



ASX ANNOUNCEMENT

31 October 2022

Appendix 4C Quarterly Cash Flow Report and Quarterly Activities Report

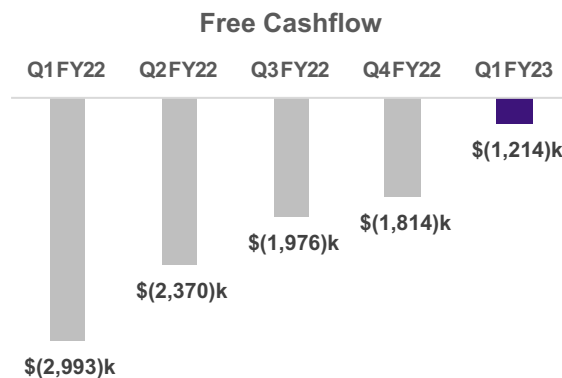
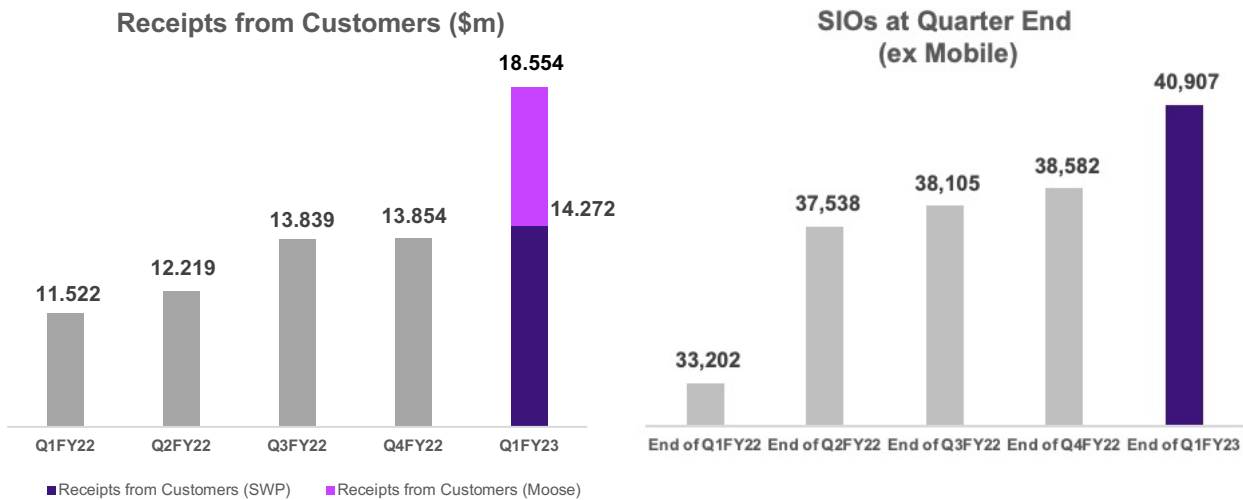
Swoop Holdings Limited (**ASX: SWP**) is pleased to release its quarterly activities report and Appendix 4C for the three-month period ended 30 September 2022 (**Q1 FY23**).

The quarterly cash flow report provided by Swoop incorporates the operations of Swoop (and its subsidiaries) plus recently acquired Moose Mobile for the 2-month period from 1 August 2022 to 30 September 2022. This acquisition, whilst not yet completed, having all conditions precedent satisfied on 31 October 2022 and a contractual effective date of 1 August 2022.

Swoop CEO Alex West comments “We are very pleased to report strong organic growth over the previous quarter, as well as this, we continue to demonstrate consistent strong organic growth when compared to the previous corresponding period. In addition to this organic growth, the contribution from Moose shows a step change in scale of the business as well as the expected strong free cash flow generation and growth opportunity Moose presents.”

Highlights of Q1 & Events Subsequent to the Quarter

- **Q1 Receipts** of \$18.6m for the quarter, an increase of \$4.7m from the previous quarter and \$7.0m over the previous corresponding period.
- **Q1 Receipts** were up +34% on previous quarter (Q4FY22) being +3% organic and +31% inorganic contribution.
- **Q1 Receipts** were up +61% on PCP (Q1FY22) being +15% organic and +46% inorganic.
- **SIO growth** was (annualised) +24% on previous quarter (Q4FY22) being +9% organic and +15% inorganic.
- **SIO growth** was +23% on PCP (Q1FY22) being +6% organic and +17% inorganic
- **Positive operating cash flows** of \$3.3 million for the quarter, up from \$3.0 million in the previous quarter, reflecting both Moose Mobile for the months of August and September as well as the timing of expenses in the underlying business.
- The company continues its improved **Free Cash Flow** over the quarter from (\$1.8m) to (\$1.2m) as it continues towards a neutral FCF position exiting FY23.
- **Total Services in Operation** for the underlying business at the end of Q1 was 138,612 with existing services increasing to 40,907 (from Q4FY22 38,582) and the addition of 97,705 Moose Mobile SIOs.
- **Cash balance** at 30 September was \$22.4m, the reduction from \$32.1m at 30 June 2022 reflecting the final deferred consideration payments for previous acquisitions (Voicehub, Beam, Luminet, IFibre) and \$3.3m cash payments for the current on market share buy-back.
- All the conditions precedent for the acquisition of national mobile virtual network operator Moose Mobile (which was announced on 1 July 2022) were satisfied on 31 October 2022, with formal completion expected to occur during the first week of November.



Acquisition and other highlights

Completed during Q1:

Commenced the Company's on-market share buy-back as announced on 15 August 2022. The buy-back is for up to 14,532,529 fully paid ordinary shares, representing 10% of the Company's issued share capital at the time of the commencement of the buy-back. As at 30 September 2022 the Company had acquired 52.7% of the fully paid ordinary shares able to be bought back.

Other events subsequent to 30 September 2022:

Satisfied all the conditions present for the acquisition Queensland-based national mobile virtual network operator Moose Mobile on 31 October 2022. The acquisition has a contractual effective date of 1 August 2022. Moose provides over 97,000 mobile services to customers across Australia, with strong cash generation. The Purchase Price is \$24.0 million, comprising \$19.0 million in cash and \$5.0 million in Swoop shares issued at the 5-day VWAP prior to signing. \$2.85 million of the cash payable is to 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 is to be funded from Swoop's Westpac Debt Facility. Swoop will confirm to the market when formal completion of the acquisition, including payment of the Purchase Price, occurs (expected the first week of November 2022).



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 (\$88k) and software subscription costs for software provided by a company related to Matthew Hollis (\$2k). This subscription cost is provided at commercial market rates.

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

ENDS

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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-Sep-22

Consolidated statement of cash flows

| | | Current quarter \$A'000 | Year to date (12 months) \$A'000 |
|------------|---|----------------------------|--|
| 1 | Cash flows from operating activities | | |
| 1.1 | Receipts from customers | 18,554 | 18,554 |
| 1.2 | Payments for | | |
| | (a) research and development | - | - |
| | (b) product manufacturing and operating costs | (10,365) | (10,365) |
| | (c) advertising and marketing | (439) | (439) |
| | (d) leased assets | (612) | (612) |
| | (e) staff costs | (2,617) | (2,617) |
| | (f) administration and corporate costs | (1,117) | (1,117) |
| 1.3 | Dividends received (see note 3) | - | - |
| 1.4 | Interest received | 5 | 5 |
| 1.5 | Interest and other costs of finance paid | (118) | (118) |
| 1.6 | Income taxes paid | - | - |
| 1.7 | Government grants and tax incentives | - | - |
| 1.8 | Other (provide details if material) | - | - |
| 1.9 | Net cash from / (used in) operating activities | 3,291 | 3,291 |

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

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (12 months) \$A'000 |
|---|--|------------------------------------|---|
| 2 | Cash flows from investing activities | | |
| 2.1 | Payments to acquire: | | |
| | (a) entities, net of cash acquired | (3,765) | (3,765) |
| | (b) businesses | (330) | (330) |
| | (c) property, plant and equipment | (4,505) | (4,505) |
| | (d) investments | - | - |
| | (e) intellectual property | (1,042) | (1,042) |
| | (f) other non-current assets | - | - |
| 2.2 | Proceeds from disposal of: | | |
| | (a) entities | - | - |
| | (b) businesses | - | - |
| | (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) | - | - |
| 2.6 | Net cash from / (used in) investing activities | (9,642) | (9,642) |
| 3 | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of shares | - | - |
| 3.2 | Proceeds from issue of convertible notes | - | - |
| 3.3 | Proceeds from exercise of share options | - | - |
| 3.4 | Share buy-back, including transaction costs | (3,332) | (3,332) |
| 3.5 | Proceeds from borrowings | - | - |
| 3.6 | Repayment of borrowings | - | - |
| 3.7 | Transaction costs related to loans and borrowings | - | - |
| 3.8 | Dividends paid | - | - |
| 3.9 | Other (provide details if material) | - | - |
| 3.10 | Net cash from / (used in) financing activities | (3,332) | (3,332) |
| 4 | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 32,021 | 32,021 |
| 4.2 | Net cash from in operating activities (item 1.9 above) | 3,291 | 3,291 |
| 4.3 | Net cash used in investing activities (item 2.6 above) | (9,642) | (9,642) |
| 4.4 | Net cash from financing activities (item 3.10 above) | (3,332) | (3,332) |
| 4.5 | Effect of movement in exchange rates on cash held | 59 | 59 |
| 4.6 | Cash and cash equivalents at end of period | 22,397 | 22,397 |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Previous quarter \$A'000 |
|--------------------------------------|---|----------------------------|-----------------------------|
| 5 | Reconciliation of cash and cash equivalents 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 | 22,397 | 32,021 |
| 5.2 | Call deposits | - | - |
| 5.3 | Bank overdrafts | - | - |
| 5.4 | Other (provide details) | - | - |
| 5.5 | Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 22,397 | 32,021 |

| 6 | | Current quarter \$A'000 |
|---|--|----------------------------|
| | Payments to related parties of the entity and their associates | |
| 6.1 | Aggregate amount of payments to related parties and their associates included in item 1 | 88 |
| 6.2 | Aggregate amount of payments to related parties and their associates included in item 2 | 2 |
| 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 (\$88k) and payments to Director related entities (\$2k) | | |

| Financing facilities | | Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|---|---|---|---|
| 7 | <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 | Total financing facilities | 32,100 | - |
| 7.5 | Unused financing facilities available at quarter end | | 32,100 |
| 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. | | |
| <p>The following facilities were made available by Westpac Banking Corporation under a Facility Agreement dated 9 June 2022:</p> <p>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.</p> <p>A \$2.0m overdraft facility (maturity on demand) with an interest rate consisting of an Overdraft Base Rate (Market Linked Debit Rate) + Margin.</p> <p>A \$100,000 corporate card facility (maturity on demand).</p> <p>All facilities are secured. Margins are established at the time of drawdown of the applicable facilities.</p> | | | |

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

| 8 | Estimated cash available for future operating activities | \$A'000 |
|----------|--|----------------|
| 8.1 | Net cash from / (used in) operating activities (item 1.9) | 3,291 |
| 8.2 | Cash and cash equivalents at quarter end (item 4.6) | 22,397 |
| 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) | 54,497 |
| 8.5 | Estimated quarters of funding available (item 8.4 divided by item 8.1) | 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? | |
| | <input type="text"/> | |
| | 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? | |
| | <input type="text"/> | |
| | 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? | |
| | <input type="text"/> | |
| | <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: 31-Oct-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.