Forma Results have been prepared using information from the audited FY21 Annual Report dated September 2021. Pro Forma Results add in the results of Node 1 as if included for the full year period of FY21, providing a like for like comparison of the two businesses listed in May-21.



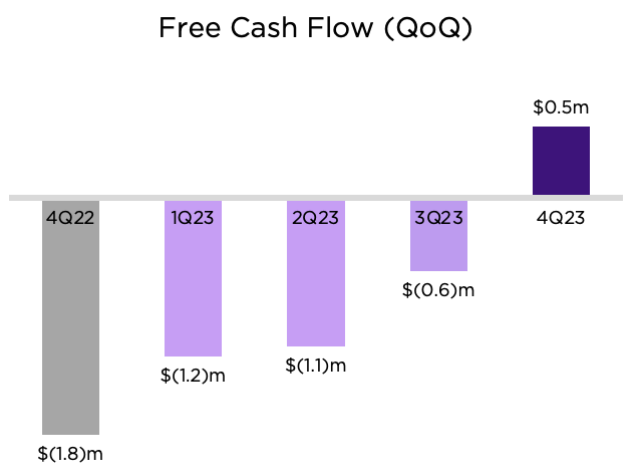
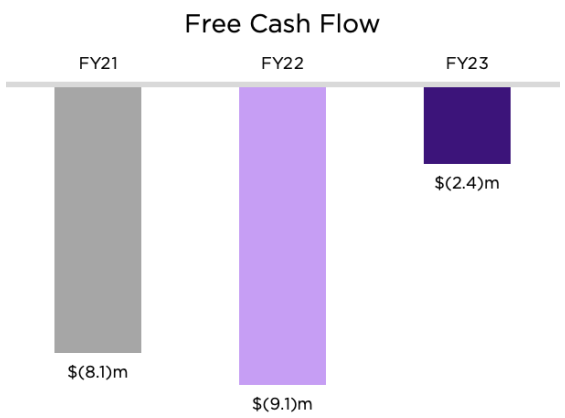
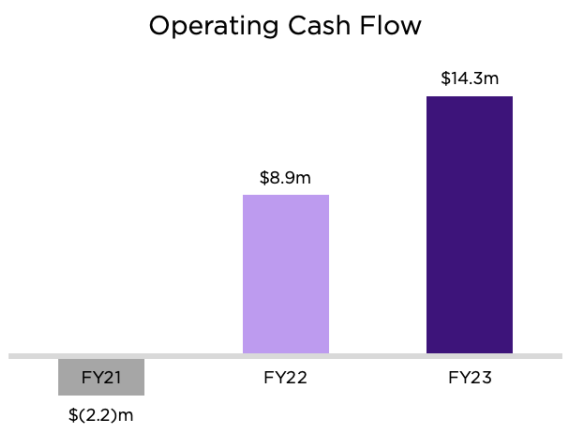


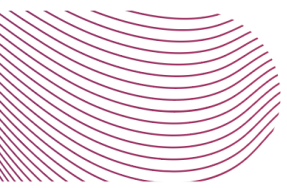
FY23 Financial Highlights (cont.)

Operating Cashflow
\$14.3m
+62% YoY

Free Cash Flow
\$(2.4)m
+\$6.7m YoY

Q4 FY23 Free Cash Flow
\$0.5m
+\$1.1m QoQ



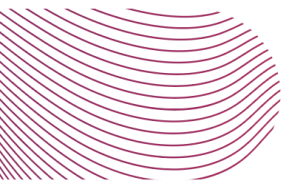


Key Operating Metrics



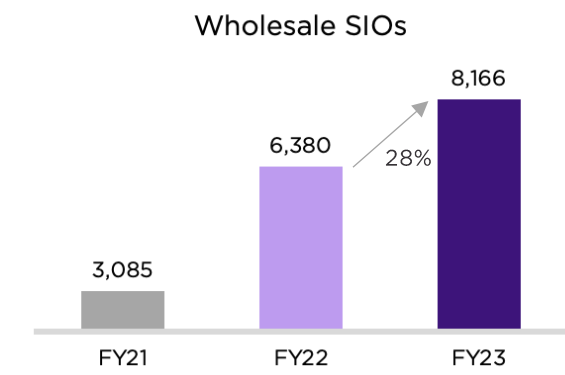
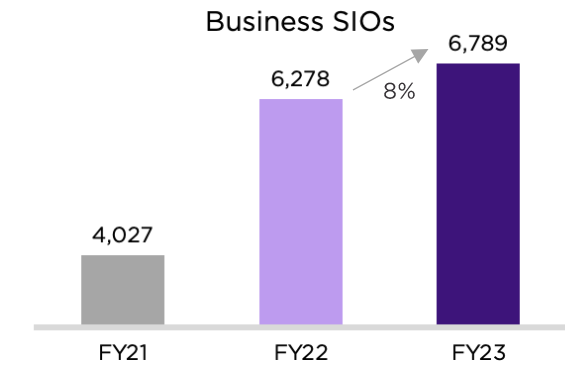
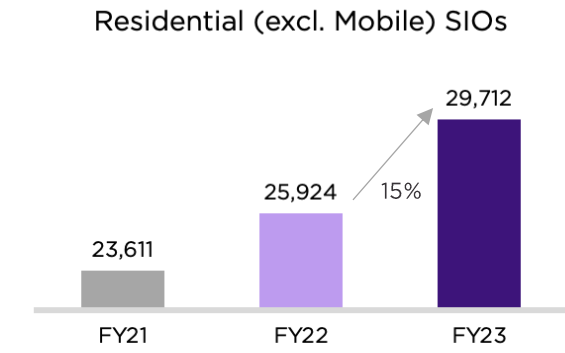
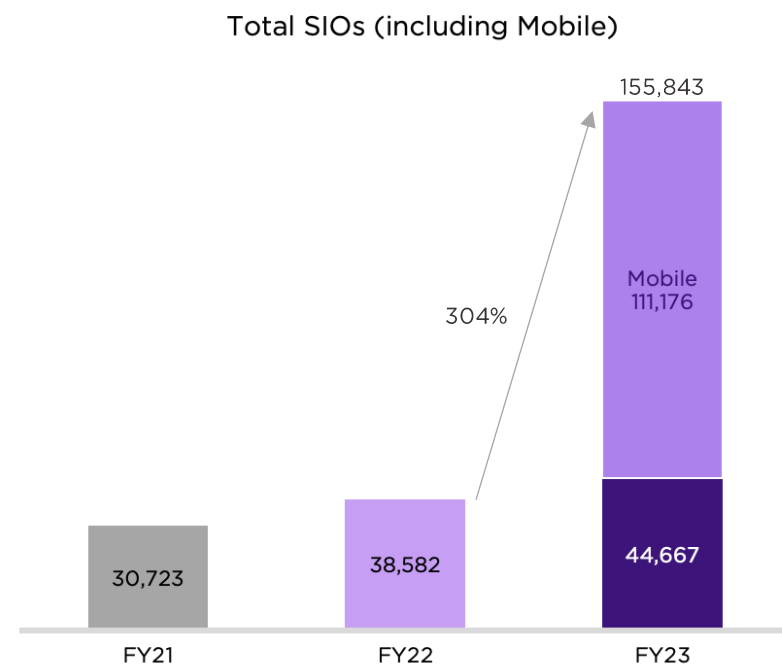


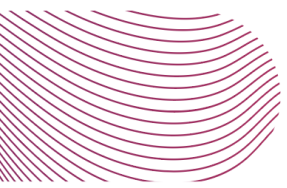
FY23 Business Update



FY23 SIO Growth

- 155,843 Services in Operation (SIOs) in Jun-23, increasing by 117,261 (304%) on Jun-22
- Excl. Mobile, SIOs increased by 6,085 (16%) to 44,667, with Residential growing by 3,788 (15%), Business by 511 (8%) and Wholesale by 1,786 (28%)
- Mobile SIO have increased by 16,828 (18%) to 111,176 in the 12 months to Jun-23

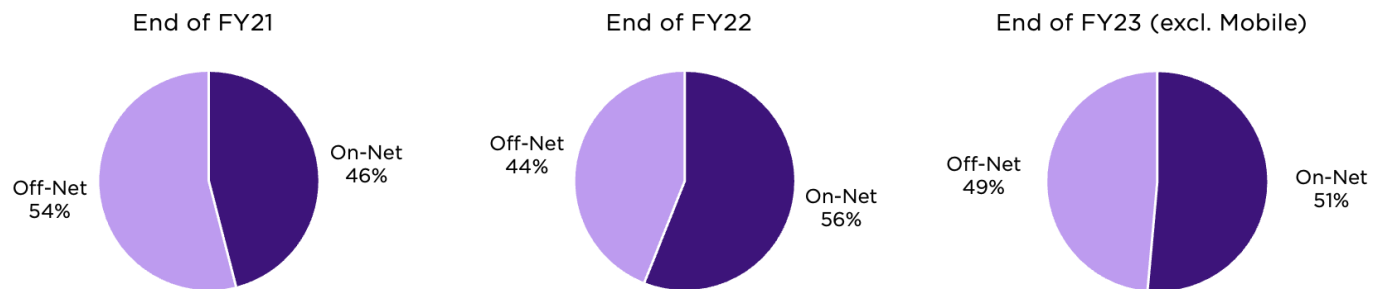




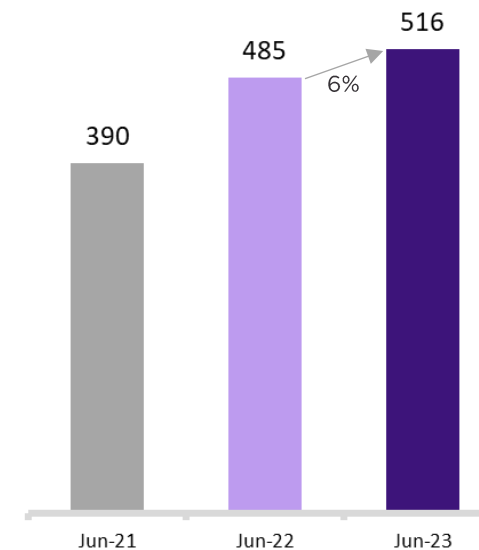
FY23 Infrastructure Expansion

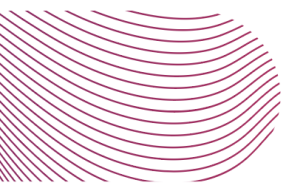
- 51% of services were on-net at the end of FY23 (excl. mobile)
- Our Fixed Wireless tower footprint stands at 516 towers

On-Net vs Off-Net Over Time







Towers Over Time





Acquisition Highlight – Moose Mobile

	✔ Moose Mobile is a Queensland based national mobile virtual network operator (MVNO)
	✔ Moose now provides over 110,000 mobile services on the Optus network to customers across Australia
	✔ Cross-sell potential – 110,000 Moose customers for Swoop Fixed Wireless and nbn services, and 30,000 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 18% since announcing in July



FY23 Financial Results

Financial Results

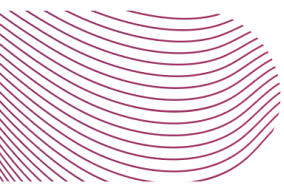
Financial Results (\$000)

	FY22	FY23	Change
Revenue and other income	51,686	78,182	26,496
COGS	(23,370)	(45,919)	(22,549)
Gross Margin	28,316	32,263	3,947
Gross Margin %	55%	41%	
Operating Expenses and Overheads	(15,271)	(15,961)	(690)
Underlying EBITDA ³	13,045	16,302	3,257
Underlying EBITDA %	25%	21%	
Statutory Net Loss after Tax	(4,883)	(37,514)	(32,631)

Notes:

1. Organic growth is based on entities included in the FY22 Results for a full 12 month period and therefore excludes the organic growth derived from acquired entities while under the ownership of Swoop. Organic growth also excludes cobuild revenue.
2. FY22 and FY23 acquisitions- Voicehub(1 November 2021), Luminet(1 April 2022), Moose (Effective Date: 1 August 2022).
3. Underlying EBITDA excludes non-cash (share based payment expenses, impairment charges) 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.

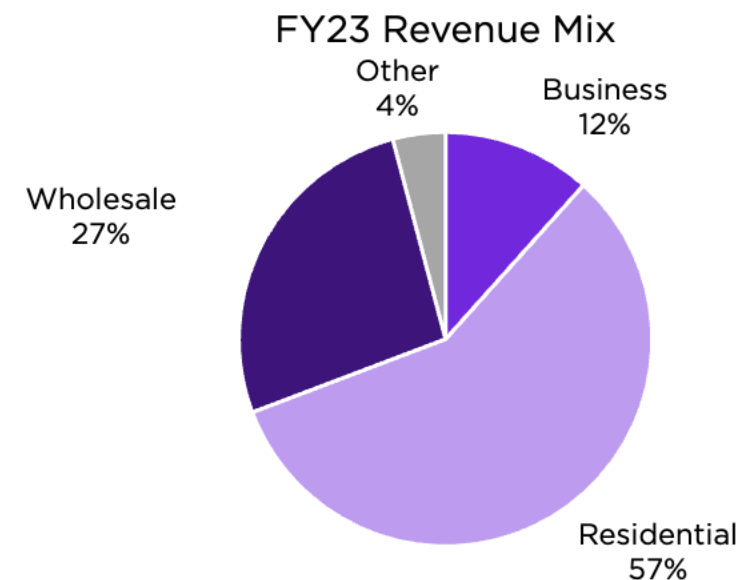
- Revenue increased by 51% YOY
- Revenue growth reflects organic growth¹ of 6% plus contribution from co-build revenue and acquisitions². The contribution from acquisitions includes the organic growth derived from the acquired entities while under the ownership of Swoop.
- The lower gross margin and EBITDA margin in FY23 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 20%, down from 30% in FY22 - tight cost control has been maintained.
- Increase in Statutory Net Loss after Tax reflects FY23 impairment charges \$27.0M, amortisation of acquired intangibles (Moose), financing costs (Moose), higher deferred tax expense in FY23.



Revenue Analysis

Revenue and other income (\$000)

	FY22	FY23	Change
Business	9,773	9,102	(7%)
Residential	19,551	45,038	+130%
Wholesale	19,702	20,819	+6%
Other	2,660	3,223	+21%
Total	51,686	78,182	+51%



Residential revenue growth reflects Moose acquisition and organic SIO growth of +15% from Jun-22.



Summary Cash Flow

Summary Cash Flow (\$000)

	FY22	FY23
Customer and other receipts	51,435	82,793
Payments to suppliers and employees	(43,124)	(69,445)
Other net operating cash flows	550	998
Operating Cash Flow	8,861	14,346
Capex	(17,941)	(16,713)
Free Cash Flow ¹	(9,080)	(2,367)
Interest paid on finance facility	-	(594)
Other Investing Activities	(19,695)	(24,545)
Financing Activities	43,228	14,517
Cash Flow Movement	14,453	(12,989)
Opening Cash	17,498	32,021
Fx changes	70	12
Closing Cash Balance	32,021	19,044

- Operating Cash Flow continues to improve, from +\$8.9M in FY22 to +\$14.3M in FY23
- 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 (\$3.7M) spent on the on-market share buy-back
- Strong closing cash position of \$19.0M

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

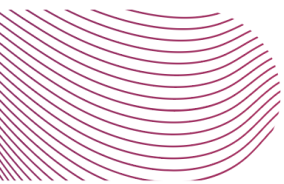
Summary Balance Sheet (\$000)

	FY22	FY23
Cash	32,021	19,044
Other current assets	7,405	10,028
Trade and other payables	(14,307)	(20,421)
Borrowings (current)	-	(1,781)
Deferred consideration (current)	(5,479)	(2,399)
Other current liabilities	(4,049)	(4,085)
Net Current Assets	15,591	386
Property, plant and equipment (including ROU)	44,055	40,532
Intangible assets	45,528	51,193
Borrowings (non-current)	-	(16,865)
Deferred consideration (non-current)	-	(2,079)
Other non-current assets	3,634	3,451
Other non-current liabilities	(12,224)	(14,315)
Net Assets	96,584	62,303

- Strong cash position of \$19M, with a remaining debt facility of \$12M, 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.
- Annual impairment testing - total impairment charges of \$27.0M.

Notes:

1. Balance sheet for both FY22 and FY23 is extracted from the unaudited Preliminary Final Report dated 31 August 2023.



Impairment Summary

Summary of Assets Impaired (\$000)

	FY23
Plant and equipment	7,463
Software	1,404
Other intangibles (ex goodwill and software)	13,824
Goodwill	4,355
Total Impairment	27,046

- Annual impairment testing required under AASB 136 Impairment of Assets
- Indicators of impairment at 30 June 2023 and detailed testing undertaken
- Certain items of plant and equipment and software have been fully impaired as they are no longer being used by the Group
- Following the impairment of individual assets, the Group then tested the recoverability of goodwill with a resulting impairment to goodwill of \$4.4M



Strategy & Outlook

Invest in Customer Growth



Build on our strong brands

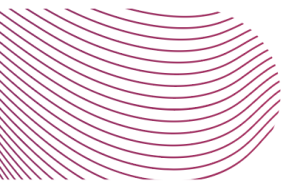
Increase customer acquisition via targeted marketing



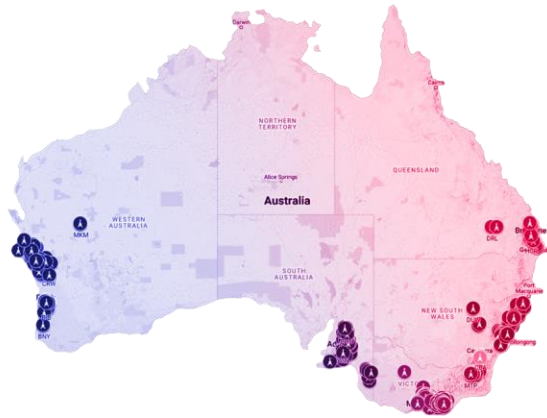
Continued focus on reducing churn in core products



Customer focused award winner



Invest in Infrastructure Growth



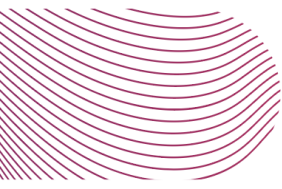
Expand in existing regions



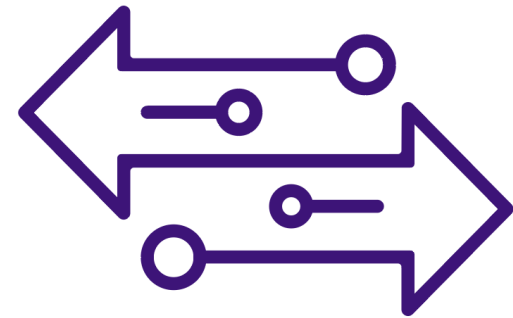
Continue rolling out co-build projects supporting regional growth



Invest in new rural areas off the back of recent success



Invest in Systems and Integration



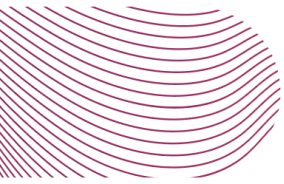
Migrate customers and turn stuff off in FY24



Acquisition synergies achieved throughout FY23 delivering savings in FY24



Streamline process with automation and provide frictionless experience



Summary



Expanding organic growth



Acquisitions integrating well and growing better under Swoop



Strong customer brand in our regions and low churn



Continued Investment in High Margin Infrastructure



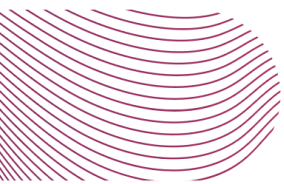
Scale & Acquisition synergies continuing through FY24



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



Appendix



Acquisitions Summary

Name	Product	Geography	Segment	Infrastructure	Purchase Price	Announced EBITDA	Date Completed
Community Communications	Fixed Wireless (FW)	Perth	Residential	14 Towers	\$0.3m	\$0.1m ¹	June 2021
Beam	Fixed Wireless (FW)	Regional SA	Residential/SME	65 Towers	\$6.7m	\$1.6m ¹	June 2021
Speedweb	Fixed Wireless (FW)	Regional VIC	Residential	51 Towers	\$1.75m	\$0.5m ¹	July 2021
Countrytell	FW/Fibre/ Data Centres	Regional NSW	SME/Government	33 Towers/Data Centres/CBD Fibre	\$4.2m	\$1.0m ¹	July 2021
Voicehub	Voice	National	Wholesale	-	\$6.0m	\$1.5m ¹	November 2021
iFibre	Fibre	SA	Wholesale	Metro Fibre	\$1.5m	\$0.15m ¹	February 2022
Luminet	Fibre	NSW	Wholesale	Metro Fibre	\$8.0m	\$0.8m ¹	April 2022
Moose	Mobile MVNO	National	Residential	-	\$24.0m	\$3.5m ¹	November 2022
					\$52.45m	\$9.13m¹	

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.

The logo for Swoop, featuring the word "swoop" in a bold, white, lowercase sans-serif font. The letters are slightly slanted to the right. The background is a gradient of purple and pink with a pattern of thin, white, wavy lines that create a sense of motion and depth.

swoop

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