

# Appendix 4E

## Preliminary Final Report

### Name of entity

Swift Media Limited and its controlled entities ("the Group")

### ACN

006 222 395

### Reporting Period

Year ended 30 June 2020

### Previous Corresponding Period

Year ended 30 June 2019

### Results for announcement to the market

					\$A'000
Revenues from continuing operations	Down	7%	to		23,080
Loss from continuing operations after tax	Down	213%	to		(21,647)
Loss for the year attributable to members	Down	213%	to		(21,647)
<b>Dividends (distributions)</b>		Amount per security		Franked amount per security	
Final and interim dividend		None		- ¢	
Record date for determining entitlements to the dividend		N/A			

### Commentary on the results for the year

On a statutory basis, the Group achieved operating revenue of \$23,080,174 (FY19: \$24,713,183) and a consolidated net loss after tax of \$21,647,091 (2019: loss of \$6,905,498). The FY 2020 financial performance reflects the material adverse impact of Covid-19 on the business for the last four months of FY 2020 and includes associated impairment write-downs of \$13,613,483 for FY 2020.

After normalising for one-off licensing revenues earned in the prior fiscal year, the group achieved revenue growth of 9% for the FY20 year and an underlying EBITDA loss of \$1.3m, a decrease of \$0.1m or 8% over the prior comparable period. Revenue was driven by strong project revenue increases, mainly in the mining and resources vertical. EBITDA was stable from FY20 vs FY19 as the business took actions to protect profit in the second half of the year from the impact of COVID.

Gross profit margin was up 0.4 percentage points driven by an increasing mix of aged care recurring revenues and the full year impact of the Medical Media acquisition.

Operating expenses for the year increased in part due to the full year impact of absorbing costs associated with the Medical Media acquisition, which was loss making at the time of acquisition. There were also a number of one-off items including restructuring costs and non-cash provisions included in operating expenses. While the business did invest in core resources to support its future direction, it simultaneously rationalised costs associated with non-core market verticals.

The following table provides a year on year comparative analysis of the key profit and loss items normalised for one-off, non-recurring and non-cash items.

(\$ millions)	FY19	FY20	Change
<b>Revenue<sup>(1)</sup></b>	<b>21.2</b>	<b>23.1</b>	9%
Project	3.3	3.9	18%
Recurring	17.9	19.2	7%
COGS	(12.5)	(13.5)	(8%)
Gross profit	8.7	9.5	9%
Gross profit %	40.9%	41.3%	0.4% points
Employee expenses	(7.3)	(8.7)	(19%)
Other expenses	(2.5)	(2.1)	16%
Operating expenses	(9.8)	(10.8)	(10%)
EBITDA <sup>(2)</sup>	(1.2)	(1.3)	(8%)

**Notes:**

- Adjusted for non-recurring licensing revenue in the prior year

Reconciliation of FY19 Consolidated Revenue to FY19 Statutory Revenue

Total revenue by vertical	21.2
Non-recurring licensing	3.5
Statutory revenue	24.7

- EBITDA (earnings before interest, income tax expense, depreciation and amortisation) is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and represents the profit/(loss) under AAS 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. In the prior year, underlying EBITDA has also been adjusted to exclude the impact of non-recurring license revenues.

The following table provides a reconciliation of the net loss after tax to EBITDA.

(\$ millions)	FY19	FY20	Change
EBITDA	(1.2)	(1.3)	(8%)
Depreciation & amortisation	(3.7)	(6.2)	
Non-cash items	(3.3)	(9.4)	
Restructuring & acquisition related expenses	(2.3)	(1.9)	
One-off license revenue <sup>(1)</sup>	3.5	-	
Other items	0.0	0.0	
Net interest expenses	(0.1)	(0.9)	
Income tax (expense)/benefit	0.2	(1.9)	
Net loss after tax	(6.9)	(21.6)	(213%)

**Notes:**

- Reconciliation of FY19 underlying EBITDA as reported in the FY19 annual report to the FY20 annual report. Prior year one-off licensing contracts adjusted to improve year on year performance comparability

FY19 underlying EBITDA per FY19 AFS	2.4
Prior year non-recurring license revenue	(3.5)
FY19 underlying EBITDA per FY20 AFS	(1.2)

Non-cash items include impairment of goodwill and right of use asset balances, fair value gains on deferred acquisition amounts, share based payments, and increase in provisions of recoverable debtor amounts. The business incurred cash restructuring expenses in FY20 related to streamlining the business for a more focused set of strategic verticals and tactical measures taken in response to COVID trading impact.

### **Balance sheet and liquidity**

The Company's cash balance increased from \$0.4m at the end of FY2019 to \$2.4m at the end of FY20 reflecting a series of capital restructuring actions designed to strengthen the balance sheet and streamline funding arrangements. These actions included:

- November 2019 – completed equity capital raise for \$1.9 million (before costs);
- December 2019 – secured a four-year, \$8m debt facility with PURE Asset Management Ltd to replace a \$4.5m debt facility;
- April 2020 - as a response to Covid-19 further strengthened its balance sheet, obtaining approximately \$3.3million (before costs) of equity funding via a private placement and fully subscribed non-renounceable rights issue. The successful raise facilitated the full buy-back of outstanding loan notes issued by L1 Capital and Lind Partners simplifying the Company's capital structure.

As a result of these actions the Company's current assets position increased from \$6.7m to \$8.3m and current liabilities decreased from \$17.4m to \$11.6m.

Long term borrowings ended FY20 at \$6.9m. Swift has negotiated covenant waivers with its senior secured debt provider through to the end of the 2020 calendar year.

Swift will continue to investigate opportunities to further strengthen its balance sheet and access growth capital.

### **Events Since the End of the Financial Year**

On 1 July 2020, Mr Geoff Greenberg was appointed Chief Financial Officer of the Company.

On 15 August 2020, 14,950,166 Ordinary Shares were released from Escrow. There were no other events subsequent to reporting date to disclose at the date of signing this report.

The Covid-19 pandemic has developed rapidly in 2020, with a significant number of cases. Measures taken by various governments to contain the virus have affected economic activity. We have taken a number of measures to monitor and mitigate the effects of Covid-19, such as safety and health measures for our people (such as social distancing and working from home) and securing the supply of material that are essential to our production process.

We refer you to Note 1 for a summary of the impact of Covid-19 on the results of the business. We will continue to follow various government policies and advice, and in parallel, we will do our utmost to continue our operations in the best and safest way possible without jeopardising the health of our people.

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OTHER APPENDIX 4E INFORMATION

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**1. NTA backing**

Net tangible asset backing per ordinary share<sup>1</sup>

30 June 2020	30 June 2018
(\$0.012)	(\$0.069)

**2. Dividends**

There were no dividends declared during the year and the directors do not recommend that any dividend be paid.

**3. Dividend reinvestment plans**

N/A.

**4. Details of entities over which control has been gained or lost during the period**

N/A.

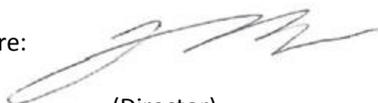
**5. Details of associates and joint ventures**

The carrying value of interests in associated entities is nil.

**6. Audit**

The Preliminary Final Report has been prepared in accordance with the Australian Accounting Standards issued by the Australian Accounting Standards Board and has been based on unaudited accounts.

Sign here:



Date: 31 August 2020

(Director)

Print name: Darren Smorgon

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<sup>1</sup> Swift has included the right of use assets in the NTA backing calculation

**SWIFT MEDIA LIMITED  
AND CONTROLLED ENTITIES**

**ABN 54 006 222 395**

**PRELIMINARY FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2020**

**SWIFT MEDIA LIMITED  
AND CONTROLLED ENTITIES  
ABN 54 006 222 395**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR  
THE YEAR ENDED 30 JUNE 2020**

	Note	Consolidated	
		2020 \$	2019 \$
<b>Continuing Operations</b>			
Revenue from contracts with customers	2(a)	23,080,174	24,713,183
Cost of Sales		(13,549,342)	(12,519,690)
<b>Gross Profit</b>		<b>9,530,832</b>	<b>12,193,493</b>
General & administration expenses	3	(13,974,523)	(9,832,031)
Other Income	2(b)	7,956,966	159,637
Impairment expenses		(13,613,483)	(629,064)
Depreciation and amortisation expenses		(3,311,149)	(2,667,067)
Amortisation expense of right of use assets		(1,601,289)	(841,490)
Other expenses	3	(3,716,334)	(5,248,204)
Finance costs		(995,565)	(222,744)
<b>Loss before income tax expense</b>		<b>(19,724,545)</b>	<b>(7,087,470)</b>
Income tax (expense)/benefit		(1,922,546)	181,972
<b>Loss after income tax expense</b>		<b>(21,647,091)</b>	<b>(6,905,498)</b>
<b>Other comprehensive loss for the year</b>			
Items that may be reclassified to profit or loss		-	-
<b>Other comprehensive loss for the year</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive loss for the year</b>		<b>(21,647,091)</b>	<b>(6,905,498)</b>
		<b>Cents</b>	<b>Cents</b>
<b>Loss per share attributable to the members of Swift Media Limited:</b>			
Basic loss per share	9	(9.5)	(5.2)
Diluted loss per share	9	(9.5)	(5.2)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

**SWIFT MEDIA LIMITED  
AND CONTROLLED ENTITIES  
ABN 54 006 222 395**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020**

	Note	Consolidated	
		2020 \$	2019 \$
<b>Current Assets</b>			
Cash and cash equivalents		2,448,079	422,771
Trade and other receivables		3,686,695	5,275,916
Inventory		993,430	531,708
Other current assets		1,202,218	494,569
<b>Total Current Assets</b>		<b>8,330,422</b>	<b>6,724,964</b>
<b>Non-Current Assets</b>			
Trade and other receivables		1,160,979	3,502,557
Property, plant and equipment	4	3,566,690	3,120,664
Right of Use assets		1,789,901	2,537,528
Contract assets		514,648	454,630
Deferred tax assets		1,296,104	3,379,003
Intangible assets	5	4,754,027	19,161,986
<b>Total Non-Current Assets</b>		<b>13,082,349</b>	<b>32,156,368</b>
<b>Total Assets</b>		<b>21,412,771</b>	<b>38,881,332</b>
<b>Current Liabilities</b>			
Trade and other payables		8,467,301	8,110,543
Contract liabilities		1,368,479	1,375,876
Provisions		478,452	639,182
Borrowings	6	-	2,455,086
Financial liabilities	7	-	3,666,667
Lease Liabilities		1,297,741	1,222,358
<b>Total Current Liabilities</b>		<b>11,611,973</b>	<b>17,469,712</b>
<b>Non-Current Liabilities</b>			
Provisions		45,553	17,816
Borrowings	6	6,923,434	-
Financial liabilities	7	250,000	7,568,522
Lease Liabilities		1,837,650	1,878,067
Contract Liabilities		5,910	48,960
Deferred tax liabilities		1,296,104	1,456,457
<b>Total Non-Current Liabilities</b>		<b>10,358,651</b>	<b>10,969,822</b>
<b>Total Liabilities</b>		<b>21,970,624</b>	<b>28,439,534</b>
<b>Net Assets</b>		<b>(557,853)</b>	<b>10,441,798</b>
<b>Equity</b>			
Issued capital		56,936,962	47,028,669
Reserves		4,368,125	3,628,978
Accumulated losses		(61,862,940)	(40,215,849)
<b>Total Equity</b>		<b>(557,853)</b>	<b>10,441,798</b>

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

**SWIFT MEDIA LIMITED  
AND CONTROLLED ENTITIES  
ABN 54 006 222 395**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020**

Note	Issued Capital \$	Reserves \$	Accumulated losses \$	Total \$
<b>For the year ended 30 June 2020</b>				
At the beginning of the year	<b>47,028,669</b>	<b>3,628,978</b>	<b>(40,215,849)</b>	<b>10,441,798</b>
Total comprehensive loss for the year	-	-	<b>(21,647,091)</b>	<b>(21,647,091)</b>
Transactions with shareholders in their capacity as shareholders:				
Issued in lieu of borrowings	823,000	-	-	<b>823,000</b>
Capital raised from placements & non-renounceable entitlements offer	5,274,043	-	-	<b>5,274,043</b>
Issued as equity on deferred consideration	4,000,000	-	-	<b>4,000,000</b>
Options exercised	150,000	-	-	<b>150,000</b>
Share issue costs net of tax	(338,750)	-	-	<b>(338,750)</b>
Share based payments & Warrants issued	-	739,147	-	<b>739,147</b>
<b>At the end of the year</b>	<b>56,936,962</b>	<b>4,368,125</b>	<b>(61,862,940)</b>	<b>(557,853)</b>
<b>For the year ended 30 June 2019</b>				
At the beginning of the year	<b>38,437,650</b>	<b>2,470,044</b>	<b>(33,310,350)</b>	<b>7,597,344</b>
Total comprehensive loss for the year	-	-	<b>(6,905,498)</b>	<b>(6,905,498)</b>
Transactions with shareholders in their capacity as shareholders:				
Issued in settlement of liability	100,000	-	-	<b>100,000</b>
Issued as consideration for acquisition	4,500,000	-	-	<b>4,500,000</b>
Issued as equity on deferred consideration	3,916,667	-	-	<b>3,916,667</b>
Options exercised	112,500	-	-	<b>112,500</b>
Share issue costs net of tax	(38,148)	-	-	<b>(38,148)</b>
Share based payments	-	1,158,934	-	<b>1,158,934</b>
<b>At the end of the year</b>	<b>47,028,669</b>	<b>3,628,978</b>	<b>(40,215,849)</b>	<b>10,441,798</b>

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

**SWIFT MEDIA LIMITED  
AND CONTROLLED ENTITIES  
ABN 54 006 222 395**

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020**

	Consolidated	
	2020	2019
	\$	\$
<b>Cash Flows from Operating Activities</b>		
Cash receipts in the course of operations	24,676,109	18,111,127
Cash payments in the course of operations	(28,631,331)	(20,364,621)
Government grants received	168,000	-
Finance costs	(732,897)	(222,744)
Interest received	169,541	159,637
<b>Net cash inflows/ (outflows) from operating activities</b>	<b>(4,350,578)</b>	<b>(2,316,601)</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of property, plant and equipment	(1,727,876)	(1,151,782)
Release of Bank Guarantees	576,093	-
Cash placed on deposit to secure Bank Guarantees	(912,623)	-
Net cash paid/acquired on acquisition	-	751,720
Payment for development and new subscribers	(644,297)	(1,827,546)
<b>Net cash outflows for investing activities</b>	<b>(2,708,703)</b>	<b>(2,227,608)</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from issue of shares	5,362,243	112,500
Proceeds from convertible note	900,000	-
Payment of share issue costs	(276,073)	(38,148)
Proceeds from borrowings	9,254,272	3,499,999
Repayments of borrowings	(3,646,418)	(1,044,913)
Payment of debt establishment costs	(919,321)	-
Repayments of lease liabilities	(1,590,114)	(764,277)
<b>Net cash inflows from financing activities</b>	<b>9,084,589</b>	<b>1,765,161</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>2,025,308</b>	<b>(2,779,048)</b>
<b>Cash at the beginning of the year</b>	<b>422,771</b>	<b>3,201,819</b>
<b>Cash at the end of the year</b>	<b>2,448,079</b>	<b>422,771</b>

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

**SWIFT MEDIA LIMITED  
AND CONTROLLED ENTITIES  
ABN 54 006 222 395  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020**

**Note 1. Basis for preparation and accounting policies**

Swift Media Limited (the 'Company') is a Company domiciled in Australia and a for-profit entity for the purpose of preparing financial statements. The consolidated financial statements and notes represent those of the Swift Media Limited and controlled entities (the "Consolidated Group" or "Group").

The separate financial statements of the parent entity, Swift Media Limited, have not been presented within this financial report as permitted by the Corporations Act 2001.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Going Concern

The annual report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business. The Group incurred a loss after tax for the year ended 30 June 2020 of \$21,647,091 (2019: loss of \$6,905,498) and net cash outflows from operating activities of \$4,350,578 (2019: cash outflow of \$2,316,601).

At reporting date, the Company is in compliance with all of its loan covenants that govern the facility.

The COVID-19 pandemic has developed rapidly during 2020. The resulting impact of the virus on the operations and the measures taken by various governments to contain the virus have negatively impacted the group results during the reporting period. The current known impacts of COVID-19 on the group are:

- A decline in revenue of 47% for the last quarter of FY2020, compared to the same period of 2019
- Increasing loss provisions for Receivables by \$2,642,663 in anticipation of higher credit losses due to customer collection issues
- Impact on the Group's forward-looking forecasts has resulted in a \$13,613,483 impairment write downs

Furthermore, the Company expects to see slower than forecast revenue growth due to anticipated delays in the roll out of the Company's "Swift Plus" bespoke Aged Care product, the result of the adoption of stricter biosecurity measures by Aged Care facility operators limiting Swift's ability to undertake installations of its system hardware.

As a result of these matters, there is a material uncertainty that may cast significant doubt upon the Group's ability as a going concern and whether the group will realise its assets and settle its liabilities in the ordinary course of business at the amounts recorded in the financial statements.

**SWIFT MEDIA LIMITED  
AND CONTROLLED ENTITIES  
ABN 54 006 222 395  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020**

**Note 1. Basis for preparation and accounting policies (continued)**

In a response to these matters, the Company has taken the following actions:

- Raised \$3.3 million (before costs) via a placement and non-renounceable entitlement offer in April 2020 to strengthen the Balance Sheet;
- Obtained covenant waivers from our senior lenders for the remainder of the 2020 calendar year such that the next covenant test point will be 30 June 2021;
- Sought permission from our senior lenders to capitalise interest payments due in Q4 FY 2020;
- Introduced cost rationalisation measures to significantly reduce its operating costs including workforce wide salary cuts and discretionary speeding freezes; and
- Successfully applied for the federal government Job Keeper assistance grant and rent relief under state government legislation.

However, if government-imposed restrictions on citizen's movement were to remain in place throughout the remainder of the 2020 calendar year and beyond, continuing to adversely impact customer collections and Swift's ability to obtain new revenues, it may be necessary to raise additional capital or additional debt from financiers or lenders.

Although it is not certain that these efforts will be successful, management has determined that the actions taken are sufficient to mitigate the uncertainty and has therefore prepared the financial reports on a going concern basis.

The Directors have assessed the likely cash flow for the 12 month period from date of signing this annual report and its impact on the Group and believe there will be sufficient funds to meet the Group's working capital requirements as at the date of this report, based on the belief that additional funds can be raised to finance the Group's activity.

The Group has historically demonstrated its ability to raise funds to satisfy its immediate cash requirements and will consider all funding options as required, for future capital requirements.

The Directors of the Group have reason to believe that in addition to the cash flow currently available, and expected funding through equity or debt fundraising, additional funds from receipts are expected through commercialisation of the Group's products and services.

Noting all of the above, and in conjunction with the Group's historical ability to raise funds to satisfy its immediate cash requirements the Directors are satisfied the Group is a going concern and therefore have prepared the financial statements on the basis the Group will continue to meet its commitments and can therefore continue normal business activities and realise its assets and settle liabilities in the normal course of the business.

The accounting policies applied and methods of computation for the year ended 30 June 2020 are consistent with those of the annual financial report for the year ended 30 June 2019.

**SWIFT MEDIA LIMITED  
AND CONTROLLED ENTITIES**  
ABN 54 006 222 395  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020**

**Note 2. Revenue**

	Consolidated	
	2020	2019
	\$	\$
<b>(a) Revenue from continuing operations</b>		
Sales revenue	23,080,174	24,713,183
	<b>23,080,174</b>	<b>24,713,183</b>
<b>(b) Other income</b>		
Interest	137,542	159,637
Fair value gain on financial liabilities	7,318,522	-
Government grants	498,000	-
Gain on disposal of assets	2,901	-
	<b>7,956,966</b>	<b>159,637</b>

Swift has one performance obligation for each of the revenue streams listed below and has applied the following revenue recognition methods:

- Software licences: Revenue is recognised at a point in time on transfer of the licence to the user
- Content revenue: Revenue is recognised over time as the customer is provided with the service
- Sale of equipment: Revenue is recognised at a point in time when the customers obtain control of the goods and are available for use
- Advertising revenue: Revenue is recognised over time as the customer is provided with the service

Disaggregation of revenue:

2020	Content & Technology Revenue	Advertising Revenue	Total
	\$	\$	\$
Revenue recognition			
At a point in time <sup>1</sup>	3,924,804	-	3,924,804
Over time <sup>2</sup>	14,177,032	4,978,338	19,155,370
	<b>18,101,836</b>	<b>4,978,338</b>	<b>23,080,174</b>
<b>2019</b>			
Revenue recognition			
At a point in time <sup>1</sup>	6,778,404	-	6,778,404
Over time <sup>2</sup>	15,366,128	2,568,651	17,934,779
	<b>22,144,532</b>	<b>2,568,651</b>	<b>24,713,183</b>

<sup>1</sup> Relating to the sale of equipment and software licenses.

<sup>2</sup> Relating to content and advertising revenue.

Geographical information

All revenue is derived in Australia.

**SWIFT MEDIA LIMITED  
AND CONTROLLED ENTITIES  
ABN 54 006 222 395  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020**

**Note 3. Expenses**

	Consolidated	
	2020	2019
	\$	\$
<b>(a) General &amp; administration expenses</b>		
Employment costs	(9,181,048)	(7,277,738)
Occupancy costs	(267,639)	(217,485)
Professional fees	(382,702)	(392,194)
Bad Debts	(2,642,663)	(22,339)
General and administration expenses	(1,500,471)	(1,922,275)
	<b>(13,974,523)</b>	<b>(9,832,031)</b>
<b>(b) Other expenses</b>		
Share based payments	(124,725)	(1,159,591)
Business restructure expenses	(1,875,538)	(1,162,465)
Acquisition related expenses	(64,478)	(1,162,605)
Fair value loss on financial liabilities	(333,334)	(1,540,850)
Other expenses	(1,318,260)	(222,692)
	<b>(3,716,334)</b>	<b>(5,248,203)</b>

**SWIFT MEDIA LIMITED  
AND CONTROLLED ENTITIES**  
ABN 54 006 222 395  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020**

**Note 4. Property, plant and equipment**

Motor Vehicles	Software	Office Fit-out & Equipment	Test Equipment	Rental Equipment	Total
\$	\$	\$	\$	\$	\$

**Year ended 30 June 2020**

Opening net book amount	107,658	1,278,320	796,546	34,495	903,645	<b>3,120,664</b>
Additions	5,998	1,520,628	43,978	7,849	149,423	<b>1,727,876</b>
Disposals	-	-	-	-	-	-
Depreciation expense & impairment charges	(23,449)	(626,991)	(194,506)	(11,530)	(425,374)	<b>(1,281,850)</b>
Closing net book amount	<b>90,207</b>	<b>2,171,957</b>	<b>646,018</b>	<b>30,814</b>	<b>627,694</b>	<b>3,566,690</b>

**At 30 June 2020**

Cost	160,746	4,232,105	1,833,280	213,192	5,763,457	<b>12,202,781</b>
Accumulated depreciation and impairment	(70,539)	(2,060,148)	(1,187,264)	(182,378)	(5,135,763)	<b>(8,636,092)</b>
Net book amount	<b>90,207</b>	<b>2,171,957</b>	<b>646,018</b>	<b>30,814</b>	<b>627,694</b>	<b>3,566,690</b>

**Year ended 30 June 2019**

Opening net book amount	34,216	5,640	767,137	22,769	1,056,757	<b>1,886,519</b>
Additions	88,039	888,164	72,097	27,281	76,199	<b>1,151,780</b>
Acquired upon acquisition of subsidiaries	-	679,642	171,650	-	147,174	<b>998,466</b>
Disposals	(2,500)	-	-	-	-	<b>(2,500)</b>
Depreciation expense & impairment charges	(12,097)	(295,126)	(214,338)	(15,555)	(376,485)	<b>(913,601)</b>
Closing net book amount	<b>107,658</b>	<b>1,278,320</b>	<b>796,546</b>	<b>34,495</b>	<b>903,645</b>	<b>3,120,664</b>

**At 30 June 2019**

Cost	154,748	2,711,477	1,789,302	205,343	5,614,034	<b>10,474,904</b>
Accumulated depreciation and impairment	(47,090)	(1,433,157)	(992,757)	(170,847)	(4,710,389)	<b>(7,354,240)</b>
Net book amount	<b>107,658</b>	<b>1,278,320</b>	<b>796,545</b>	<b>34,495</b>	<b>903,645</b>	<b>3,120,664</b>

**SWIFT MEDIA LIMITED  
AND CONTROLLED ENTITIES  
ABN 54 006 222 395  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020**

**Note 5. Intangible Assets**

	Goodwill	Development Costs	Subscriber Acquisition Costs	Brand Loyalty / Customer Contracts	Supplier Contracts	Practice Sites	Other	Total
<b>Year ended 30 June 2020</b>								
Opening net book amount	12,829,166	2,302,274	-	199,484	-	3,831,062	-	19,161,986
Additions	-	644,297	-	-	-	-	-	644,297
Adjustment upon PY acquisition of subsidiaries (refer to Note 8)	(198,222)	-	-	-	-	-	-	(198,222)
Amortisation charge	-	(1,030,736)	-	(170,758)	-	(827,805)	-	(2,029,299)
Impairment charge	(12,630,944)	(184,215)	-	(9,576)	-	-	-	(12,824,735)
<b>Closing net book amount</b>	-	<b>1,731,620</b>	-	<b>19,150</b>	-	<b>3,003,257</b>	-	<b>4,754,027</b>
Cost	12,630,944	4,133,211	-	2,370,434	-	4,139,024	-	23,089,399
Accumulated amortisation and impairments	(12,630,944)	(2,401,591)	-	(2,351,284)	-	(1,135,767)	-	(18,335,372)
<b>Closing net book amount</b>	-	<b>1,731,620</b>	-	<b>19,150</b>	-	<b>3,003,257</b>	-	<b>4,754,027</b>
<b>Year ended 30 June 2019</b>								
Opening net book amount	9,891,741	1,570,690	517,996	706,965	20,602	-	459,997	13,167,992
Additions	-	1,827,546	-	-	-	-	-	1,827,546
Change in accounting policy	-	-	(517,996)	-	-	-	-	(517,996)
Acquired upon acquisition of subsidiaries	2,937,425	-	-	-	-	4,139,024	-	7,076,449
Amortisation and impairment charge	-	(1,095,963)	-	(507,481)	(20,602)	(307,962)	(459,997)	(2,392,005)
<b>Closing net book amount</b>	<b>12,829,166</b>	<b>2,302,274</b>	-	<b>199,484</b>	-	<b>3,831,062</b>	-	<b>19,161,986</b>
Cost	12,829,166	3,809,978	819,865	2,370,434	123,610	4,139,024	520,963	24,613,040
Accumulated amortisation and impairments	-	(1,507,703)	(819,865)	(2,170,950)	(123,610)	(307,962)	(520,963)	(5,451,054)
<b>Closing net book amount</b>	<b>12,829,166</b>	<b>2,302,274</b>	-	<b>199,484</b>	-	<b>3,831,062</b>	-	<b>19,161,986</b>

## Note 6. Borrowings

	Consolidated	
	2020	2019
	\$	\$
<b>Current</b>		
Bank overdraft facility	-	2,455,086
Convertible note <sup>1</sup>	-	-
<b>Total current borrowings</b>	-	<b>2,455,086</b>
<b>Non-Current</b>		
Pure Asset Management Loan <sup>2</sup>	8,000,000	-
Less: transaction costs	(1,076,566)	-
<b>Total non-current borrowings</b>	<b>6,923,434</b>	-

<sup>1</sup> During FY 2020 the Company entered into a convertible note with L1 Capital and Lind Partners on a 12-month term, issued at a 10% discount. No interest is payable, other than if an event of default occurs. 1,000,000 shares were issued to the Noteholders in consideration for entering this agreement. On 1 May 2020 the balance of the convertible note was repaid at 25% premium to the balance owing at that date. During the year from first draw down to full repayment, \$463,000 of the convertible note was converted to equity.

<sup>2</sup> Pure Facility over a 4-year term with 10% interest rate, interest payable every 3 months. Transaction costs are costs that are directly attributable to the loan and include loan origination fees, legal fees and warrants. 26,666,666 detached warrants were issued to Pure on 29 January 2020 with exercise price of \$0.30 each. These have been included in transaction costs and have been valued using a Black-Scholes option pricing model. The balance of unamortised transaction cost of \$1,076,566 is offset against the borrowings of \$8,000,000. Total capitalised transaction costs relating to the facility agreement are \$1,262,260. The security of the facility is a first-ranking general security over all assets of Swift Media Limited and its subsidiaries.

The Group is in compliance with its bank covenants and expects to continue to meet all covenants at the next review on 30 June 2021.

## Note 7. Financial Liability At Fair Value through Profit & Loss

	Consolidated	
	2020	2019
	\$	\$
<b>Current</b>		
Opening balance	3,666,666	9,350,000
Converted to Equity <sup>1, 2</sup>	(4,000,000)	(3,916,667)
Fair value through the P&L	333,334	(1,766,667)
Closing balance	<u>-</u>	<u>3,666,666</u>
<b>Non-Current</b>		
Opening balance	7,568,522	937,500
Amount due under contract of sale at acquisition	-	3,323,505
Fair value through the P&L (net)	(7,318,522)	3,307,517
Closing balance	<u>250,000</u>	<u>7,568,522</u>

<sup>1</sup>On 12 March 2019, the Class A performance share milestone was reached, representing revenue generation from more than 44,000 rooms receiving a Swift service as defined in the share purchase agreement executed in November 2015 with the former owners of Swift Networks Pty Ltd.

<sup>2</sup>On 2 August 2019, the Class B performance share milestone was reached, representing revenue generation from more than 53,000 rooms receiving a Swift service as defined in the share purchase agreement executed in November 2015 with the former owners of Swift Networks Pty Ltd.

The above liability relates to the potential issue of ordinary shares in Swift Networks Group Limited to the vendors of Web 2 TV and Medical Channel Pty Ltd pursuant to the respective acquisition agreement.

## Note 8. Business Combination

### Summary of acquisition - Medical Channel Pty Ltd

On 15 February 2019, the Group acquired 100% of the issued share capital of Medical Channel Pty Ltd. The Group had recognised the fair values of the assets and liabilities based on the best available information available at reporting date. Details of the purchase consideration and the net assets acquired are as follows:

<b>Purchase consideration:</b>	\$
Ordinary shares issued (14,950,166 shares at F.V of \$0.30/share on 15 February 2019)	4,500,000
Deferred consideration	3,323,505
Adjustment to consideration	(151,000)
<b>Total Purchase Consideration</b>	<b>7,672,505</b>
<b><sup>1</sup>The assets and liabilities recognised as a result of the acquisition are as follows:</b>	
Cash	751,720
Trade and other receivables <sup>1</sup>	195,015
Other receivables	36,675
Plant & Equipment	2,858,727
Intangibles – Practice Sites	4,139,024
Deferred tax asset	2,370,814
Trade payables	(478,078)
Other payables <sup>1</sup>	(1,642,776)
Provisions	(158,041)
Other current liabilities	(899,316)
Deferred tax liability	(1,138,232)
Other non-current liabilities	(1,102,230)
<b>Net identifiable assets</b>	<b>4,933,302</b>
Add: Goodwill <sup>1</sup>	2,739,203
<b>Net Assets</b>	<b>7,672,505</b>

(i) The goodwill is attributable to the forecast profitability of the acquired business. It will not be deductible for tax purposes.

(ii) As at reporting date the directors believe a provision for impairment of goodwill for \$2,739,203 is required.

<sup>1</sup>In the FY2020 accounts an adjustment has been made to the fair values of the identifiable assets and liabilities of Medical Channel Pty Ltd acquired in February 2019 to decrease trade receivables by \$166,977 and reduce other payables by \$365,199 with a comparative net decrease in Goodwill of \$198,222.

## Note 9. EPS

	Consolidated	
	2020	2019
	\$	\$
Net (loss) from continuing operations for the year	<b>(21,647,091)</b>	<b>(6,905,498)</b>
	No.	No.
Weighted average number of ordinary shares for the purpose of basic earnings per share	227,021,794	132,219,511
Basic earnings / (loss) per share (cents)	(9.5)	(5.2)
Diluted earnings / (loss) per share (cents)	(9.5)	(5.2)

There are no instruments considered to be dilutive.

## Note 10. Events subsequent to reporting date

On 1 July 2020, Mr Geoff Greenberg was appointed Chief Financial Officer of the Company.

On 15 August 2020, 14,950,166 Ordinary Shares were released from Escrow.

The Covid-19 pandemic has developed rapidly in 2020, with a significant number of cases. Measures taken by various governments to contain the virus have affected economic activity. We have taken a number of measures to monitor and mitigate the effects of Covid-19, such as safety and health measures for our people (such as social distancing and working from home) and securing the supply of material that are essential to our production process.

We refer you to Note 1 for a summary of the impact on the results of the business. We will continue to follow various government policies and advice, and in parallel, we will do our utmost to continue our operations in the best and safest way possible without jeopardising the health of our people.

There are no other matters or circumstances that have arisen since 30 June 2020 that have or may significantly affect the operations, results, or state of affairs of the Group in future financial periods.

## Note 11. Company details

The registered office and principal place of business of the Company is:

Swift Media Limited  
1 Watts Place  
BENTLEY WA 6102  
Australia