

ASX ANNOUNCEMENT

28 April 2023

ASX:SW1



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 2023.

Q3 Highlights

- **Positive Operating Cashflows in Q3**
- **Cash at bank increased to \$1.8m**
- **\$2.06m in project contracts awarded with multiple companies including OTOC, AngloGold Ashanti, Mineral Resources and Roy Hill**
- **\$2.1m in subscription contracts awarded with multiple companies including Pilbara Minerals, AngloGold Ashanti, Mineral Resources and St Barbara.**

Cash Flow Summary

	Q1	Q2	Q3	YTD
	\$m	\$m	\$m	\$m
Opening Cash	3.7	1.9	1.6	3.7
Cash from operations				
Cash from ongoing operations	0.0	0.1	0.1	0.2
Increase in Inventory - supply chain risk mitigation	(0.6)	0.1	0.2	(0.3)
Interest Payments	(0.3)	(0.2)	(0.2)	(0.7)
R&D Refundable Tax Offset	0.0	0.0	1.0	1.0
PAYG Debt Repayment	0.0	0.0	(0.6)	(0.6)
Cash from investing				
Product Enhancement - R&D	(0.3)	(0.3)	(0.3)	(0.9)
Cash from financing				
Finance facility repayment	(0.5)	0.0	0.0	(0.5)
Finance facility fees	(0.1)	0.0	0.0	(0.1)
Closing Cash	1.9	1.6	1.8	1.8



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Operations

Swift has continued its sales and delivery efforts of Swift Access throughout the period. This has led to the award of \$2.06m in project wins including new Swift Access installations and upgrades for existing customers. Swift has also secured \$2.1m in subscription revenues for various customers over 1-3 year terms. Swift Access has now been contracted to ~7,600 rooms since the product was launched at the beginning of 2022.

Swift's delivery team has continued its focus within the period to deliver these rooms so that installation revenues can be recognised and subscription revenues commence with a number of these projects expected to complete in Q4.

In Aged Care, Swift has been awarded a contract with Barunga Village to supply and install Swift Access and Swift Broadcast to 90 rooms at its Village in South Australia.

During the period, Swift has successfully deployed Swift Access to Bethanie's new Dalyellup site. Swift also finalised the roll out of all Hubify sites (announced Q4 2022) during the period. Subscription revenues from the Hubify agreement will ramp up from 180 rooms (current) to all 1,755 rooms by Q2, 2024.

During the quarter Swift received a \$0.97m R&D refundable tax offset for R&D activities undertaken during FY2022.

Cash Flow Commentary

Net Cash gained from operating activities for the September quarter was \$0.52m, headlined by cash receipts from customers of \$4.55m and receipt of R&D refundable tax offset of \$0.97m. During the period \$5.0m was spent on operating costs including a payment to clear PAYG debt of \$0.55m, \$2.53m to deliver revenues during the period, staff costs of \$1.32m, administration and corporate costs of \$0.38m, advertising and marketing of \$0.02m and net interest expenses of \$0.2m.

Net cash used in investing activities were \$12,000 for capital purchases and \$286,000 for internal product development. During the period Swift sold shares in MXO for \$29,000.



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Net cash used in financing activities for the current quarter consisted of \$39,000 for office leases.

Related party payments for the quarter were down to \$120,000 (Q2: \$136,000) comprising wages for Executive and Non-Executive directors reflecting the overhead savings implemented during the period.

Swift operated in the one operating segment during the quarter.

Q4 Outlook

Swift will continue to deliver upon its contracted revenue in both Mining and Resources and Aged Care sectors. Sales and marketing efforts will continue to target existing and new customers to secure contracts that build upon Swift's recurring revenue base.

Swift holds ~19.43 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 a premium entertainment and engagement platform powered by proprietary technology and network infrastructure. Swift provides an end-to-end solution, including consulting, design, and installation services. Swift's solution has been developed specifically for communities with significant benefits to be achieved by all stakeholders via offering tailored solutions, including Mining and Resources, Residential Aged Care, Retirement Living, Government, and other sectors. Swift entertains, engages, and enables the development of communities.

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

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Name of entity		
Swift Networks Group Limited		
ABN		Quarter ended ("current quarter")
54 006 222 395		31-Mar-23

Consolidated statement of cash flows		Current quarter	Year to date
		\$A'000	(9 months)
		\$A'000	\$A'000
1	Cash flows from operating activities		
1.1	Receipts from customers	4,554	13,721
1.2	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	(3,082)	(8,916)
	(c) advertising and marketing	(20)	(85)
	(d) leased assets	-	-
	(e) staff costs	(1,323)	(4,306)
	(f) administration and corporate costs	(376)	(1,032)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	6	25
1.5	Interest and other costs of finance paid	(208)	(730)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	970	970
1.8	Other (includes restructuring costs)	-	-
1.9	Net cash generated from / (used in) operating activities	521	(353)
2	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(12)	(53)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets (product enhancement)	(286)	(859)
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)	29	29
2.6	Net cash used in investing activities	(269)	(883)

Consolidated statement of cash flows		\$A'000	Year to date (9 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	-	(516)
3.7	Transaction costs related to loans and borrowings	-	(76)
3.8	Loan to key management personnel	-	-
3.9	Repayment of leases	(39)	(114)
3.1	Net cash used in financing activities	(39)	(706)
4	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,595	3,750
4.2	Net cash generated from / (used in) operating activities (item 1.9 above)	521	(353)
4.3	Net cash used in investing activities (item 2.6 above)	(269)	(883)
4.4	Net cash used in financing activities (item 3.10 above)	(39)	(706)
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	1,808	1,808
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	1,808	1,595
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)	1,808	1,595
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		120
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 \$120k</i>			

Consolidated statement of cash flows		\$A'000	Year to date (9 months) \$A'000
7	Financing facilities Note: the term "facility" includes all forms of financing arrangements Add notes as necessary for an understanding of the sources of finance	Total facility \$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 generated from / (used in) operating activities (item 1.9)	521	
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,808	
8.3	Unused finance facilities available at quarter end (item 7.5)		
8.4	Total available funding (item 8.2 + item 8.3)	1,808	
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
- 2 This statement gives a true and fair view of the matters disclosed.

28-Apr-23

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.