



ASX ANNOUNCEMENT

1 July 2022

Swoop to Acquire Moose Mobile – A Leading National Mobile Network Operator

Transaction highlights

- Swoop has entered into an agreement to acquire Queensland-based national mobile virtual network operator Moose Mobile.
- Moose provides over 94,000 mobile services on the Optus Network to customers across Australia, with strong cash generation.
- The Purchase Price payable at completion is \$24 million, comprising \$19 million in cash and \$5 million in Swoop shares to be issued at the 5-day VWAP prior to Signing. \$2.85 million of the cash payable on Completion will be held in escrow for 6 months for any potential claims and adjustments.
- An earn out of up to a maximum of \$7 million is payable based on Moose's FY2023 and FY2024 EBITDA performance and Services In Operation growth.
- The Purchase Price represents 6.9 times multiple of Moose's forecast FY22 Free Cash Flow.
- The Swoop shares issued as consideration will be subject to 12 months' escrow.
- The cash component of the acquisition will be funded from Swoop's Westpac Debt Facility and Swoop is targeting completion on 1 August 2022.

Swoop Holdings Limited (ASX:SWP) (**Swoop**) is pleased to announce that it has agreed to acquire Telco Pay Pty Ltd (ACN 610 525 856) trading as **Moose**. The purchase price for the acquisition comprises:

- \$16.15 million payable in cash on Completion (subject to customary net debt and working capital adjustments);
- \$2.85 million in cash to be paid into escrow and released to the Sellers 6 months after Completion (subject to any amounts withheld from this sum to pay for claims or adjustments under the agreement);
- \$5 million to be satisfied by the issue of fully paid ordinary shares of Swoop at completion at \$0.506 (being the 5 day VWAP of Swoop shares prior to signing (**Consideration Shares**)); and
- Up to \$7 million based on the EBITDA of Moose (excluding extraordinary and one-off items) for FY2023 & FY2024, as well as the Mobile and NBN Services in Operations Growth over FY2023 and FY2024 (**Deferred Consideration**) to be satisfied in cash.

The key terms and conditions of the acquisition agreement are summarised in the Schedule to this announcement.

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The Consideration Shares will be issued from Swoop's existing placement capacity under Listing Rule 7.1.

Moose provides over 94,000 mobile services on the Optus Network via a Mobile Virtual Network Operation agreement to customers across Australia.

Swoop CEO, Alex West stated, "This is an exciting time for Swoop to be joined by the amazing founders (and team) from Moose that have specialised in marketing mobile services to residential customers. Their subscriber growth has been outstanding over the last few years with over 94,000 active customers and increasing aggressively in recent times and they are motivated to achieve more as a combined group.

The most exciting part is the cross-sell potential into the residential broadband space, with over 94,000 users a target to provide Swoop Fixed Wireless and NBN internet services through; as well as almost 26,000 Residential Swoop customers that could receive a Moose mobile service.

This acquisition is also in line with our previous transactions in that it provides strong cash generation, with a very high proportion of the EBITDA converting to cash that continues our strong positive net operating cashflow; and brings the overall group closer to Free Cash Flow after our capital investments, heading into the next financial year."

This announcement has been authorised for release by the Board of Swoop Holdings Limited.

For further information, please contact:

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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.

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SCHEDULE – KEY TERMS OF SHARE PURCHASE DEED

Term	Details
Parties	<p>Telco4U Pty Ltd ACN 124 856 971 in its capacity as trustee of the Telco4U Trust (ABN 68 098 259 669)</p> <p>Scott Edwards and Linda Edwards jointly in their capacity as trustees of the S & L Edwards Family Trust (ABN 29 506 121 441)</p> <p>(Sellers)</p> <p>Scott Edwards</p> <p>Dean Lwin</p> <p>(Guarantors)</p> <p>Cirrus Communications Pty Ltd (ACN 109 931 731) (a wholly owned subsidiary of Swoop) (Purchaser)</p> <p>Swoop Holdings Limited (ACN 009 256 535)</p>
Transaction	<p>Acquisition of the entire issued share capital of Telco Pay Pty Ltd (ACN 610 525 856) (Moose) with effect from 1 August 2022.</p>
Conditions precedent	<p>The acquisition is subject to customary conditions precedent including obtaining consents to change of control under material contracts and Moose employees entering into new employment agreements on terms satisfactory to the Purchaser.</p>
Purchase price	<p>\$24 million payable on Completion as follows:</p> <ul style="list-style-type: none">• \$19 million in cash (subject to customary net debt and working capital adjustments), \$2.85m of this will be held back in escrow for 6 months for any potential claims and adjustments, to be funded from Swoop's debt facility;• \$5 million to be satisfied by the issue of fully paid ordinary shares of Swoop at \$0.506 per share (being the 5 day VWAP of the Swoop Shares prior to the signing date (Consideration Shares)); and <p>Up to \$7 million in deferred consideration based on the EBITDA of Moose (excluding extraordinary and one-off items) for FY2023 and FY2024, as well as Mobile and NBN Services in operations growth over FY2023 and FY2024 to be payable in cash (Deferred Consideration). Payable in two tranches with the first on 1 November 2023 and the second on 1 November 2024) (Deferred Payment Dates)..</p> <p>The Consideration Shares will be issued from Swoop's existing placement capacity under Listing Rule 7.1.</p> <p>The Consideration Shares will be escrowed for a period of 12 months from Completion.</p>
Retention Amount	<p>\$2.85 million of the cash payable on Completion will be held in escrow for any potential claims and adjustments.</p>



Expected Completion date	On 1 August 2022 or the first day of the month following the month in which the conditions precedent are satisfied or waived.
Transitional services agreement	The Purchaser will also enter into a Transitional Services Agreement at Completion with Telco Pay BPO Private Ltd, an Indian company owned by the Guarantors, for the continued provision of outsourced call centre and technical support services to the Moose business for up to 18 months following Completion.

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