

# MARCH QUARTER RESULTS AND 4C CASH REPORT

- **New Contract Wins – Worth Over \$3.2m**
- **Streamlining Swift - \$8m Annualised Savings**
- **Oversubscribed Equity Capital Raise to Fund Growth - \$3.3m committed**

Swift Media Limited (“Swift Media”, “the Company”) (ASX:SW1) provides the following business update and 4C Cash Report for the quarter ended March 31<sup>st</sup> 2020.

## Summary

- Strategy to transition Swift to a more streamlined digital communications and entertainment system provider is generating encouraging early results
- Five new contract wins worth over \$3.2m announced in early April
- Around \$8m of annualised cost savings achieved in late March – ensures Swift can generate positive cash flows and profitability through even a protracted downturn
- \$3.3m equity capital raise oversubscribed – supported by founder, Chair, financier and new institutional investors
- COVID-19 creating challenges and opportunities; temporary disruptions to site access with social isolation in mining villages, quarantine camps and aged care facilities creating new demand for Swift’s digital communication and entertainment solutions

Pippa Leary, CEO said, “2020 is a transition year for Swift. We are developing new fit for purpose product, upgrading our talent and capabilities, focusing our resources on key verticals and strengthening our balance sheet to fund our growth strategy.

Notwithstanding all the disruptions in the wider macro environment, we have been making good progress in executing on our focused strategy. The five recent contract wins we announced to ASX in April are encouraging early signs of progress. By leveraging our market leading share and deep expertise in our core verticals we are able to deliver successful results and drive long term growth.

The recently launched Swift Plus product is generating good customer interest in both the Aged Care and Mining and Resources verticals. We listened carefully to customers and designed a new product suite. Swift Plus has completed alpha and beta customer testing and we have secured our first three sales to aged care operators. We can now provide user friendly telecommunications and digital entertainment services that enable camps and care facilities to stay connected with residents and overcome the growing problems of social isolation. With our upgraded sales capability we are focused on strengthening the pipeline of new contract opportunities.

In late March we streamlined Swift and reduced costs by \$8m on an annualised basis largely in response to Covid-19. These measures should ensure we are profitable even through an extended downturn. We have retained our core intellectual property and the capability to scale up as demand increases.

We also set out to recapitalise Swift to strengthen the balance sheet and provide funds for growth. Through a combination of a placement and entitlement offer we set out to raise around \$3.3m. We are delighted by the response and the offer was oversubscribed. We appreciate the support of our existing shareholders and we welcome new investors to Swift as well.

### **Q3 Cash Report**

- Q3 Cash receipts \$5.87m, \$19.88m for the nine months financial year to date
- Q3 operating costs of \$6.05m, includes one off costs of \$0.57m
- Net cash from operating activities (\$0.18m), includes one off costs of \$0.57m.
- Net cash flow positive of \$0.39m excluding one off costs
- Net cash balance at the end of the quarter \$1.90m. Expected to be \$4.70m following the completion of the \$3.3m equity capital raise in April.
- Swift expected to be cash flow positive and profitable given \$12.5m recurring revenue run rate and cost savings achieved in late March.

## Q4 Execution Priorities

In the fourth quarter we have clear execution priorities focused on continuing to build core capabilities and developing sales pipelines.

### Q1

- ✓ Exited non-core businesses, e.g student accommodation, maritime and e-sports
- ✓ Identified skills gaps in customer research and product development
- ✓ Delivered high level business strategy
- ✓ Hired Chief Customer and Strategy Officer

### Q2

- ✓ Deepened customer expertise in residential Aged Care
- ✓ Implemented CRM
- ✓ Broadened skillset on Board
- ✓ Hired Chief Sales Officer

### Q3

- ✓ "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 c.\$8m of annualised cost savings implemented. Core IP intact, ability to scale for future growth

### Q4

- \$3.3m of new equity capital committed
- Implement COVID-19 Action Plan
- Refocus of business priorities to rapid deployment of initiatives in Aged Care and Mining and Resources
- Continue to build core capabilities and sales pipeline to be prepared for market rebound

ENDS

## ABOUT SWIFT MEDIA LIMITED

Swift Media is a specialist media company delivering premium entertainment, communications, and advertising to an audience of 5M+ via 70,000 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")**

31 Mar 2020

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	5,866	19,877
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(2,363)	(10,463)
(c) advertising and marketing	(20)	(125)
(d) leased assets	-	-
(e) staff costs	(2,512)	(8,315)
(f) administration and corporate costs	(738)	(3,117)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	55	169
1.5 Interest and other costs of finance paid	(333)	(679)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material) Net GST paid/refundable	(137)	(179)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(182)</b>	<b>(2,832)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(213)	(1,696)
(d) investments	-	-
(e) intellectual property	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
(f) other non-current assets	(209)	(1,451)
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	215	215
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 Net cash from / (used in) investing activities</b>	<b>(207)</b>	<b>(2,932)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	511	2,434
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	(65)	(175)
3.5 Proceeds from borrowings	-	9,067
3.6 Repayment of borrowings	(367)	(3,016)
3.7 Transaction costs related to loans and borrowings	(10)	(919)
3.8 Dividends paid	-	-
3.9 Other – Repayment of lease liabilities	(313)	(1,205)
<b>3.10 Net cash from / (used in) financing activities</b>	<b>(244)</b>	<b>7,236</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	2,528	423
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(182)	(2,832)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(207)	(2,932)

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(244)	7,236
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>1,895</b>	<b>1,895</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	1,844	2,477
5.2	Call deposits	51	51
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,895</b>	<b>2,528</b>

**6. Payments to related parties of the entity and their associates**

6.1 Aggregate amount of payments to related parties and their associates included in item 1

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

**Current quarter  
\$A'000**

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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

**7. Financing facilities**

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.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	8,626	8,626
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
<b>7.4 Total financing facilities</b>	<b>8,626</b>	<b>8,626</b>

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.

\$8million secured facility with Pure Asset Management maturing in December 2023. Interest is charged at a rate of 10% per annum. Financial covenants associated with the facility have been waived for the remainder of 2020.

\$626k unsecured convertible note maturing in September 2020. The outstanding balance has reduced to \$376k after a conversion to equity in April 2020.

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	(1,528)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	2,274
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	2,274
<b>8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	<b>1</b>

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

- 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: The Company undertook a comprehensive review of its operating business model in response to Covid-19 extracting annualised cost savings of \$8 million. The June 2020 quarter cash flows will include one-off costs associated with implementation of these measures however the Company expects these measures to materially improve net cash flow in the second half of the 2020 calendar year.

- 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: The company successfully completed a private placement for \$411k on 8 April. The Company is in the process of finalising a non-renounceable rights issue for up to \$2.9 million with the expectation that 100% of the total possible raise will be realised.

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: On the basis that the business restructuring measures and capital raising activities outlined above have been successfully implemented in April 2020 the Company expects it will continue its operations and meet its business objectives.

### 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: 28 April 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.