

ASX ANNOUNCEMENT

28 July 2023

ASX:SW1



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 2023.

Q4 Highlights

- **Cash at bank increased to \$2.1m**
- **\$5.4m in cash receipts during period, positive operating cashflows in Q4 of \$0.8m**
- **\$19.1m revenue for FY23 (unaudited), 3% increase over FY22**
- **\$14m in subscription revenue (unaudited) for FY23, 4% increase over FY22**
- **8,000 Swift Access subscriptions within Mining & Resources secured within 18 months of launch**
- **Swift has partnered with Checked in Care, which has access to over 25,000 rooms via its Provider partners within Aged Care & Retirement Living sectors**
- **Swift has secured new long-term deals within the Aged Care sector with Barunga Village, Goondee Aged Care, Eldercare with TCV \$558k, over 36 plus months**

Cash Flow Summary

	Q1	Q2	Q3	Q4	YTD
	\$m	\$m	\$m	\$m	\$m
Opening Cash	3.7	1.9	1.6	1.8	3.7
Cash from operations					
Cash from ongoing operations	0.0	0.1	0.1	0.7	0.9
Increase in Inventory - supply chain risk mitigation	(0.6)	0.1	0.2	0.2	(0.1)
Interest Payments	(0.3)	(0.2)	(0.2)	(0.2)	(0.9)
R&D Refundable Tax Offset	0.0	0.0	1.0	0.0	1.0
PAYG Debt Repayment	0.0	0.0	(0.6)	0.0	(0.6)
Cash from investing					
Product Enhancement - R&D	(0.3)	(0.3)	(0.3)	(0.3)	(1.2)
Property, Plant and Equipment Purchase	0.0	0.0	0.0	(0.1)	(0.1)
Cash from financing					
Finance facility repayment	(0.5)	0.0	0.0	0.0	(0.5)
Finance facility fees	(0.1)	0.0	0.0	0.0	(0.1)
Closing Cash	1.9	1.6	1.8	2.1	2.1



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FY23 Revenue (Unaudited)

Swift is pleased to announce that it has achieved \$19.1m in revenue for FY23. This represents a 3% increase in revenue from FY22 (\$18.6m). Subscription revenues for FY23 have increased 4% to \$14m (FY22: \$13.5m) as a result of Swift's stated strategy of targeting project work that leads to increased subscription revenues and margins. In Q4, some customer site delays have resulted in an extra \$1m in project work originally scheduled for completion in FY23 being moved into Q1 FY24. Subscription revenue and margin is expected to continue to increase with the completion of each Swift Access installation project.

Operations

Swift's new premium entertainment and engagement product, Swift Access with Swift's secure casting, launched 18 months ago, has proven to address the needs of individuals living within managed communities and the company's responsible for the community's overall well-being. Demand for Swift Access has been strong and has already achieved 8,000 subscribers 18 months following its release, which includes Tier 1 and 2 Mining and Resources clients.

Swift recently completed the rollout of Swift Access with secure casting across Roy Hill's MPV site with 2,700 rooms. The addition of secure casting for better data and privacy protection was developed based on feedback from Roy Hill as part of Swift's customer-centric approach and value-driven innovation. With Swift Access having been developed specifically for the needs of a major M&R client has been key to the product's success.

In Aged Care, Swift's new partnership with Checked in Care, an award-winning care experience App with access to over 25,000 rooms via its Provider partners and clients such as Bupa Aged Care, IRT and Australian Unity within the Australian and New Zealand Aged Care and retirement living sector, is part of Swift's new strategy to grow its market share. The partnership is focused on exploring opportunities for product integrations that enhance the customer experience, offer integrated ecosystems to simplify operations and improve profitability for Providers.

During the period Swift welcomed Barunga Village, Goondie Aged Care and Eldercare into its Aged Care portfolio. The TCV for the 3 new sites is \$558k across 36 plus month contracts.



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Cash Flow Commentary

Net Cash gained from operating activities for the June quarter was \$0.76m, headlined by cash receipts from customers of \$5.42m. During the period \$4.67m was spent on operating costs including \$2.63m to deliver revenues during the period, staff costs of \$1.36m, administration and corporate costs of \$0.46m, advertising and marketing of \$0.03m and net interest expenses of \$0.2m.

Net cash used in investing activities were \$119,000 for capital purchases largely related to purchasing of equipment for sales contracts and \$331,000 for internal product development including the creation of a dedicated test network at Swift's West Perth communications facility.

Net cash used in financing activities for the current quarter consisted of \$41,000 for office/facility leases.

Related party payments for the quarter were \$120,000 comprising wages for Executive and Non-Executive directors which are consistent with prior periods.

Swift operated in the one operating segment during the quarter.

Q1 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 subscription revenue base through the sale of Swift Access. Swift will continue to build upon its partnerships across both sectors and including investment in product integration and the utilisation of Artificial Intelligence (AI) to enhance its product offerings through machine learning.

Swift holds ~19.43 million shares in Motio Limited (ASX:MXO) which were released from escrow in October 2022. Swift will explore its options with these shares during FY24.



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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.

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-23

Consolidated statement of cash flows		Current quarter	Year to date
		\$A'000	(12 months) \$A'000
1	Cash flows from operating activities		
1.1	Receipts from customers	5,424	19,144
1.2	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	(2,629)	(11,545)
	(c) advertising and marketing	(31)	(117)
	(d) leased assets	-	-
	(e) staff costs	(1,360)	(5,666)
	(f) administration and corporate costs	(455)	(1,486)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	3	28
1.5	Interest and other costs of finance paid	(195)	(924)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	970
1.8	Other (includes restructuring costs)	-	-
1.9	Net cash from / (used in) operating activities	757	404

2	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(120)	(173)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets (product enhancement)	(331)	(1,190)
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)	-	29
2.6	Net cash from / (used in) investing activities	(451)	(1,334)

Consolidated statement of cash flows			Year to date (12 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	-	(516)
3.7	Transaction costs related to loans and borrowings	-	(76)
3.8	Loan to key management personnel	-	-
3.9	Repayment of leases	(41)	(155)
3.1	Net cash from / (used in) financing activities	(41)	(747)

4	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,808	3,750
4.2	Net cash from / (used in) operating activities (item 1.9 above)	757	404
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(451)	(1,334)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(41)	(747)
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	2,073	2,073

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	2,073	1,808
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)	2,073	1,808

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			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	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)	757
8.2	Cash and cash equivalents at quarter end (item 4.6)	2,073
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	2,073

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

28-Jul-23

Date:

Board of Directors

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.