

Swift Media Limited

ABN 54 006 222 395

Interim Report - 31 December 2020

Swift Media Limited
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31 December 2020

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1. Company details

Name of entity:	Swift Media Limited
ABN:	54 006 222 395
Reporting period:	For the half-year ended 31 December 2020
Previous period:	For the half-year ended 31 December 2019

2. Results for announcement to the market

			\$
Revenues from ordinary activities	down	10.6% to	10,577,902
Loss from ordinary activities after tax attributable to the owners of Swift Media Limited	up	36.7% to	(720,621)
Loss for the half-year attributable to the owners of Swift Media Limited	up	36.7% to	(720,621)
Underlying EBITDA ⁽¹⁾	up	142.9% to	615,493
Cashflow from operations	up	156.9% to	1,507,740

Note

(1) Underlying 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 and non-cash items including restructuring costs. See review of operations for a reconciliation of underlying EBITDA to statutory net loss after tax.

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The loss for the Group after providing for income tax amounted to \$720,621 (31 December 2019: \$527,197).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security (1)	<u>(0.37)</u>	<u>(1.64)</u>

(1) Right of use assets have been excluded in the net tangible assets backing calculation.

4. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

5. Attachments

Details of attachments (if any):

The Interim Report of Swift Media Limited for the half-year ended 31 December 2020 is attached.

6. Signed

On behalf of the Board
SWIFT MEDIA LIMITED

A handwritten signature in black ink, appearing to read 'D Smorgon', is positioned above the printed name of the signatory.

Mr Darren Smorgon
Chairman

Date: 25 February 2021

Directors	Darren Smorgon (Non-Executive Chairman) Peter Gibbons (Non-Executive Director) Robert Sofoulis (Non-Executive Director) Ryan Sofoulis (Executive Director) Katherine Ostin (Non-Executive Director)
Company secretary	Stephen Hewitt-Dutton
Chief Executive Officer	Pippa Leary
Chief Financial Officer	Geoff Greenberg
Registered office	A: 1 Watts Place, Bentley, WA 6162 T: +61 8 6103 7595 F: +61 8 6103 7594 W : swiftmedia.com.au
Share register	Link Group A: Level 12, QV1 Building, Perth, WA 6000 T: +61 8 9211 6650 F: +61 8 9211 6670 W : linkmarketservices.com.au
Auditor	BDO Audit (WA) Pty Ltd A: 38 Station Street. Subiaco, WA 6008
Bankers	Bankwest Ltd A: Bankwest Place, 300 Murray Street, WA 6000
Stock exchange listing	Swift Media Limited shares are listed on the Australian Securities Exchange (ASX code: SW1)

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Swift Media Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2020.

Directors

The following persons were Directors of Swift Media Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Darren Smorgon – Independent Non-Executive Chairman
 Ryan Sofoulis – Executive Director
 Robert Sofoulis – Non-Executive Director
 Katherine Ostin – Independent Non-Executive Director
 Peter Gibbons – Independent Non-Executive Director
 Stephen Hewitt-Dutton – Company Secretary

Principal activities

The principal activities of the Group during the period were the provision of content, communications and advertising on television screens for out of home environments.

Review of operations

The statutory loss after tax for the Group amounted to \$720,621 (31 December 2019: \$527,197).

The Group's financial performance for the first 6 months of the 2021 fiscal year reflected several factors including principally the impact of a more streamlined and focused operational footprint. While COVID-19 remained a factor, particularly in the aged care vertical, the business achieved good organic revenue growth in its main business units after considering the impact of prior period changes to the business and customer profile.

Revenue and underlying EBITDA performance are summarised in table below:

(\$ millions)	1H FY20	1H FY21	Change ⁽¹⁾
Revenue	11.8	10.6	(10%)
Project	1.7	2.6	53%
Recurring	10.2	8.0	(22%)
COGS	(6.6)	(6.2)	6%
Gross profit	5.2	4.4	(15%)
Gross profit %	43.9%	41.2%	(2.7%) points
Operating expenses	(6.6)	(3.7)	44%
EBITDA	(1.4)	0.6	143%

Note:

(1) Change percentages may be impacted by rounding.

A reconciliation between statutory loss and underlying EBITDA is provided in the table below:

(\$ millions)	1H FY20	1H FY21
EBITDA	(1.4)	0.6
Depreciation & amortisation	(2.7)	(2.4)
Non-cash share-based payments	(0.0)	(0.3)
Restructuring & acquisition related expenses	(0.8)	(0.1)
Non-cash FV gains/losses	5.2	0.3
Other items	(0.6)	1.7
Net interest expenses	(0.2)	(0.4)
Income tax (expense)/benefit	-	-
Net loss after tax	(0.5)	(0.7)

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial half-year.

Matters subsequent to the end of the financial half-year

On the 22nd January 2021, the Company announced that it had entered into an amendment of the terms of its debt facility with Pure Asset Management Ltd. Following the successful completion of the Company's equity capital raise in Q2 FY21, Pure Asset Management Ltd and the Company have agreed to the following key improvements to the terms of the facility:

1. Reduction of facility interest rate from 10% to 9.5%
2. Financial covenants waived until March 2022 and tested quarterly thereafter
3. Pure Asset Management Ltd shall waive any rights or entitlements arising from a review event or event of default occurring on or before the effective date of the amendment.
4. Cash covenant of minimum cash balance of \$1m in any given month and \$1.75m persisting for 3 consecutive months

All other material terms remain as per the original loan.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial periods.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors



Mr Darren Smorgon
Chairman

25 February 2021

DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF SWIFT MEDIA LIMITED

As lead auditor for the review of Swift Media Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Swift Media Limited and the entities it controlled during the period.



Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth, 25 February 2021

Swift Media Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2020

		Consolidated	
	Note	31 Dec 2020	31 Dec 2019
		\$	\$
Revenue			
Sales revenue	5	10,577,902	11,832,135
Cost of goods sold		<u>(6,221,202)</u>	<u>(6,643,253)</u>
Gross profit		4,356,700	5,188,882
Other income	6	2,891,705	5,290,107
Expenses			
General and administration expenses		(4,267,908)	(6,558,069)
Other expenses		(985,441)	(1,602,782)
Depreciation and amortisation expenses		(1,805,082)	(1,610,486)
Impairment expenses		-	(242,839)
Amortisation expense of right of use assets	7	(396,521)	(645,486)
Finance costs		<u>(514,074)</u>	<u>(346,524)</u>
Loss before income tax expense		(720,621)	(527,197)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Swift Media Limited		(720,621)	(527,197)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of Swift Media Limited		<u>(720,621)</u>	<u>(527,197)</u>
		Cents	Cents
Basic earnings per share		(0.155)	(0.302)
Diluted earnings per share		(0.155)	(0.302)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Swift Media Limited
Consolidated statement of financial position
As at 31 December 2020

		Consolidated	
	Note	31 Dec 2020	30 Jun 2020
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		6,948,601	2,448,079
Trade and other receivables		3,501,492	3,748,687
Inventories		443,213	993,430
Other current assets		1,819,954	952,925
Total current assets		<u>12,713,260</u>	<u>8,143,121</u>
Non-current assets			
Trade and other receivables		1,024,692	1,348,280
Contract assets		313,114	514,648
Property, plant and equipment	8	3,044,111	3,566,690
Right-of-use assets	7	1,231,247	1,789,901
Intangibles	9	4,444,395	4,754,027
Deferred tax		1,260,144	1,527,596
Total non-current assets		<u>11,317,703</u>	<u>13,501,142</u>
Total assets		<u>24,030,963</u>	<u>21,644,263</u>
Liabilities			
Current liabilities			
Trade and other payables		8,922,514	8,589,514
Contract liabilities		801,305	1,177,233
Lease liabilities		787,566	1,297,741
Provisions		578,266	478,452
Total current liabilities		<u>11,089,651</u>	<u>11,542,940</u>
Non-current liabilities			
Contract liabilities		110,878	197,156
Borrowings	10	7,081,216	6,923,434
Lease liabilities		889,898	1,837,650
Deferred tax		1,260,144	1,527,596
Provisions		25,871	45,553
Financial liability at fair value through profit and loss	11	-	250,000
Total non-current liabilities		<u>9,368,007</u>	<u>10,781,389</u>
Total liabilities		<u>20,457,658</u>	<u>22,324,329</u>
Net assets/(liabilities)		<u>3,573,305</u>	<u>(680,066)</u>
Equity			
Issued capital	12	61,527,102	56,814,749
Reserves	13	4,629,764	4,368,125
Accumulated losses		<u>(62,583,561)</u>	<u>(61,862,940)</u>
Total equity/(deficiency)		<u>3,573,305</u>	<u>(680,066)</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Swift Media Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2020

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2019	47,028,669	3,628,978	(40,215,849)	10,441,798
Loss after income tax expense for the half-year	-	-	(527,197)	(527,197)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(527,197)	(527,197)
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments (note 15)	-	47,932	-	47,932
Shares issued in lieu of borrowings	443,000	-	-	443,000
Shares issued on deferred consideration	4,000,000	-	-	4,000,000
Share issue costs	(110,099)	-	-	(110,099)
Shares issued on options exercised	150,000	-	-	150,000
Share purchase plan	1,923,000	-	-	1,923,000
Warrants to be issued	-	614,422	-	614,422
Balance at 31 December 2019	53,434,570	4,291,332	(40,743,046)	16,982,856
Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2020	56,814,749	4,368,125	(61,862,940)	(680,066)
Loss after income tax expense for the half-year	-	-	(720,621)	(720,621)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(720,621)	(720,621)
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments (note 15)	-	261,639	-	261,639
Share placement	3,992,281	-	-	3,992,281
Share purchase plan	926,000	-	-	926,000
Share issued to employees	52,375	-	-	52,375
Share transaction costs	(258,303)	-	-	(258,303)
Balance at 31 December 2020	61,527,102	4,629,764	(62,583,561)	3,573,305

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Swift Media Limited
Consolidated statement of cash flows
For the half-year ended 31 December 2020

		Consolidated	
	Note	31 Dec 2020	31 Dec 2019
		\$	\$
Cash flows from operating activities			
Cash receipts in the course of operations		12,458,023	14,010,415
Cash payments in the course of operations		(11,001,801)	(16,428,114)
Finance costs		(514,074)	(346,524)
Interest received		93,392	114,635
Government grants and tax incentives received		472,200	-
		<u>1,507,740</u>	<u>(2,649,588)</u>
Net cash from/(used in) operating activities			
Cash flows from investing activities			
Payments for property, plant and equipment	8	(99,003)	(1,483,112)
Payments for product development		(672,332)	(414,609)
Payments for security deposits		-	(827,386)
Proceeds from release of security deposits		17,186	-
		<u>(754,149)</u>	<u>(2,725,107)</u>
Net cash used in investing activities			
Cash flows from financing activities			
Proceeds from issue of shares	12	4,918,282	2,073,000
Payment of share issue costs		(258,303)	(110,099)
Proceeds from borrowings		-	9,967,205
Repayment of borrowings		-	(2,649,185)
Payment of Debt establishment costs		-	(909,321)
Repayments of lease liabilities		(882,648)	(891,593)
Loan to key management personnel		(30,400)	-
		<u>3,746,931</u>	<u>7,480,007</u>
Net cash from financing activities			
Net increase in cash and cash equivalents		4,500,522	2,105,312
Cash and cash equivalents at the beginning of the financial half-year		<u>2,448,079</u>	<u>422,771</u>
Cash and cash equivalents at the end of the financial half-year		<u>6,948,601</u>	<u>2,528,083</u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover Swift Media Limited as a Group consisting of Swift Media Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Swift Media Limited's functional and presentation currency.

A description of the nature of the Group's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 25 February 2021.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

For the period ended 31 December 2020, the Group recorded a loss of \$720,621 and had net cash inflows from operating and investing activities of \$753,591. These cash flows included non-recurring cash flows from government grants and settlement of a reselling agreement as detailed in note 6 of \$1,997,200.

The ability of the entity to continue as a going concern is dependent on trading profitably resulting in positive cash flows and maintaining the support of its financiers including complying with covenants specified in facility agreements.

These conditions indicate a material uncertainty that may cast a significant doubt about the entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Management believe there are sufficient funds to meet the entity's working capital requirements and as at the date of this report. Subsequent to year end the group renegotiated its debt facility with Pure Asset Management Ltd. This resulted in a reduction in interest rate, financial covenants being waived until March 2022 along with the implementation of a cash covenant which requires the Group to maintain a minimum level of cash (See note 17).

Note 2. Significant accounting policies (continued)

The financial statements have been prepared on the basis that the entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- the Directors are satisfied that the Group has sufficient working capital to meet its current obligations
- the Directors expect to comply with all conditions relating to the revised finance facility and maintain the support of its financiers
- the Directors expect the Group to trade profitably and generate positive cash flows

Should the entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

Note 3. Critical accounting judgements, estimates and assumptions

The significant accounting judgements, estimates and assumptions adopted in the half-year financial report are consistent with those applied in the preparation of the Group's annual report for the year ended 30 June 2020.

Note 4. Operating segments

Identification of reportable operating segments

The Group is organised into two operating segments being the provision of digital entertainment services in Australia and the provision of advertising revenue in Australia. These operating segments are based on the internal reports that are reviewed and used by the Chief Executive Officer (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

Note 4. Operating segments (continued)

Operating segment information

Consolidated - 31 Dec 2020	Swift Networks \$	Medical Channel \$	Total \$
Revenue			
Sales to external customers	9,046,006	1,531,896	10,577,902
Total revenue	<u>9,046,006</u>	<u>1,531,896</u>	<u>10,577,902</u>
Reportable segment loss	(2,543,265)	(755,046)	(3,298,311)
Other revenue	2,473,480	168,225	2,641,705
Unallocated:			
- Share based payment	(314,015)	-	(314,015)
- Fair value gain on financial liability	250,000	-	250,000
Loss before income tax expense	<u>(133,800)</u>	<u>(586,821)</u>	<u>(720,621)</u>
Income tax expense			-
Loss after income tax expense			<u>(720,621)</u>
Assets			
Segment assets	17,866,622	6,164,341	24,030,963
Total assets			<u>24,030,963</u>
Liabilities			
Segment liabilities	5,247,993	15,209,665	20,457,658
Total liabilities			<u>20,457,658</u>

Note 4. Operating segments (continued)

	Swift Networks	Medical Channel	Total
	\$	\$	\$
Consolidated - 31 Dec 2019			
Revenue			
Revenue from external customers	8,990,495	2,841,640	11,832,135
Total revenue	<u>8,990,495</u>	<u>2,841,640</u>	<u>11,832,135</u>
Reportable segment loss			
Other revenue	114,634	1,144	115,778
Unallocated:			
- Share based payment	(47,932)	-	(47,932)
- Fair value gain on financial liability	4,841,003	-	4,841,003
Profit/(loss) before income tax expense	<u>2,140,892</u>	<u>(2,668,089)</u>	<u>(527,197)</u>
Income tax expense			-
Loss after income tax expense			<u>(527,197)</u>
Consolidated - 30 Jun 2020			
Assets			
Segment assets	15,523,107	6,121,156	21,644,263
Total assets			<u>21,644,263</u>
Liabilities			
Segment liabilities	6,326,172	15,998,157	22,324,329
Total liabilities			<u>22,324,329</u>

Note 5. Revenue

	Consolidated	
	31 Dec 2020	31 Dec 2019
	\$	\$
Revenue from continuing operations		
Sales revenue	<u>10,577,902</u>	<u>11,832,135</u>

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

Geographical regions

All revenue is derived in Australia.

Note 5. Revenue (continued)

	Content & Technology Revenue \$	Advertising Revenue \$	Total \$
Consolidated - 31 Dec 2020			
<i>Timing of revenue recognition</i>			
At a point in time	2,596,000	-	2,596,000
Over time	6,450,007	1,531,895	7,981,902
	<u>9,046,007</u>	<u>1,531,895</u>	<u>10,577,902</u>
Consolidated - 31 Dec 2019			
<i>Timing of revenue recognition</i>			
At a point in time	1,680,115	-	1,680,115
Over time	7,310,380	2,841,640	10,152,020
	<u>8,990,495</u>	<u>2,841,640</u>	<u>11,832,135</u>

Note 6. Other income

	Consolidated	
	31 Dec 2020 \$	31 Dec 2019 \$
Gain value gain on financial liabilities (1)	250,000	5,174,336
Gain on disposal of assets	-	1,136
Government grants	526,700	-
Interest income	93,392	114,635
Other income (2)	2,021,613	-
Other income	<u>2,891,705</u>	<u>5,290,107</u>

(1) Refer to note 11.

(2) Other Income includes settlement and conclusion of its reselling and technology licensing agreements with DXC Technology Australia Pty Ltd of \$1,525,000 that was provisioned in the previous financial year (30 June 2020) as a doubtful debt.

Note 7. Right-of-use assets

	Consolidated	
	31 Dec 2020	30 Jun 2020
	\$	\$
<i>Non-current assets</i>		
Right of use assets	4,326,102	4,488,235
Less: Accumulated amortisation	<u>(3,094,855)</u>	<u>(2,698,334)</u>
	<u>1,231,247</u>	<u>1,789,901</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial half-year are set out below:

Consolidated	Properties \$	Equipment \$	Total \$
Balance at 1 July 2019	1,205,164	1,332,364	2,537,528
Additions	1,418,176	225,003	1,643,179
Impairment of assets	(789,517)	-	(789,517)
Amortisation expense	<u>(807,247)</u>	<u>(794,042)</u>	<u>(1,601,289)</u>
Balance at 1 July 2020	1,026,576	763,325	1,789,901
Disposals (1)	(162,133)	-	(162,133)
Amortisation expense	<u>(169,033)</u>	<u>(227,488)</u>	<u>(396,521)</u>
Balance at 31 December 2020	<u>695,410</u>	<u>535,837</u>	<u>1,231,247</u>

(1) This relates to the early termination of the office lease in Sydney.

Note 8. Property, plant and equipment

	Consolidated	
	31 Dec 2020	30 Jun 2020
	\$	\$
<i>Non-current assets</i>		
Office fit-out and equipment	1,834,421	1,833,280
Less: Accumulated depreciation	<u>(1,263,031)</u>	<u>(1,187,261)</u>
	571,390	646,019
Rental equipment	5,763,457	5,763,457
Less: Accumulated depreciation	<u>(5,320,223)</u>	<u>(5,135,762)</u>
	443,234	627,695
Motor Vehicles	160,746	160,746
Less: Accumulated depreciation	<u>(82,311)</u>	<u>(70,539)</u>
	78,435	90,207
Test equipment	213,192	213,192
Less: Accumulated depreciation	<u>(188,944)</u>	<u>(182,380)</u>
	24,248	30,812
Software	4,329,967	4,232,105
Less: Accumulated depreciation	<u>(2,403,163)</u>	<u>(2,060,148)</u>
	1,926,804	2,171,957
	<u>3,044,111</u>	<u>3,566,690</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial half-year are set out below:

Consolidated	Motor Vehicles \$	Software \$	Office fit-out & Equipment \$	Test Equipment \$	Rental Equipment \$	Total \$
Balance at 1 July 2019	107,658	1,278,320	796,546	34,495	903,645	3,120,664
Additions	5,998	1,520,628	43,978	7,851	149,423	1,727,878
Depreciation expense	<u>(23,449)</u>	<u>(626,991)</u>	<u>(194,506)</u>	<u>(11,532)</u>	<u>(425,374)</u>	<u>(1,281,852)</u>
Balance at 1 July 2020	90,207	2,171,957	646,018	30,814	627,694	3,566,690
Additions	-	97,862	1,141	-	-	99,003
Depreciation expense	<u>(11,772)</u>	<u>(343,015)</u>	<u>(75,769)</u>	<u>(6,566)</u>	<u>(184,460)</u>	<u>(621,582)</u>
Balance at 31 December 2020	<u>78,435</u>	<u>1,926,804</u>	<u>571,390</u>	<u>24,248</u>	<u>443,234</u>	<u>3,044,111</u>

Note 9. Intangibles

	Consolidated	
	31 Dec 2020	30 Jun 2020
	\$	\$
<i>Non-current assets</i>		
Development costs	4,621,329	3,948,996
Less: Accumulated amortisation	<u>(2,766,289)</u>	<u>(2,217,375)</u>
	1,855,040	1,731,621
Brand loyalty/customer contracts	2,370,434	2,370,434
Less: Accumulated amortisation	<u>(2,370,434)</u>	<u>(2,351,284)</u>
	-	19,150
Supplier contracts	123,610	123,610
Less: Accumulated amortisation	<u>(123,610)</u>	<u>(123,610)</u>
	-	-
Practice sites	4,139,024	4,139,024
Less: Accumulated amortisation	<u>(1,549,669)</u>	<u>(1,135,768)</u>
	2,589,355	3,003,256
	<u>4,444,395</u>	<u>4,754,027</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial half-year are set out below:

Consolidated	Goodwill	Development	Brand loyalty/ Customer contracts	Practice Sites	Total
	\$	costs \$	\$	\$	\$
Balance at 1 July 2019	12,829,166	2,302,274	199,484	3,831,062	19,161,986
Additions	-	702,921	-	-	702,921
Impairment of assets	(12,630,944)	(242,834)	-	-	(12,873,778)
Adjustment upon PY acquisition of subsidiaries	(198,222)	-	-	-	(198,222)
Amortisation expense	-	(1,030,741)	(180,334)	(827,805)	(2,038,880)
Balance at 1 July 2020	-	1,731,620	19,150	3,003,257	4,754,027
Additions	-	672,332	-	-	672,332
Amortisation expense	-	(548,912)	(19,150)	(413,902)	(981,964)
Balance at 31 December 2020	-	<u>1,855,040</u>	-	<u>2,589,355</u>	<u>4,444,395</u>

Note 10. Borrowings

	Consolidated	
	31 Dec 2020	30 Jun 2020
	\$	\$
<i>Non-current liabilities</i>		
Pure Asset Management Loan	8,000,000	8,000,000
Less: Transaction costs	<u>(918,784)</u>	<u>(1,076,566)</u>
	<u>7,081,216</u>	<u>6,923,434</u>

Pure Asset Management Loan Facility is over a 4 year term with 10% interest rate and 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 \$918,784 (30 June 2020 : \$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.

Note 11. Financial liability at fair value through profit and loss

	Consolidated	
	31 Dec 2020	30 Jun 2020
	\$	\$
<i>Non-current liabilities</i>		
Financial liabilities at fair value through profit and loss	<u>-</u>	<u>250,000</u>
<i>Reconciliation</i>		
Reconciliation of the fair values at the beginning and end of the current and previous financial half-year are set out below:		
Opening balance	250,000	7,568,522
Fair value through profit and loss (net)	<u>(250,000)</u>	<u>(7,318,522)</u>
Closing balance	<u>-</u>	<u>250,000</u>

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. The liability in relation to the potential issue of ordinary shares in the Group to the vendors of Medical Channel is to be settled 100% in equity whilst those potentially owing to Web 2 TV are to be settled 50/50 in cash and shares to the vendor.

Significant Judgement

Based on internal budgeting and information regarding contracts signed relating to rooms and revenue the Directors have assessed the likelihood of reaching the remaining milestones is nil as at 31 December 2020. On this basis, the fair value of the financial liability with Web 2 TV and Medical Channel is deemed to be nil. The movement in the fair value has been booked as an income in profit and loss.

Note 12. Issued capital

	Consolidated		30 Jun 2020 \$
	31 Dec 2020 Shares	30 Jun 2020 Shares	
Ordinary shares - fully paid	575,085,774	440,502,918	61,527,102

Movements in ordinary share capital

Details	Date	Shares	\$
Balance	1 July 2019	154,039,046	47,028,669
Issue of shares as deferred consideration		16,666,667	4,000,000
Issue of shares to employees		1,959,897	-
Issue of shares on conversion of convertible notes		30,172,223	823,000
Issue of shares as per placement and share purchase plan		13,262,243	1,923,000
Issue of shares as per placement and non-renounceable Entitlement Offer		223,402,842	3,351,043
Options exercised during the year		1,000,000	150,000
Share issue costs (1)		-	(460,963)
Balance	1 July 2020	440,502,918	56,814,749
Issue of shares as per placement	7 October 2020	350,000	5,250
Issue of shares to employees	7 October 2020	1,454,861	52,375
Issue of shares as per placement	26 November 2020	101,787,484	3,817,031
Issue of shares as per placement	2 December 2020	4,533,333	170,000
Issue of shares as per share purchase plan	15 December 2020	26,457,178	926,000
Share issue costs (2)		-	(258,303)
Balance	31 December 2020	575,085,774	61,527,102

(1) Share Issue costs - Included in share issue costs are underwriting fees totalling \$61,800 paid by the issue of 4,120,000 shares at the \$0.015 issue price to the underwriters of the Non-Renounceable Entitlement Offer and Placement undertaken in April 2020.

(2) Share Issue costs - Included in share issue costs are transaction fee of \$229,463 paid for the share placement in November 2020 and \$28,839 for the share purchase plan in December 2020

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 13. Reserves

	Consolidated	
	31 Dec 2020	30 Jun 2020
	\$	\$
Option and warrant reserves	4,629,764	4,368,125

The movement in the option and warrant reserves of \$261,639 during the half year is due to employee incentive scheme.

Note 14. Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 16.

Transactions with related parties

There were no other significant change to transactions with related parties other than as disclosed in note 16 during the current financial half-year since the last annual report.

Note 15. Share based payments

Total expenses arising from share-based payment transactions recognised in the statement of profit or loss during the period were as follows:

	Consolidated	
	31 Dec 2020	31 Dec 2019
	\$	\$
Ordinary share rights on issue	51,660	34,282
Options on issue	3,065	13,650
2020 Employee Incentive Scheme	206,915	-
Share issued to employee (see note 12 and note 16)	52,375	-
	<u>314,015</u>	<u>47,932</u>

Note 15. Share based payments (continued)

Performance shares

There are no movements in performance shares during the half year ended 31 December 2020. At period end, 68,106,313 performance shares remained on issue.

31 Dec 2020		Balance at the start of the half year	Granted	Issued	Expired/ forfeited/ Other	Balance at the end of the half year
Grant date						
Class C	15/02/2019	18,272,425	-	-	-	18,272,425
Class D	15/02/2019	16,611,296	-	-	-	16,611,296
Class E	15/02/2019	8,305,648	-	-	-	8,305,648
Class F	15/02/2019	8,305,648	-	-	-	8,305,648
Class G	15/02/2019	8,305,648	-	-	-	8,305,648
Class H	15/02/2019	8,305,648	-	-	-	8,305,648
		<u>68,106,313</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,106,313</u>

Options

There are no movements in options issued during the half year ended 31 December 2020. At period end, 10,133,333 options remained on issue. The weighted average remaining contractual life of options outstanding at the end of the financial half-year was 1.33 years.

31 Dec 2020		Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
Grant date	Expiry date						
19/05/2016	19/05/2021	\$0.1500	5,133,333	-	-	-	5,133,333
31/05/2017	31/05/2021	\$0.3500	1,000,000	-	-	-	1,000,000
31/05/2017	31/05/2021	\$0.4200	1,000,000	-	-	-	1,000,000
15/11/2019	31/12/2022	\$0.3000	500,000	-	-	-	500,000
15/11/2019	31/12/2022	\$0.4500	250,000	-	-	-	250,000
15/11/2019	31/12/2022	\$0.6000	250,000	-	-	-	250,000
30/04/2020	30/04/2025	\$0.0500	2,000,000	-	-	-	2,000,000
			<u>10,133,333</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,133,333</u>

Ordinary share rights

There are no movements in ordinary share rights on issue during the half year ended 31 December 2020. At period end, 1,950,000 ordinary share rights remained on issue. The weighted average remaining contractual life of rights outstanding at the end of the financial half-year was 0.87 years.

31 Dec 2020		Balance at the start of the half year	Granted	Exercised	Lapsed/ forfeited/ other	Balance at the end of the half year
Grant date	Expiry date					
15/11/2019	20/06/2021	750,000	-	-	-	750,000
15/11/2019	01/10/2021	600,000	-	-	-	600,000
19/11/2020	22/06/2022	600,000	-	-	-	600,000
		<u>1,950,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,950,000</u>

Note 15. Share based payments (continued)

2020 Employee Incentive Scheme Rights

During the COVID-19 pandemic, staff were asked to accept a temporary reduction in their salary of 40%. The Company has issued 8,464,052 Employee Incentive Scheme Rights ("EIS Rights") as compensation for the reduction in salary as follows:

- 355,135 EIS rights were issued on 19 November 2020. The shares had a grant date fair value of \$0.049.
- 8,108,917 EIS rights were issued on the 14 December 2020. The shares had a grant date fair value of \$0.033.

The EIS Rights were issued with the following terms:

Vesting date	50% vest on 31 December 2020 and 50% vest on 30 June 2021
Expiry date	30 June 2024
Exercise price	Nil
Conversion condition	Continued employment. In the event of resignation or termination, all the unvested EIS Rights at the time will be forfeited. If placed on any formal performance management process, the EIS Rights will be forfeited
Shares delivered on conversion	1 Share per EIS Right.

31 Dec 2020

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/forfeited/other	Balance at the end of the half-year
19/11/2020	30/06/2024	\$0.0000	-	355,135	-	-	355,135
24/07/2020	30/06/2024	\$0.0000	-	8,108,917	-	-	8,108,917
			-	8,464,052	-	-	8,464,052

The weighted average remaining contractual life of EIS rights outstanding at the end of the financial half-year was 3.5 years.

2018 Executive Incentive Plan

Set out below is the movement in the rights issued on 2018 Executive Incentive Plan:

31 Dec 2020	Grant date	Expiry date	Balance at the start of the half year	Granted	Exercised	Expired/forfeited/other	Balance at the end of the half year
STI Rights	15/11/2018	02/10/2021	525,407	-	-	-	525,407
LTI Performance Rights (1)	15/11/2018	02/10/2023	1,066,717	-	-	(1,066,717)	-
			1,592,124	-	-	(1,066,717)	525,407

(1) 2018 LTI performance rights has a vesting date of 1 July 2020 and has lapsed as at 31 December 2020.

The weighted average remaining contractual life of rights outstanding at the end of the financial half-year was 0.75 years.

Warrants

There are no movements in warrants issued during the half year ended 31 December 2020. As at 31 December 2020, 26,666,666 warrants (exercise price \$0.30 each) remained on issue.

Note 16. Key management personnel disclosures

Compensation

The share based transactions made to key management personnel of the Group is set out below:

	Consolidated	
	31 Dec 2020	31 Dec 2019
	\$	\$
Share-based payments	155,823	47,932

2020 Employee Incentive Plan

During the half period ending 31 December 2020, the KMPs were granted EIS Rights as follow:

- As part of the 2020 Employee Incentive plan (see note 15), Ryan Sofoulis was granted 355,135 EIS Rights which were approved by shareholders at the Annual General Meeting of the Company held on 19 November 2020.
- As part of the 2020 Employee Incentive plan (see note 15), Pippa Leary was granted 1,583,311 EIS Rights.
- Geoff Greenberg was issued 1,454,861 shares as part of his employment contract.

Loan to key management personnel

The Company entered in to a non-recourse loan with Geoff Greenberg dated 23rd October 2020 for \$30,400. The loan is to be repaid from the sale of up to 760,000 shares when the shares are sold in strict accordance with the Company's Security Trading Policy.

Note 17. Events after the reporting period

On the 22nd January 2021, the Company announced that it had entered into an amendment of the terms of its debt facility with Pure Asset Management Ltd. Following the successful completion of the Company's equity capital raise in Q2 FY21, Pure Asset Management Ltd and the Company have agreed to the following key improvements to the terms of the facility:

1. Reduction of facility interest rate from 10% to 9.5%
 2. Financial covenants waived until March 2022 and tested quarterly thereafter
 3. Pure Asset Management Ltd shall waive any rights or entitlements arising from a review event or event of default occurring on or before the effective date of the amendment.
 4. Cash covenant of minimum cash balance of \$1m in any given month and \$1.75m persisting for 3 consecutive months
- All other material terms remain as per the original loan.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial periods.

Swift Media Limited
Directors' declaration
31 December 2020

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in black ink, appearing to read 'D Smorgon', is written over a light grey horizontal line.

Mr Darren Smorgon
Chairman

25 February 2021

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Swift Media Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Swift Media Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2020 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Material uncertainty relating to going concern

We draw attention to Note 2 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Responsibility of the directors for the financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit (WA) Pty Ltd



Dean Just
Director

Perth, 25 February 2021