

# SWIFT Revenue Growth Continues in Q3

## Q3 FY21 RESULTS

Swift Media Ltd ("Swift", "the Company") is pleased to announce the business update and Appendix 4C Cash Report for the quarter ended 31 March 2021.

### Q3 Highlights

- Revenue<sup>(1)</sup> for the quarter \$4.5m, consistent with the prior quarter
- Last 12 months recurring revenue in Mining & Resources up 7% over the prior corresponding period excluding the discontinued BHP contract<sup>(2)</sup>
- EBITDA<sup>(3)</sup> -\$0.2m, temporarily impacted by timing of project revenues in Mining & Resources
- Cash balance at end of quarter \$4.2m
- Divested the Health and Wellbeing business to Motio Ltd – enables Swift to focus on executing growth strategy in key verticals, scrip provides shareholders with access to synergies
- Upfront share consideration from sale to Motio (10m shares) to provide funds for growth
- Good progress in executing key priority - strengthen sales and capabilities to accelerate growth:
  - Appointment of James Johnson as Commercial Director
  - Appointed new Business Development Managers in both Mining and Resources and Aged Care
  - New Head of Delivery, Rob Barton (ex-Rio) appointed to streamline project delivery
  - Announced Pippa Leary CEO joining the board as Managing Director, Brian Mangano as new Chief Financial Officer and Finance Director – proven expertise in driving organic and inorganic growth

### Q4 Outlook

- Significant increase in sales activity in Mining and Resources with client roadshow underway meeting key mining companies as well as facility managers to build pipeline
- Leveraging greater government funding into Aged Care sector to grow sales in Residential Aged Care as covid recovery builds
- Evaluating strategic partnerships in Mining and Resources and Aged Care to broaden sales opportunities and leverage deep domain expertise

Pippa Leary, Managing Director, said, "Our priority in the quarter was to strengthen our sales and capabilities to drive accelerated growth. We successfully completed the sale of the non-core Health and Wellbeing business to Motio while retaining an ability for our shareholders to access synergies across the combined enterprise. This sale enables us to now focus on our core verticals and retain our capital to invest in growth.

We are also delighted to welcome to Swift such senior executives as James, Brian and the new sales and project delivery experts. These executives have proven track records of driving revenues and generating strong returns for shareholders.

With these appointments and capacity, we are now increasing sales activity to build the pipeline. We signed \$3.3m in Total Contract Value in Q3 in Mining and Resources for clients including Atlas Iron, Anglo Gold, Inpex. We also maintained a 98% retention rate of existing clients.

Aged Care revenues were consistent with Q2 as Covid restrictions continued to limit access to facilities. We began the rollout of Swift Plus with Uniting NSW.ACT in 1,986 rooms across 25 Residential Aged Care homes and are well placed for further recovery as vaccination programs gather pace. We are now focusing on strategic partners in Residential Aged Care and Retirement Living to broaden sales distribution and leverage our proprietary technology."

### **Cashflow Commentary**

Net cash used in operating activities for the third fiscal quarter was \$1.642 million. The decline in operating cash flow from the previous quarter was a result of the deployment of cash resources towards working capital reductions (\$1.9 million cash flow impact), the onboarding of additional headcount in the sales, business development and delivery functions and a reduced level of capitalised development wages compared to the prior quarter (\$0.3 million). The business experienced inventory increases relating to projects to be delivered in the fourth quarter (\$0.4 million) and also prepared the Medical Channel business for sale, which included resolving working capital balances leading up to the completion on April 1, 2021. Included in reported receipts from customers of \$3.6 million was the impact of remitting quarterly GST amounts to the ATO (\$1.4 million).

The unusual working capital movements experienced in Q2 and Q3 followed the impact of COVID-19 on cash management. Swift is moving towards improved levels of working capital. We anticipate the business will continue to build towards more stable and sustainable operating cash flow patterns.

Net cash used in operating activities for the 9 months ended March 31 was \$0.1 million, an improvement of \$2.7 million over the prior comparable period as the business continued to benefit from its strategic re-focus over the past year.

Net cash used in investing activities for the current quarter was \$0.5 million towards product development activities and the purchase of fixed assets. Net cash used in investing activities for the 9 months ended March 31 was \$1.2 million, a reduction of \$1.7 million over the prior comparable period.

Net cash used in financing activities for the current quarter was \$0.7 million which included leased asset retirements of \$0.3m relating the Medical Channel business. The business also received final funding amounts relating to the Share Purchase Place completed in the previous quarter.

Payments to directors for wages, and related parties in respect of an office property leased from a director were \$0.2m for the current quarter.

Cash and cash equivalents at the end of the period was \$4.2 million, a decrease of \$2.7 million over the prior quarter. The net cash from / (used in) operating activities by major operating segment is provided in the following table.

Year to date (9 months) (\$000, items may not add due to rounding)	Enterprise (Resources & Aged Care)	Health and Wellbeing	Total
Receipts from customers	13,152	2,105	15,258
Operating expenditure payments	(14,079)	(1,302)	(15,381)
Net cash from / (used in) operating activities	(926)	803	(123)

**Notes:**

- (1) All financial disclosures and references to financial information in this document are based on unaudited results.
- (2) In 2018 Swift discontinued a material contract with BHP. Revenues associated with this contract have rolled off over the 2019 and 2020 fiscal years. The contract contributed revenues of \$2.9m in FY19 and \$1m in FY20. Adjusting prior period revenues for this contract allows for a more meaningful understanding of revenue growth initiatives.
- (3) EBITDA (earnings before interest, income tax expense, depreciation and amortisation) is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') nor International Financial Reporting Standards ('IFRS') and represents the profit/(loss) under AAS/IFRS 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 items including restructuring costs.

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SWIFT

**ABOUT SWIFT MEDIA LIMITED**

Swift Media is a specialist technology company delivering premium entertainment and communications to via 60,000 rooms nationally across Mining and Resources, Residential Aged Care and Hospitality 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

<b>Name of entity</b>		
Swift Media Limited		
<b>ABN</b>		<b>Quarter ended ("current quarter")</b>
54 006 222 395		31 March 2021

<b>Consolidated statement of cash flows</b>		<b>Current quarter</b>	<b>Year to date</b>
		<b>\$A'000</b>	<b>(9 months)</b>
		<b>\$A'000</b>	<b>\$A'000</b>
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	3,559	15,258
1.2	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	(3,145)	(10,744)
	(c) advertising and marketing	(3)	(16)
	(d) leased assets	-	-
	(e) staff costs	(1,636)	(3,530)
	(f) administration and corporate costs	(349)	(1,345)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	16	110
1.5	Interest and other costs of finance paid	(214)	(728)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	129	601
1.8	Other (includes net settlement proceeds from contract exit	-	271
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(1,642)</b>	<b>(123)</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	(209)	(308)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets (product enhancement)	(242)	(914)

<b>Consolidated statement of cash flows</b>		<b>Current quarter</b>	<b>Year to date</b>
		<b>\$A'000</b>	<b>(9 months)</b>
			<b>\$A'000</b>
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 (provide details if material)	-	17
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(451)</b>	<b>(1,205)</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	104	5,022
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	(22)	(280)
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	-	(30)
3.9	Repayment of leases	(709)	(1,591)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(627)</b>	<b>3,120</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	6,949	2,437
4.2	Net cash from / (used in) operating activities (item 1.9 above)	<b>(1,642)</b>	<b>(123)</b>
4.3	Net cash from / (used in) investing activities (item 2.6 above)	<b>(451)</b>	<b>(1,205)</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	<b>(627)</b>	<b>3,120</b>
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>4,229</b>	<b>4,229</b>

5.	<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	4,177	6,897
5.2	Call deposits	52	52
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>4,229</b>	<b>6,949</b>

6.	<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	247
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Payments to directors for wages and lease/outgoings payments for office property leased from a director.</i>		

7.	<b>Financing facilities</b> 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.	<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>	<b>8,000</b>	<b>8,000</b>

7.5	<b>Unused financing facilities available at quarter end</b>	<b>-</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>Facility: \$8 million secured Lender: Pure Asset Management Maturing: December 2023 Interest rate: 9.5% per annum, payable quarterly</p>	-

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,642)
8.2	Cash and cash equivalents at quarter end (item 4.6)	4,229
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	4,229
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	3
	<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 with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

24 April 2021

Date: .....

Authorised by: Disclosure Committee  
 .....  
 (Name of body or officer authorising release – see note 4)

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**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.