

Monday, 30 April 2018

## Swift Cashflow Statement Commentary and Appendix 4C

ASX: SW1

### RECORD CASH RECEIPTS

Leading telecommunications and content solutions provider Swift Networks Group Limited (ASX: SW1, "Swift" or "the Company") is pleased to present its Appendix 4C — Quarterly Cash Flow Report for the three months ended 31 March 2018 together with an update on business progress.

**Continued growth in cash generation:** Swift has achieved the strongest quarterly cash receipts for the business since its ASX listing, growing 6% quarter-on-quarter with \$5.3 million in the March quarter. This represents a 33% increase on the same period in FY17, as well as a 33% increase on Year to Date cash receipts when compared to FY17. Higher revenue from new customer activity has been the primary driver of Swift's growth in cash receipts, particularly in the Aged Care and Hospitality sectors.

**New contracts boost and diversify recurring revenue:** Evidence of the Company's success in diversifying beyond the Mining & Resources sector is apparent in the changing composition of Swift's recurring revenue, 80% of which is now derived from the Mining & Resources sector compared to 100% at the time of the Company's ASX listing.

This growth strategy has yielded unaudited recurring revenue booked in the month of March 2018 at a level 29% higher than March 2017, equating to an annualised recurring revenue run-rate of nearly \$17 million.

**Strong cash position provides balance sheet flexibility:** Swift retained its strong cash position, with \$4.0 million cash at bank, an improvement of 60% compared to its cash position at the end of the March 2017 quarter.

During the quarter the Company took the opportunity to order stock in advance for newly secured and anticipated contracts due to be deployed in Q4 FY18.

**Option conversion and repayment of debt:** Subsequent to the end of the quarter, Swift has collected \$2.297 million in proceeds from option holders, representing 97% of the 25 cent options which expire on 30 April 2018 being converted. The Company intends to utilise these funds and a portion of its existing cash reserves to repay its outstanding loan with Bankwest of \$2.625m by the end of May 2018, at which time the Company will be debt free.

**Swift Networks Group Limited ABN 54 006 222 395**

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Swift Chief Executive Officer, Xavier Kris, said:

*"We are pleased with the strong momentum across all of Swift's key markets which is reflected in our strong start to the 2018 calendar year. The execution of our strategy to generate recurring revenue across multiple sectors and geographies continues to accelerate through our direct business development efforts and those of our partners such as AST, Triple Play, Telstra and DXC.*

*In addition, our content deal with Future TV, enabling us to provide premium Chinese entertainment content to the Australian market, is expected to reinforce and strengthen our appeal to clients in the Australian hotel sector.*

*I am also delighted to report that 97% of options, including all those held by participating SW1 Directors, have been exercised ahead of today's expiry date, the funds from which will provide the Company with the flexibility to be debt free by the end of May 2018."*

**For more information, please contact:**

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**About Swift Networks Group Limited**

**Swift Networks Group Limited (ASX: SW1)** is a diversified telecommunications and content solutions provider, entertaining guests and connecting them to the world.

Swift's connectivity and content delivery platform empowers guests to watch, play, connect and interact. Swift brings accommodation providers opportunities to generate additional revenue and offers meaningful data insights to retain existing and drive new business.

Swift sources premium multi-lingual content from around the world and curates, packages and distributes it to clients' guests through its cloud-based platform. The company's services include free-to-air television, pay television, telecommunications, Internet, data, wireless networks and streaming video on demand with content from some of Hollywood's largest studios.

Running in more than 310 sites (approximately 65,000 rooms) across the mining, oil, gas, aged care, retirement village and hospitality sectors, Swift's fully integrated platform is deployed in some of the world's harshest regions, where reliability, flexibility and scalability are critical success factors.

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## Appendix 4C

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

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

Swift Networks Group Limited

**ABN**

54 006 222 395

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

31 Mar 2018

<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	5,325	15,155
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(3,452)	(8,884)
(c) advertising and marketing	(5)	(43)
(d) leased assets	-	-
(e) staff costs	(1,240)	(3,216)
(f) administration and corporate costs	(510)	(1,587)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	8	33
1.5 Interest and other costs of finance paid	(37)	(68)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other – Net GST (paid)/refunded	19	(30)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>108</b>	<b>1,360</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(14)	(814)
(b) businesses (see item 10)	(223)	(5,323)
(c) investments	-	-

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
(d) intellectual property	-	-
(e) other non-current assets	(296)	(915)
<b>2.2 Proceeds from disposal of:</b>		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
<b>2.3 Cash flows from loans to other entities</b>	-	-
<b>2.4 Dividends received (see note 3)</b>	-	-
<b>2.5 Other (R&amp;D tax incentive refund)</b>	409	409
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(124)</b>	<b>(6,643)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	80	4,860
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	(338)
3.5 Proceeds from borrowings	-	3,000
3.6 Repayment of borrowings	(188)	(376)
3.7 Transaction costs related to loans and borrowings	(10)	(118)
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>(118)</b>	<b>7,028</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of quarter/year to date	4,118	2,239
4.2 Net cash from / (used in) operating activities (item 1.9 above)	108	1,360
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(124)	(6,643)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(118)	7,028

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>3,984</b>	<b>3,984</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	3,956	3,090
5.2	Call deposits	28	1,028
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>3,984</b>	<b>4,118</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

<b>Current quarter \$A'000</b>
352
-

Director's fees and salaries, superannuation guarantee charges and consultancy fees paid in normal course of trading and rent paid for business premises in accordance with the lease agreement.

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

<b>Current quarter \$A'000</b>
-
-

N/A

8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	3,663	2,625
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

\$2,812,500 Bank West Commercial Advance Facility to assist with the funding of the acquisition of shares in Movie Source Pty Ltd and indirectly VOD Pty Ltd.  
 \$850,000 Bank West Multi-Option Facility for general working capital use.  
 Secured by General Security Interest over Swift Networks Group Limited, Swift Networks Pty Ltd and Wizzie Pty Ltd.  
 Interest is BBSW plus 3.5% margin.

9. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	3,450
9.3 Advertising and marketing	25
9.4 Leased assets	-
9.5 Staff costs	1,000
9.6 Administration and corporate costs	500
9.7 Other (provide details if material)	-
<b>9.8 Total estimated cash outflows</b>	<b>4,975</b>

10. <b>Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	Acquisitions	Disposals
10.1 Name of entity	Movie Source Pty Ltd and VOD Pty Ltd	-
10.2 Place of incorporation or registration	Sydney, NSW	-
10.3 Consideration for acquisition or disposal	\$6,222,798 - \$5,322,798 cash, \$900,000 - equity	-
10.4 Total net assets	\$6,805,006	-
10.5 Nature of business	Provision of video on demand and IPTV services	-

### 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.



Sign here: .....  
(Chief Executive Officer)

Date: 30 April 2018

Print name: Xavier Kris

### Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.