



# Proposed acquisition of Vonex Limited

Off-market takeover offer for all of the shares in Vonex

Acquisition Presentation | November 2024



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This presentation dated 22 November 2024 has been prepared by and is being issued by Swoop Holdings Limited ACN 009 256 535 (ASX: SWP) (**Company** or **Swoop**). It sets out summary information about the Offer, Swoop Telecommunications Pty Ltd (**Swoop Telecommunications**), Swoop, Vonex and the Merged Group. Further detailed information regarding the Offer is set out in Swoop's announcement to the ASX on the date of this presentation titled "Swoop's Off-market Takeover Offer for Vonex Limited" (**Offer Announcement**) and in Swoop Telecommunications' Bidder's Statement in respect of the Offer (**Bidder's Statement**), which Swoop Telecommunications lodged with ASIC, and which was released to the ASX, today (22 November 2024). Unless otherwise defined in this presentation, capitalised terms have the meaning given in the Bidder's Statement. The principles of interpretation set out in Section 11.2 of the Bidder's Statement also apply to this presentation.

The Bidder's Statement sets out important information for Vonex Shareholders, including the key reasons why Vonex Shareholders should accept the Offer and more detailed information in respect of the summary information in this presentation (including more detail on, and supporting information for, the summary information in this presentation). Vonex Shareholders should read the Offer Announcement and the Bidder's Statement in their entirety in conjunction with this presentation and should not read this presentation in substitution for the Offer Announcement and/or the Bidder's Statement.

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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 use 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 are EBITDA and Underlying EBITDA. EBITDA is earnings before interest, tax depreciation and amortisation. Underlying EBITDA is earnings before interest, tax, depreciation and amortisation and significant items. Management uses EBITDA and Underlying 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.



# Acquisition Highlights

The takeover bid by Swoop Telecommunications Pty Ltd (**Swoop Telecommunications**) for Vonex Limited (**Vonex**) (**Offer**) is expected to materially enhance value for Swoop Shareholders and Vonex Shareholders who accept the Offer<sup>1</sup>



A Swoop and Vonex combination is highly strategic and complementary, providing significant scale and operational upside to both companies and to Vonex Shareholders who accept the Offer<sup>1</sup>



The scrip-based transaction provides the opportunity for Vonex shareholders who accept the Offer<sup>1</sup> to share in the value creation opportunity, with a meaningful ownership of approximately 27.7%<sup>2</sup> of the combined Swoop and Vonex combination (assuming Swoop acquires 100% of Vonex)



If successful, the transaction will allow both companies to benefit from unlocking material synergies and deliver cross-sell opportunities over time. Potential to unlock EBITDA synergies of up to \$5.0m per annum over time<sup>3</sup>



Swoop is led by a highly experienced Board and management team with a successful track record in the execution and integration of transactions in the telecommunications space to enhance shareholder value

Notes: (1) Excluding Ineligible Foreign Shareholders and Unmarketable Parcel Shareholders, whose shares will be issued to a nominee and sold on-market for the benefit of the holders as described in the Bidder's Statement. (2) Based on 209.1 million Swoop shares outstanding and approximately 80.1 million shares issued to Vonex shareholders at a ratio of 1 Swoop Share for every 3.9 Vonex Shares held. (3) Assuming Swoop acquires a relevant interest in 75% or more of Vonex Shares and delists Vonex. Certain synergies are still expected to be achieved if Swoop acquires control of Vonex but does not reach 75% ownership. Refer to page 12 for further details of timeframe for anticipated EBITDA synergies to be realised.

# Reasons to Accept the Swoop Offer

Swoop believes there is compelling rationale to reject the MaxoTel Offer, in favour of the Swoop Offer



The Offer implies a price of \$0.050 per Vonex Share<sup>1</sup>, representing a 14% premium to the MaxoTel Offer price and a 178% premium to the undisturbed trading price of Vonex Shares on 24 June 2024 prior to the announcement of the first MaxoTel Scheme



The implied price under the Offer is higher than any closing price at which Vonex has traded since 14 March 2023



The consideration offered under the Swoop Offer enables Vonex Shareholders<sup>2</sup> the potential to gain exposure to Swoop Shares if the Offer is successful, providing value upside opportunities in an ongoing, enlarged and more diversified telecommunications company, including the ability to unlock significant synergies under a combination



No Australian stamp duty or brokerage is payable by Vonex Shareholders who choose to accept the Offer

Note: (1) Based on the Swoop 5-day VWAP of Swoop Shares of approximately \$0.193 to 21 November 2024. (2) Excluding Ineligible Foreign Shareholders and Unmarketable Parcel Shareholders. Refer to the Bidder's Statement for further details.

# Transaction Summary

<p><b>Offer</b></p>	<ul style="list-style-type: none"> <li>▪ Swoop Telecommunications is offering to acquire all of the Vonex Shares that it does not presently own by way of an off-market takeover (<b>Offer</b>)</li> <li>▪ Consideration comprising 1 Swoop Share for every 3.9 Vonex Shares held</li> <li>▪ Implied offer price per Vonex Share of \$0.050<sup>1</sup>, represents a:             <ul style="list-style-type: none"> <li>– 14% premium to the revised MaxoTel Offer announced on 23 October 2024 of \$0.044 and 11% premium to the last closing price of Vonex Shares on 21 November 2024;</li> <li>– 178% premium to the closing price of Vonex Shares on 24 June 2024 (<b>Undisturbed Share Price Date</b>) of \$0.018, representing the last closing price prior to the announcement of the first MaxoTel Scheme; and</li> <li>– 178% premium to the 30-day VWAP of Vonex Shares to the Undisturbed Share Price Date of \$0.018</li> </ul> </li> <li>▪ Existing Vonex Shareholders are expected to own up to 27.7% of Swoop on completion of the Offer<sup>2</sup></li> <li>▪ Swoop currently holds a 19.90% shareholding in Vonex</li> </ul>
<p><b>Strategic rationale</b></p>	<ul style="list-style-type: none"> <li>▪ Acquisition creates a larger scale and more diversified telecommunications business with strong strategic alignment</li> <li>▪ Complementary product and service offering, strengthening Swoop's voice capability</li> <li>▪ Opportunity to cross-sell services across the enlarged combined customer base</li> <li>▪ Potential to unlock synergies of up to \$5.0m<sup>3</sup> in annualised EBITDA through supplier savings, and operating cost rationalisation over time</li> <li>▪ Combined pro forma FY24 revenue of \$129.3m and underlying EBITDA of \$24.6m, reflecting the impact of synergies expected to be achieved over time<sup>3</sup></li> <li>▪ Materially improved capital market story with improved liquidity and valuation re-rate opportunity</li> </ul>
<p><b>Timing and conditions</b></p>	<ul style="list-style-type: none"> <li>▪ The Offer is subject to Offer Conditions set out in the Bidder's Statement (which Swoop has the right to waive), which, in summary, include a 50.1% Minimum Acceptance Condition, a No Prescribed Occurrences Condition, no action by a regulatory authority condition and lender consent including for the refinancing of the Longreach debt facility if Longreach do not consent to the change of control of Vonex under the Offer.</li> <li>▪ Bidder's Statement and personalised acceptance forms expected to be despatched to Vonex Shareholders from 9 December 2024</li> <li>▪ Offer period from 9 December 2024 to 17 January 2025 (subject to extension)</li> </ul>

Notes: (1) Based on the 5-day VWAP of Swoop Shares of approximately \$0.193 to 21 November 2024. (2) Based on 209.1 million Swoop Shares outstanding and up to 80.1 million new Swoop Shares (based on Vonex's fully diluted share capital not owned by Swoop) issued to Vonex Shareholders at a ratio of 1 Swoop Share for every 3.9 Vonex Shares held. (3) Anticipated synergies assumes Swoop acquires a relevant interest in at least 75% of Vonex and delists Vonex and excludes integration costs. Refer to page 12 for further details of timeframe for anticipated EBITDA synergies to be realised. Certain synergies are still expected to be achieved if Swoop acquires control of Vonex but does not reach 75% ownership.

# Overview of Vonex



Vonex is an Australian telecommunications and internet service provider, offering communications solutions targeted towards medium-sized enterprises

## Overview

- Vonex is a full-service and award-winning telecommunications service provider, offering SME, residential, and wholesale customers access to mobile, internet, and infrastructure, hosted PBX and VoIP solutions on its own network
- Vonex operates through reselling services through bandwidth and capacity from other companies' networks
- Vonex is also differentiated by its commitment to innovation and customer service, having developed new telecommunications technology such as their cloud-hosted PBX system
- The business has historically focused on growing their customer base through acquiring other telecommunications and IT businesses in the industry

SME Business		
<b>Phone systems</b>	NBN-ready office phone solutions, with on-premise & cloud options	<ul style="list-style-type: none"> <li>▪ Hosted cloud phone systems</li> <li>▪ SIP Trunks</li> </ul>
<b>4G &amp; 5G Mobile</b>	SIM-only mobile plans	<ul style="list-style-type: none"> <li>▪ 4G Voice &amp; Data</li> <li>▪ Mobile Fleet</li> </ul>
<b>Fibre &amp; NBN</b>	Future-proof NBN & high speed ethernet	<ul style="list-style-type: none"> <li>▪ NBN and Fibre</li> <li>▪ 5G and Wireless Broadband</li> </ul>
<b>Value Added Services</b>	1300 numbers. Conferencing, ex-fax desktop SMS etc.	<ul style="list-style-type: none"> <li>▪ Phone numbers</li> <li>▪ Desktop SMS and Audio Conferencing</li> </ul>
Wholesale		
<b>Wholesale Products</b>	Delivering excellence in wholesale connectivity	<ul style="list-style-type: none"> <li>▪ Business Fibre, IoT/M2M</li> <li>▪ Hosted PBX &amp; SIP</li> <li>▪ NBN, Mobile, Broadband</li> </ul>
Consumer		
<b>Consumer Products</b>	Residential phone systems	<ul style="list-style-type: none"> <li>▪ Home Phone</li> <li>▪ Consumer NBN</li> <li>▪ Consumer Mobile</li> </ul>



# Overview of Vonex (continued)



Vonex is a highly trusted service provider to a diverse range of customer bases across SME, wholesale, and residential segments



## Capabilities

### Deep expertise

- Building, managing and supporting voice and data networks and providing value-added services

### Sophisticated and scalable networks

- Market-leading hosted PBX platform and full redundant core network
- 7 points of presence across Australia



## Team

### Strong leadership

- Technical, support and operations teams

### Highly experienced team

- Over 130 team members across Australia and the support and developer team in the Philippines



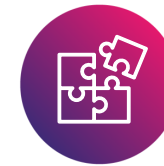
## Customers

### 22,000+ customer accounts

- Across SME, wholesale and residential segments

### Low churn rate

- 1.2% per month across customer base



## Growth Strategies

### Cross-sell

- Data services cross-selling to SMB and wholesale customers

### Customer acquisition

- Additional sales through the channel partner network

### Improve retention

- Proactive account management



## Market Drivers

### Aligns to high-growth hosted PBX market

- Strong forecast market growth

### Bundling of services

- SME customers seek a one-stop-shop in their communication needs

### Remote working

- Drives adoption of cloud-based managed services





# Strategic Rationale

The potential acquisition of Vonex represents an opportunity to enable value creation for Swoop Shareholders and Vonex Shareholders who accept the Offer<sup>1</sup>, with the potential to deliver meaningful cost savings and value through cross-selling and enhanced operational scale

1

## Strong strategic fit

- ✓ Vonex's strength in voice is a key growth area for Swoop and complementary to Swoop's existing product suite
- ✓ The Merged Group would entrench Swoop's position as a leading Australian voice provider

2

## Operational diversification

- ✓ Broadens and deepens the combined product offering appealing to existing and new customers
- ✓ Complementary product suite which augments Swoop's existing platform capabilities and enhances scale

3

## Financial and synergy value

- ✓ Enhances financial profile and ability to cross-sell and grow organically in the market
- ✓ Incremental run-rate synergies of \$5.0m over time<sup>2</sup>, allowing Swoop to reinvest in growth initiatives and continue to penetrate the sector

4

## Incremental growth opportunities

- ✓ Strengthens Swoop's offering across core markets and aligns with Swoop's inorganic growth strategy
- ✓ Potential time and cost savings in future development of products and services
- ✓ Complementary customer base, providing a larger installed base to cross and up-sell

5

## Enhances scale and liquidity

- ✓ Swoop Shareholders and Vonex Shareholders who accept the Offer<sup>1</sup> are expected to benefit from increased liquidity through the issuance of new shares to a larger, more diverse shareholder base, coupled with greater market coverage as a result of the enlarged market capitalisation

Notes: (1) Excluding Ineligible Foreign Shareholders and Unmarketable Parcel Shareholders. Refer to the Bidder's Statement for further details. (2) Annualised EBITDA synergies of \$5.0m assumes Swoop acquires a relevant interest in at least 75% of Vonex Shares and delists Vonex. Refer to page 12 for further details of timeframe for anticipated EBITDA synergies to be realised. Certain synergies are still expected to be achieved if Swoop acquires control of Vonex but does not reach 75% ownership.



# Acquisition Strategy

The potential acquisition of Vonex accelerates Swoop's voice capabilities and is consistent with Swoop's stated M&A strategy



## Mobile

Acquired Moose Mobile

Potential further M&A in MVNO space



## Residential Infrastructure

Acquired Regional Infrastructure Beam, Speedweb, CountryTel, Community Communications, Seacrest Fibre Infrastructure

Potential further M&A in residential infrastructure



## nbn

No previous M&A in this space

Potential M&A for NBN customer bases



## Voice

Acquired channel and SMB Voice provider Seventeen

**VONEX**

**+22,000 customers**

M&A in direct and channel voice



## Other

Acquired wholesale fibre IFibre and Luminet

Acquired SMB regional infrastructure telco CountryTel

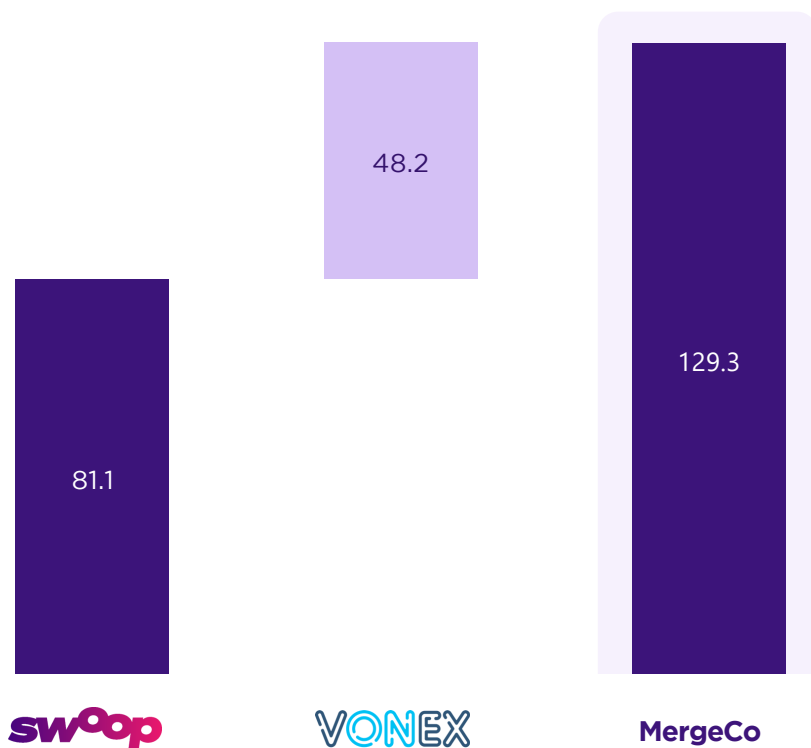
Divested wholesale voice provider Voicehub

Conducted due diligence and in advanced discussions regarding an acquisition in SMB infrastructure

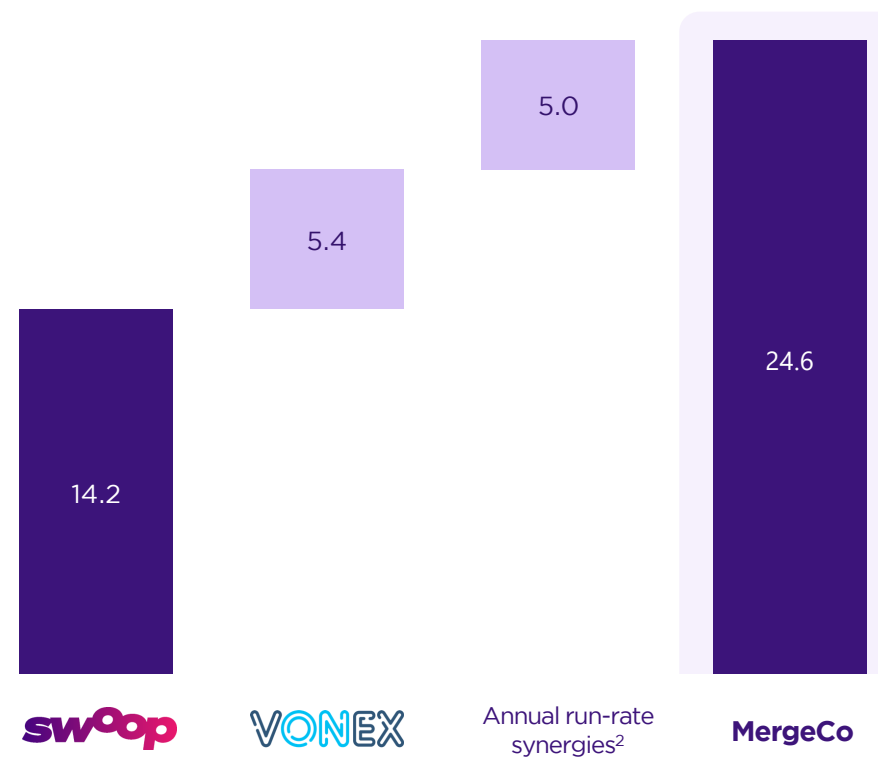
# Financial Combination Analysis

The combination of Swoop and Vonex creates a platform with significant scale, material synergies and a stronger financial profile

Revenue - FY24 (A\$m)<sup>1</sup>



Underlying EBITDA - FY24 (A\$m)<sup>1,2,3</sup>



Notes: (1) Revenue and Underlying EBITDA disclosed in the FY24 financial results for Swoop and Vonex for the year ended 30 June 2024 from continuing operations on a post-AASB 16 basis. (2) Anticipated EBITDA synergies assumes Swoop holds at least 75% of Vonex and delists Vonex, and excludes integration costs. Certain synergies are still expected to be achieved if Swoop acquires control of Vonex but does not reach 75% ownership. Refer to page 12 for further details of timeframe for anticipated EBITDA synergies to be realised. (3) Underlying earnings before interest, tax, depreciation and amortisation (EBITDA) is a financial measure which is not prescribed by the Australian Accounting Standards (AAS) and represents the profit under AAS adjusted for non-cash share-based payments expense, impairment charges and other one-off items (corporate restructuring expenses, acquisition and integration costs, one-off legal costs) which are not considered to be reflective of underlying earnings.

# Material Value Creation Opportunity Through Synergies

A combination between Swoop and Vonex would provide substantial value to both sets of shareholders through meaningful cost savings

**Swoop have identified the following items which have the potential to create ~\$5m of annual EBITDA synergies over time<sup>1</sup>, unlocking material value for Swoop Shareholders and Vonex Shareholders who accept the Offer<sup>2</sup>**



## Listed company costs

Cost savings from public listing and governance costs



## Cost to serve

Potential savings utilising Swoop's network and exit from select contracts



## Resourcing costs

Rationalisation of personnel costs from duplicate support and operational roles



## Technology costs

Internal billing and other operational technology costs



## Financing costs

Savings from potential reduction in financing costs utilising alternative lenders<sup>3</sup>



## Administrative costs

Other potential administrative and corporate costs

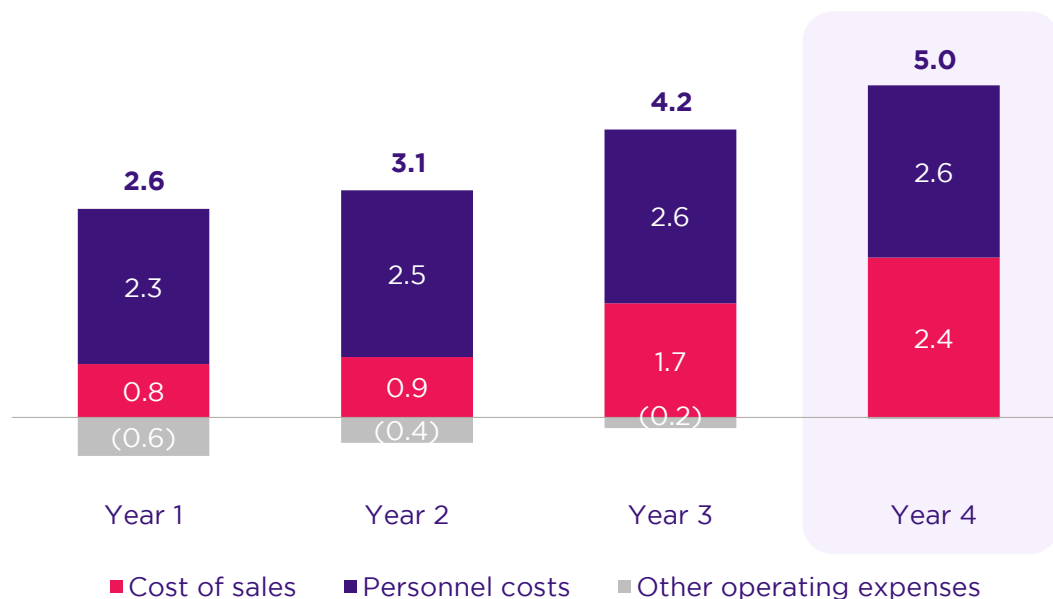
**A combination between Swoop and Vonex provides potential further upside through realising cross-sell opportunities between the combined client base over time**

Notes: (1) Annualised EBITDA synergies of \$5.0m assumes Swoop holds at least 75% of Vonex. Certain synergies are still expected to be achieved if Swoop acquires control of Vonex but does not reach 75% ownership. Refer to page 12 for further details of timeframe for anticipated EBITDA synergies to be realised. (2) Excluding Ineligible Foreign Shareholders and Unmarketable Parcel Shareholders. Refer to the Bidder's Statement for further details. (3) Financing cost savings provides potential upside to the ~\$5.0 million of annualised run-rate pre-tax synergies.

# Material Value Creation Opportunity Through Synergies (continued)

Swoop has performed a detailed review of potential synergies to enable material value creation

## Net synergies phasing by category (A\$m)<sup>1</sup>



**Further upside via potential cross-sell opportunities and cost of funding benefits**

## Cost of sales

- Opportunity to deliver savings through optimised supply arrangements between Swoop and Vonex
- Following a detailed review of key service contracts, Swoop has identified achievable savings from existing agreements from major voice, data and hosting suppliers

## Personnel expenses

- Material savings in personnel costs from day-one to support the combined platform
- Opportunity to optimise teams across operations, sales and corporate employees, net of investment required to support the combined platform based on resourcing requirements

## Other operating expenses

- ASX listing fees, public company costs, professional expenses and IT communications expenses
- Net negative synergies due to investment in advertising and marketing required to support combined revenue growth

Notes: (1) Approximate net synergies based on subsequent 12-month periods following the acquisition and assuming Swoop acquires a relevant interest in at least 75% of Vonex Shares and delists Vonex. Certain synergies are still expected to be achieved if Swoop acquires control of Vonex but does not reach 75% ownership. Approximate net synergies based on information provided by Vonex in March 2024 and to be updated should further due diligence access be provided by Vonex to Swoop. Excludes the impact of transaction and integration costs.



# Transaction Timetable

## Key dates

Event	Date
Bidder's Statement lodged with ASX, ASIC and Vonex	22 November 2024
Bidder's Statement and personalised Acceptance Forms despatched to Vonex Shareholders	9 December 2024
Offer open date	9 December 2024
Offer closing date (unless extended)	17 January 2025

Note: Indicative timetable which may be subject to change in accordance with the Corporations Act 2001 (Cth).



# Appendix 1

## Swoop Company Overview

# Swoop Connects People and Improves Lives

Swoop's purpose is connecting people and improving lives – we believe everyone deserves a better telco experience



Premium provider of residential and SME Broadband



Residential mobile telephony for price-conscious customers



Fixed Wireless and fibre infrastructure



NBN for national coverage



National MVNO on the Optus network

## FY24 Wins & Awards



▶ Winner  
Canstar Blue  
**Outstanding Value**



▶ Winner  
WhistleOut  
**Best SIM-only Provider, Value Plans**



▶ Winner  
WeMoney  
**Postpaid Mobile Plan of the Year**



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



▶ Winner  
Mozo  
**People's Choice Award & Experts Choice Award**



▶ Winner  
Product Review  
**Most Satisfied Customers**

# Overview of Swoop

Swoop is a telecommunications and internet service provider company, servicing residential and SME broadband markets through their fixed wireless and fibre infrastructure assets

## Business overview

- Swoop (ASX:SWP) is a leading fixed wireless network provider in Australia which also designs, builds and services its own residential infrastructure (including towers)
- Swoop provides a variety of solutions including mobile telephony channel partner opportunities, reseller services, wholesale and national broadband network services for homes and businesses
- Swoop is also a provider of mobile services with the 2022 acquisition of Telco pay (Moose Mobile), a national MVNO on Optus network
- Swoop is building a business which aims to become Australia's best challenger internet and telecommunications provider



Strong organic growth



Focused on team building strong engagement and values



Expand brand in our regions and low churn



Grow services on high margin infrastructure



Scale and integrate acquisitions



Leverage experience and capabilities to build next large scale national telco

**>500**

Fixed wireless masts / towers

**>160**

Staff across Australia

**~179k**

Total subscribers

**~131k**

Mobile SIOs

**>20k**

nbn SIOs



# Q1 FY25 Financial Highlights

Swoop kicks off FY25 with double-digit growth in the first quarter

## Financial highlights

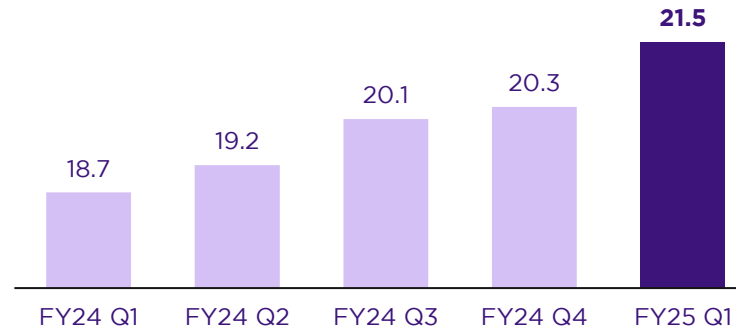
Revenue<sup>1</sup> **\$21.5m**  
+15% YoY

Organic SIO Growth **▲13%**  
YoY

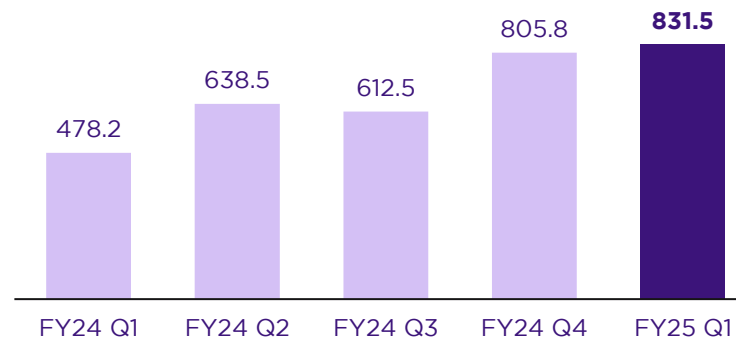
Sales Growth **\$831k**  
+74% YoY

New NBN connections **1,620+**  
8% of total

### Core Business Recurring Revenue (A\$m)<sup>1</sup>



### Recurring Revenue Sales (A\$000's)<sup>2</sup>



- Consistent YoY recurring revenue growth in the core business, with a 15% increase YoY
- Sales growth in the overall business with a 74% increase YoY
- Strong brand recognition with new NBN connections up to 8% of ~20,000 total nbn SIOs<sup>3</sup>
- Completion of divestment of wholesale voice business in July for \$9m<sup>4</sup> has also strengthened the cash balance
- Initiated build-out of 300km Swoop-owned fibre network, covering up to 42,000 businesses and around 450,000 residential premises supported by \$36m long-term contract with key NASDAQ-listed global technology company

Notes: (1) Revenue and other income excludes co-build projects and discontinued operations. (2) Revenue and other income from discontinued and continuing operations. (3) Combined Swoop & Moose nbn TC4 services. (4) \$8m was paid in cash on completion of the divestment. An additional sum of \$1m has been retained by the purchaser and will be adjusted based on performance of the business for 9 months post-completion.

# Board and Senior Management

Swoop has a highly experienced Board of Directors and senior management team with significant industry experience to execute its long-term growth strategy

**James Spenceley**  
Non-Executive Chairman



- Previously founder & CEO of Vocus Communications
- Director of Kogan

**Anthony (Tony) Grist**  
Non-Executive Director



- Extensive public markets and capital markets experience
- Previously co-founder and Chairman of Amcom

**Matthew Hollis**  
Non-Executive Director



- Served as an executive director at Superloop
- Previously at PIPE Networks prior to its acquisition by TPG, and Vocus

**Jonathan Pearce**  
Non-Executive Director



- Director and Portfolio Manager of 248 Growth Partners
- Multiple listed and unlisted company directorships

**William (Paul) Reid**  
Non-Executive Director



- Spearheaded Swoop's strategic direction model over the past 5 years
- Managed network deployment for Swoop across Australia

**Alex West**  
Chief Executive Officer



**Patricia Jones**  
Chief Financial Officer



**Louise Bolger**  
General Counsel



**Simon Robson**  
Chief Integration Officer



**Tom Berryman**  
Chief Technology Officer



**Sherene Shridhar**  
Chief People Officer





# Appendix 2

## Key Risks

# Key risks

Vonex Shareholders will receive Swoop Shares unless they are Ineligible Foreign Shareholders or Unmarketable Market Shareholders. The value of Swoop Shares will depend, among other things, on the future performance of Swoop and the market price of Swoop Shares. As such, Vonex Shareholders should be aware of the following key risks that may affect the performance of the Merged Group and the value of Swoop Shares.

Before deciding whether to accept the Offer, **you should read the entire Bidder's Statement carefully**. The risk factors set out below are in summary form only.

## **Specific business risks associated with the Swoop Group**

### **Integration and growth risks**

Swoop is exposed to risks associated with pursuing growth through the continued rollout of its fixed wireless network, the expansion of its fibre infrastructure network, the integration of acquired businesses and the pursuit of new geographies and customers.

### **Network performance**

Swoop depends on performance, reliability and availability of its own and third party technology platforms. There is a risk that these platforms and systems may be adversely affected by a number of factors.

### **Supplier risks**

Swoop relies on key supplier arrangements with respect to the NBN wholesale services, fibre optic network operators, mobile services, and international cable system operators. Any loss of access to, disruption to or performance failures of these services could cause harm to business operations and reputation and loss of revenue.

### **Customer contract risks**

Many customers are typically on short term or no contracts. The industry is subject to price sensitivity and competition that can lead to regular 'churn' of customers.

### **Brands and reputation**

Swoop operates a number of brands and believes that the reputation of its brands are a key to its success. This may be damaged as a result of negative customer or end-user experiences due to poor product performance or product

failures, adverse media coverage or other publicity.

### **Data security risks**

Swoop's procedures and systems may not stop or detect cyberattacks, data theft and hacking from obtaining unauthorised access to confidential data collected by Swoop. Failures or breaches of data protection systems can result in reputational damage, regulatory impositions and financial loss.

### **Future acquisitions**

As part of its growth strategy, the Swoop intends to make further acquisitions of complementary businesses. Any such future transactions are accompanied by the risks commonly encountered in making acquisitions.

### **Competition risk**

Swoop faces competition for customers from alternative suppliers of broadband internet connectivity services, including resellers of NBN, and mobile operators. Further improvements in NBN or other network operator infrastructure or reach, could reduce the relative attractiveness of Swoop's fixed wireless services and ability to compete on a profitable basis.

### **Regulatory and licensing compliance risk**

Swoop holds a number of carrier licences. A failure to comply with a licence condition could result in the cancellation of a carrier licence or fines, and a failure to comply with applicable laws and regulations could result in restrictions or fines being imposed or legal proceedings being commenced against Swoop.

### **Technology risk**

Swoop is at risk from major technological improvements in alternative services or on its ability to access and adapt to technological changes in a cost-effective manner. The introduction of new practices and technology may have significant implications for current infrastructure and business model.

### **Specific risks associated with the Offer and the Swoop Shares**

#### **Offer Conditions and uncertainty of completion**

The Offer is subject to the satisfaction or waiver of a number

of Offer Conditions. There can be no assurance that all of the Offer Conditions will be satisfied or waived. Subject to any statutory rights of withdrawal, Vonex Shareholders who accept the Offer while it still remains conditional will not be able to sell their Vonex Shares or withdraw their acceptance of the Offer.

#### **Value of Offer Consideration**

The Offer comprises a specified number of Swoop Shares in consideration for each Vonex Share, rather than a specified value of Swoop Shares. Accordingly, the value of the consideration may fluctuate depending on the market price (and implied value) of the Swoop Shares on the ASX.

#### **Less than 100% ownership, breach of Longreach Facility and implementation risk**

If after the Offer Period, Swoop holds less than 90% of the Vonex Shares Swoop will not be able to proceed to compulsorily acquire 100% of Vonex and will become a majority owner of Vonex. If Swoop acquires a Relevant Interest of 50.1% or more in Vonex and Vonex does not seek Longreach's prior consent to the change of control under the Longreach Facility, among other things, the Longreach Fee will be payable to Longreach.

#### **Taxation risks**

Swoop cannot give advice on the tax consequences of the Offer, which will depend on the specific circumstances of each Vonex Shareholder.

#### **Dilution risks**

The interests of existing Swoop Shareholders will be significantly diluted by the issue of Swoop Shares under the Offer.

#### **Limited withdrawal rights**

Vonex Shareholders who accept the Offer are able to withdraw those acceptances in limited circumstances only.

#### **Assumed information for Vonex**

There is a risk that the publicly available financial information used by Swoop in formulating the Offer is not materially correct.

#### **The Offer could have an adverse effect on the business,**

#### **financial condition, results of operations or business prospects of each of Swoop, Swoop Holdings and Vonex**

The announcement of the Offer could disrupt the business of Swoop Holdings, Swoop and Vonex due to the attention of company officers being directed elsewhere, additional expenses being incurred and a potential inability to respond to competitive pressures.

#### **Specific business risks associated with Vonex**

##### **Funding and future capital requirements**

The Longreach Facility is due for repayment on 1 October 2025, Vonex's cash flows (and cash reserves) are insufficient to materially reduce the level of that debt. This restricts Vonex's ability to invest for growth and to pay dividends.

##### **Interest rate risk**

Vonex has exposure to interest rate risk on financial assets and financial liabilities that are recognised at a reporting date. Any future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

##### **Liquidity risk**

Liquidity risk arises from the possibility that Vonex might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

##### **Market for shares in Vonex**

There can be no guarantee that a liquid market in Vonex Shares will exist if the Offer does not proceed.

##### **Specific claims and litigation**

There is a dispute between the vendors from one of Vonex's earlier acquisitions, Voiteck, in relation to additional earn out payments under the terms of the applicable sale agreement.

# Key risks (continued)

## Compliance

The industry in which Vonex operates is subject to extensive legislative and regulatory requirements. If Vonex does not comply with relevant laws and regulations, there is a risk that Vonex may be subject to investigations and enforcement action by regulators, suffer penalties such as fines, obligations to pay compensation or the cancellation or suspension of authorisations or licences under which its business is conducted.

## Operational risk

Vonex's business is exposed to a variety of generalised risks arising from process error, fraud, systems failure, security and physical protection, customer service and staff skills and performance. A failure to adequately manage these risks may adversely impact the performance of the business of Vonex.

## Customer risk

Vonex has a diverse customer base. This diversity requires ongoing maintenance of both the channel and direct sales forces. Any damage to the Vonex brand would risk the loss of existing customers, and a reduced ability to secure ongoing growth.

## Credit risk

Vonex is exposed to credit risk if a counterparty does not meet its contractual obligations in a manner that could lead to a financial loss to Vonex.

## Brand

Significant erosion in the reputation of, or value associated with the Vonex brand, could have an adverse effect on customer loyalty, relationships with key suppliers, employee retention rates, and overall demand for Vonex products.

## Key personnel risk

There is a risk Vonex may not be able to attract and retain key personnel or be able to find effective replacements in a timely manner. The loss of personnel, or any delay in their replacement, could have a significant negative impact on Vonex's ability to operate the business and achieve financial performance targets and strategic growth objectives.

## Dependence on suppliers, as a reseller of many critical services

If a significant number of key product providers fail to meet their obligations, or if the contractual relationships between these product providers and Vonex are terminated or not renewed, it could have an adverse impact on the business operations and performance of Vonex.

## Failure to maintain sufficient growth

Vonex's future growth could place additional pressure on current management, operational and finance resources and on the infrastructure supporting Vonex. Failure to appropriately manage this growth could result in failure to retain existing customers and attract new customers.

## Competition

Vonex competes with many businesses and there is a risk that Vonex's earnings could be adversely impacted by the need to compete in the marketplace. New technologies, such as increased capability of 5G services, may be seen as a substitute for Vonex's existing products and services.

## Laws and regulations

Vonex may be affected by regulatory changes to pricing of key products such as fixed wire or mobile telephony, which may advantage either Vonex or its competitors disproportionately.

## Change in demand

Vonex sells its products to a range of customers including retail and wholesale. A significant change in demand for, or the prices paid for, Vonex's products by Vonex's key customers may affect Vonex's sales volumes and margins and may have a material and adverse effect on Vonex's revenue, profitability and growth.

## Dependence on market

Vonex's current business and growth plans depend on there being an active market domestically for Vonex's products. Vonex's reputation, changes in law or regulation or economic and market conditions, will adversely affect sales of Vonex's products and may have a material and adverse effect on Vonex's revenue, profitability and growth.

## General risks relating to the Merged Group

### Synergy risks

Swoop undertook financial, tax, legal commercial and other analysis on Vonex earlier in 2024. It is possible that, despite such analysis, the conclusions drawn are inaccurate or are not realised (including assumptions as to synergies from the increased scale of the Merged Group). The quantum of identified synergies will only be available if Swoop reaches 75% ownership of Vonex. If Swoop acquires a lower stake, only some of the synergies would be able to be achieved. If Swoop was to waive the Minimum Acceptance Condition and therefore acquire a non-controlling stake in Vonex, there would be no guarantee that any synergies will be able to be realised.

### Unforeseen liabilities

Swoop has conducted due diligence enquiries on the Vonex business. However, if any of the information that was provided is incomplete, inaccurate or misleading (including in respect of the financial information provided by Vonex) or new circumstances have arisen since the date of such due diligence, the benefits expected to be derived from this Offer may not be delivered.

### Material contracts – change of control

Vonex is party to a number of contracts that are material to its business with customers and suppliers that contain change of control provisions which may be triggered if Swoop acquires a controlling interest in Vonex. If counterparty consent is not provided (or the counterparty otherwise terminates the relevant agreement) then this could adversely affect the Merged Group's operations.

### Funding and capital

The continued growth of the Merged Group relies on customer acquisition and the acquisition of businesses to continue to scale the Merged Group's existing business. The Merged Group will require sufficient access to capital to fund this expenditure and a failure to obtain capital on favourable terms may hinder the Merged Group's ability to expand and pursue growth opportunities.

## General claims and litigation

Both Swoop Holdings and Vonex's businesses are exposed to a variety of claims and litigation for professional negligence, statutory duties, investment losses, claims arising under client contracts or other litigation. It is possible that claims might arise which could have an adverse effect on the Merged Group's performance and reputation.

## Government policy and regulation

Changes in legislation, government policy or regulation could adversely impact the performance of the business of the Merged Group.

## General economic risks

Changes in economic conditions both in Australia and globally affect the financial performance of the Merged Group's business.

## Foreign currency risk

To the extent that the Merged Group sells or acquires goods in a denomination other than the Australia Dollar, movements in currency exchange rates may have an adverse impact on the future financial performance of the Merged Group.

## Force majeure risks

Circumstances or events beyond the Merged Group's control (such as terrorist activities, outbreak of hostilities and natural disasters) may adversely affect the performance of the Merged Group's business operations.

## Not exhaustive

The risks set out are not exhaustive of all the risks faced or that may be faced by Swoop, Vonex and / or the Merged Group. Accordingly, no assurances or guarantees of future performance or profitability are given by Swoop or its subsidiaries or any officers or employees.

**swoop**

Thank you

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