

29 August 2023

Superloop completes strategic transformation and exceeds guidance for FY23

Superloop Limited (**ASX:SLC**) (“Company” or “Group”) is pleased to announce strong performance for the financial year ended 30 June 2023, with Underlying EBITDA¹ from continuing operations² improving by 82.2% from \$20.5 million to \$37.4 million, exceeding guidance of \$33.0m to \$36.0m.

The result was driven by double-digit revenue growth in each of the Company's three operating segments, reflecting a 52.8% increase in total connected customers utilising the Superloop network.

Financial Highlights

- Total Revenue from continuing operations² was \$323.5 million vs \$249.7 million in the Prior Corresponding Period (PCP), an increase of 29.5% (including the impact of acquisitions). The organic increase in revenue from continuing operations² was 17.9% compared to the PCP.
- Overall gross margin from continuing operations² of \$116.9 million (or 36.1% of revenue up from 32.6% in the PCP), increased from \$81.5 million in the PCP. Gross margins have improved across all three customer segments.
- Operating costs (excluding marketing) as a percentage of revenue decreased to 20.1%, reflecting ongoing cost discipline and the benefits of the Company's digital transformation initiatives.
- Underlying EBITDA¹ from continuing operations² of \$37.4m, an increase of 82.2% compared to \$20.5m in the PCP.
- Operating Cash Flow in excess of the reported Underlying EBITDA¹, supported by a one-off change to NBN billing timing.
- Strong Balance Sheet with a Net Debt³ Position of \$13.3 million plus undrawn debt capacity of \$49.0 million as at 30 June 2023.
- Achieved a major financial milestone, with the Company transitioning to being NPATA⁴ and Free Cash Flow positive in the second half of FY23.
- An on-market buyback program, purchasing 11.2m shares for a net consideration of \$8.6m was completed.

Commenting on the FY23 results, Paul Tyler, CEO and Managing Director of Superloop, said, “In what has been a watershed year, Superloop has delivered strong financial performance for 2023, with all segments contributing to the Company's 82.2% growth in Underlying EBITDA¹ from continuing operations.

“Our strong financial performance reflects the significant turnaround that has been delivered from the successful execution of our ‘3-in-3’ strategy over the last three years. Set in early 2021, this strategy was designed to grow the business three-fold in three years, and I am pleased to report that we have achieved

1 Underlying EBITDA is calculated as Statutory EBITDA adjusted for non-recurring transaction/rebranding costs as well as Share Based Payments and contingent consideration treated as remuneration.

2 Continuing operations excludes the contribution in FY22 that came from the Singapore and Hong Kong assets that were divested in April 2022.

3 Net Debt equates to the total of the drawn debt facility before transaction costs plus bank guarantees drawn less cash and cash equivalents.

4 NPATA is defined as Net Profit After tax adjusted for the non-cash amortisation of acquired intangibles assets (including the non-cash expense related to the VostroNet acquisition consideration) and impairment.



that. Superloop now has a clear strategic direction, solid financial foundation, and a strong platform for consistent growth.

“In the 2023 financial year, we achieved well above industry subscriber growth and have increased our market share in the NBN market from 2.0% to 3.1%⁵. Complementing our organic growth, the acquisitions of both VostroNet and MyRepublic subscriber base also provided a solid contribution to our result.

“Our investment in the Superloop brand and increased marketing and advertising efforts during the financial year provided strong momentum from which to accelerate organic growth and this momentum is continuing as we enter the 2024 financial year from a position of strength,” Mr Tyler said.

Operational Highlights

During FY23:

- The VostroNet acquisition added a wholesale Fibre-to-the-Premises (FTTP) access network and purpose-built student accommodation broadband offering to the portfolio.
- The MyRepublic subscriber transfer agreement added an additional 50,000 NBN customers.
- The Company entered a 3-year mutual Preferred Network Partnership Agreement with Uniti Group Limited.
- The Company commenced a program of work to rationalise and optimise its fixed wireless network, including partial divestment of assets and the refocus of remaining infrastructure.
- Significant progress was made on a digital transformation strategy designed to deliver ongoing operating cost control and enhanced customer experience.
- The Superloop brand was reimagined and relaunched to further drive organic growth.

Financial Performance

The table below provides an overview of the financial performance of the continuing operations² of the Group in FY23 relative to FY22.

A\$m	FY23	FY22	% Change
Revenue	323.5	249.7	29.5%
Cost of Goods Sold	(206.7)	(168.2)	(22.9%)
Gross Margin	116.9	81.5	43.3%
Marketing Expenses	(14.3)	(8.3)	(73.2%)
Other Operating Expenses	(65.2)	(52.7)	(23.5%)
Underlying EBITDA¹	37.4	20.5	82.2%
Transaction and Rebranding Costs	(2.4)	(7.5)	67.3%
Share Based Payments ⁶	(5.4)	(0.4)	large
Contingent Consideration as Remuneration ⁷	(3.9)	-	100.0%
Statutory EBITDA	25.7	12.7	102.5%

⁵ ACCC 'Measuring broadband reports' published for March 2023 (released in June 2023).

⁶ Share based payments includes \$3.5m relating to the share-based consideration paid to the vendors of VostroNet

⁷ The expensing of potential contingent consideration (earn out), payable to the vendors of VostroNet, in accordance with AASB 3.



Board & Governance

In the second half of FY23, two new Non-Executive Directors, Helen Livesey (Chair of the Remuneration and Nomination Committee) and Gareth Turner (Chair of the Audit Committee), were appointed to Superloop's Board of Directors, bringing to the Board significant ASX experience and considerable skills across a range of disciplines.

Superloop has responded to detailed investor feedback in relation to its remuneration approach and transparency of disclosures. Over the course of FY23, we have undertaken a comprehensive review of the remuneration framework and disclosures, implementing a series of important changes in conjunction with advice from Ernst & Young. Further information on this is contained in the Consolidated Financial Report released today.

Further progress has also been made on the ESG front, with the development of an ESG framework that:

- Focuses on the material sustainability topics that are important to both our business and our stakeholders; and
- Guides our decision-making and reporting processes.

Syndicated Debt Facility Renegotiation

On 21 July 2023, the Group successfully refinanced its three-year revolving facility with its syndicate banks (currently Westpac, HSBC and ANZ), increasing the committed funding to \$100 million (comprising a \$96.0 million revolving debt facility and a \$4.0 million bank guarantee facility) with a maturity date of 30 September 2026. The Group is required to adhere to customary financial covenants, including leverage ratio, minimum capital requirement and interest cover ratio.

FY24 Trading Update

The strong momentum gathered in FY23 has accelerated in the first quarter of FY24. In the Consumer segment, the broader awareness of the Superloop brand has underpinned our outsized share of the NBN fibre upgrade footprint, and the Company projects its net growth in broadband services for the first two months of FY24 to be approximately 10k services.

On the Business and Wholesale front, we have launched an innovative new "biz" product suite, and the strength of our offering in the SD-WAN and SASE market has led to new contracts with a number of high-profile customers such as Bapcare.

Symbio Non-Binding Indicative Offer

Superloop announced on 1 August 2023 a non-binding indicative proposal to acquire all of Symbio's shares via a scheme of arrangement (Proposal) and the entry into a 4-week period of exclusivity to complete confirmatory due diligence.

Discussions and due diligence are continuing, and the parties have agreed to extend exclusivity by an additional two weeks. Superloop notes that the Proposal is preliminary and incomplete and there is no guarantee that any agreement will be reached or that a transaction will eventuate.



Details of Investor Briefing

The Company will be hosting a briefing for analysts and investors today. Details of the briefing are as follows:

Date: Tuesday, 29 August 2023

Time: 10.30 am (AEST)

To pre-register for the call, please click on: <https://registrations.events/direct/OCP60759>

To join the Webcast: <https://webcast.openbriefing.com/slc-fyr-2023/>

ENDS

Authorised for release by the Superloop Board of Directors.



About Superloop

Founded in 2014, and listed on the ASX since 2015, Superloop's purpose is to enable better internet for Australian homes and businesses. We enable challenger retail brands (including Superloop and Exetel brands) to take a larger share of the market, leveraging Superloop's Infrastructure-on-Demand platform. Superloop provides connectivity and services to customers in three segments of the market: consumer, business and wholesale. Our offerings leverage Superloop's investments in physical infrastructure assets that include fibre, subsea cables and fixed wireless, as well as Superloop's software platforms. Hundreds of thousands of homes and businesses rely on Superloop and Exetel every day for their connectivity needs.

Visit www.superloop.com to learn more.

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