

22 February 2024

Superloop 1H FY24 Results

Record organic revenue growth and expanding margins

Superloop Limited (**ASX:SLC**) ("Company" or "Group") has today released its results for the half year ended 31 December 2023.

Highlights

- **Total revenue¹ of \$197.6 million, up 32.7%** compared to \$148.9 million in the prior corresponding period (PCP)
- **Strong organic revenue growth² of 20.0%** with growth reported across all three customer segments
- **Record organic growth in customer base with over 40,000 net new customers added in 1H FY24**, an increase of 38.1% on PCP, with Superloop now servicing more than 408,000 customers
- **Gross margin of \$68.7 million**, with an increase of \$19.2 million, up 38.9% compared to PCP
- **Underlying EBITDA³ of \$23.0 million, an increase of 83.3%** compared to \$12.6 million PCP
- **NPATA⁴ \$1.2 million** compared to (\$8.3) million PCP, an increase of 114.8%
- **Strong operating leverage evident** with operating expense growth over the period significantly below revenue growth
- **Operating cash flow of \$23.7 million** up \$13.0 million on PCP and **free cash flow⁵ of \$12.5 million** up \$9.1 million on PCP
- **Net loss \$18.7m**, \$3m improvement over PCP
- **Landmark deal with AGL:** valued in excess of \$31 million over the contract term, contributing \$4-\$5 million revenue in FY25.

Commenting on the 1H FY24 results, Superloop's CEO and Managing Director Paul Tyler said "We are very pleased to report another period of strong financial performance, delivering record organic revenue and net new customer growth over the period. Importantly, all three segments contributed to this growth.

"The 2024 financial year is the first of our three-year 'Double Down' strategy and the performance in this first half demonstrates its execution is tracking strongly against plan.

"We were also very pleased this half to secure an exclusive five-year wholesale contract with AGL. This win reaffirms our strong wholesale capabilities coupled with our low-cost operating model and will support significant growth in the Wholesale segment's revenue and gross margin from FY25."

¹ Revenue includes Other Income.

² Organic revenue growth % calculation excludes VostroNet contribution in Jul-Oct 2023 and MyRepublic user base contribution in 1H FY24.

³ Underlying EBITDA is calculated as Statutory EBITDA adjusted for non-recurring transaction costs, restructuring costs, share based payments, expensing of VostroNet acquisition costs and gain on remeasurement of contingent consideration.

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.

⁵ Free Cash Flow has been derived as the operating cash flow less investing cash flow adjusted for acquisition and disposals.



Financial Performance Review

The table below provides an overview of the financial performance of the Group in 1H FY24 relative to 1H FY23.

A\$m	1H 23	1H 24	Change	Change %
Revenue and other income	148.9	197.6	+48.7	+32.7%
Gross Margin	49.5	68.7	+19.2	+38.9%
Operating Expenses	38.0	46.2	(8.2)	+21.7%
Underlying EBITDA	12.6	23.0	+10.5	+83.3%
Statutory EBITDA	10.0	16.5	+6.5	+64.4%
NPATA	(8.3)	1.2	+9.5	+114.8%
Net Profit/(Loss) After Income Tax	(21.7)	(18.7)	+3.0	+13.7%
Free cash flow	3.4	12.5	+9.1	+268.7%

1H FY24 delivered total revenue growth of 32.7% (organic: 20.0%) with contributions from all three segments:

- Consumer segment revenue increased by a record \$41 million (+52.6%) to \$118.9 million driven by a record 34,100 net new subscribers.
- Business segment revenue grew by \$4.4 million, an increase of 9.2%, to \$52.6 million driven by strong sales momentum in Large Corporate and Smart Communities.
- Wholesale Revenue was \$23.0 million, an increase of 5.3% driven by increased connections on Superloop Connect platform and increased volumes of backhaul and internet traffic. The half included record new sales orders worth \$9.1 million in annualised revenue, with the full impact to be realised in FY25 after services are transitioned in.

Underlying EBITDA increased 83.3%, growing more than revenue due to Superloop's leading cost structure and resulting operating leverage. Operating expenses increased 21.7%, significantly below revenue growth, further demonstrating Superloop's operating leverage as the Group's economies of scale contribute to reductions in the unit cost to acquire and serve new customers.

The Company is in a strong financial position with operating cash flow increasing to \$23.7 million compared to \$10.7 million in the PCP and free cash flow of \$12.5 million up from \$3.4 million. Superloop's net debt position is \$8.1 million with a further \$49.1 million available in undrawn debt capacity.

Operational Update

The period saw significant Wholesale wins including a 5-year exclusive contract with AGL signed in November 2023. The contract is estimated to contribute \$4-\$5 million revenue in FY25.

The AGL contract will support a significant uplift in Wholesale segment revenue and expansion of gross margin. This also demonstrates our strong Wholesale capabilities and our broad abilities to grow our Wholesale base from outside of the traditional telcos.



The period also saw strategic wins in the “Build to Rent” (BTR) space, namely Mirvac and Investa, comprising national portfolios of large BTR development projects. The large wins with these leading Australian property developers reaffirms both the logic of Superloop’s acquisition of smart building provider VostroNet as well as Superloop’s position as a leading provider to this fast-growing segment.

Customer growth in the Consumer segment was driven by record net additions with revenue also bolstered through capturing higher value plans that drive improved average revenue per user. Superloop’s share of new nbn orders has increased to 7.9% with overall market share growing to 3.5%. Cost to serve has also improved considerably with the consolidation of support centres, the launch of digital support and the adoption of self-support portals.

Outlook

Superloop’s trading performance in 2H FY24 has commenced strongly with 9,000 net new customers added in January alone. The Company remains focussed on maintaining strong organic growth and continues to take an active but disciplined approach to exploring M&A opportunities.

Our extensive infrastructure and modern platform architecture (‘Infra on Demand’) enables Superloop to deliver nationwide, high-quality, scalable services. The Company’s cost structure and efficient operating model provides a competitive advantage, particularly in the current environment of high cost-of-living pressures.

Superloop is on track to achieve FY24 Underlying EBITDA guidance of \$49 - 53 million, representing an increase of 31 - 42% on FY23.

Details of Investor Briefing

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

Date: Thursday, 22 February 2024

Time: 10.30 am (AEST)

To pre-register for the call, please click on: <https://registrations.events/direct/OCP46638163>

To join the webcast: <https://webcast.openbriefing.com/slc-hyr-2024/>

-ENDS-

Authorised and approved 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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