



# 1H FY24 Financial and Operational Results

Investor Briefing | February 2024



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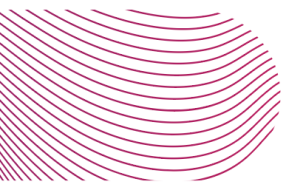
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Financial data - All dollar values are in Australian dollars (AUD\$) unless as otherwise presented.

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



Fixed Wireless infrastructure to improve margins



NBN for national coverage



Residential mobile telephony for price-conscious customers



















National MVNO on the Optus network





# 1H FY24 Highlights Summary

	 1H FY24 Revenue <sup>1</sup> of \$43.5M, up 17% on 1H FY23 Revenue.
	 Underlying EBITDA <sup>2</sup> of \$8.2M, up 13% on 1H FY23 Underlying EBITDA.
	 Strong growth with +44% Revenue CAGR and increase of \$5.9M in Underlying EBITDA from \$2.3m in 1H FY21 to \$8.2M in 1H FY24.
	 A 16% increase in total subscriber numbers to 161,335 <sup>3</sup> from Dec-22, all from organic growth.
	 Mobile SIOs were 118,066 in Dec-23, increasing by 17,457 (17%) on Dec-22. Non-Mobile SIOs were 43,269 in Dec-23 with 51% on-net, increasing by 5,046 (13%) on Dec-22.
	 Free Cash Flow <sup>4</sup> continues to improve up +\$1.3M from \$(2.4)M in 1H FY23 to \$(1.1)M in 1H FY24. Excluding the Co-Build revenue and costs, Free Cash Flow in 1H FY24 was \$(0.7)M.
	 Operating cashflow remains strong with \$7.2m delivered in 1H FY24.
	 \$9.4M undrawn in available financing facilities, coupled with our strong cash position \$16.2M as at 31 December 2023, provides significant runway for growth and strategic opportunities.

Notes:

1. References to Revenue are to revenue from ordinary activities.
2. 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.
3. Dec-22 Non-Mobile SIOs have been re-stated to remove non-tolling items to better reflect a comparison of the business performance
4. Free Cash Flow is defined as Operating Cash Flow (Net Cash from Operating Activities less Interest on finance facility) less Capex.



# 1H FY24 Financial Highlights

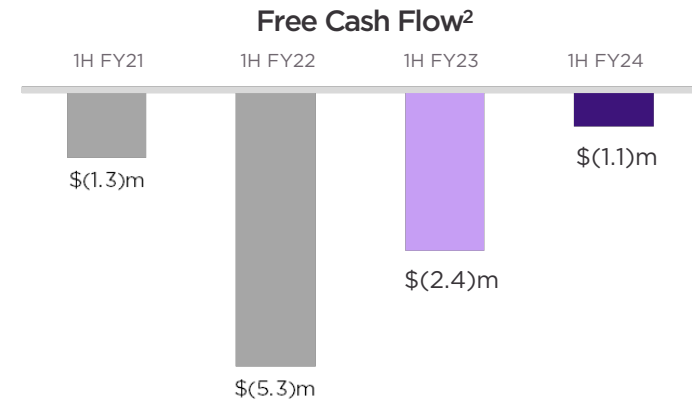
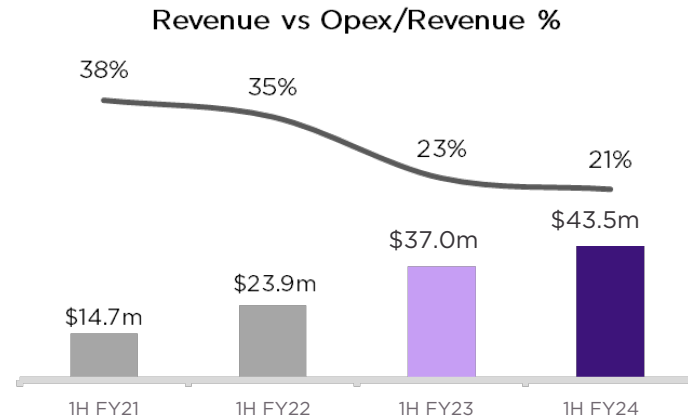
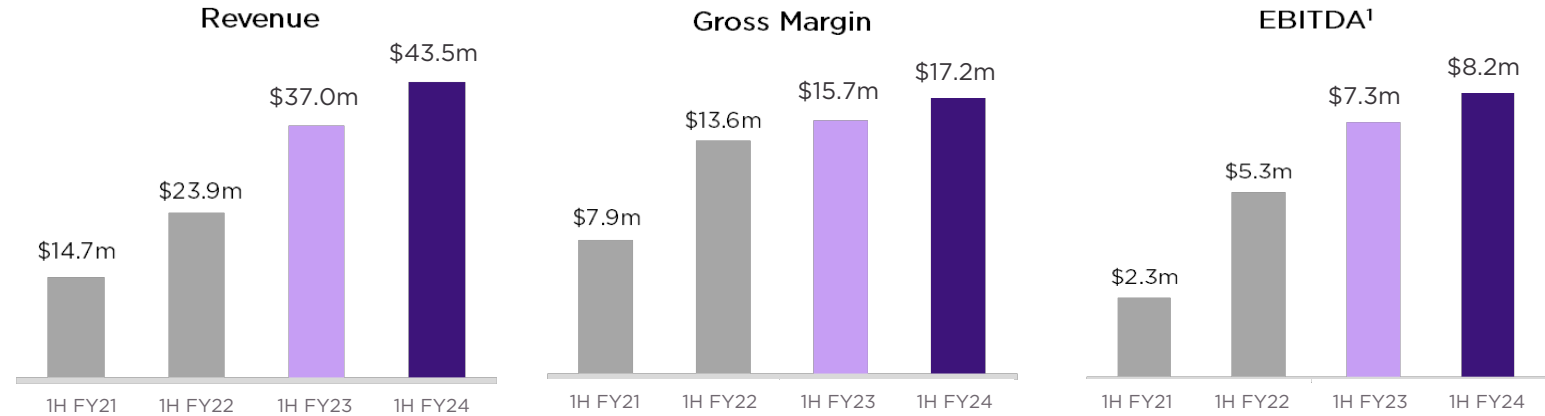
Revenue **\$43.5m**  
+17% YoY

Gross Margin **\$17.2m**  
+9% YoY

Underlying EBITDA<sup>1</sup> **\$8.2m**  
+13% YoY

Opex % of Revenue **21%**  
-2% YoY

Free Cash Flow<sup>2</sup> **\$(1.1)m**  
+\$1.3m YoY



Notes:

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

# 1H FY24 Core Business Results<sup>1</sup>

**Government Funded** Regional Infrastructure grants included in Reported Revenue

**Core Business** excludes one-off payments from these programs

## Reported Results

Revenue **\$43.5m**  
+17% YoY

Gross Margin **\$17.2m**  
+9% YoY

Underlying EBITDA<sup>2</sup> **\$8.2m**  
+13% YoY

Free Cash Flow<sup>3</sup> **\$(1.1)m**  
+\$1.3m YoY

## Core Business Results<sup>1</sup>

Revenue **\$42.4m**  
+17% YoY

Gross Margin **\$16.2m**  
+9% YoY

Underlying EBITDA<sup>2</sup> **\$7.2m**  
+12% YoY

Free Cash Flow<sup>3</sup> **\$(0.7)m**  
+\$2.4m YoY

Notes:

1. Core Business excludes contribution from the Regional Connectivity Program ('RCP') and other Co-Build Projects.
2. 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.
3. Free Cash Flow is defined as Operating Cash Flow (Net Cash from Operating Activities less Interest on finance facility) less Capex.

# 1H Wins & Awards



▶ Winner  
CSIA Australian  
Service  
Excellence Award  
**Service  
Champion**



▶ Shortlisted  
The Australian  
Financial Review  
**Digital  
Transformation  
Leaders**



▶ Finalist  
Australian Growth  
Company Award  
**Technology Growth  
Company of the Year**



▶ Winner  
Product Review  
**Most Satisfied  
Customers**



▶ Winner  
Canstar Blue  
**Most Satisfied  
Customers  
Outstanding Value**



# FY24 goals – we’re smashing it!

## Efficient sales and marketing machine



### Overall CAC

**20%** reduction in Customer Acquisition Cost driven by more online sales



**Trending to deliver double unique website visits by EOY!**

Total YTD website improvement:

- Ad impressions **up 57%** from 5.2m to 8.2m
- Ad clicks **up 94%** from 106k to 206k
- Website unique users **up 108%** YTD from 113k to 235k



**UI/UX ongoing enhancements** to make our website work harder

### Our people

- Company values
- Goals set
- Improving engagement
- L&D focus
- Growth opportunities



### MRR update

Sales **up by 55%** in Monthly Recurring Revenue terms PCP

### Customer service

Customer service improvements delivering **>90%** of product orders via **fully automated** workflows





# 1H FY24 Financial Results

# Financial Results

## Financial Results (\$000)

	1H FY23	1H FY24	Change
Revenue	37,021	43,453	6,432
COGS	(21,334)	(26,279)	(4,945)
Gross Margin	15,687	17,174	1,487
Gross Margin %	42%	40%	
Operating Expenses and Overheads	(8,419)	(8,988)	(569)
Underlying EBITDA <sup>2</sup>	7,268	8,187	919
Underlying EBITDA %	20%	19%	
Statutory Net Loss before Tax	(4,745)	(2,050)	2,695
Statutory Net Loss after Tax	(4,237)	(1,041)	3,196

Notes:

1. Organic growth excludes co-build revenue.
2. 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.

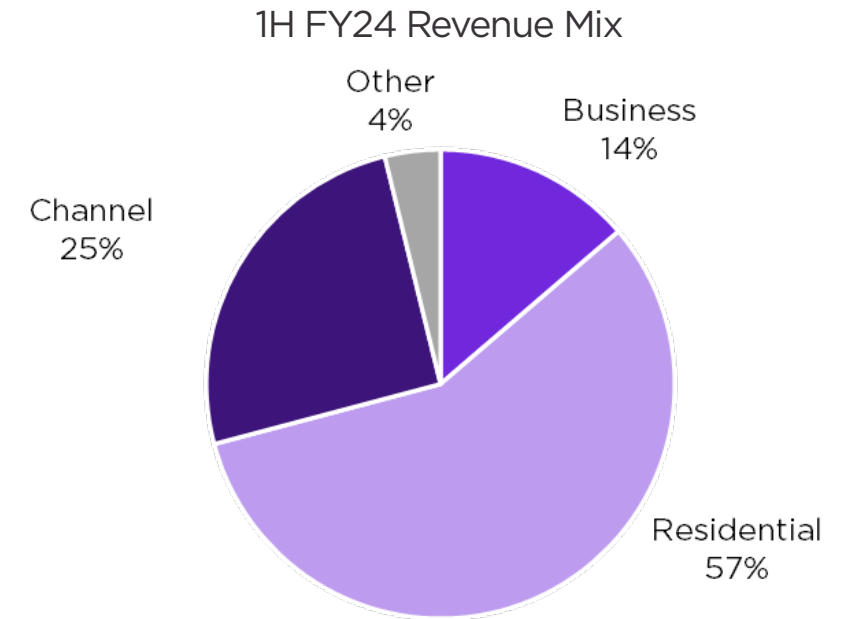
- Revenue increased by 17% YOY.
- Revenue growth reflects organic growth<sup>1</sup> of 11% plus contribution from RCP (Regional Connectivity Program) co-build revenue. Organic growth includes the growth derived from the acquired entities while under the control of Swoop.
- Operating expenses and overhead as a proportion of revenue are 21%, down from 23% in 1H FY23 – tight cost control has been maintained.
- Statutory Net Loss before Tax has reduced significantly YOY and reflects growth in the underlying business, tight cost control and lower depreciation/amortisation following FY23 impairment charges.



# Revenue Analysis

Revenue (\$000)

	1H FY23	1H FY24	Change
Business	5,836	5,965	129
Residential	19,757	24,835	5,078
Channel	10,558	10,985	427
Other	870	1,667	797
Total	37,021	43,453	6,432



# Summary Cash Flow

Summary Cash Flow (\$000)

	1H FY23	1H FY24
Customer receipts	39,622	44,868
Co-build income received	865	290
Payments to suppliers and employees	(32,933)	(37,841)
Other net operating cash flows	(140)	(165)
<b>Operating Cash Flow</b>	<b>7,414</b>	<b>7,152</b>
Capex	(9,767)	(8,244)
<b>Free Cash Flow<sup>1</sup></b>	<b>(2,353)</b>	<b>(1,092)</b>
Interest paid on finance facility	(73)	(558)
Other Investing Activities	(24,305)	(2,763)
Financing Activities	15,632	1,535
<b>Cash Flow Movement</b>	<b>(11,099)</b>	<b>(2,877)</b>
Opening Cash	32,021	19,044
Fx changes	17	8
<b>Closing Cash Balance</b>	<b>20,939</b>	<b>16,175</b>

- Majority of capex is network expansion and supporting customer and network systems.
- Free cash flow in 1H FY24 excluding the Regional Connectivity Program was \$(0.7)M.
- Other investing outflows in 1H FY24 is deferred consideration payments for previous acquisitions.
- Strong closing cash position of \$16.2M.

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)

	Jun 23	Dec 23
Cash	19,044	16,175
Other current assets	10,028	11,873
Trade and other payables	(20,420)	(22,965)
Borrowings (current)	(1,764)	(1,796)
Deferred consideration (current)	(2,399)	(2,145)
Other current liabilities	(4,102)	(4,425)
<b>Net Current Assets</b>	<b>386</b>	<b>(3,283)</b>
Property, plant and equipment (including ROU)	40,532	42,723
Intangible assets	51,193	50,590
Borrowings (non-current)	(16,782)	(18,398)
Deferred consideration (non-current)	(2,078)	-
Other non-current assets	3,451	3,479
Other non-current liabilities	(14,398)	(13,408)
<b>Net Assets</b>	<b>62,303</b>	<b>61,703</b>

- Strong cash position of \$16.2M, with a remaining debt facility of \$9.4M, 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.
- Other non-current liabilities include lease liabilities and deferred tax balances.
- Net current asset deficiency at Dec 23 due to acquisitions and funding of capex with cash. \$9.4M in undrawn facilities available.





# Products & Focus

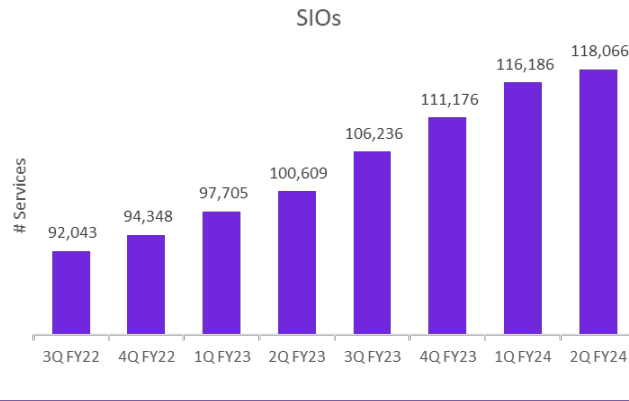
# Mobile

## Swoop Mobile

Targeting our existing residential customer base of approximately

# 30K

## Moose Mobile

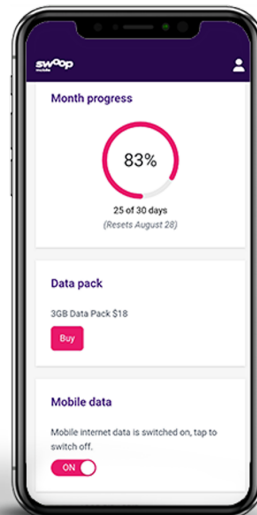
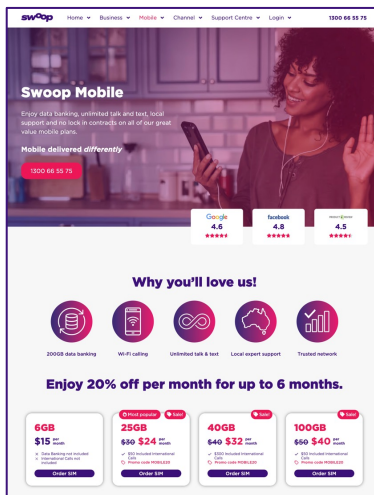


## Swoop Mobile

- Swoop Mobile ‘above the line’ launch October
- Existing customer loyalty discount offer
- Data banking, unlimited talk & text, local support, no lock-in

## Moose Mobile

- The only telco ever to win both the “Most Satisfied Customers” and “Outstanding Value” Canstar Awards in the same year



Rated 4.7/5 Stars from 3000+ Reviews

1H FY24 Financial & Operational Results

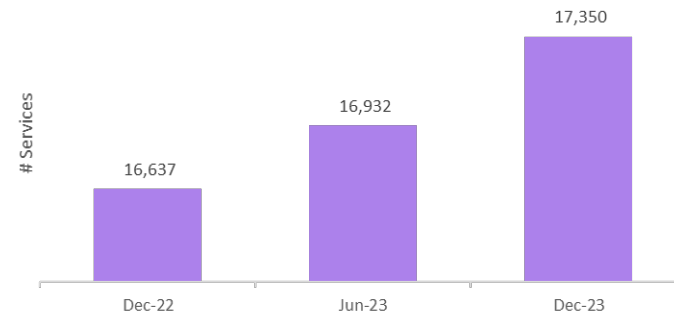


# Fixed Wireless

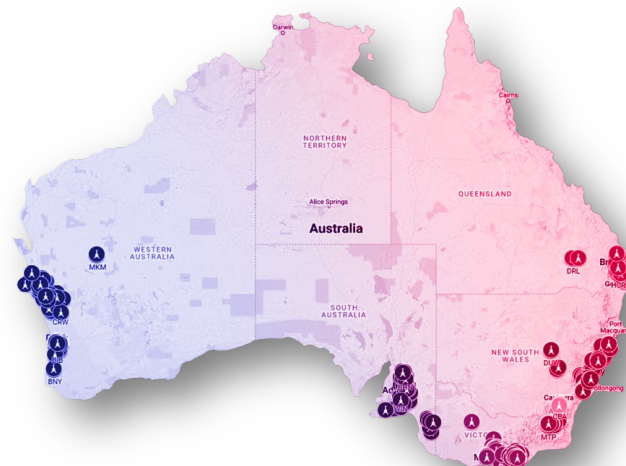


## SIOs

Fixed Wireless P2MP SIOs



## Expanding Regional Coverage



## Fixed Wireless Performance

- Simplified offerings for improved customer experience
- Price increase successfully implemented in November
- Churn remains <1% of FW revenue base

## VIC: Connecting Victoria program

- 'Connecting Victoria' program, poised to bring significant benefits to over 130k businesses and households in 180 towns that are grappling with connectivity issues
- Network Expansion: 23 new and upgraded sites to offer Swoop's fast internet to 20k addresses in Moe and Morwell
- Mt Baw Baw Live: High-speed, reliable broadband now serving residential and commercial customers

## WA: Boosting Regional Connectivity

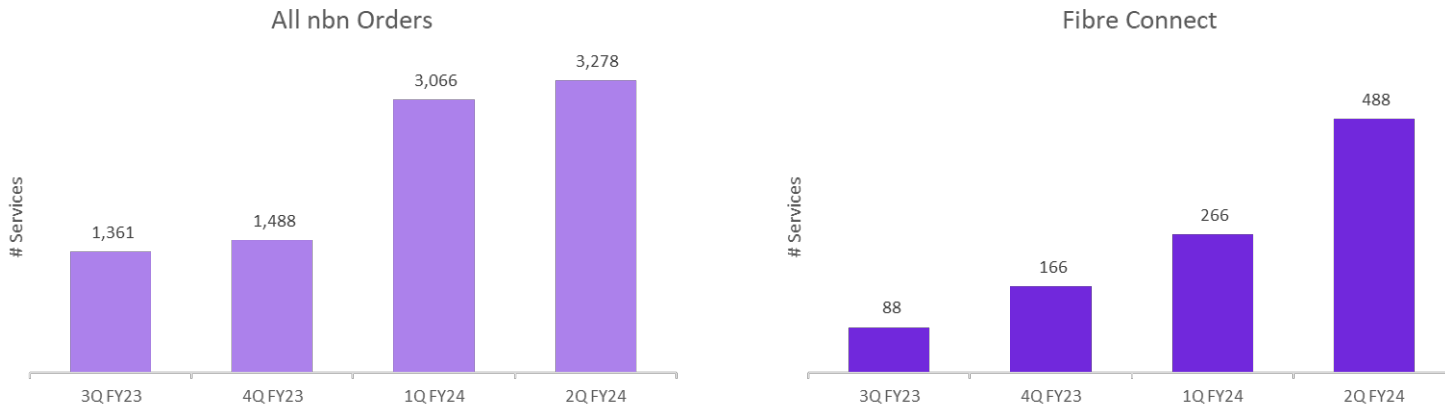
- New Infrastructure: Building new and upgrading existing towers in Regional WA
- Expanded Access: Covering +25k addresses to Swoop from mid-2024
- 58% of this program will be powered by solar



# Swoop nbn<sup>®</sup>



## Winning in nbn



## H1 nbn Results

- TC4 123% increase H1 vs H2 CY23
- Fibre Connect 197% increase H1 vs H2 CY23
- 1st to launch high-speed tier business plans
- Top 10 Enterprise Ethernet provider
- Largest nbn Enterprise Ethernet network in Australia
- Leaders in delivering collaborative eLearning across WA
- 22% new sales are on high-speed tiers (250/25+), leading to a higher ARPU

**Back to biz with a bang!**  
 Enjoy a \$0 fibre upgrade\* to start the year.  
 Plus, save up to \$450 over 6 months on business nbn!  
 See over for details  
 T&C's apply, visit swoop.com.au/legal

## High-speed tier Business Bundles

First to market, Swoop partners with nbn co to deliver high-speed business plans with eSLA in more than 250,000 businesses





# Swoop Voice

Simplify your business phone system with Unlimited SIP trunks

## Domestic SIP

**\$25** per month

- ✓ Includes unlimited calling to local, national, 1300, and mobile numbers
- ✓ \$25 min. cost over 1 month\*

[Learn more](#)

## Domestic Plus SIP

**\$30** per month

- ✓ Includes unlimited calling to local, national, 1300, and mobile numbers
- ✓ Includes International destinations
- ✓ \$30 min. cost over 1 month\*

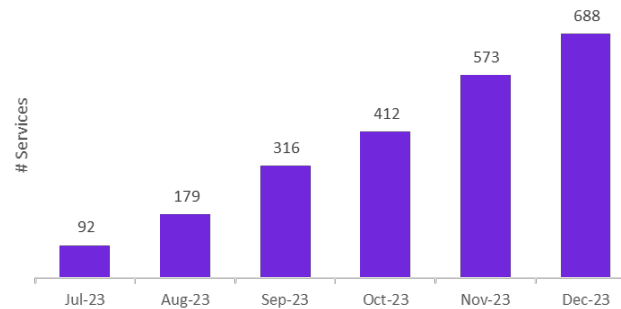
[Learn more](#)

Targeting our existing business customer base of approximately

# 5K

## SIP Channels

Cumulative SIP Channel Sales from Jul-23



SME (1-4 seats) market opportunity

# 700K



Swoop's national voice network provides a better user experience through low latency and redundancy

## Channel

Flexible, cost effective & scalable business voice services:

- SIP Trunks with unlimited calling
- Unified Communication offering
- Inbound services
- Hosted PBX services

## Direct

- Unlimited SIP Trunk and Unified Communications bundles targeted at SMBs launched February

# Focus on our People

We believe that everyone deserves a better telco experience. Delivering on this mission starts with focusing on our team, with the vision to become one of Australia's employers of choice, not just in our industry but across all industries.





# WGEA Reporting

Swoop submitted its first report on its gender equality profile covering period 1 April 2022 to 30 March 2023, **the results are well ahead of our industry.**

Current Gender Pay Gap  
Average (mean)  
total remuneration

**7.8%**

**Significantly better** than  
Industry Comparison of  
23.5%

Current Gender Pay Gap  
Median total  
remuneration

**11.8%**

**Better** than the  
Industry Comparison of  
18.7%

Current Gender Pay Gap  
Average (mean)  
base salary

**1.9%**

**Significantly better** than  
Industry Comparison of  
20.1%

Current Gender Pay Gap  
Median  
base salary

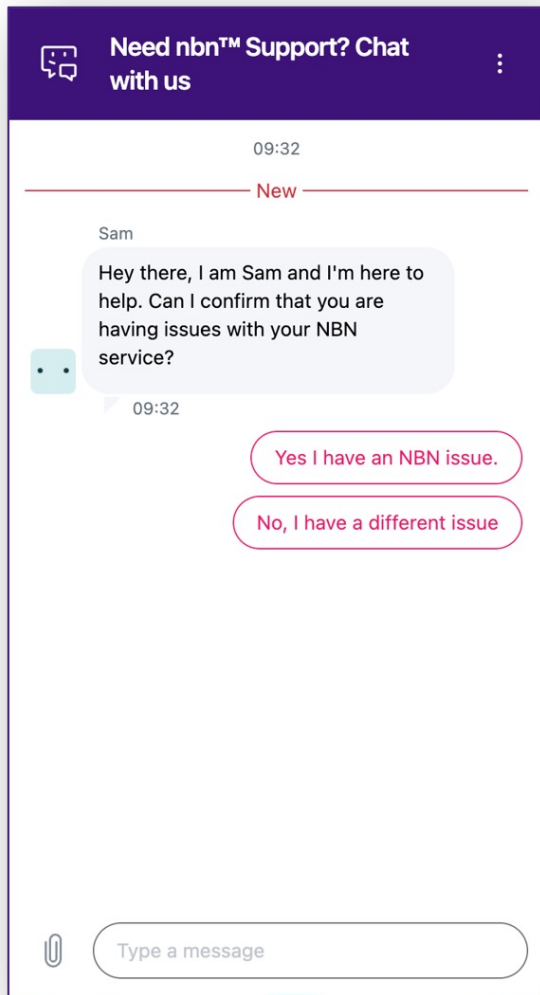
**5.6%**

**Significantly better** than  
Industry Comparison of  
16.2%



When compared with industry benchmarks, Swoop's performance in closing the gender pay gap is commendable. The industry average total remuneration GPG is significantly higher, indicating that Swoop is ahead in ensuring more equitable pay practices. We acknowledge there remains room for improvement but are invigorated by the progress we've already made and the strategies we have in place.

# Improving Customer Service



Delivering better support training for better customer outcomes



Live chat launched for digital accessibility, reducing phone support reliance



Offshore operation launched to scale the Support teams

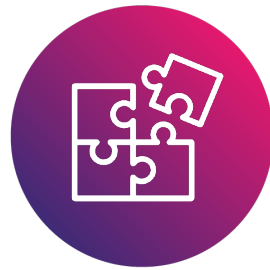


New contact centre and phone system delivered

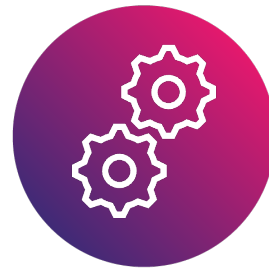
# Invest in Systems and Integration



Improved customer experience and increased activations to sales ratio



Consolidated into a standard suite of Swoop systems



Efficient Processing: >90% of orders utilise a uniform pipeline



Streamlined Experience: Simplified and accelerated order handling



Triple nbn orders: Driving growth by investing in process automation



# Acquisitions Strategy



## Mobile

Acquired Moose Mobile

Nov 22 - \$24m

*Potential further M&A in MVNO space*



## Residential Infrastructure

Acquired Regional Infrastructure Beam, Speedweb, CountryTel, Community Communications

June/July 21 - \$13m

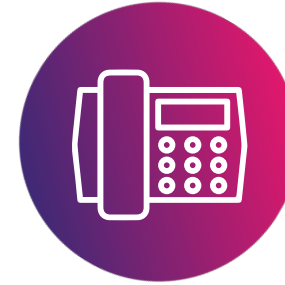
*Potential further M&A in Residential Infrastructure*



## nbn

No previous M&A in this space

*Potential M&A for NBN customer bases*



## Voice UC & SIP

Acquired channel and SMB Voice provider Seventeen

Dec 22 - <\$400k

*Potential M&A in Direct and channel voice*



## Other

Acquired wholesale fibre and voice infrastructure. IFibre, Luminet, Voicehub

Nov 21 to Apr 22 - \$15.5m

*No current M&A focus*



# Summary



Strong organic growth



Focusing on our teams building strong engagement and values



Expanding customer brand in our regions and low churn



Continuing to grow services on high margin infrastructure



Acquisitions integrating well and growing faster under Swoop



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

**swoop**

Thank you

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