

Swift Q1 Activity Report and Appendix 4C

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

Q1 Highlights

- Secured 3 year, \$7.7m Finance Facility with expiry extended to 30 September 2025
- Debt repayment programme commenced with \$0.5m repayment of Finance Facility
- Future hardware requirements secured for \$0.6m
- Cash at bank of \$1.9m
- \$3.4m recurring revenue deal announced with Mineral Resources
- Actioned \$0.9m annualised overhead savings

Cash Flow Summary

	Q1	YTD
	\$ million	\$ million
Opening Cash	3.7	3.7
Cash from operations		
Cash from ongoing operations	0.0	0.0
Increase in Inventory - supply chain risk mitigation	(0.6)	(0.6)
Interest Payments	(0.3)	(0.3)
Cash from investing		
Product Enhancement - R&D	(0.3)	(0.3)
Cash from financing		
Finance facility repayment	(0.5)	(0.5)
Finance facility fees	(0.1)	(0.1)
Closing Cash	1.9	1.9

Operations

Swift has continued its focus on the delivery of its Swift Access solution during Q1. This focus has been rewarded with the signing of a \$3.4m contract with Mineral Resources for its nine mine sites. Mineral Resources partnered with Swift during the trial period of Swift Access' rollout to one of its mine sites. This

trial has been completed successfully with the signing of a multiyear multi-site contract with Swift Access across all Mineral Resources sites.

Swift is currently installing and expanding upon Roy Hill's facility which will see over 2,700 rooms delivered with Swift's flagship product. The insight from partnering with Mineral Resources and Roy Hill on the deployment at their mine sites is invaluable for the business and its prospects moving forward.

In Aged Care the deployment of the Hubify partnership deal announced in Q4 FY2022 has commenced with great success with another two sites added to the installation schedule. Additionally, Swift recently attended the ACCPA conference held in South Australia, which was attended by over 2,000 delegates in the Aged Care sector. Swift continues to raise its profile in this sector as we continue to enable our sales team to build upon our growing customer base.

Cash Flow Commentary

The cash movement during Q1 of (\$1.8) million can largely be attributed to two factors, the securing of Inventory and the commencement of our debt repayment programme.

Due to varying market conditions worldwide and the supply of various components critical for Swift's system, Swift has spent \$0.6m in the quarter sourcing and securing inventory that will be used for the future deployment of its system in both Mining and Aged Care sectors. This investment allows Swift to meet customers deadlines that it would otherwise not be able to meet in a proactive manner and is a key differentiator to other communication providers in the market.

Swift has commenced its debt repayment programme with \$0.5m repaid during the quarter against the finance facility and \$0.1m on associated refinancing fees to secure a long-term facility to 30 September 2025. This marks the first repayment against the finance facility since its inception in 2019.

Net Cash used in operating activities for the September quarter was \$0.9m, headlined by cash receipts from customers of \$4.7m. These cash receipts are slightly lower than prior periods and are affected by the timing of various project receipts. During the period \$5.6m was spent on operating costs consisting of \$3.4m to deliver revenues during the period and securing inventory, staff costs of \$1.6m, administration and corporate costs of \$0.3m, advertising and marketing of \$0.03m and net interest expenses of \$0.3m.

Net cash used in investing activities were \$20,000 for capital purchases and \$277,000 for internal product development focusing on the large-scale implementation of Swift Access with Casting.

Net cash used in financing activities for the current quarter consisted of a \$516,000 repayment of Swift's finance facility, \$70,000 of fees associated with the renegotiation of the finance facility and \$38,000 for office leases.

Related party payments for the quarter were \$169,000 comprising wages for Executive and Non-Executive directors.

Swift operated in the one operating segment during the quarter.

Q2 Outlook

The delivery of contracted work will continue in Q2 with a continued effort from the sales teams in Mining and Aged Care to build upon their pipelines and secure contracts that will build upon Swift's recurring revenue base.

Swift holds 20 million shares in Motio Limited (ASX:MXO) which have been released from escrow in October 2022. Swift will explore its options with these shares during FY23.

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-Sep-22

Consolidated statement of cash flows		Current quarter	Year to date
		\$A'000	(3 months)
		\$A'000	\$A'000
1	Cash flows from operating activities		
1.1	Receipts from customers	4,654	4,654
1.2	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	(3,362)	(3,362)
	(c) advertising and marketing	(34)	(34)
	(d) leased assets	-	-
	(e) staff costs	(1,565)	(1,565)
	(f) administration and corporate costs	(322)	(322)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	10	10
1.5	Interest and other costs of finance paid	(311)	(311)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (includes R&D tax claims and office relocation costs)	-	-
1.9	Net cash from / (used in) operating activities	(930)	(930)

2	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(20)	(20)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets (product enhancement)	(277)	(277)
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)	-	-
2.6	Net cash from / (used in) investing activities	(297)	(297)

Consolidated statement of cash flows			Year to date (3 months) \$A'000
		\$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	(516)	(516)
3.7	Transaction costs related to loans and borrowings	(70)	(70)
3.8	Loan to key management personnel	-	-
3.9	Repayment of leases	(38)	(38)
3.1	Net cash from / (used in) financing activities	(624)	(624)

4	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,750	3,750
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(930)	(930)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(297)	(297)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(624)	(624)
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	1,899	1,899

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	1,899	1,899
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)	1,899	1,899

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	169
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

Payments to directors for wages and entitlements totaled \$169k

Consolidated statement of cash flows			Year to date (3 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	7,685	7,685
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	Total financing facilities	7,685	7,685
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: \$7.7 million secured Lender: Pure Asset Management Maturing: September 2025 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)	(930)
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,899
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	1,899

8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	2
	<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.

24-Oct-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.