

# **JULY QUARTER RESULTS, 4C CASH REPORT AND INVESTOR CALL**

## **Highlights**

- Ongoing progress in transitioning Swift to a more streamlined, efficient and innovative digital communications and entertainment provider
- COVID-19 impacted Q4 cash receipts \$4.80m versus Q3 of \$5.86m, representing an 18% decline due to temporary disruptions to site access and supply chain issues deferring hardware installations for two mining projects to Q1
- FY20 cash receipts \$24.67m vs \$18.11m (pcp), full year contribution from Medical Media
- Continuing to maintain reduced cost base through COVID-19
- Focus on building sales, product and delivery capabilities to support future growth

## **Summary**

- Mining and Resources - delivering on \$3.2m contract wins
- Pipeline of new opportunities being built in Mining & Resources with upgraded sales leadership
- Swift Plus communication and entertainment system in Aged Care launched – installation of two new aged care facilities despite lockdown – addresses social isolation. Launched product to Mining: mobile, rail and exploration camps.
- Health and Wellbeing – profitable through COVID-19 due to cost restructuring
- Partnership with XTD to drive national advertising growth – allows Swift to focus on local business retention
- Entitlement offer successfully completed, fully subscribed, raised \$3.3m
- Broadened skills base - new Sydney based CFO and Perth based NED appointed

Pippa Leary, CEO highlighted, "COVID-19 is creating temporary disruptions to site access at mining villages and aged care facilities and has impacted our Q4 results. While social isolation is creating new awareness, and long term demand for Swift's digital communications and entertainment solutions, execution challenges and market uncertainty are delaying our improved financial performance. We were pleased to

close two new sales in aged care facilities despite lockdown, demonstrating the health and safety communication benefits of our new Swift Plus product.

We have laid out a clear transition roadmap for Swift for the next 12 months. Notwithstanding the current market challenges, we are committed to streamlining the business into core verticals, launching innovative new products, improving delivery capabilities, upgrading our sales and marketing capabilities, reducing costs and driving revenue growth.

We made good progress on these strategic priorities in Q4. We launched Swift Plus on time and on budget. We announced the partnership with XTD to drive national advertising sales in the Health and Wellbeing vertical. This allows us to focus on retaining local advertisers during lockdown. The capital raise was successfully completed raising \$3.3m strengthening our balance sheet and providing funds for growth initiatives. We broadened our skills base across the group with Geoff Greenberg joining the team as our new Sydney based CFO and Peter Gibbons, our new NED based in Perth.

Our key priority now is to drive accelerated sales growth with recurring revenues. We are fundamentally rebuilding our enterprise sales approach to capitalise on the significant number of new mining camp projects and the opportunities coming out COVID-19 and the Aged Care Royal Commission, both long term tailwinds for Swift. While our financial results will take time to build, we know what we have to do and we are encouraged by the progress the team is making in these testing market conditions."

### **Quarterly Cash Flow Highlights**

The Company's cash position strengthened during the quarter ended June 30, 2020 to \$2.4 million as a result of the proceeds from a successful rights offer which raised approximately \$3.2m (net of costs), \$2.7 million raised in Q4 and \$0.5 million in Q3.

Net cash used in operations was \$1.5 million as a result of an 18% decline in cash receipts over the prior quarter and a 4% increase in operating payments.

The decline in cash receipts was in part the result of supply chain delays in hardware installations for two mining projects, now deferred into the first quarter of FY21. There was also a decline in subscription receipts in the hospitality and local advertising receipts in the Health and Wellbeing verticals. The decline

in subscription and advertising receipts are largely attributed to the impact of COVID-19 on customers' ability to make payments.

Operating payments were impacted by a number of one-off costs relating to staff redundancies, early termination of contracts, and advisor fees on restructuring matters primarily relating to the Company's response to COVID-19. The business also benefitted from the government JobKeeper support program payments and reduced interest payments as lenders have temporarily deferred loan facility payments during the COVID-19 period of disruption.

Investing activities benefitted from lower spend on product development activities compared to the prior quarter and the release of bank guarantees related to leases.

Cash from financing activities reflected the proceeds from the previously mentioned rights issue and the retirement of the L1/Lind convertible note (\$0.4m).

The business took actions during the second half of the FY20 financial year to adjust its cost base to better cope with the increased uncertainty and impact caused by the COVID-19 pandemic. The board and senior management are continuing to monitor the impact of the pandemic on the business environment and will take further actions as required to ensure the stability of the business through this period.

During the quarter the Company paid \$359k in Directors fees/salaries and office lease repayments.

A summary of the cash used in operations by the business' significant activities is provided in the following table:

(\$000, items may not add due to rounding)	Swift Networks	Medical Channel	Total
Receipts from customers	4,155	645	4,799
Operating expenditures	(5,187)	(1,131)	(6,318)
Net cash from / (used in) operating activities	(1,032)	(486)	(1,518)

## Strategic Priorities

Continuing to build sales, product and delivery capabilities to support future growth

### Q3 FY20

- ✓ "Swift Plus", tailored product for Aged Care built and ready earlier than planned
- ✓ Established sales and service model and built strategic sales plan
- ✓ Streamlined cost base. Core IP intact, ability to scale for future growth

### Q4 FY20

- ✓ \$3.3m of new equity capital raised
- ✓ New contract wins over \$3.2m in Mining and Resources
- ✓ XTD national advertising agreement
- ✓ Deepen skillset in project delivery as a result of new contract wins
- ✓ Broadened skillset on board with new director – Peter Gibbons
- ✓ Implemented COVID-19 action plan

### Q1 FY21

- ✓ Hire Chief Financial Officer
- Continue to build core sales capabilities and pipeline in preparation for market rebound
- Rebuild delivery and support capabilities
- New Swift Plus product for Rail/Road camps
- My Family Lite Aged Care app

### Q2 FY21

- Re-ignite local sales acquisition in Health and Wellbeing
- Retention and upselling of Mining and Resources clients
- Create competitive advantage with delivery and support in Mining and Resources
- Enterprise level discussions with Aged Care clients interested pre-COVID and upselling of existing clients

## Business Update and Investor Video Call

Pippa Leary and Geoff Greenberg invite investors to join them on a video conference call and Q&A session on Wednesday 5 August 2020 at Noon AEST where they will provide an update on the business.

To join the meeting on a computer or mobile phone please go to this link:

<https://bluejeans.com/632283394?src=calendarLink>

NB. If you have not used the Blue Jeans Network before, it will ask you to download the app onto your computer or device. Alternatively go to [bluejeans.com](https://bluejeans.com) and join the meeting from your browser by typing in this meeting ID: 632 283 394

**END**

## ABOUT SWIFT MEDIA LIMITED

Swift Media is a specialist media company delivering premium entertainment, communications, and advertising to an audience of 5M+ via 60,000 digital assets nationally across Mining and Resources, Residential Aged Care and Health & Wellbeing environments. We connect and engage communities through entertainment and communications solutions.

This announcement was approved and authorised for release by the Continuous Disclosure Committee.

### FOR MORE INFORMATION, PLEASE CONTACT:

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## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

Swift Media Limited

**ABN**

54 006 222 395

**Quarter ended ("current quarter")**

30 June 2020

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	4,799	24,676
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(3,086)	(13,549)
(c) advertising and marketing	(10)	(135)
(d) leased assets	-	-
(e) staff costs	(2,091)	(10,406)
(f) administration and corporate costs	(803)	(3,920)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	169
1.5 Interest and other costs of finance paid	(54)	(733)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	168	168
1.8 Other (restructuring fees – refer to 8.6)	(441)	(620)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,518)</b>	<b>(4,350)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(32)	(1,728)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	(106)	(1,557)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
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	361	576
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>223</b>	<b>(2,709)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	2,778	5,212
3.2	Proceeds from issue of convertible debt securities	-	900
3.3	Proceeds from exercise of options	-	150
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(101)	(276)
3.5	Proceeds from borrowings	-	9,067
3.6	Repayment of borrowings	(443)	(3,459)
3.7	Transaction costs related to loans and borrowings	-	(919)
3.8	Dividends paid	-	-
3.9	Other (lease repayments)	(386)	(1,591)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>1,848</b>	<b>9,084</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	1,895	423
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,518)	(4,350)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	223	(2,709)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,848	9,084
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of period</b>	<b>2,448</b>	<b>2,448</b>

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	2,397	1,844
5.2	Call deposits	51	51
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,448</b>	<b>1,895</b>

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	359
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<p><i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i></p> <p>Directors fees/salaries and office lease repayments.</p>		

<b>7.</b>	<b>Financing facilities</b> <i>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.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	8,000	8,000
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	8,000	8,000
7.5	<b>Unused financing facilities available at quarter end</b>		-
7.6	<p>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.</p> <p>\$8million secured facility with Pure Asset Management in December 2023. Interest is charged at a rate of 10% per annum, payable quarterly. Financial covenants associated with the facility have been waived for the remainder of 2020. Lind / L1 Convertible note repaid in full on 1 May 2020.</p>		

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,518)
8.2	Cash and cash equivalents at quarter end (item 4.6)	2,449
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	2,449
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	1.6
	<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?	
	<p>Answer: Net operating cash flows included "one off" cash costs totalling \$1,034,066 relating to staff redundancies (\$485,502), early termination of onerous contracts and advisor fees on restructuring matters primarily relating to the Company's response to Covid-19 (\$441,112) and outstanding in arrears amounts carried over from previous quarters that were repaid in this quarter (\$107,452).</p>	
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?	
	<p>Answer: The Company undertook a comprehensive review and implemented a restructuring plan in response to Covid-19 in April which the Board believes will reduce its operating costs to a more sustainable level.</p>	



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: The Company expects to continue its operations and to meet its business objectives due to the restructuring measures put in place in April 2020 and continued access to funding as required through the capital markets.

*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.

Date: 24 July 2020

Authorised by: Disclosure Committee  
(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.