



1H FY24 Financial and Operational Results

Investor Briefing | February 2024

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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 ¹ of \$43.5M, up 17% on 1H FY23 Revenue.
	 Underlying EBITDA ² 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 ³ 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 ⁴ 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

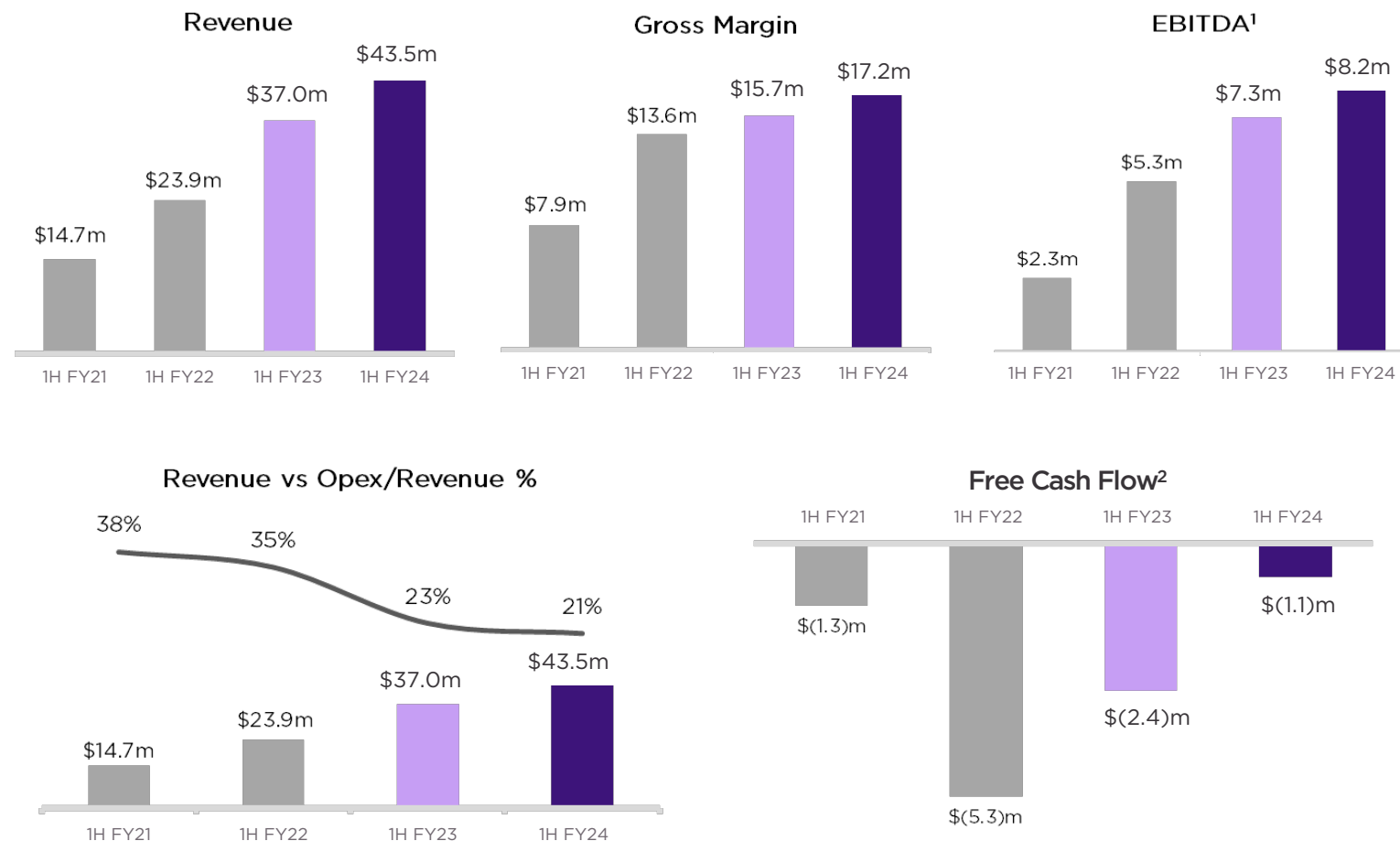
Revenue **\$43.5m**
+17% YoY

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

Underlying EBITDA¹ **\$8.2m**
+13% YoY

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

Free Cash Flow² **\$(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 Results¹

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 EBITDA² **\$8.2m**
+13% YoY

Free Cash Flow³ **\$(1.1)m**
+\$1.3m YoY

Core Business Results¹

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

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

Underlying EBITDA² **\$7.2m**
+12% YoY

Free Cash Flow³ **\$(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 FY24 Financial & Operational Results



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



MRR update

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



Our people

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

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 ²	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:

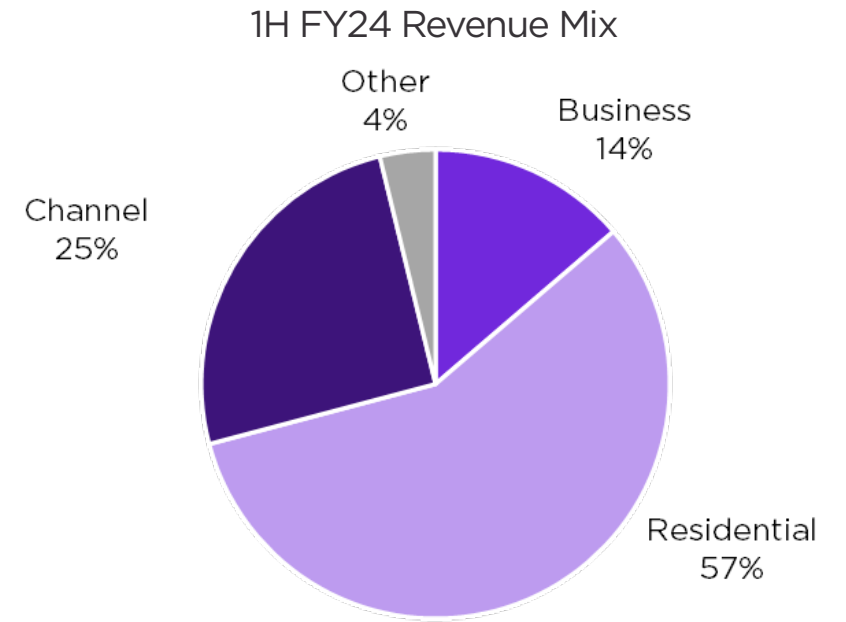
1. Organic growth excludes co-build revenue.
2. Underlying EBITDA excludes non-cash (share-based payment expenses) and other one-off items (acquisition and integration costs, corporate restructuring costs, one-off legal costs) that are not considered to be reflective of underlying earnings.

- Revenue increased by 17% YOY.
- Revenue growth reflects organic growth¹ 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)
Operating Cash Flow	7,414	7,152
Capex	(9,767)	(8,244)
Free Cash Flow ¹	(2,353)	(1,092)
Interest paid on finance facility	(73)	(558)
Other Investing Activities	(24,305)	(2,763)
Financing Activities	15,632	1,535
Cash Flow Movement	(11,099)	(2,877)
Opening Cash	32,021	19,044
Fx changes	17	8
Closing Cash Balance	20,939	16,175

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

- 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.

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)
Net Current Assets	386	(3,283)
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)
Net Assets	62,303	61,703

- 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

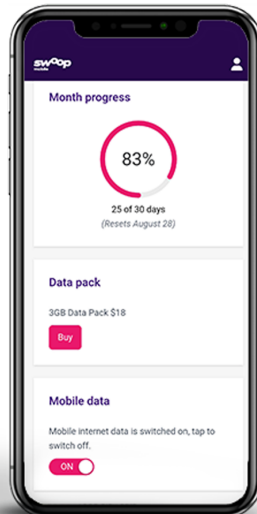
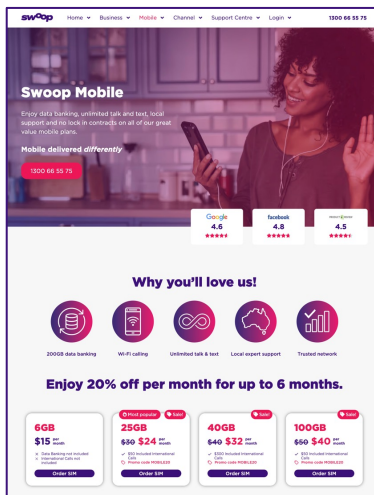
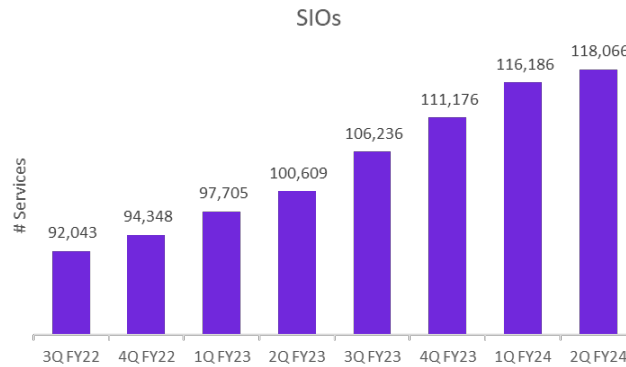
Mobile

Swoop Mobile

Targeting our existing residential customer base of approximately

30K

Moose Mobile



PRODUCT REVIEW
.COM.AU



Rated 4.7/5 Stars from 3000+ Reviews



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

1H FY24 Financial & Operational Results

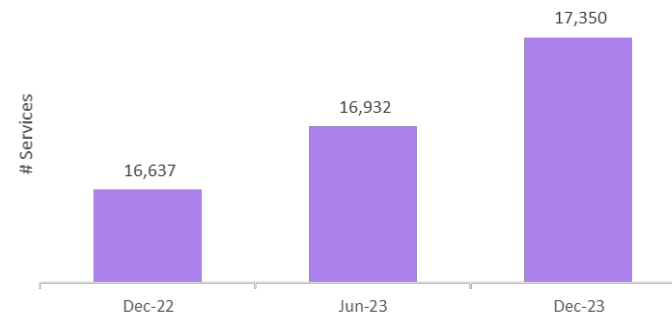


Fixed Wireless

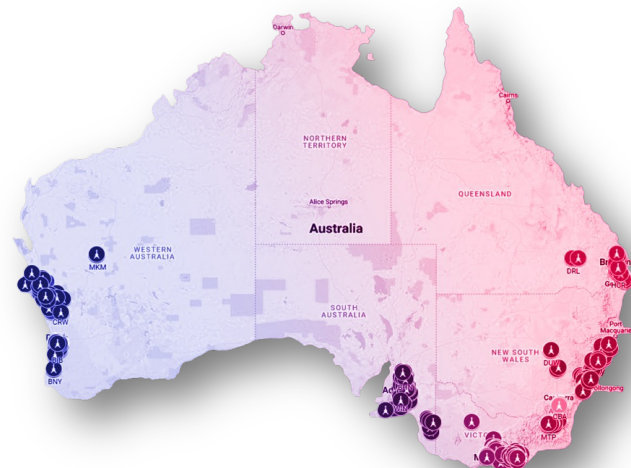


SIOs

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

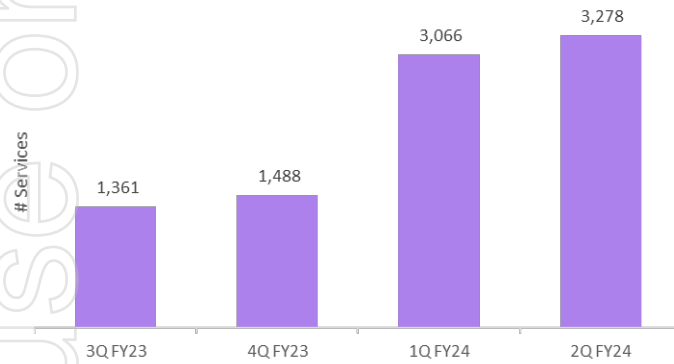
- New Infrastructure: Building new and upgrading existing towers in Regional WA
- Expanded Access: Covering +25k addresses to Swoop from mid-2024
- 58% of this program will be powered by solar

Swoop nbn®

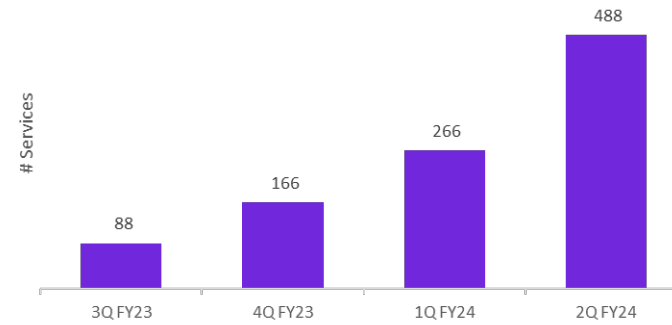


Winning in nbn

All nbn Orders



Fibre Connect



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

swoop
Internet delivered differently

powered by
business nbn

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

SALE

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



1H FY24 Financial & Operational Results



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*

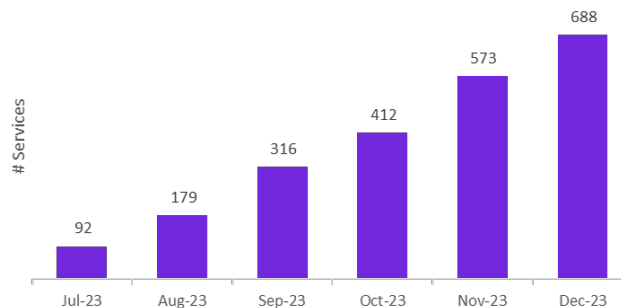
[Learn more](#)

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

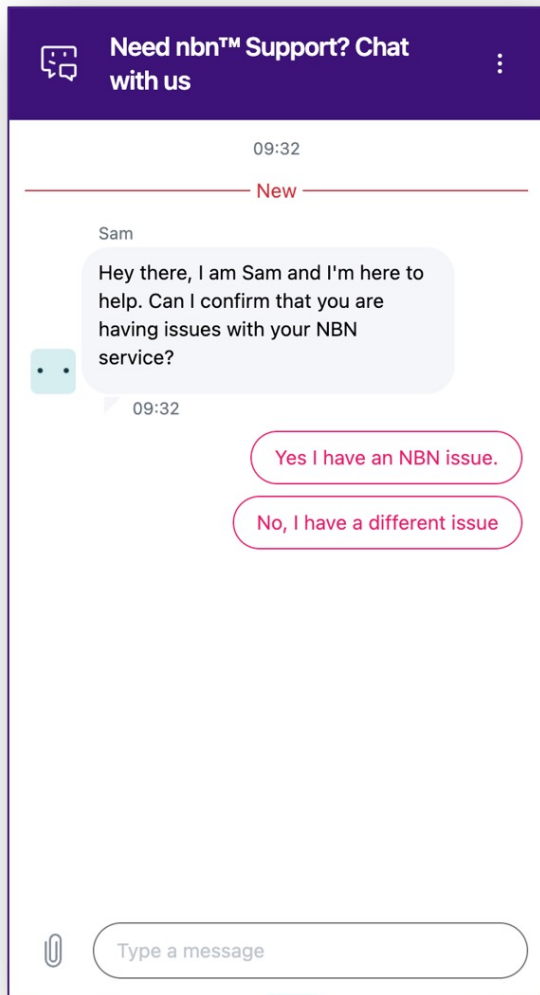
5.6%

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

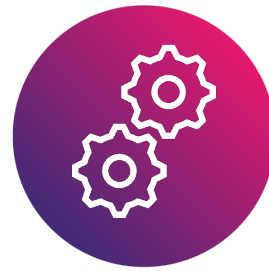
Invest in Systems and Integration



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

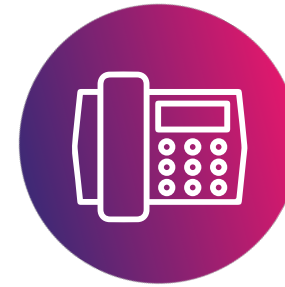
*Potential further M&A
in Residential
Infrastructure*



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



Thank you

swoop.com.au