

Swift Q3 Activity Report and Appendix 4C

Swift is pleased to announce the Activities Report and Appendix 4C Cash flow Report for the quarter ended 31 March 2022.

Q3 Highlights

- \$3.7m cash balance, \$1.4m increase in cash during period.
- Positive operating cashflows, receipt of \$1.5m from R&D refundable tax offset.
- Secured 3 year, \$3.5m Roy Hill partnership with Swift Access upgrade.
- \$3.4m in new contracts with existing customers and \$1.2m with new customers secured.

Cash Flow Summary

	H1	Q3	YTD
	\$ million	\$ million	\$ million
Opening Cash	3.9	2.3	3.9
Cash from operations	0.5	0.1	0.6
R&D refundable tax offset	-	1.5	1.5
Sale of MXO Shares	0.4	-	0.4
Government Grants	0.1	-	0.1
Acquisition and implementation of casting technology	(0.6)	-	(0.6)
Interest Payments	(0.4)	(0.2)	(0.6)
Relocation of Perth and Sydney Offices	(0.3)	-	(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	(0.5)	-	(0.5)
Closing Cash	2.3	3.7	3.7

Operations

Swift has continued to execute upon its strategy to secure long term Total Value of Contracted revenue or TCV contracts within the Mining, Aged Care and Government sectors. Sales are continuing to target existing customers for upgrades to Swift Access and new customers in market.

During the quarter Swift has announced \$8.1m in TCV with large Mining and Aged Care providers, headlined by the upgrade of Roy Hill to Swift's proprietary Swift Access system with its new casting capability.

During the quarter Swift received a \$1.5m R&D refundable tax offset for R&D activities undertaken during FY2021.

Cash Flow Commentary

Net Cash received from operating activities for the March quarter was \$1.66m, a significant improvement on cash used from operating activities during H1 FY22 of \$1.1m, largely due to the R&D cash refund received.

Cash receipts from operations of \$4.7 million were in-line with the prior quarter receipts of \$4.7 million. Cash payments for operations were consistent with Q2 spend. Inventory levels remain at the same level as Q2 with deployment of new contract wins expected in Q4 and FY23.

Net cash used in investing activities were \$47,000 for capital purchases and \$144,000 for internal product development.

Net cash used in financing activities for the current quarter were \$24,000 for office leases.

Related party payments for the quarter were \$74,000 comprising wages for directors.

The closing cash position of \$3.7 million reflects a 63% increase in cash during the period. The balance is ahead of its forecasted position largely due to the R&D refundable tax offset being received. During the period, cash was used largely for business-as-usual activities which is reflected in positive cashflows from operations during the period of \$148,000 excluding the R&D refundable tax offset.

Swift operated in the one operating segment during the quarter.

Q4 Outlook

Delivery of contracted work is expected to commence in Q4, with some works to be completed in FY23. Cashflow is expected to be affected by the timing of delivery of project work with inventory levels expected to move accordingly for equipment procured in advance. Sales will continue to actively pursue its pipeline to deliver further TCV during the period.

About Swift

Swift is a specialist technology company delivering network infrastructure, premium entertainment and communications across Mining and Resources, Residential Aged Care, Retirement Living, Government and other sectors.

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:

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Name of entity		
Swift Networks Group Limited		
ABN		Quarter ended ("current quarter")
54 006 222 395		31-Mar-22

Consolidated statement of cash flows		Current quarter	Year to date
		\$A'000	(9 months) \$A'000
1	Cash flows from operating activities		
1.1	Receipts from customers	4,689	14,274
1.2	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	-2,730	-9,007
	(c) advertising and marketing	-30	-67
	(d) leased assets	-	-
	(e) staff costs	-1,271	-4,620
	(f) administration and corporate costs	-317	-1,025
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	15	50
1.5	Interest and other costs of finance paid	-209	-617
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	100
1.8	Other (R&D tax offset and office re-location)	1,512	1,468
1.9	Net cash from / (used in) operating activities	1,660	-1,104

2	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-47	-278
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets (product enhancement)	-144	-703
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
2.6	Net cash from / (used in) investing activities	-191	-531

Consolidated statement of cash flows			Year to date (9 months) \$A'000
		\$A'000	
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	-24	-171
3.10	Net cash from / (used in) financing activities	-24	-171

4	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,287	3,877
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,660	556
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-191	-531
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-24	-171
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	3,732	3,732

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	3,732	2,287
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)	3,732	2,287

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	74
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Payments to directors for wages and entitlements totalled \$74k 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	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. Facility: \$8 million secured and \$0.2m capitalised interest Lender: Pure Asset Management Maturing: December 2023 Interest rate: 9.5% per annum, payable quarterly		

8	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	1,660
8.2	Cash and cash equivalents at quarter end (item 4.6)	3,732
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	3,732
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
	<i>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.</i>	
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.

27-Apr-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.