

# SWIFT Delivers Growth in Core Verticals, Positive Cashflow and Strengthens Balance Sheet to Support Accelerated Growth Strategy

## Q2 FY21 RESULTS AND 4C CASH REPORT

Swift Media Ltd ("Swift", "the Company") is pleased to announce the business update and Appendix 4C Cash Report for the quarter ended 31 December 2020.

### Highlights

- Strong revenue<sup>1</sup> growth in core verticals for H1 FY21 vs prior corresponding period ("pcp"): Mining and Resources up 12% and Aged Care up 9%
- H1 FY21 EBITDA<sup>2</sup> up 122% vs pcp. Focus on margin improvement delivering results; 3% in H1 FY21 vs -12% pcp
- Positive Q2 Cash flow from operations \$1.953M, significant improvement compared to -\$71K in Q1
- Good progress in Q2 - delivered on the next stage in the Company's accelerated growth strategy - strengthen Swift's financial position. Successful completion of fully subscribed Placement and SPP of \$5 Million.
- \$7m net cash balance at 31 December 2020
- Improved financial base enables progression to execute next strategic priorities: growth investments in expanded sales capacity, new product development, disciplined M&A, and launch into new complementary adjacencies ahead of plan.

Pippa Leary, CEO said, "We are making progress in strengthening Swift for faster growth and greater scale in our core verticals. We are pleased to deliver strong revenue growth in the half in Mining and Resources and Aged Care, despite five major mining contract decisions being deferred into Q3 and Covid-19 continuing to impact Aged Care. Nevertheless, with over 75% of group revenues recurring, we have a solid base to support further growth. The partnership with Uniting also gives us much stronger traction in Aged Care. This will start to generate revenues in Q3. I am also pleased to report that we have signed over 5,600 new rooms for our market leading Swift Plus technology as well as starting to build out our footprint in the complementary adjacency, Retirement Living a year ahead of plan. While our restructuring initiatives have

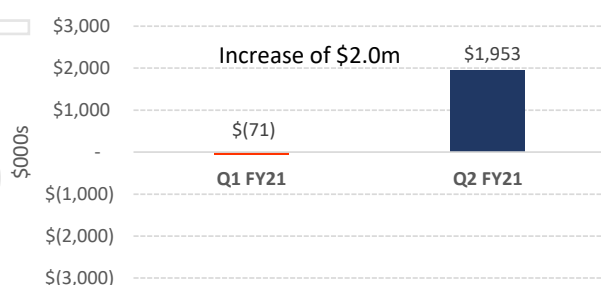
ensured the profitability of Health and Wellbeing, we are evaluating further opportunities to realise value in this business. With our strengthened balance sheet, we can carefully invest in new sales capabilities product development and disciplined M&A to support long term growth."

## Q2 FY21 Highlights

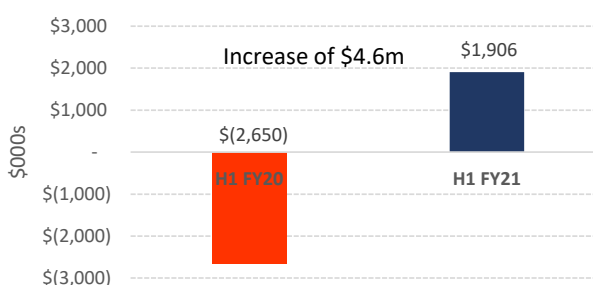
- H1 FY21 Revenue in the key Mining and Resources vertical \$7.4m, up 12% vs pcp. Project revenue +71%, recurring revenue stable at c\$5m.
- H1 FY21 Aged Care Revenue \$0.9m, up 9% on pcp<sup>3</sup>. Gaining market traction with new contract with Uniting NSW.ACT contributing revenues in H2 FY21.
- Q2 Group revenues \$5.7m, -17% on pcp – reflects deferrals of 5 major mining project confirmations and -41% decline vs pcp in Health and Wellbeing revenue. Restructuring initiatives ensured profitability in Q2 in this business. Review underway to realise value.
- Focus on Gross Margin in Q2 resulted in an increase to 41% up from 37% in Q1.
- H1 FY21 EBITDA up 122% vs pcp. Focus on margin improvement delivering results; 3% in H1 FY21 vs -12% pcp
- Focus on driving accelerated sales growth
  - Expansion into complementary adjacencies commenced – Retirement Living, Quarantine camps and Government facilities
  - 24% increase in the volume of proposals for the quarter year on year

## Cashflow Commentary

**Q2 vs Q1 FY21 cash flow from operations**



**H1 FY21 vs H1 FY20 cash flow from operations**



Net cash from operating activities for the current quarter was \$1.953 million, an increase of \$2.024 million over the prior quarter. The increase over the prior quarter was a result of the management of working capital balances, the deployment of technical and product teams towards longer term development

activities, and the net proceeds from the settlement and early exit of a partner contract (\$1.3m). Administration and corporate costs increased over the prior quarter due to the timing of certain supplier payments.

Net cash from operating activities for the 6 months ended December 31 was \$1.906 million, an increase of \$4.555 million over prior comparable period as the business realised the benefits of its strategic re-focus which included the rationalisation of business lines and resources.

Net cash used in investing activities for the current quarter was \$0.624 million, primarily for the redeployment of IT and product teams towards product development activities over the current quarter. Net cash used in investing activities for the 6 months ended December 31 was \$0.620 million, a reduction of \$2.105 million versus the pcq reflecting the business' streamlined focus on investments in the Aged Care and Mining and Resources verticals.

Net cash from financing activities for the current quarter was \$3.698 million which included \$4.655 million from the recent placement and shareholder purchase plan (net of costs). All directors and senior management team participated in the raise. Lease repayments of \$0.957 million increases over the prior quarter as COVID-19 payment deferrals were reinstated and the business settled on the exit of its North Sydney office lease (\$0.2m).

Payments to directors for wages, and related parties in respect of an office property leased from a director were \$0.3m for the current quarter. This represented an increase over the prior quarter in part due to the reinstatement of payments previously deferred as part of the management of working capital around COVID-19 disruption.

Cash and cash equivalents at the end of the period was \$6.959 million, an increase of \$5.027 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 (6 months) (\$000, items may not add due to rounding)	Swift	Health and Wellbeing	Total
Receipts from customers	10,103	1,785	11,887
Operating expenditure payments	(8,770)	(1,212)	(9,982)
Net cash from / (used in) operating activities	1,333	572	1,906

**Business Highlights****Mining and Resources**

- \$2m in Total Contract Value from three new contracts and one extension including a government facility, quarantine camp, and mining companies Mineral Resources and Tronox Ginko
- Volume of tenders up 24% for the quarter compared to prior year
- 98% retention rate of existing clients
- Stakeholder mapping, engagement plan and innovation workshops with key clients
- Site visits and audits generating new revenue opportunities for infrastructure upgrades and entertainment solutions

**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
- Contract extension with McKenzie across 17 sites in 1,883 rooms
- Announced launch into Retirement Living, signing fourth client taking the total to 900. The Retirement Living market has over 140,000 dwellings\*, providing scope for long term growth.

**Health and Wellbeing**

- Revenues impacted by SME depressed advertising market due to Covid
- Identified new 'geo-local' sales channel
- Review underway to evaluate options to realise shareholder value

**New technology developments**

- Swift Plus now adapted to and rolled out to 5,600 rooms across Aged Care, Retirement Living, rail, road and mobile camps in Mining and Resources and quarantine camps.
- Evolved My Family My Community app to fit with Swift Plus
- Completed development of advanced scheduling of notices and video in Swift Plus

*\* Source: ACSA Retirement Villages Fact Sheet Dec 2017.*

**Notes:**

- (1) All financial disclosures and references to financial information in this document are based on unaudited results.
- (2) 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.
- (3) Excludes discontinued Lifestyle Networks business

**END**

**ABOUT SWIFT MEDIA LIMITED**

Swift Media is a specialist technology company delivering premium entertainment, communications, and advertising to an audience of 5M+ via 60,000 digital assets nationally across Mining and Resources, Residential Aged Care and Health & Wellbeing 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 December 2020

<b>Consolidated statement of cash flows</b>		<b>Current quarter</b>	<b>Year to date</b>
		<b>\$A'000</b>	<b>(6 months) \$A'000</b>
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	5,980	11,887
1.2	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	(3,562)	(7,722)
	(c) advertising and marketing	(3)	(13)
	(d) leased assets	-	-
	(e) staff costs	(861)	(2,233)
	(f) administration and corporate costs	(780)	(1,238)
1.3	Dividends received (see note 3)	-	1
1.4	Interest received	46	93
1.5	Interest and other costs of finance paid	(257)	(514)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	219	472
1.8	Other (includes net settlement proceeds from contract exit)	1,171	1,171
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>1,953</b>	<b>1,906</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	(6)	(7)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets (product enhancement)	(618)	(630)

Consolidated statement of cash flows		Current quarter	Year to date (6 months)
		\$A'000	\$A'000
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>(624)</b>	<b>(620)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	4,913	4,913
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	(258)	(258)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Repayment of leases	(957)	(1,429)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>3,698</b>	<b>3,226</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	1,932	2,448
4.2	Net cash from / (used in) operating activities (item 1.9 above)	<b>1,953</b>	<b>1,906</b>
4.3	Net cash from / (used in) investing activities (item 2.6 above)	<b>(624)</b>	<b>(620)</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	<b>3,698</b>	<b>3,226</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>6,959</b>	<b>6,959</b>

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	6,908	1,880
5.2	Call deposits	52	52
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	6,959	1,932

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	303
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.	Financing facilities 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.	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	8,000	8,000
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	8,000	8,000

7.5	Unused financing facilities available at quarter end	-
7.6	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.  Facility: \$8 million secured Lender: Pure Asset Management Maturing: December 2023 Interest rate: 10% per annum, payable quarterly	



<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	1,953
8.2	Cash and cash equivalents at quarter end (item 4.6)	6,959
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	6,959
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	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

- This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- This statement gives a true and fair view of the matters disclosed.

27 January 2021

Date: .....

Disclosure Committee

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.