



ASX ANNOUNCEMENT

31 January 2023

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 31 December 2022 (**Q2 FY23**).

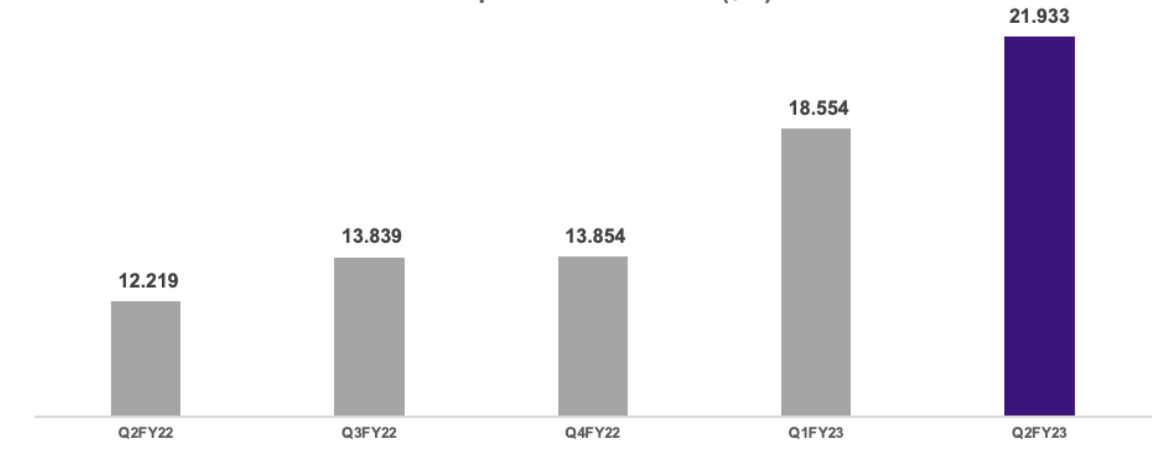
The quarterly cash flow report provided by Swoop incorporates the operations of Swoop (and its subsidiaries) including the recently acquired Moose Mobile for the 3-month period from 1 October 2022 to 31 December 2022.

Swoop CEO Alex West comments “We are again 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. This organic growth is further accelerated by the contribution from Moose which now has over 100,000 Mobile Services in Operation (**SIO**), growing 7% since we announced the transaction in July, whilst also providing strong free cash flow generation and cross-sell opportunities.”

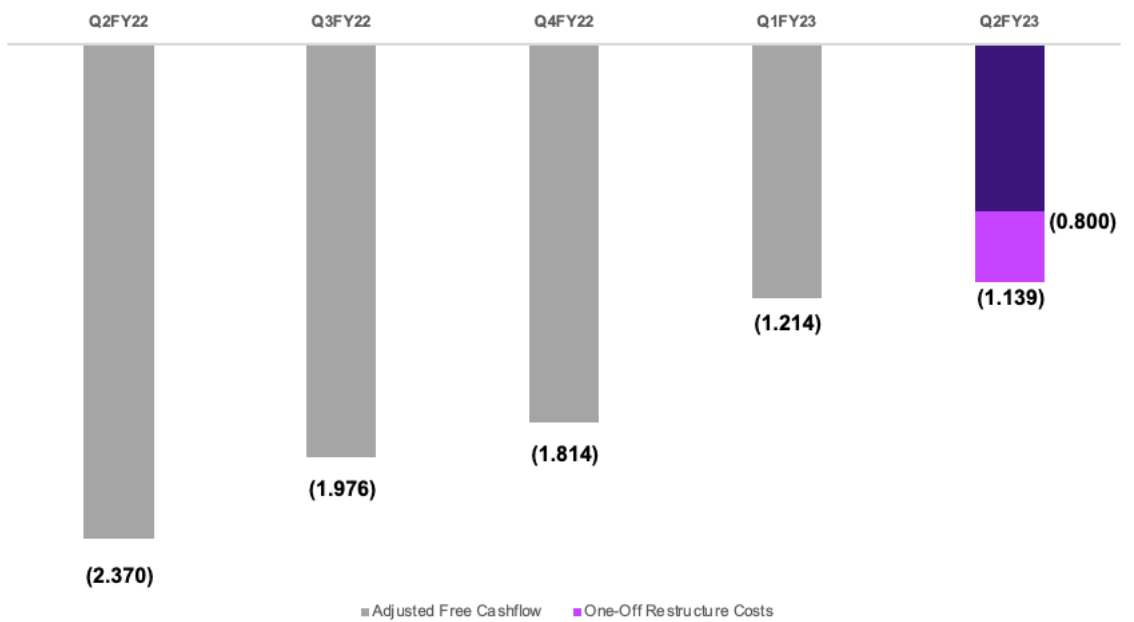
Highlights of Q2 & Events Subsequent to the Quarter

- **Q2 Receipts** of \$21.9m for the quarter, an increase of \$3.4m from the previous quarter and \$9.7m over the previous corresponding period, this includes government grants of \$0.9m.
- **Q2 Receipts** were up +18% on previous quarter (Q1FY23) being +7% organic and +11% inorganic contribution from acquisitions.
- **Q2 Receipts** were up +79% on PCP (Q2FY22) being +23% organic and +56% inorganic.
- **SIO growth** was (annualised) +11% on previous quarter (Q1FY23) being all organic.
- **SIO growth** excluding Mobile was +11% on PCP (Q2FY22) being +7% organic and + 4% inorganic
- **Positive operating cash flows** of \$4.1m for the quarter up from \$3.3m in the previous quarter, reflecting both Moose Mobile for the full quarter as well as the timing of expenses in the underlying business.
- The company continues to improve its **Free Cash Flow** over the quarter from (\$1.2m) to (\$1.1m), as it continues towards a neutral FCF position exiting FY23.
- Free Cash Flow includes corporate restructure one-off costs of (\$0.3m) as it streamlines the business resulting in an adjusted FCF of (\$0.8m).
- **Total SIOs** for the business at the end of Q2 was 142,411 with non-Mobile services increasing to 41,832 (from Q1FY23 40,907).
- **Mobile SIO** of 100,609 as the end of the quarter shows significant growth, compared with the 94,000 subscribers at the time we announced the transaction in July.
- **Cash balance** at 31 December was \$20.9m.

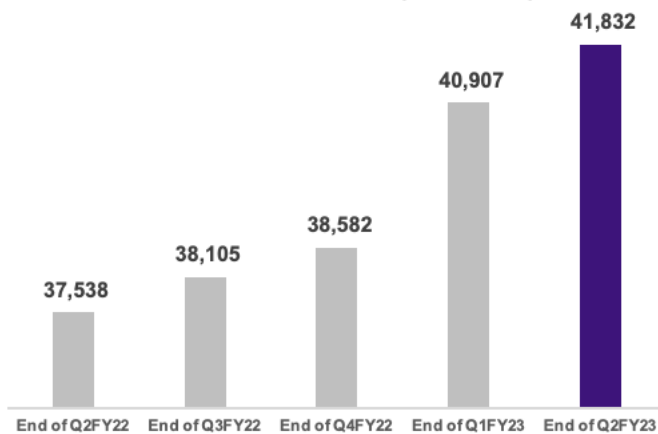
Receipts from Customers (\$m)



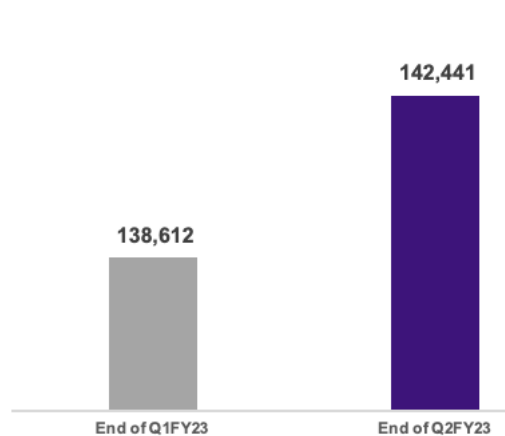
Free Cashflow (\$m)



SIOs at Quarter End (ex Mobile)



SIOs at Quarter End (Total)



*Adjusted Free Cashflow in Q2FY23 removes the one-off restructure costs of (\$0.3m) resulting in an adjusted FCF of (\$0.8m).



Acquisition and other highlights

Completed during Q2:

Completed the acquisition of Queensland-based national mobile virtual network operator Moose Mobile. The \$24 million purchase price of the acquisition comprised \$19 million in cash and \$5 million in Swoop shares which were issued at the 5-day VWAP prior to signing which equated to 9,881,423 fully paid ordinary shares. These shares are to be held in voluntary escrow until 1 August 2023. \$2.85 million of the cash component of the purchase price will be held in escrow for 6 months (from the acquisition date) for any potential claims and adjustments. An earn out of up to a maximum of \$7 million is payable based on Moose Mobile's FY23 and FY24 EBITDA performance and SIO growth.

Events subsequent to 31 December 2022:

There are no significant events subsequent to 31 December 2022 to report.

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 (\$98k) and software subscription costs for software provided by a company related to Matthew Hollis (\$5k). 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")

31-Dec-22

Consolidated statement of cash flows

		Current quarter	Year to date
		\$A'000	(12 months)
		\$A'000	
1	Cash flows from operating activities		
1.1	Receipts from customers	21,068	39,622
1.2	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	(12,205)	(22,570)
	(c) advertising and marketing	(792)	(1,231)
	(d) leased assets	(529)	(1,141)
	(e) staff costs	(3,310)	(5,927)
	(f) administration and corporate costs	(947)	(2,064)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	12	17
1.5	Interest and other costs of finance paid	(112)	(230)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	865	865
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	4,050	7,341

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	(18,938)	(22,703)
	(b) businesses	-	(330)
	(c) property, plant and equipment	(5,263)	(9,768)
	(d) investments	(200)	(200)
	(e) intellectual property	(57)	(1,099)
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	27	27
	(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	(24,431)	(34,073)
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	(107)	(3,439)
3.5	Proceeds from borrowings	19,260	19,260
3.6	Repayment of borrowings	(189)	(189)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (Provide details)	-	-
3.10	Net cash from / (used in) financing activities	18,964	15,632
4	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	22,397	32,021
4.2	Net cash from in operating activities (item 1.9 above)	4,050	7,341
4.3	Net cash used in investing activities (item 2.6 above)	(24,431)	(34,073)
4.4	Net cash from financing activities (item 3.10 above)	18,964	15,632
4.5	Effect of movement in exchange rates on cash held	(42)	17
4.6	Cash and cash equivalents at end of period	20,938	20,938

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	20,938	22,397
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)	20,938	22,397

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	98
6.2	Aggregate amount of payments to related parties and their associates included in item 2	5
6.3	Include below any explanation necessary to understand the transaction included in items 6.1 and 6.2:	-
6.1 and 6.2 Payment of Directors' remuneration (\$98k) and payments to Director related entities (\$5k)		

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	29,929	19,190
7.2	Credit standby arrangements	2,000	-
7.3	Other (Corporate Card Facility)	300	-
7.4	Total financing facilities	32,229	19,190
7.5	Unused financing facilities available at quarter end		13,039
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 (and Amended and Restated on 31 October 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. For \$20m of the facility, any amount repaid is not available for redrawing. For \$10m of the facility, any amounts repaid are available for redrawing.</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 \$300,000 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)	4,050
8.2	Cash and cash equivalents at quarter end (item 4.6)	20,938
8.3	Unused finance facilities available at quarter end (item 7.5)	13,039
8.4	Total available funding (item 8.2 + item 8.3)	33,977
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-January-2023

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.