

Swift Q4 Activity Report and Appendix 4C

Swift is pleased to announce the Activities Report and Appendix 4C Cash flow Report for the quarter ended 30 June 2022.

Q4 Highlights

- **\$3.75m cash balance.**
- **\$4.4m net debt balance.**
- **\$18.5m revenue for FY22 (unaudited), 5% increase over FY21.**
- **\$5.7m cash receipts during period, Positive operating cashflows of \$0.5m.**
- **Secured \$1.5m Aged Care contract with new partner Hubify.**
- **\$1.4m in new project wins in Mining and Resources.**

Cash Flow Summary

	Q1-Q3	Q4	YTD
	\$ million	\$ million	\$ million
Opening Cash	3.9	3.7	3.9
Cash from operations	0.6	0.5	1.1
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)	(0.4)	(1.0)
Interest Payments	(0.6)	(0.2)	(0.8)
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	(0.7)	-	(0.7)
Increase in Inventory - casting solution/supply chain risk mitigation	(0.5)	0.1	(0.4)
Closing Cash	3.7	3.7	3.7

FY22 Revenue

Swift is pleased to announce that it has achieved a 5% increase in revenue during FY22 to \$18.5m (unaudited). Swift has continued to target existing and new clients with its market leading Swift Access platform and its integrated casting solution in the Mining, Aged Care and Government sectors. During the period Swift targeted projects in both Mining and Aged Care that generate longer term recurring revenue in FY23 and into future periods. Swift has already secured \$2.9m in project installation revenue for FY23 that is expected to lead to increased recurring revenues for the business.

Operations

In Q4 Swift announced its new partnership with Hubify (ASX:HFY) in the Aged Care sector with a multi-facility multi-year deal worth \$1.5m. The deployment of these sites is expected to occur in FY23. Swift also secured \$1.4m in project wins in Mining and Resources which will lead to further recurring revenue upon delivery of the project installation works.

During the period Swifts sales and marketing teams have attended and exhibited at various Aged Care conferences around Australia to identify prospective clients and continue to raise the profile of Swift as a technology partner for Aged Care providers.

Cash Flow Commentary

Net Cash received from operating activities for the June quarter was \$0.5m, headlined by cash receipts from customers of \$5.7m, cash receipts for the year totalled \$20m. During the period \$5.25m was spent on operating costs consisting of \$3.1m to deliver revenues during the period, staff costs of \$1.4m, administration and corporate costs of \$0.5m, advertising and marketing of \$0.05m and net interest expenses of \$0.2m.

Net cash used in investing activities were \$59,000 for capital purchases and \$339,000 for internal product development including the finalisation and roll-out of Swift's casting technology.

Net cash used in financing activities for the current quarter were \$36,000 for office leases.

Related party payments for the quarter were \$172,000 comprising wages for Executive and Non-Executive directors.

The closing cash position of \$3.7 million reflects a period of cash stability for the business.

Swift operated in the one operating segment during the quarter.

Q1 Outlook

The delivery of \$2.9m in contracted work will commence in Q1 FY23. Additionally, cashflow is expected to be affected by the purchasing of further inventories in order to meet increasing demand of the Swift Access platform and to mitigate against any supply chain risks. Swift will continue to actively pursue its pipeline of subscription opportunities in Mining and Aged Care to build upon its recurring revenue base 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		30-Jun-22

Consolidated statement of cash flows		Current quarter	Year to date
		\$A'000	(12 months)
		\$A'000	\$A'000
1	Cash flows from operating activities		
1.1	Receipts from customers	5,702	19,978
1.2	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	(3,094)	(12,101)
	(c) advertising and marketing	(56)	(123)
	(d) leased assets	-	-
	(e) staff costs	(1,395)	(6,016)
	(f) administration and corporate costs	(486)	(1,511)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	13	63
1.5	Interest and other costs of finance paid	(233)	(850)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	100
1.8	Other (includes R&D tax claims and office relocation costs)	-	1,468
1.9	Net cash from / (used in) operating activities	451	1,008

2	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(59)	(337)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets (product enhancement)	(338)	(1,041)
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 (provide details if material)	-	450
2.6	Net cash from / (used in) investing activities	(397)	(928)

Consolidated statement of cash flows		\$A'000	Year to date (12 months) \$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	(36)	(207)
3.1	Net cash from / (used in) financing activities	(36)	(207)

4	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,732	3,877
4.2	Net cash from / (used in) operating activities (item 1.9 above)	451	1,008
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(397)	(928)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(36)	(207)
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	3,750	3,750

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	3,750	3,732
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)	3,750	3,732

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	172
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
<i>Payments to directors for wages and entitlements totaled \$172k</i>		

Consolidated statement of cash flows		\$A'000	Year to date (12 months) \$A'000
7	Financing facilities Note: the term "facility" includes all forms of financing Add notes as necessary for an understanding of the sources of	Total facility amount \$A'000	Amount drawn at \$A'000
7.1	Loan facilities	8,201	8,201
7.2	Credit standby arrangements		
7.3	Other (please specify)		
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: \$8.2 million secured 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)	451
8.2	Cash and cash equivalents at quarter end (item 4.6)	3,750
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	3,750

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
- 2 This statement gives a true and fair view of the matters disclosed.

22-Jul-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.