

## ASX ANNOUNCEMENT

31 July 2024

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 2024.

## Q4 Highlights

- **FY24 Subscription revenue increased 4% year on year to \$14.5m (unaudited).**
- **Project revenue of \$4.0m for FY24 (unaudited).**
- **Annualised subscription revenue currently generating \$15.0m revenue per annum.**
- **\$1.8m cash balance at 30 June 2024 plus \$235,000 of term deposits.**
- **\$2.4m Enterprise EBITDA for FY24 (unaudited).**
- **\$1.4m Group EBITDA for FY24 up 27% (unaudited).**
- **\$3.3m in contracts announced with Anglo Gold Ashanti Australia Ltd and Compass Group for services at Chevron's sites.**
- **Swift Access to be installed at Opal Healthcare's Joslin Manor care community.**
- **Partnership announced with Tell Touch to integrate its customer feedback software through Swift Access.**

## Cash Flow Summary

	Q1	Q2	Q3	Q4	YTD
	\$ million	\$ million	\$ million	\$ million	\$ million
<b>Opening Cash</b>	<b>2.1</b>	<b>1.7</b>	<b>2.5</b>	<b>2.0</b>	<b>2.1</b>
<b>Cash from operations</b>					
Cash from ongoing operations	0.3	1.1	0.1	0.5	<b>2.0</b>
Interest Payments	(0.2)	(0.2)	(0.2)	(0.2)	<b>(0.8)</b>
<b>Cash from investing</b>					
Product Enhancement - R&D	(0.3)	(0.4)	(0.3)	(0.5)	<b>(1.5)</b>
Property, Plant and Equipment Purchase	(0.1)	0.0	0.0	0.0	<b>(0.1)</b>
Proceeds from sale of MXO shares	0.0	0.3	0.0	0.0	<b>0.3</b>
<b>Cash from financing</b>					
Finance - lease payments	(0.1)	0.0	(0.1)	0.0	<b>(0.2)</b>
<b>Closing Cash</b>	<b>1.7</b>	<b>2.5</b>	<b>2.0</b>	<b>1.8</b>	<b>1.8</b>



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## Operations

### Contract Wins

Swift secured three top tier operators that were recently announced:

- **Anglo Gold Ashanti** - renewal agreement to provide 24/7 technical support services for 36 months and entertainment services for 12 months at the Tropicana gold mine. Swift and Anglo Gold Ashanti first entered into agreement in 2015, and this extension sees the renewal of existing services and expansion of support services to the site.
- **Compass/Chevron** - a \$2.1 million contract to deliver Swift services to three Chevron sites on a 12-month agreement. This agreement comprises of Swift's 24/7 technical support and entertainment services. This agreement is the first time Swift has been contracted directly by Compass Group to deliver services to Chevron sites, Swift has been providing entertainment and support services indirectly through another supplier since 2015.
- **Opal Healthcare** - contract for Swift Access for its Joslin Manor facility. Swift Access will be installed in 1Q25. Opal Healthcare is Australia's largest provider of Residential Aged Care communities, with 130+ facilities and ~12,000 beds and Swift looks forward to working on growing our partnership in future periods.

Since the 1 July 2023, Swift has signed new contracts and renewals for a total of \$10.7 million, with services to be provided over the next 1-3 years.

### Cash and Deposits \$2.5 million - Customer payment timing

In addition to Term Deposits of \$235,000 a delayed customer payment of \$390,000 was received subsequent to year end on 1 July 2024. Had this payment been received on time, cash flow from ongoing operations would be \$2.4 million for FY24 and Swift's total cash and deposits position would have been \$2.5 million.

### Market Penetration

Swift has invested in a targeted marketing program over the last 18 months which is now bearing fruit, with increased customer interest across both Mining and Aged Care sectors. Swift is investing in a major marketing effort for Swift Access into the Aged Care sector with the October 2024 launch of Swift Access 2025, a new user interface with enhanced integration capabilities. The launch of Swift Access 2025 at the National ACCPA (Aged & Community Care Providers Association) conference will increase the profile of Swift in the Australian Aged Care market.



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## **Aged Care (Australian Market size = 220,000 Screens)**

Swift currently services circa 3,000 screen subscriptions in the Aged Care sector with its Swift Access platform. Several of the largest Residential Aged Care providers in Australia are currently evaluating the Swift Access system to provide an entertainment and engagement solution for their residents. Swift has received customer enquiries for over 7,000 screen subscriptions in Aged Care since 1 July 2024.

During the year Swift launched an Engagement only platform into Aged Care with the option of a separate subscription of Entertainment content. This has created a new opportunity for aged care providers to deliver the Swift solution to all residents within their community and allow the provision of entertainment content to those who choose that additional service. Swift has recently commissioned academic research to provide a study of how Swift Access can satisfy regulatory compliance, provider efficiency and improve quality of life for residents within Aged Care Facilities.

## **Mining (Australian Market Size = 150,000 Screens)**

Swift currently services circa 9,000 screen subscriptions in the Mining sector with its Swift Access platform which provides a fast, low bandwidth Entertainment and Engagement solution to remote environments. Mining project construction work has softened in FY24 due to client project delays in the Lithium and Iron ore sectors. Demand in the Gold sector has increased with Swift pricing being sought for over 3,300 screens in recent weeks. The Oil and Gas sector has seen the installation of Swift Access at a number of oil rigs during the year.

Swift also continues to see demand for additional screens from current clients as result of site expansion programs. As awareness of Swift Access grows in the Mining and Oil & Gas sectors, we expect to see conversion from traditional entertainment systems and services to Swift Access. Swift provides a combination of support and subscriptions to circa 18,500 screens in this sector providing access to 12% of the market.

## **Other Markets**

Swift is exploring a new vertical in delivering a video on demand solution for Correctional Facilities in Australia, with a pilot site expected to be activated in 2Q25. Swift is partnering with two content providers to utilise the Swift platform technology in a high security environment.

## **Business to Business**

The Swift Access platform is an Entertainment and Engagement platform that provides communities with a range of TV based communications and content without the need for expensive high volume internet connections. Being a business-to-business product results in longer sales cycle compared to consumer-based retail technology, the benefit of this is that once installed, activated and utilised by a site Swift Access has a high customer retention rate.



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## **FY24 Unaudited High-Level Results**

Swift Networks will release its audited FY24 results in August 2024, but can confirm that the unaudited Subscription revenues have increased by 4% year on year to \$14.5 million. Swift's annualised Subscription revenue is currently generating \$15.0 million per annum, much of this on 12 to 60 months contract terms.

Group EBITDA (Unaudited) is expected to reach \$1.4 million, an increase of 27% year on year (FY23: \$1.1 million).

Group EBITDA margins have also improved year on year despite a smaller contribution in the period from high margin contract revenue from the mining sector.

## **Cash Flow Commentary**

Cash receipts during the quarter totalled \$4.6 million, an increase of \$0.5 million over Q3 receipts (Q3: \$4.1 million). \$0.4 million of additional receipts were also received from customers on 1 July 2024. During the quarter \$4.2 million was spent on operating costs including \$2.2 million to deliver revenues during the quarter, staff costs of \$1.4 million, administration and corporate costs of \$0.4 million, advertising and marketing of \$0.1 million and net interest expenses of \$0.2 million. Net Cash gained from operating activities for the June quarter totalled \$0.4million.

Net cash used in investing activities was \$0.5 million attributable to internal product development for the next generation of Swift Access. \$32,000 was received during the period for the sale of MXO shares.

Net cash used in financing activities for the current quarter consisted of \$52,000 for office/facility leases.

Related party payments for the quarter were \$132,000, comprising director fees, wages and superannuation for Executive and Non-Executive directors.



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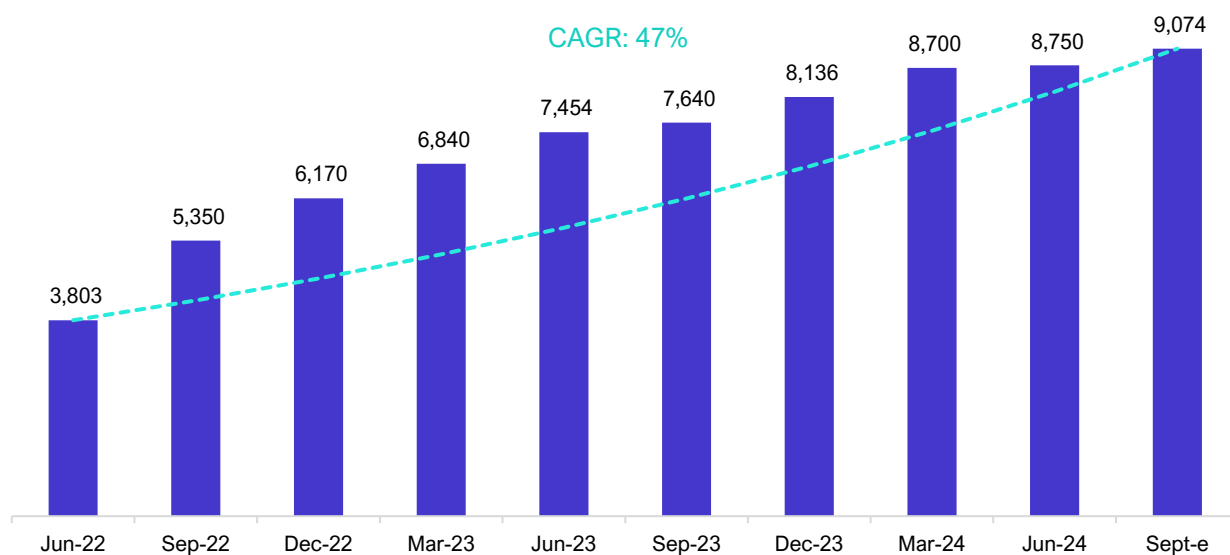
### Q1 Outlook

Swift will continue to deliver upon its contracted revenue in both Mining and Resources and Aged Care sectors. Sales and marketing initiatives will progress during the period in the lead up to the launch of Swift Access 2025 at the National ACCPA conference. Swift will be leveraging its partnerships with Checked In Care and Tell Touch at the conference whilst product development work will also continue on the integration of these partners products within the Swift Access platform. Further product development will continue to be a focus of the business during the period to ensure the successful launch of Swift Access 2025.

Swift held ~6.7 million shares in Motio Limited (ASX:MXO) at 30 June 2024. These MXO shares were sold subsequent to year end for \$127k.

The following graphs represent subscription growth of Swift Access since its launch. Swift continues to focus on project work which leads to increased subscription revenues.

Swift Access - Mining



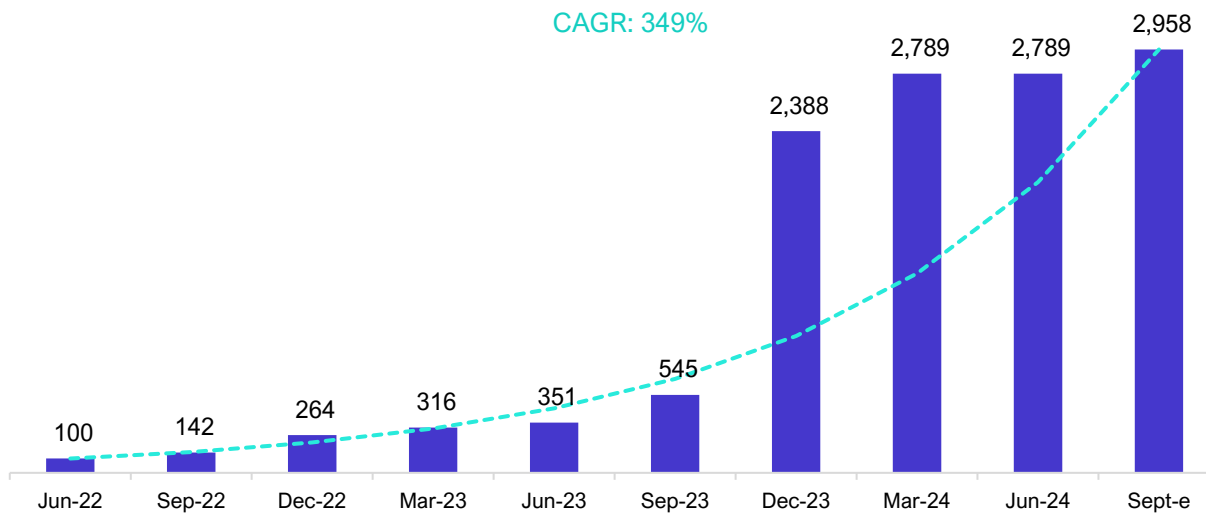
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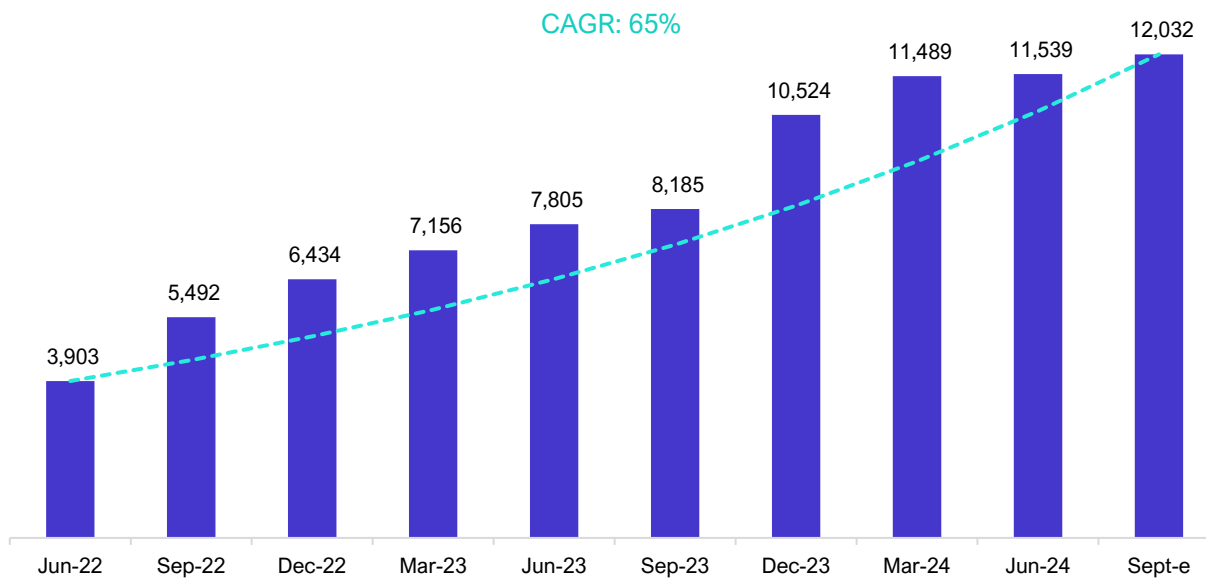
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## Swift Access - Aged Care



## Swift Access - Total



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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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Swift Investor Hub <http://investor.swiftnetworks.com.au/>



<b>Name of entity</b>		
Swift Networks Group Limited		
<b>ABN</b>		<b>Quarter ended ("current quarter")</b>
54 006 222 395		30-Jun-24

<b>Consolidated statement of cash flows</b>		<b>Current quarter</b>	<b>Year to date</b>
		<b>\$A'000</b>	<b>(12 months) \$A'000</b>
<b>1</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	4,612	18,269
1.2	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	(2,168)	(10,628)
	(c) advertising and marketing	(89)	(137)
	(d) leased assets	-	-
	(e) staff costs	(1,373)	(5,548)
	(f) administration and corporate costs	(368)	(1,354)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	5	17
1.5	Interest and other costs of finance paid	(227)	(823)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	1,423
1.8	Other (includes restructuring costs)	-	-
<b>1.9</b>	<b>Net cash from operating activities</b>	<b>392</b>	<b>1,219</b>

<b>2</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(40)	(143)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets (product enhancement)	(510)	(1,491)
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)	31	380
<b>2.6</b>	<b>Net cash used in investing activities</b>	<b>(519)</b>	<b>(1,254)</b>



Consolidated statement of cash flows			Year to date (12 months) \$A'000
		\$A'000	
<b>3</b>	<b>Cash flows from financing activities</b>		
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	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Loan to key management personnel	-	-
3.9	Repayment of leases	(52)	(192)
<b>3.1</b>	<b>Net cash used in financing activities</b>	<b>(52)</b>	<b>(192)</b>

<b>4</b>	<b>Net increase in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	2,025	2,073
4.2	Net cash from operating activities (item 1.9 above)	392	1,219
4.3	Net cash used in investing activities (item 2.6 above)	(519)	(1,254)
4.4	Net cash used in financing activities (item 3.10 above)	(52)	(192)
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>1,846</b>	<b>1,846</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	1,846	2,025
5.2	Call deposits	-	-
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>1,846</b>	<b>2,025</b>

<b>6</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	132
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 \$132k</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	7,424	7,424
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	Total financing facilities	7,424	7,424
7.5	Unused financing facilities available at quarter end		
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>Facility: \$7.4 million secured Lender: Pure Asset Management Maturing: September 2025 Interest rate: 9.5% per annum, payable quarterly</p>		

8	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from operating activities (item 1.9)	392
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,846
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	1,846

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

31-Jul-24

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.