

Swift Q1 Activity Report and Appendix 4C

Swift is pleased to announce the Activities Report and Appendix 4C Cash flow Report for the quarter ended 30 September 2021.

Q1 Highlights

- Acquisition of a perpetual license to commercial casting technology
- Integration of cutting-edge casting technology into the Swift Platform, resulting in the creation of new product Swift Access
- Initial showcasing of Swift Access product to selected high value clients
- Agreement reached with Mineral Resources Limited to rollout Swift Access at their Mt Marion lithium mine
- Signing of \$1.1 million in new Aged Care agreements
- Relocation of Perth and Sydney offices realising an annualised overhead savings of circa \$500,000
- Appointment of Brian Mangano as CEO and Managing Director
- Transition of Pippa Leary to Non-Executive director
- Steadfast focus on longer term content and support contracts with existing clients in Mining and Aged Care with the view to drive margin growth and Total Contract Value (TCV)

Cash Flow Summary

Cash Movement September Quarter	\$ million
Opening Cash - 1 July 2021	3.9
Cash flow from operations	0.3
Acquisition of Casting Technology	(0.4)
Interest payments	(0.2)
Relocation of Perth and Sydney Offices	(0.2)
Lease payout and make good costs on Offices	(0.1)
Reduction of Creditor position from 30 June 2021	(0.7)
Increase in Inventory of Set Top Boxes	(0.3)
Closing Cash – 30 September 2021	2.3

Operations

During the current quarter, Swift has focussed on demonstrating its new Swift Access product to several selected existing clients with a view toward securing long term support and content agreements. This transition to the new Swift Access product across the existing client base of circa 30,000 rooms will continue to be a major focus throughout FY22. This is expected to result in significant growth in the Total Value of Contracted revenue or TCV that the business will generate future long-term revenue from. Swift will also begin targeting Swift Access to over 75,000 rooms in Mining and Resources that are currently utilising legacy technology and are not currently clients of Swift.

During the quarter Swift moved both its Sydney and Perth offices, this move resulted in payments of circa \$300,000 that was incurred during the quarter. The move from the Perth office was necessitated as a result of the sale of the building that Swift was leasing during the quarter. The annualised saving from the Sydney and Perth office relocations exceeds \$500,000 per annum.

Swift also paid \$120,000 in restructuring costs as a result of reducing head office head count, this amount along with other incidental payments are included in normalised cash flow from operations.

Cash Flow Commentary

Net Cash used in operating activities for the September quarter was \$871,000, compared to cash from operating activities during Q4 FY21 of \$83,000. Cash used in operating activities in Q3 FY21 was \$1.6m.

Cash receipts from operations of \$4.9 million were in-line with the prior quarter receipts of \$5.0 million. Cash payments for operations increased as a result of office relocation costs and further reduction of Swift's creditor position. Inventory levels also increased during the period as a result of the purchasing of additional set top boxes to mitigate supply risks associated with electronic chip supply and supply chain issues.

Net cash used in investing activities was \$517,000 which included the acquisition of the Streamvision casting Technology, product development and the purchase of fixed assets. Swift did not sell any of its ASX listed investments during the quarter.

Net cash used in financing activities for the current quarter was \$147,000 which included leased asset payments in relation to office premises lease payout costs.

Related party payments for the quarter were \$152,000 – comprising of \$52,000 to directors for wages, and \$100,000 being the termination of a lease of a property from a director.

Whilst cash has decreased to \$2.3 million from the prior quarters balance of \$3.9 million, this balance remains in-line with forecast even though cash was utilised to grow inventory and technological investment during the quarter. Swift further reduced its creditor balances by \$750,000 during the quarter. The normalised cash flow from operations was positive at \$300,000 for the September quarter.

Swift operated in the one operating segment during the quarter.

Q2 Outlook

Swift will continue to increase its sales activities in both Mining, Aged Care and Government sectors, with a priority on marketing Swift Access to our existing clients. Cash flow is expected to remain stable during Q2 as installation of Swift Access set top box inventory translates to sales then cash during the quarter. Swift continues to engage and build relationships with potential partnership opportunities both to facilitate sales and to bring about M&A opportunities.

The introduction of the Swift Access product now allows Swift to provide a platform that enables the casting of streaming services, including live sport to remote mine sites whilst managing bandwidth. Swift Access also continues to offer premium first release movies, TV and lifestyle content that can be cached on site. This not only saves bandwidth costs but frees up bandwidth for personal communication, ensuring the most important traffic is prioritised based on each site's needs.

About Swift

Swift is a specialist technology company delivering network infrastructure, premium entertainment and communications to 60,000 rooms nationally across Mining and Resources, Residential Aged Care and other closed loop environments. We connect and engage communities through entertainment and communications solutions.

This announcement was approved and authorised for release by the Swift Board.

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