

# SWIFT

ASX:SW1

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**H1 FY21 Results**

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# Swift is a Specialist Technology Company

Providing entertainment and communication solutions to connect and engage communities

- Closed loop environments like remote mines, residential aged care and GP surgeries – high barriers to entry
- 70% recurring revenue on typically 3-5 year contracts
- Strong reputation in reliable communications infrastructure designed and delivered by experienced and efficient engineers and project managers
- Tech is in our DNA – unique solutions to meet different customer needs in each vertical
- Smart tech that enables premium on demand content in remote locations without the high bandwidth price tag
- Early release Hollywood blockbuster film content in Mining and Resources
- Curated content delivered via simple to use technology in Aged Care



Cloud and on-premises in room entertainment and communications



Communication Apps

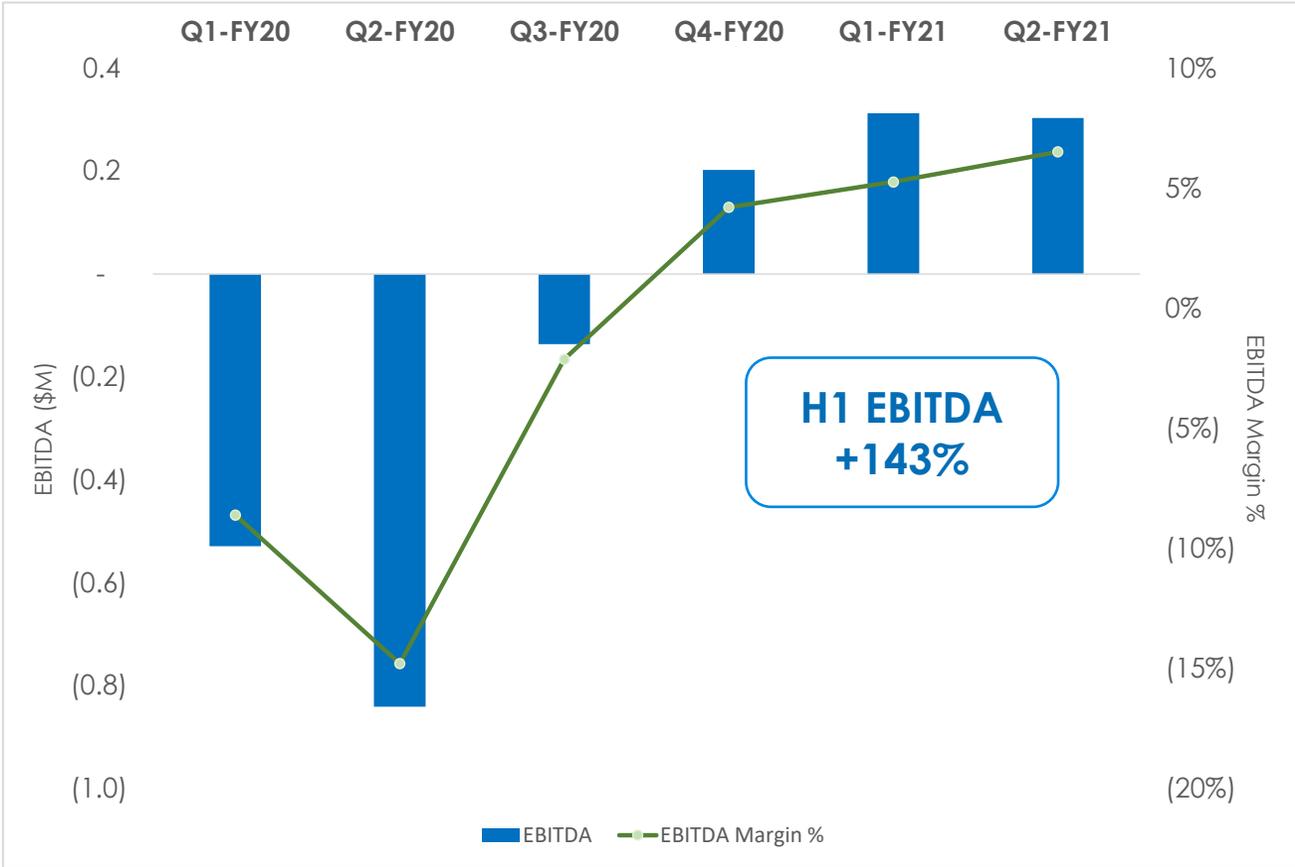


Design and construct of reliable communications distribution infrastructure



On the ground local and remote technical support 24/7

# H1 FY21: Positive EBITDA trend continues



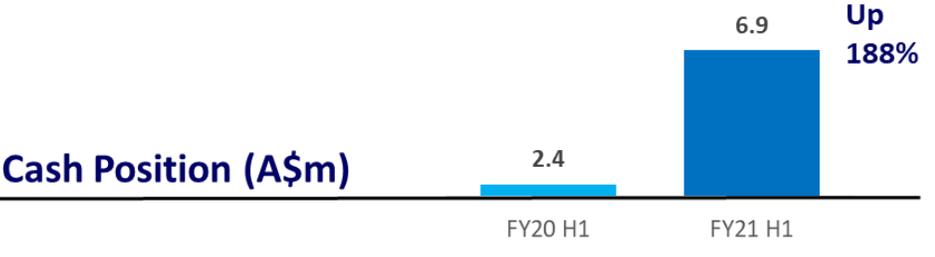
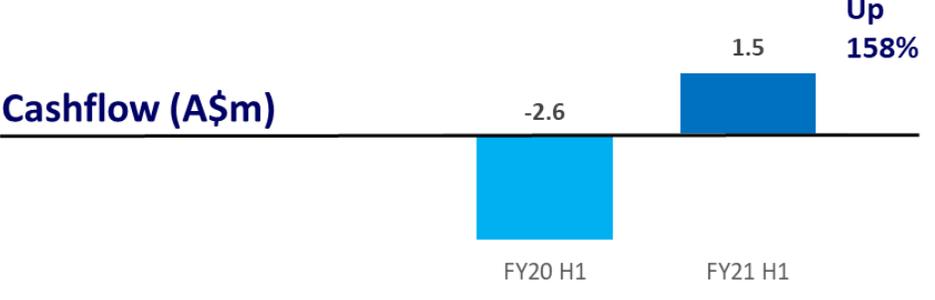
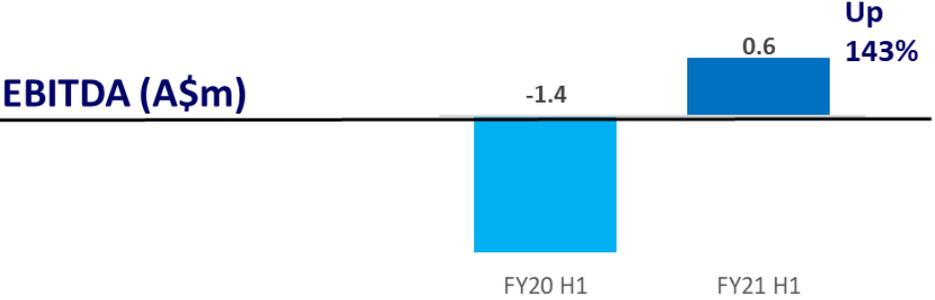
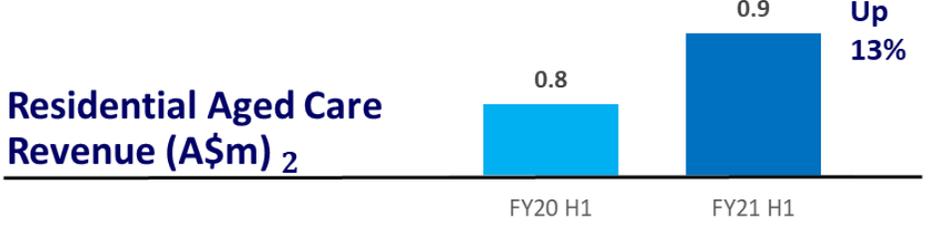
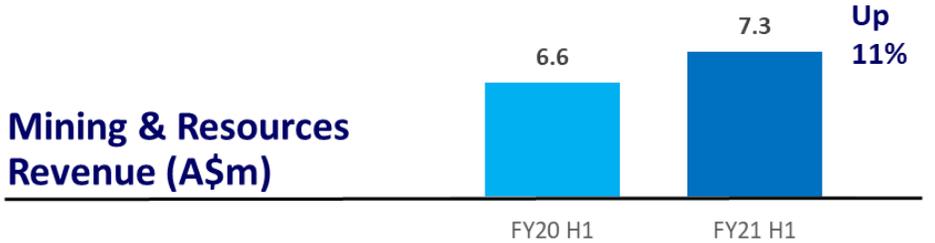
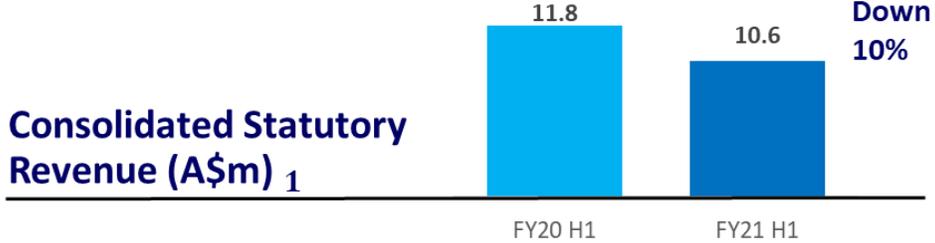
### KEY POINTS

- H1 EBITDA +143 % vs pcp
- Q2 continuing a positive trend of increasing profitability
- 3rd consecutive quarter of positive EBITDA<sup>(1)</sup>
- EBITDA margin has continued to improve from 5% in Q1 to 7% in Q2
- Reflects operational gearing and management focus on controlling costs while building capability to drive sales

(1) EBITDA (earnings before interest, income tax expense, depreciation and amortisation) is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and represents the profit/(loss) under AAS which has been adjusted to eliminate the effects of tax, depreciation and amortisation, fair value adjustments, impairment expenses, loss on disposal of assets and other one-off and non-cash items including restructuring costs. See appendix for a reconciliation of EBITDA to statutory net loss after tax.

# H1 FY21 Performance Review

Good revenue growth in core verticals and cost controls drive +143% rise in H1 EBITDA



1) Consolidated Statutory Revenue includes Health and Wellbeing, revenues down 45% following restructure to improve profitability.  
 2) Aged care revenues in FY20 have been adjusted to exclude \$0.2m in revenue associated with the discontinued Living Networks telecommunications business.

# H1 FY21 Progress: Delivering on strategy

## MINING & RESOURCES

Sales and Marketing

- ✓ Announced contract wins worth \$2m including Mineral Resources, Tronox Gingko, quarantine camp
- ✓ Tender activity increased 24-28%
- ✓ Renewed \$1.3m in contracted revenue – 98%+ retention rate

Product, Tech, Delivery

- ✓ Adapted Swift Plus for mobile, road and rail camps and quarantine camps
- ✓ Delivered \$2m of jobs including Atlas Iron, Rio Tinto, Mineral Resources and Tronox Gingko
- ✓ Refocused delivery team winning \$1.3m in variations

## AGED CARE

- ✓ Won new contracts in Aged Care totaling 4,300 rooms
- ✓ Partnered with Uniting NSW.ACT to roll out Swift Plus into 1,986 rooms across 25 Residential Aged Care Homes
- ✓ McKenzie contract extension across 17 sites in 1,883 rooms

- ✓ Announced launch into Retirement Living signing fourth client taking total to 900 rooms
- ✓ 94% of customers recommend Swift Plus in IRT survey\*
- ✓ Built advanced scheduling of notices and videos, and evolved *My Family My Community* app

## HEALTH & WELLBEING

- ✓ Retention strategy resulted in 100% improvement
- ✓ Strengthened partnership with XTD for national advertising sales
- ✓ Inside Practice partnership for sales of Connect Network

- ✓ Established new 'geo-local' sales channel
- ✓ Remediated Health and Wellbeing business to profitability

## GROUP

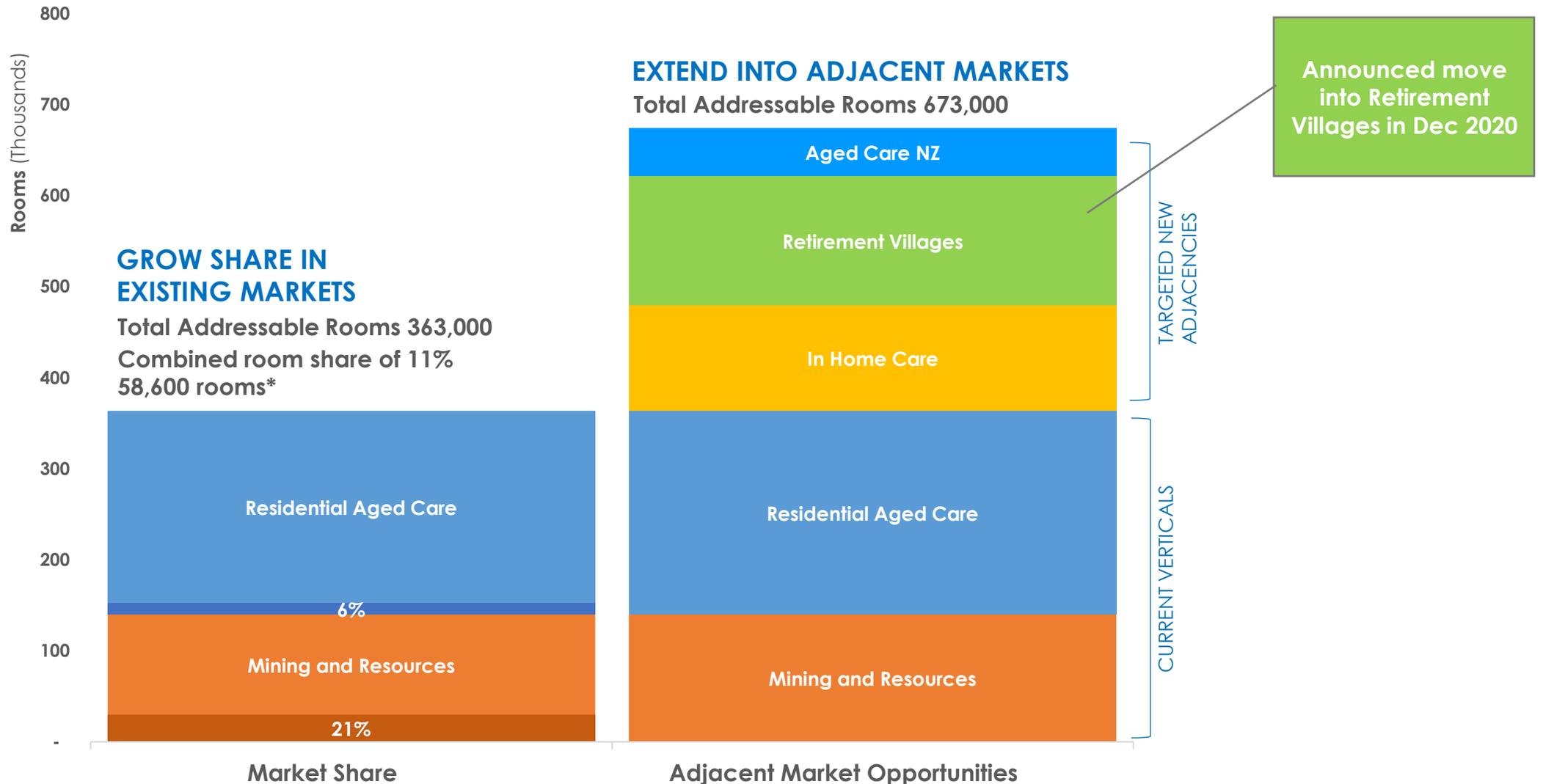
Expanding Capabilities

- ✓ Appointed new CFO, Head of Product, Data Analyst and Project Managers.
- ✓ New technology Swift Plus now adapted and rolling out to 5,600 rooms across Aged Care, Retirement Living, Rail, Road and Mobile camps in Mining and Resources and Quarantine camps

New Capital

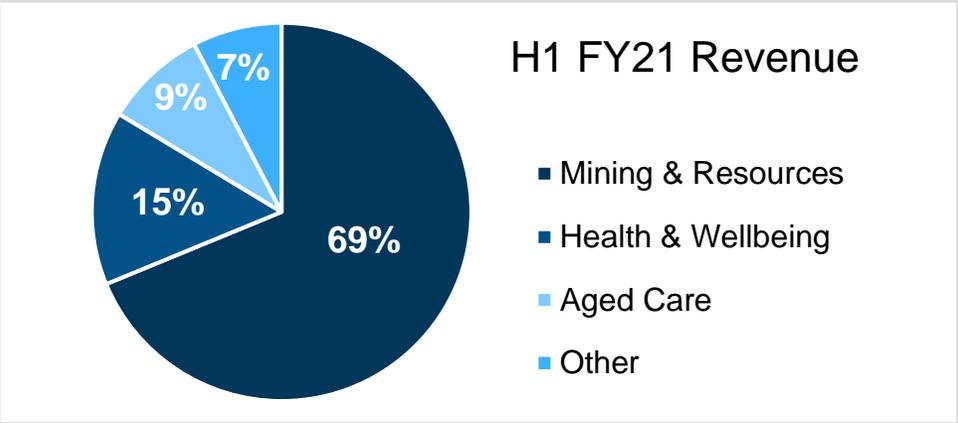
- ✓ \$5M fully subscribed capital raise completed
- ✓ Carefully deploying funds to drive growth

# FY22 and Beyond: Increasing Share in Core Verticals, Expanding into Adjacencies Ahead of Plan



# Results Summary – H1 FY21

(\$ millions)	1H FY20	1H FY21	Change <sup>(1)</sup>
Revenue	11.8	10.6	(10%)
Project	1.7	2.6	53%
Recurring	10.2	8.0	(22%)
COGS	(6.6)	(6.2)	6%
Gross profit	5.2	4.4	(15%)
Gross profit %	43.9%	41.2%	(2.7%) <i>points</i>
Operating expenses	(6.6)	(3.7)	44%
<b>EBITDA<sup>(2)</sup></b>	<b>(1.4)</b>	<b>0.6</b>	<b>143%</b>



### KEY POINTS

- Recurring revenue decline includes impact of Health and Wellbeing business restructuring (45% drop in revenue) and wind down of Living Networks telecommunications business in the Aged Care vertical.
- Remaining revenue growth driven by strong project revenue increases mainly in the mining and resources vertical (+72%)
- Gross profit margin down 2.7pp driven by declining mix of Health and Wellbeing media revenues.
- Reduction in operating expenses a result of restructuring of Health and Wellbeing business.
- EBITDA increase of \$2m or 143% reflects continued focus on management of costs

(1) Change percentages may be impacted by rounding  
 (2) 1H FY21 EBITDA includes \$0.5m in JobKeeper grants

# Balance Sheet

(\$ millions)	<u>Jun 2020</u>	<u>Dec 2020</u>	<u>Change</u>
Cash and cash equivalents	2.4	6.9	4.5
Trade and other receivables	3.7	3.5	(0.2)
Other current assets	1.9	2.3	0.3
<b>Total current assets</b>	<b>8.1</b>	<b>12.7</b>	<b>4.6</b>
Other non current assets	7.0	5.6	(1.3)
Intangible assets	6.5	5.7	(0.9)
<b>Total non current assets</b>	<b>13.5</b>	<b>11.3</b>	<b>(2.2)</b>
<b>Total assets</b>	<b>21.6</b>	<b>24.0</b>	<b>2.4</b>
Trade and other payables	8.6	8.9	0.3
Lease & contract liabilities	2.5	1.6	(0.9)
Other current liabilities	0.5	0.6	0.1
<b>Total current liabilities</b>	<b>11.5</b>	<b>11.1</b>	<b>(0.5)</b>
Total non current liabilities	10.8	9.4	(1.4)
<b>Total liabilities</b>	<b>22.3</b>	<b>20.5</b>	<b>(1.9)</b>
Total equity	(0.7)	3.6	4.3
<b>Total liabilities &amp; SE</b>	<b>21.6</b>	<b>24.0</b>	<b>2.4</b>

## KEY POINTS

- Balance sheet strengthened as cash balance increased by \$4.5m to \$6.9m due in large part to Q2 placement and share purchase plan
- Liquidity enhanced as current ratio improved from 0.70x to 1.14x – reflecting prudent management of working capital
- Trade receivables and other current assets balances reflect cash settlement of long-term contract and associated provisions
- Non-current assets reflect exit of onerous Sydney right-of-use head office asset
- Long term liability balances reflect pay down of equipment lease and exit of Sydney head office lease

# Cash Flow Summary

(\$ millions)	1H FY20	1H FY21
Cash receipts	14.0	12.5
Cash payments	(16.4)	(10.6)
Finance costs	(0.3)	(0.5)
Interest received	0.1	0.1
<b>Cash provided by / (used in) operations</b>	<b>(2.6)</b>	<b>1.5</b>
Purchase of property, plant and equipment	(1.5)	(0.1)
Payment for bank guarantees	(0.8)	-
Payment for development and new subscribers	(0.4)	(0.7)
<b>Cash used in investing activities</b>	<b>(2.7)</b>	<b>(0.8)</b>
Net proceeds from issue of shares	2.0	4.7
Net proceeds from borrowings	6.4	-
Repayments of lease liabilities	(0.9)	(0.9)
<b>Cash provided by financing activities</b>	<b>7.5</b>	<b>3.7</b>
Net increase/(decrease) in cash and equivalents	2.1	4.5
Cash at the beginning of the year	0.4	2.4
<b>Cash at the end of period</b>	<b>2.5</b>	<b>6.9</b>

## KEY POINTS

- Cash provided by operations increased 158%
- Cash receipts included net settlement proceeds from long term contract (\$1.3m)
- Cash payments include one-time exit of onerous Sydney office lease (\$0.2m)
- Investing activities streamlined versus prior comparable period and reflected ongoing product development initiatives
- Capex expected to continue at current levels to support ongoing product enhancement
- Financing activities included cash raised from placement and shareholder purchase plan
- Reduced real estate footprint generates \$360k in cash savings annually commencing in 2H

# Execution Priorities Progress

## Clear timeline of deliverables

### Q1 FY21

- ✓ Hired Chief Financial Officer
- ✓ Continued to build core sales capabilities and pipeline
- ✓ Rebuilt delivery and support capabilities seeing \$900k new revenue in contract variations
- ✓ New Swift Plus product for Rail/Road camps sold and installed
- ✓ My Family Life Aged Care app
- ✓ Inside Practice agreement for national advertising on practitioner facing network

### Q2 FY21

- ✓ Re-ignite local sales acquisition and hyperlocal geo-targeting for franchises 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

### Q3 FY21

- ✓ Hire new Commercial Director and Head of Delivery in Mining and Resources
- Explore strategic options in Health and Wellbeing
- Define future product vision in Mining and Resources
- Streamline customer onboarding and account management for Aged Care

### Q4 FY21

- Establish more senior relationships earlier in the sales cycle and sharpen tendering process in Mining and Resources
- Streamline design and delivery of communications infrastructure in Mining and Resources
- Forge sales relationships with Tier 1 builders and facility managers in Mining and Resources

# \$17m in total contract value signed over last 12 months\* - 30% increase YOY

Major clients wins in H1 2021 onwards including an **additional \$2m** of total contract value announced today:



## Mineral Resources

- 561 new rooms
- On Demand Ent and Comms system
- In-room entertainment



## Tronox Ginkgo

- 397 new rooms
- On Demand Ent & comms system
- Support



## Inpex Operations

- 394 rooms
- On Demand Ent and Comms system
- In-room entertainment
- Support



## Anglo Gold

- In-room entertainment
- Support



## Atlas Iron Pty Ltd

- 304 new rooms
- On Demand Ent & comms system
- Wi-Fi internet
- Fibre works
- GPON network replacement
- Data cabling



## McKenzie

- 1,883 rooms, 17 sites
- On Demand System
- My Family, My Community app



## IRT

- Swift Plus ent & comms system
- On Demand system



## Uniting Aged Care

- 1,986 rooms, 25 sites
- Multi-sites
- Swift Plus ent & comms system
- My Family, My Community app



## Aegis Aged Care Group

- Multi-sites
- On Demand System
- Swift Plus ent & comms system
- My Family, My Community app

## Government Facility

- Internet link
- Wireless internet
- In-room entertainment
- Support

# Summary and Outlook

## Strong H1 Results

Strong revenue growth:  
Mining & Resources up 26%  
Aged Care up 13%

Continued positive growth in  
EBTIDA: up 143% in H1 vs pcp

Cashflow has improved  
\$4.1m over pcp for H1

Strengthened balance  
sheet: Cash balance at \$7M  
at 31 Dec 2020

## Growth Drivers

\$40bn capex boom in  
Mining and Resources

Tenders up 24% in Mining  
and Resources

Increased demand for Iron  
Ore, Gold, Copper and  
Lithium

Structural tailwind of ageing  
population and Royal  
Commission

## Focus for H2 FY21

Upgrade sales capabilities  
and processes

Maintain cost discipline to  
drive profitable growth

Leverage Swift Plus product  
in Mining and Resources and  
Aged Care

Evaluate strategic options for  
Health and Wellbeing

# SWIFT

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# Reconciliation of EBITDA to statutory NPAT

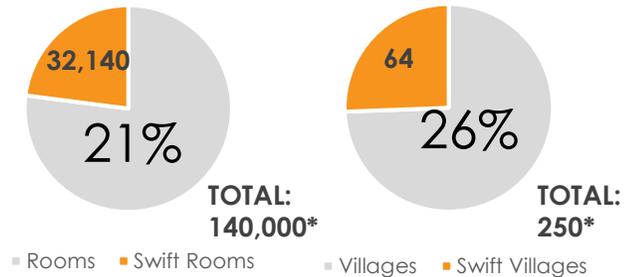
(\$ millions)	1H FY20	1H FY21
EBITDA	(1.4)	0.6
Depreciation & amortisation	(2.7)	(2.4)
Non-cash share-based payments	(0.0)	(0.3)
Restructuring & acquisition related expenses	(0.8)	(0.1)
Non-cash FV gains/losses	5.2	0.3
Other items	(0.6)	1.7
Net interest expenses	(0.2)	(0.4)
Income tax (expense)/benefit	-	-
Net loss after tax	(0.5)	(0.7)

## KEY POINTS

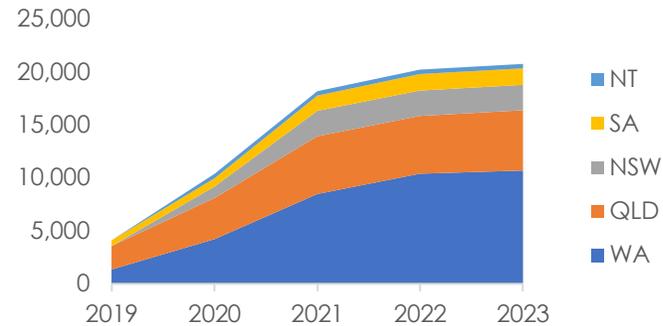
- FY21 included non-cash share-based payments to reward and enhance retention through COVID-19 period of austerity
- Depreciation and amortization declined in FY21 vs FY20 reflecting pause in development activities – expected to increase as recently completed and current pipeline of development projects are capitalised
- Non-cash gains in FY21 on exit of Sydney support office lease
- Other item includes net proceeds on contract settlement

# Growth Opportunities: Mining and Resources

## SHARE OF ADDRESSABLE MARKET



## EST. GROWTH OF REMOTE WORKFORCE\*



## REVENUE IN A\$M



## MARKET DYNAMICS

- ↑ Mining investment expected to grow for first time in seven years – 9.5 percent in 2020-21\*\*
- ↑ Well placed to capitalise on \$40bn Capex boom
- ↑ 57 new mine projects and at least 20,000 new workers in remote camps over the next four years
- ↑ Swift has strong positions in high demand commodities: Iron Ore and Gold
- ↑ Growth in clean energy increasing demand for Copper and Lithium
- ↑ 67% of villages are remote – competitive advantage for Swift
- ➔ COVID-19 has delayed projects out for tender and is temporarily impacting the supply chain
- ↑ Scope for increased market share growth

## KEY CLIENTS

Rio Tinto

PINDAN



## OPPORTUNITY

Grow market leadership position to increase room share and build new recurring revenue streams

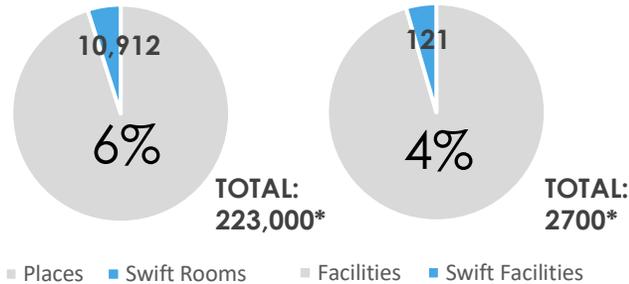
## EXECUTION

- 1 Evolve products and services to meet changing customer needs
- 2 Target new revenue opportunities in Tier 2-3 mines to grow market share
- 3 Standardise Design, Construct and Support services to strengthen our competitive advantage and create efficiencies
- 4 Partner with facility managers, builders and miners to win construction jobs with recurring revenue

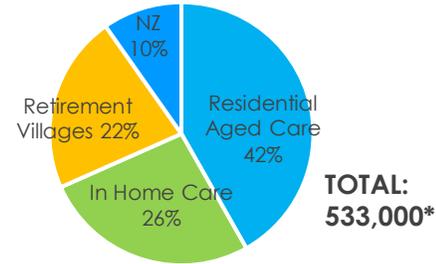
# Growth Opportunities: Aged Care

## SHARE OF ADDRESSABLE MARKET

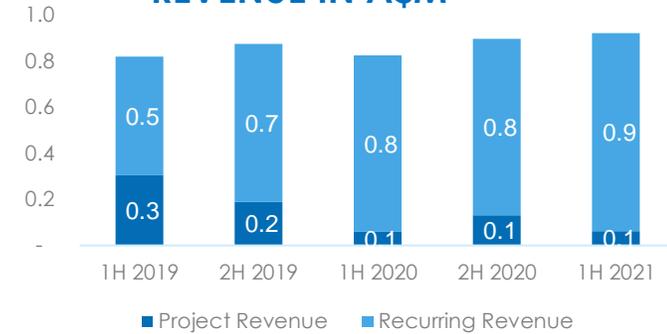
### RESIDENTIAL AGED CARE



## TOTAL AGED CARE ROOMS



## REVENUE IN A\$M



## MARKET DYNAMICS

- ↑ No incumbent - 85% of rooms not serviced by anything other than free to air TV\*
- ↑ Positive structural trend of ageing population and Royal Commission raising quality standards
- ↑ COVID-19 further highlighting the issue of social isolation and the need to communicate with families
- ↑ Fit-for-purpose product designed for 85 year olds and to support time poor carers
- ↑ Retirement Villages and In Home Care attractive adjacent growth opportunities
- Well placed for recovery once access restrictions lift

## KEY CLIENTS



Helping Hand  
new aged care



## OPPORTUNITY

Leverage structural growth trends to increase room share, recurring revenue and extend into adjacent markets

## EXECUTION

- 1 Run pilot with multi-site groups, rolling out across customers' entire footprint
- 2 Evolve product offering to extend into Retirement Villages and In Home Care
- 3 Target Tier 1, new builds and New Zealand to grow market share

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