

Swift Q2 Activity Report and Appendix 4C

Swift is pleased to announce the Activities Report and Appendix 4C Cash flow Report for the quarter ended 31 December 2021.

Q2 Highlights

- **\$9.6 million H1 cash receipts from customers.**
- **Secures first major five-year contract for new Swift Access system including commercial casting.**
- **Company name changed to Swift Networks Group Limited, reflecting the company's focus on Mining, Aged Care and Government sectors.**
- **Q2 Cash flow from operations of \$0.2 million.**
- **Overall Cash flow neutral for Q2.**
- **H1 Cash flow from operations of \$0.5 million.**

Cash Flow Summary

	Q1	Q2	H1 Total
	\$ million	\$ million	\$ million
Opening Cash	3.9	2.3	3.9
Cash from operations	0.3	0.2	0.5
Sale of MXO Shares	-	0.4	0.4
Government Grants	-	0.1	0.1
Acquisition and implementation of casting technology	(0.4)	(0.2)	(0.6)
Interest Payments	(0.2)	(0.2)	(0.4)
Relocation of Perth and Sydney Offices	(0.2)	(0.1)	(0.3)
Lease payout and make good costs on offices	(0.1)	-	(0.1)
Reduction in Creditor position from 30 June 2021	(0.7)	-	(0.7)
Increase in Inventory – casting hardware /supply chain risk mitigation	(0.3)	(0.2)	(0.5)
Closing Cash	2.3	2.3	2.3

Operations

During the current quarter, Swift has continued its focus on the demonstration and negotiation of its new Swift Access product with several existing clients and new clients. This has led to the signing of the first major contract for the implementation of this system with a five-year term. The focus of Swift on securing long term Total Value of Contracted revenue or TCV is reflected in our first \$2.9 million, five-year contract. Swift is continuing to work with Mineral Resources on the trial of the Swift Access casting solution with the trial set to complete in Q3. During the quarter Swift invested \$400,000 in the development of its casting solution and procured hardware in readiness for roll out of future sales and to mitigate against supply chain risks.

During the quarter, Swift made a final payment of \$101,000 for the fit out of its new warehouse, communications hub and office premises. The annualised saving from the Perth and Sydney office relocations exceeds \$500,000 per annum.

Swift paid \$138,000 in recruitment fees during the period reflecting the competitive nature of securing talented individuals to join and expand the team. These payments are reflected in normalised cash flow from operations.

Cash Flow Commentary

Net Cash used in operating activities for the September quarter was \$233,000, a significant improvement on cash used from operating activities during Q1 FY22 of \$871,000.

Cash receipts from operations of \$4.7 million were in-line with the prior quarter receipts of \$4.9 million. Cash payments for operations decreased during the period to a normalized position after Q1 included office relocation costs and the reduction in creditor position. Inventory levels also increased during the period due to the purchasing of additional hardware for the roll out of the Swift Access casting solution.

Net cash received from investing activities was \$176,000 which included the sale of ASX listed investments (MXO) of \$450,000 offset by product development and fixed asset acquisitions of \$274,000 during the period.

Net cash used in financing activities for the current quarter were nil.

Related party payments for the quarter were \$63,000 comprising wages for directors.

The closing cash position of \$2.3 million reflects a cash neutral position for the quarter. This balance is stronger than forecasted for the period even though cash was utilized to grow inventory and technological investment during the quarter. The normalized cash flow from operations was positive at \$200,000 for the quarter and \$500,000 for H1 2022.

Swift operated in the one operating segment during the quarter.

Q3 Outlook

Swift will continue to deliver upon contracted work and the initial installation of its casting solution in Q3. Sales will continue to actively pursue existing customers and identified new customers in Mining, Aged Care and Government sectors. Cash flow is expected to remain stable during Q3 with higher receipts expected for project work being delivered. Swift will continue to pursue potential partnership opportunities to facilitate sales and potential M&A transactions.

About Swift

Swift is a specialist technology company delivering network infrastructure, premium entertainment and communications nationally across Mining and Resources, Residential Aged Care and other closed loop environments. We connect and engage communities through entertainment and communications solutions.

This announcement was approved and authorised for release by the Swift Board.

For more information, please contact:

Brian Mangano
CEO & Managing Director
+61 8 6103 7595

investor@swiftnetworks.com.au

Name of entity		
Swift Networks Group Limited		
ABN		Quarter ended ("current quarter")
54 006 222 395		31-Dec-21

Consolidated statement of cash flows		Current quarter	Year to date
		\$A'000	(6 months) \$A'000
1	Cash flows from operating activities		
1.1	Receipts from customers	4,718	9,585
1.2	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	(2,863)	(6,277)
	(c) advertising and marketing	(13)	(37)
	(d) leased assets	-	-
	(e) staff costs	(1,676)	(3,350)
	(f) administration and corporate costs	(301)	(708)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	17	35
1.5	Interest and other costs of finance paid	(210)	(409)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	100	100
1.8	Other	(5)	(44)
1.9	Net cash from / (used in) operating activities	(233)	(1,104)

2	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(101)	(231)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets (product enhancement)	(172)	(559)

Consolidated statement of cash flows		Year to date
		(6 months) \$A'000
		\$A'000
2.2	Proceeds from disposal of:	
	(a) entities	-
	(b) businesses	-
	(c) property, plant and equipment	-
	(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 (proceeds from sale of held-for-sale MXO shares)	450	450
2.6	Net cash from / (used in) investing activities	176	(340)

3	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Loan to key management personnel	-	-
3.9	Repayment of leases	-	(147)
3.1	Net cash from / (used in) financing activities	-	(147)

4	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,343	3,877
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(233)	(1,104)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	176	(340)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	(147)
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	2,287	2,287

-

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	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,287	2,343
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)	2,287	2,343

6	Payments to related parties of the entity and their associates	Current quarter \$A'000
----------	---	--

6.1	Aggregate amount of payments to related parties and their associates included in item 1	63
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Payments to directors for wages and entitlements totalled \$63k for this current quarter.

7	Financing facilities 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.	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	8,000	8,000
7.2	Credit standby arrangements	-	-
7.3	Other (please specify) Capitalised interest repayment	201	201
7.4	Total financing facilities	8,201	8,201

7.5	Unused financing facilities available at quarter end	
7.6	<p>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> <p>Facility: \$8 million secured and \$0.2m capitalised interests Lender: Pure Asset Management Maturing: December 2023 Interest rate: 9.5% per annum, payable quarterly</p>	

8	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(233)
8.2	Cash and cash equivalents at quarter end (item 4.6)	2,287
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	2,287

8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	10
	<p>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.</p>	
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?	
	Answer:	

	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?
	Answer:	
	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?
	Answer:	
	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.	

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.

31-Jan-22

Date:

Disclosure Committee

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.