

SWIFT NETWORKS GROUP LIMITED AND CONTROLLED ENTITIES
ABN 54 006 222 395

SWIFT NETWORKS GROUP LIMITED
AND CONTROLLED ENTITIES
(FORMERLY SWIFT MEDIA LIMITED)

ABN 54 006 222 395

INTERIM REPORT
FOR THE HALF YEAR ENDED

31 DECEMBER 2021

SWIFT NETWORKS GROUP LIMITED AND CONTROLLED ENTITIES
ABN 54 006 222 395

APPENDIX 4D
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

Results for Announcement to the market:

Name of Entity: Swift Networks Group Limited
ABN: 54 006 222 395
Reporting period: For the half-year ended 31 December 2021
Previous period: For the half-year ended 31 December 2020

Key information (extracted from interim financial report)	Change (Down) / Up %	Half-Year Ended 31 December 2021 \$
Revenue from ordinary activities	(3.79)%	8,703,204
Net loss from ordinary activities after tax attributable to members	(242.31)%	(2,466,785)
Net loss after tax attributable to members	(242.31)%	(2,466,785)

Comments

The loss for the group after providing for income tax amounted to \$2,466,785 (31 December 2020: \$720,621). Note 3 of the Interim report details \$1.5m gain from DXC settlement and \$0.4m gain from early termination of operating lease during previous reporting period.

DIVIDENDS

No dividends have been paid or declared during the current financial period.

NET TANGIBLE ASSETS PER SHARE

	31 December 2021	31 December 2020
Net tangible assets per share	(0.8) cents	(0.07) cents

Audit Review

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

On behalf of the Board
SWIFT NETWORKS GROUP LIMITED



Mr Darren Smorgon
Chairman
25 February 2022

SWIFT NETWORKS GROUP LIMITED AND CONTROLLED ENTITIES
ABN 54 006 222 395

DIRECTORS' REPORT

The Board of Directors of Swift Networks Group Limited ("the Group" or "the Company") submits its report in respect of the period ended 31 December 2021.

The Directors of the Company in office during the period and at the date of this report are:

Name Position

Mr Darren Smorgon	Independent Non-Executive Chairman
Mr Robert Sofoulis	Non-Executive Director
Mr Ryan Sofoulis	Alternate Director to Robert Sofoulis
Ms Katherine Ostin	Independent Non-Executive Director (resigned 18 November 2021)
Mr Peter Gibbons	Independent Non-Executive Director
Ms Pippa Leary	Non-Executive Director (role changed from Chief Executive Director effective 1 October 2021)
Mr Brian Mangano	Director and Chief Executive Officer (role changed from Chief Financial Officer 16 September 2021)
Mr Charles Fear	Non-Executive Director (appointed 18 November 2021)
Mr Bradley Denison	Non-Executive Director (appointed 18 November 2021)

The Company Secretary is Mr Simon Whybrow.

PRINCIPAL ACTIVITIES

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

REVIEW OF OPERATIONS AND FINANCIAL RESULTS

Operational review

Swift Access

The acquisition of Streamvision's casting solution has enabled Swift to launch its latest product Swift Access during the period. Swift has invested in internal product development to ensure the solution is effective in a range of environments from a small exploration camp or aged care facility to large offshore facilities or permanent villages with thousands of rooms. Swift announced during the period that Mineral Resources is partnering with Swift to trial the new Swift Access solution. Swift has recently announced its first commercial sale of the product to Inpex at its 2 offshore facilities with a five year, \$2.9m contract with deployment to occur in H2 FY22.

Aged Care

During the period Swift announced new Aged Care agreements worth \$1.1m with key Aged Care clients Resthaven, Mark Moran Vaucluse, Hall and Prior and Calvary Care (previously Japara). 66% of the revenue is recurring in nature solidifying Swift's focus on securing long term deals to increase future contracted revenue. Swift has initially been contracted to install a combination of Swift Plus and Swift Access to 20 facilities. These customers manage an additional 100 sites across Australia and Swift continues to engage with the clients to possibly extend our relationship to these additional sites.

Ongoing response to COVID

1H FY22 has seen the continued disruption of COVID-19 in Australia. The Mining and Resource industry has largely remained unaffected, however, with the latest wave of Omicron cases, we have seen site delays due to COVID positive staff on site. To mitigate the risk to Swift staff, multiple install teams are utilised from various locations in Australia to help offset any delays that may occur. There also continues to be disruption in the Aged Care sector with restricted access to site by providers looking to keep their residents and staff safe.

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DIRECTORS' REPORT

Operational review (continued)

Supply chain risks continue to pose delay threats within the industry, to mitigate this, during 1H Swift has procured hardware in advance to ensure that its recent sales and immediate pipeline are able to be installed on time and to client expectations.

Financial Review

In 1H FY22 the group achieved operating revenue of \$8.7m from continuing operations (31 December 2020: \$9.0m). During the period Swift has continued to focus on securing long term recurring contracts leading to an increase in recurring revenue of 5.5% YoY to \$6.8m (31 December 2020: \$6.45m). Delays in project delivery due in part to customer COVID delays has seen a reduction in project revenue of \$1.9m YoY (31 December 2020: \$2.6m). Delivery of delayed revenues is expected in 2H 2022.

During the period Swift has focused on internal efficiencies as well as its relationships with key suppliers to drive cost of sales down. This has led to an improvement in gross margin to 41% (31 December 2020:36%).

1H FY22 saw the group focus on cost control and maintenance of working capital while it refocussed on its core verticals. At 31 December 2021 the company's cash balance was \$2.3m (30 June 2021: \$3.9m). The cash balance reflects a number of key initiatives made during the period:

- Acquisition and implementation of casting technology of \$0.6m.
- Relocation of Perth and Sydney offices with costs of \$0.4m to realise future savings of \$0.5m/ year.
- Increasing inventory levels to mitigate supply chain risk of \$0.5m.

Swift will continue to investigate opportunities to further strengthen its balance sheet in FY22.

OUTLOOK

Notwithstanding the current market challenges caused by Covid-19 the Company will continue with its stated strategy to:

1. Streamline the business into core verticals and explore opportunities in synergistic verticals.
2. Target existing and new customers with upgrades to Swift Access.
3. Develop partnership opportunities in key verticals.
4. Increase brand awareness and marketing presence.
5. Introduce innovative new products.
6. Improving delivery capabilities.
7. Drive revenue growth with recurring revenues.
8. Maintain a reduced cost base.

The Directors look forward to updating you on our progress as the year unfolds.

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DIRECTORS' REPORT

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.

DIVIDENDS PAID OR RECOMMENDED

No dividends were paid or recommended during the half year (2021: nil).

AUDITORS' INDEPENDENCE DECLARATION

A copy of the Auditors' Independence Declaration as required under Section 307C of the Corporations Act 2001 is set out on page 4.

ROUNDING OFF

The Company is of an entity to which Australian Securities and Investments Commission (ASIC) Corporations (Rounding in Financial/Directors' Reports) Instruments 2016/91, dated 24 March 2016 applies. Amounts in the Directors' Report and the Financial Statements have been rounded to the nearest thousand dollars, unless otherwise stated.

Dated at Perth this 25th day of February 2022

This report is made in accordance with a resolution of the Directors.



Mr Darren Smorgon

Chairman

DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF SWIFT NETWORKS GROUP LIMITED

As lead auditor for the review of Swift Networks Group Limited for the half-year ended 31 December 2021, 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 Networks Group Limited and the entities it controlled during the period.



Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth, 25 February 2022

SWIFT NETWORKS GROUP LIMITED AND CONTROLLED ENTITIES
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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE
PERIOD ENDED 31 DECEMBER 2021

	Note	31 Dec 2021 \$000	31 Dec 2020 \$000
Continuing Operations			
Revenue	2	8,703	9,046
Operating expenses	3	(9,160)	(9,179)
Other income	3	33	2,022
Other expenses	3	(44)	(354)
Government grants	3	100	359
		(368)	1,894
Depreciation and amortisation	5	(836)	(1,023)
Amortisation of right-of- use assets	6	(102)	(207)
Share based payment	15	(22)	(314)
Restructuring and disposal costs		(134)	(134)
Fair value gain on financial liabilities		-	250
Fair value loss on financial assets	8	(145)	-
Amortisation other		(26)	(62)
Results from operating activities		(1,633)	404
Finance income		36	93
Finance costs		(870)	(630)
Net finance costs		(834)	(537)
Loss before income tax		(2,467)	(133)
Income tax benefit/(expenses)		-	-
Loss from continuing operations		(2,467)	(133)
Loss from discontinued operations, net of tax		-	(587)
Loss for the period		(2,467)	(720)
Total comprehensive loss for the period		(2,467)	(720)
Loss per share attributable to the members of Swift Networks Group Limited:		Cents	Cents
Basic loss per share		(0.43)	(0.16)
Loss from continuing operations		(0.43)	(0.03)
Loss from discontinued operations		-	(0.13)
Diluted loss per share		(0.43)	(0.16)
Loss from continuing operations		(0.43)	(0.03)
Loss from discontinued operations		-	(0.13)

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

SWIFT NETWORKS GROUP LIMITED AND CONTROLLED ENTITIES
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	Note	31 Dec 2021 \$000	30 June 2021 \$000
Current Assets			
Cash and cash equivalents		2,287	3,877
Trade and other receivables	4	2,290	3,088
Inventory		1,104	829
Other current assets		557	647
Total Current Assets		6,238	8,441
Non-Current Assets			
Trade and other receivables	4	366	659
Property, plant and equipment	5	1,030	1,094
Right-of-use assets	6	818	35
Contract assets		35	61
Intangible assets	7	1,729	1,710
Financial assets at fair value through profit or loss	8	1,880	2,475
Total Non-Current Assets		5,858	6,034
Total Assets		12,096	14,475
Current Liabilities			
Trade and other payables	9	4,993	6,176
Contract liabilities		649	693
Provisions		601	581
Lease Liabilities	11	118	47
Total Current Liabilities		6,361	7,497
Non-Current Liabilities			
Provisions		30	28
Borrowings	10	7,009	6,567
Lease Liabilities	11	793	-
Contract Liabilities		12	47
Total Non-Current Liabilities		7,844	6,642
Total Liabilities		14,205	14,139
Net Assets/ (Liabilities)		(2,109)	336
Equity			
Issued capital	12	61,627	61,627
Reserves	13	5,360	5,338
Accumulated losses		(69,096)	(66,629)
Total Equity		(2,109)	336

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

SWIFT NETWORKS GROUP LIMITED AND CONTROLLED ENTITIES
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2021

	Note	Issued Capital \$000	Reserves \$000	Accumulated losses \$000	Total \$000
For the period ended 31 December 2020					
Balance at 1 July 2020		56,815	4,368	(61,863)	(680)
Total comprehensive loss for the half year		-	-	(720)	(720)
Transactions with shareholders in their capacity as shareholders:					
Capital raised from placements		4,918	-	-	4,918
Share issued to employees		52	-	-	52
Share issue costs net of tax		(258)	-	-	(258)
Share based payments	15	-	262	-	262
Balance at 31 December 2020		61,527	4,630	(62,583)	3,574
For the period ended 31 December 2021					
Balance at 1 July 2021		61,627	5,338	(66,629)	336
Total comprehensive loss for the half year		-	-	(2,467)	(2,467)
Transactions with shareholders in their capacity as shareholders:					
Share based payments	15	-	22	-	22
Balance at 31 December 2021		61,627	5,360	(69,096)	(2,109)

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

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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2021

	Note	31 Dec 2021 \$000	31 Dec 2020 \$000
Cash Flows from Operating Activities			
Cash receipts in the course of operations		9,605	12,458
Cash payments in the course of operations		(10,435)	(11,001)
Finance costs		(409)	(514)
Interest received		36	93
Government grants received		100	472
Net cash (outflows)/inflows from operating activities ¹		<u>(1,103)</u>	<u>1,508</u>
Cash Flows from Investing Activities			
Purchase of property, plant and equipment	5	(231)	(99)
Payment for product development	7	(559)	(672)
Proceeds from release of security deposits		-	17
Proceeds from sale of listed shares	8	450	-
Net cash outflows for investing activities		<u>(340)</u>	<u>(754)</u>
Cash Flows from Financing Activities			
Proceeds from issue of shares		-	4,918
Payment of share issue costs		-	(258)
Repayments of lease liabilities		(147)	(883)
Loan to KMP		-	(30)
Net cash (outflows)/inflows from financing activities		<u>(147)</u>	<u>3,747</u>
Net (decrease)/increase in cash and cash equivalents		(1,590)	4,501
Cash at the beginning of the period		<u>3,877</u>	<u>2,448</u>
Cash at the end of the period		<u>2,287</u>	<u>6,949</u>

1. In the half year ended 31 December 2020, of the \$1.5m net cash inflows from operating activities, \$0.9m related to net cash inflows from discontinued operations.

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2021

Note 1. Operating segments

In conjunction with AASB8 Operating Segments, the Company has identified its operating segments based on internal reports that are reviewed and used by the Chief Operating Decision Maker (CODM) in assessing performance and in determining the allocation of resources. The CODM has been identified as the Chief Executive Officer.

The CODM monitors the operating results of the consolidated group and organises its business activities and product lines in the digital entertainment and services sector. The performance of the consolidated group is evaluated based on Earnings before Interest, Taxes, Depreciate and Amortisation ("EBITDA") which are measured in accordance with the Company's accounting policy.

Consistent with the assessment in annual accounts ended 30 June 2021, the Group has identified only one reporting segment in the digital entertainment and service sector for which the Group earn revenue and allocate resources. As such, the reportable segment for the current period is represented by primary statements forming this financial report being one segment.

In the prior reporting period, due to the existence of Medical Channel Pty Ltd, the Group had identified two segments, being Swift Networks and Medical Channel. However, Medical Channel is no longer a segment in this reporting period because of the completion of divestment on 1 April 2021.

31 December 2020	Swift Networks Dec 2020	Medical Channel Dec 2020 ¹	Swift Group Dec 2020
	\$000	\$000	\$000
Revenue	9,046	1,532	10,578
Operating expenses	(9,179)	(1,297)	(10,476)
Other income	2,022	-	2,022
Other expenses	(354)	-	(354)
Government grants	359	168	527
EBITDA	1,894	403	2,297
Depreciation and amortisation expenses	(1,023)	(561)	(1,584)
Amortisation of right-of-use assets	(207)	(227)	(434)
Share-based payments	(314)	-	(314)
Restructuring related expenses	(134)	-	(134)
Fair value gain on financial liability	250	-	250
Amortisation other	(62)	(159)	(221)
EBIT	404	(544)	(140)
Net finance costs	(537)	(43)	(580)
Loss before income tax	(133)	(587)	(720)

1. This is a discontinued operation as of April 2021.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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Note 1. Operating segments (continued)

Reconciliation of reportable segment assets and liabilities

	Swift Networks Jun 2021 \$000	Medical Channel Jun 2021 \$000	Swift Group Jun 2021 \$000
Reportable segment assets	14,475	-	14,475
Total assets	14,475	-	14,475
Reportable segment liabilities	(14,139)	-	(14,139)
Total liabilities	(14,139)	-	(14,139)

Note 2. Revenue

	31 Dec 2021 \$000	31 Dec 2020 \$000
Revenue from continuing operations	8,703	9,046
Total revenue	8,703	9,046

31 Dec 2021	Content & Technology Revenue \$000	Total \$000
Revenue recognition at a point in time ¹	1,901	1,901
Revenue recognition over time ²	6,802	6,802
	8,703	8,703

31 Dec 2020	Content & Technology Revenue \$000	Total \$000
Revenue recognition at a point in time ¹	2,596	2,596
Revenue recognition over time ²	6,450	6,450
	9,046	9,046

¹ Relating to the sale of equipment and software licenses.

² Relating to content, services and advertising revenue.

Geographical information:

All revenue is derived in Australia.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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Note 3. Operating expenses	31 Dec 2021	31 Dec 2020
	\$000	\$000
Cost of sales	(5,143)	(5,785)
Employment costs ¹	(3,270)	(2,429)
Occupancy costs	(123)	(190)
Professional fees	(211)	(388)
Bad debts	-	(12)
General & administration expenses	(413)	(375)
	<u>(9,160)</u>	<u>(9,179)</u>
Other income ²	33	2,022
Other expenses ²	(44)	(354)
Government grants ³	100	359
	<u>(9,071)</u>	<u>(7,152)</u>

1. In last half year ended 31 Dec 2020, the Company implemented temporary salary reductions due to Covid-19.
2. In Dec 20, Other income included \$1.5m licencing settlement received from DXC Technology Australia Pty Ltd, and a gain of \$0.4m arising from early termination of Sydney office leases. Other expenses were entirely related to DXC settlement.
3. The Company received \$100k cash boost in this reporting period and \$359k Job Keeper in last half year ended 31 Dec 2020.

Note 4. Trade and other receivables	31 Dec 2021	30 June 2021
	\$000	\$000
Current		
Trade receivables ¹	2,058	2,514
Other receivables ²	348	690
Loss allowance	(116)	(116)
	<u>2,290</u>	<u>3,088</u>
Non-Current		
Trade receivables ³	366	659
	<u>366</u>	<u>659</u>

1. Trade receivables are non-interest bearing and are generally on 30-60-day terms. Provision for loss of \$116k was made according to the assessment of expected credit loss. Due to short term nature of the current receivables, their carrying amount is considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.
2. The restricted cash of \$235k secured for issuance of bank guarantees is included in other receivables.
3. The non-current trade receivables included customers on a deferred payment plan, ranging from 2 to 5 years at a discounted interest rate.

SWIFT NETWORKS GROUP LIMITED AND CONTROLLED ENTITIES
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2021

Note 5. Property, plant and equipment

	31 Dec 2021 \$000	30 Jun 2021 \$000
Continuing operations		
Motor vehicles	161	161
Less: Accumulated depreciation	(106)	(94)
	55	67
Office fit-out & equipment	1,491	1,479
Less: Accumulated depreciation	(1,089)	(1,034)
	402	445
Test equipment	224	218
Less: Accumulated depreciation	(205)	(199)
	19	19
Rental equipment	4,394	4,394
Less: Accumulated depreciation	(4,328)	(4,191)
	66	203
Software	911	911
Less: Accumulated depreciation	(629)	(551)
	282	360
Leasehold improvement	213	-
Less: Accumulated depreciation	(7)	-
	206	-
	1,030	1,094

	Motor Vehicles \$000	Software \$000	Office Fit- out & Equipment \$000	Test Equipment \$000	Rental Equipment \$000	Leasehold Improvement \$000	Total \$000
Continuing operations							
Balance at 1 July 2020	90	2,172	646	31	628	-	3,567
Additions	-	92	5	4	80	-	181
Depreciation expenses	(23)	(463)	(121)	(16)	(297)	-	(920)
Impairment charges	-	(1,293)	-	-	-	-	(1,293)
Disposals	-	(148)	(85)	-	(208)	-	(441)
Balance at 30 June 2021	67	360	445	19	203	-	1,094
Additions	-	-	12	6	-	213	231
Depreciation expenses	(12)	(78)	(55)	(6)	(137)	(7)	(295)
Balance at 31 December 2021	55	282	402	19	66	206	1,030

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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Note 6. Right-of-use assets

	31 Dec 2021	30 Jun 2021
	\$000	\$000
<hr/>		
Continuing operations		
Opening net book amount	35	1,790
Additions ¹	885	-
Depreciation expenses	(102)	(344)
Disposal expenses	-	(1,411)
Closing net book amount	818	35

1. The additions are related to the new Perth office leases commenced in August 2021 over five years.

Note 7. Intangible assets

	Development Costs	Brand Loyalty / Customer Contracts	Practice Sites	Total
	\$000	\$000	\$000	\$000
<hr/>				
Reporting period ended 31 December 2021				
Opening net book amount	1,710	-	-	1,710
Additions	559	-	-	559
Amortisation charge	(540)	-	-	(540)
Closing net book amount	1,729	-	-	1,729
Cost	5,674	2,370	-	8,044
Accumulated amortisation and impairments	(3,945)	(2,370)	-	(6,315)
Closing net book amount	1,729	-	-	1,729
Year ended 30 June 2021				
Opening net book amount	1,732	19	3,003	4,754
Additions	1,165	-	-	1,165
Amortisation charge	(1,145)	-	-	(1,145)
Disposals	(42)	(19)	(3,003)	(3,064)
Closing net book amount	1,710	-	-	1,710
Cost	5,115	2,370	-	7,485
Accumulated amortisation and impairments	(3,405)	(2,370)	-	(5,775)
Closing net book amount	1,710	-	-	1,710

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Note 7. Intangible assets (continued)

The company has incurred additional costs at the development of new applications to meet its growth strategy and the market demand. Swift expects to recover the development costs through the sale and the use of these new applications.

The company has invested heavily in its proprietary swift access system including its casting solution and related products. It expects to complete the development of some of the applications in 2H and anticipates launching them to the market in 2H FY2022.

The capitalised project development costs are amortised on a straight-line basis.

Assessment of carrying value

The aggregate carrying amount of intangibles allocated to the Group's separably identifiable cash-generating units (CGU):

	31 Dec 2021	30 Jun 2021
	\$000	\$000
Swift Networks - Intangibles	1,729	1,710

The Company has assessed the relevant impairment indicators and does not expect impairment to the Company's intangibles in this reporting period. The Company has concluded that the carrying value of the intangibles are recoverable.

Note 8. Financial assets at fair value through profit or loss

	31 Dec 2021	30 Jun 2021
	\$000	\$000
Opening fair value ¹	2,475	3,300
Disposals	(450)	(500)
Net fair value loss on financial assets at fair value through profit or loss	(145)	(325)
Closing fair value ²	1,880	2,475

1. The opening fair value of \$3.3m was the initial valuation of 30m MXO shares valued at \$0.11 as of 1 April 2021.

2. The closing fair value of \$1.9m was entirely related to the remaining 20m MXO shares valued at \$0.094 per share as of 31 December 2021.

Note 9. Trade and other payables

	31 Dec 2021	30 Jun 2021
	\$000	\$000
Current		
Trade payables ¹	2,676	2,799
Other payables	2,317	3,377
	4,993	6,176

1. Current trade payables are unsecured and are usually paid within 30 days of recognition. The carrying amounts are considered to be the same as their fair values, due to their short-term nature.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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Note 10. Borrowings

	31 Dec 2021	30 Jun 2021
	\$000	\$000
Non-Current		
Pure Asset Management Loan ¹⁻²	8,201	8,000
Less: transaction costs	(1,192)	(1,433)
Total non-current borrowings	7,009	6,567

1. Pure facility over a 4-year term with maturity ending in December 2023 and 9.5 per cent interest rate, interest payable every three months. The additions of \$0.2m is related to capitalised interests repayable at maturity. Transaction costs are costs that are directly attributable to the loan and include loan originating fees, legal fees and the aggregated valuation of 50.7m warrants. The balance of unamortised transaction cost of \$1.2m is offset against the borrowings of \$8.2m. Total capitalised transaction costs relating to the facility agreement are \$1.2m. The security of the facility is a first-ranking general security over all assets of the Group and its subsidiaries.
2. The Group has complied with the loan covenants at reporting date and expects to continue to meet all covenants at the next review in March 2022.

Note 11. Leases

	31 Dec 2021	30 Jun 2021
	\$000	\$000
Maturity analysis		
Not later than one year	118	47
Later than one year but not later than five years	793	-
Total lease liabilities	911	47
Analysed as:		
Current	118	47
Non-current	793	-
Total lease liabilities	911	47

The lease liabilities at the reporting date represents the present value of the new Perth office leases over five years commenced in August 2021.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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Note 12. Issued capital

	31 Dec 2021	30 Jun 2021
	\$000	\$000
Issued capital	61,627	61,627

Movement in Ordinary Share Capital:	31 Dec 2021 No.	30 Jun 2021 No.	31 Dec 2021 \$000	30 June 2021 \$000
At the beginning of the period	578,630,471	440,502,918	61,627	56,815
Exercise of EIS share rights	473,513	573,267	-	-
Issue of shares as per Placement and Share Purchase Plan	-	137,554,286	-	5,079
Options exercised during the half year	1,350,000	-	-	-
Share issue costs(a)	-	-	-	(267)
	580,453,984	578,630,471	61,627	61,627

(a) Share Issue Costs

There is no share issue cost in the reporting period.

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on 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.

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

Options

The Company has issued 2m options upon AGM approval during this reporting period. At 31 December 2021, there were 5m Options (30 Jun 2021: 3m) balance available for exercise.

Half Year ended 31 December 2021	30 cents 31 December 2022	13 cents 31 December 2022	5 cents 30 April 2025	5 cents 17 November 2024	Total
Opening balance	500,000	500,000	2,000,000	-	3,000,000
Issued during the reporting period	-	-	-	2,000,000	2,000,000
Closing balance	500,000	500,000	2,000,000	2,000,000	5,000,000

SWIFT NETWORKS GROUP LIMITED AND CONTROLLED ENTITIES
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2021

Note 13. Reserves

	31 Dec 2021	30 Jun 2021
	\$000	\$000
<hr/>		
<i>Options & Warrant reserves</i>		
Opening balance	5,338	4,369
Warrants issued	-	582
Options and Performance rights reserve	22	387
Closing balance	<hr/> 5,360	<hr/> 5,338

The reserves are used to recognise the fair value of options & warrants granted.

Note 14. Related party transactions

Key management personnel

The new service agreements between the Company and Key Management Personnel are set out below.

1. The Company has a service agreement with Mr Brian Mangano for the change of his role from Director and Chief Financial Officer to Chief Executive Officer and Managing Director commenced on 17 September 2021. The service agreement material terms include a base salary of \$365k per annum, exclusive of statutory superannuation and 2m executive incentive Options. The service contract has no fixed terms. The Company or Mr Mangano may terminate the employment agreement at any time by giving to the other not less than three months' written notice.
2. The Company has a service agreement with Ryan Sofoulis to reflect the change of his role from Head of Finance to Finance Director and Chief Financial Officer commenced on 15 October 2021.
3. The Company has a new service agreement with Mr Charles Fear for the role of Non-Executive Director commenced on 19 November 2021.
4. The Company has a new service agreement with Mr Bradley Denison for the role of Non-Executive Director commenced on 19 November 2021.
5. The Company has a service agreement with Ms Pippa Leary for the change of her role from Chief Executive Officer and Managing Director to Non-Executive Director commenced on 17 September 2021.

Disclosures relating to share based payments granted to key management personnel are set out in note 15.

Other transactions with Directors and Key Management Personnel

Payment of \$100,000 to Wenro Holdings Pty Ltd in relation to early termination charge for office lease. There were no other transactions with related parties during the reporting period since the last annual report.

SWIFT NETWORKS GROUP LIMITED AND CONTROLLED ENTITIES
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2021

Note 15. Share based payments

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

	31 Dec 2021	31 Dec 2020
	\$000	\$000
Ordinary share rights on issue ¹	10	52
Options on issue ²	12	3
2020 Employee Incentive Scheme	-	207
Share issued to employees	-	52
Share issued to employees	22	314

1. Charles Fear and Bradley Denison were each granted 600,000 Ordinary Share Rights on 19 November 2021 in accordance with respective executive contracts. For the current financial reporting period, the aggregated share-based-payment in relation to these arrangements was \$1.4k.
2. As part of the executive agreement, Brian Mangano was granted 2m Options which was approved at the Annual General Meeting ("AGM") of the Company held on 18 November 2021. A share-based payment expense of \$1.6k in relation to this arrangement has been recorded in this reporting period.

On 18 November 2021, approval from shareholder was granted for the following:

- 600,000 ordinary share rights issued to Charles Fear, subject to a vesting period of 2 years
- 600,000 ordinary share rights issued to Bradley Denison, subject to a vesting period of 2 years
- 2,000,000 options issued to Brian Mangano, exercisable after 3 years with a strike price of 5 cents. There is a condition of maintaining continuous employment through the vesting period.

Valuation

	Ordinary Share Rights	Options
	19 November 2021	18 November 2021
Method	Share price at grant date	Black Scholes
Spot price	2 cents	1.9 cents
Strike price	nil	5 cents
Expiry date	18 November 2023	17 November 2024
Volatility	n/a	100%
Risk free rate	n/a	0.97%
Fair value per unit	2 cents	0.8 cents

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2021

Note 15. Share based payments (continued)

Recipient	Ordinary Share Rights			Options		
	Number	Total fair value \$	Total expense for the period ended 31 December 2021 \$	Number	Total fair value \$	Total expense for the period ended 31 December 2021 \$
Charles Fear	600,000	12,000	691	-	-	-
Bradley Denison	600,000	12,000	691	-	-	-
Brian Mangano	-	-	-	2,000,000	16,100	1,559
Total	1,200,000	24,000	1,382	2,000,000	16,100	1,559

Performance shares

There is no movement in performance shares during the half year ended 31 December 2021.

Options

Grant date	Expiry date	Exercise price \$	Balance at the start of the half year	Granted	Exercised	Balance at the end of half year
26/06/2019	31/12/2022	0.30	500,000	-	-	500,000
26/06/2019	31/12/2022	0.13	500,000	-	-	500,000
01/05/2020	30/04/2025	0.05	2,000,000	-	-	2,000,000
18/11/2021	17/11/2024	0.05	-	2,000,000	-	2,000,000
Total			3,000,000	2,000,000	-	5,000,000

Ordinary Share Rights

The Ordinary Share Rights movements are summarised as follows.

Grant date	Expiry date	Balance at the start of the half year	Granted	Exercised	Expired/forfeited	Balance at the end of half year
26/06/2019	20/06/2021	750,000	-	(750,000)	-	-
01/10/2019	01/10/2021	600,000	-	(600,000)	-	-
22/06/2020	22/06/2022	600,000	-	-	-	600,000
18/11/2021	18/11/2023	-	1,200,000	-	-	1,200,000
Total		1,950,000	1,200,000	(1,350,000)	-	1,800,000

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2021

Note 15. Share based payments (continued)

2020 Employee Incentive Scheme Rights (EIS)

The Company had issued EIS Rights in relation to the temporary salary reduction arising from Covid-19 pandemic in the previous reporting period ended 31 December 2020. At this reporting date, the remaining EIS Rights was 7,335,759.

	Expiry date	Exercise price \$	Balance at the start of the half year	Granted	Converted	Lapsed/ forfeited	Balance at the end of half year
EIS	30/06/2024	nil	7,957,245	-	(473,513)	(147,973)	7,335,759
Total			7,957,245	-	(473,513)	(147,973)	7,335,759

2018 Executive Incentive Plan (STI Rights)

There is no movement in the 2018 Executive Incentive Plan during the half year ended 31 December 2021.

	Grant date	Expiry date	Balance at the start of the half year	Granted	Converted	Expired/ forfeited	Balance at the end of half year
STI Rights	25/10/2018	02/10/2023	458,747	-	-	-	458,747
Total			458,747	-	-	-	458,747

Warrants

There is no movement in the 2018 Executive Incentive Plan during the half year ended 31 December 2021.

	Expiry date	Exercise price \$	Balance at the start of the half year	Issued	Exercised	Expired/ other	Balance at the end of half year
Warrants	04/12/2023	0.30	26,666,666	-	-	-	26,666,666
Warrants	22/01/2024	0.08	24,000,000	-	-	-	24,000,000
Total			50,666,666	-	-	-	50,666,666

SWIFT NETWORKS GROUP LIMITED AND CONTROLLED ENTITIES
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2021

Note 16. Statement of Significant accounting policies

Corporate Information

The financial report of the Group for the half year ended 31 December 2021 was authorised for issue in accordance with a resolution of the directors on 25 February 2022.

Swift Networks Group Limited is a company listed by shares incorporated and domiciled in Australia. The company's shares are publicly traded on the Australian Securities Exchange (ASX).

Basis of Preparation

The general-purpose financial statements for the interim half-year reporting period ended 31 December 2021 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.

The half year financial report does not include all notes of the type normally included within the audited annual financial statements. Therefore, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the ASX listing rules.

The accounting policies applied and methods of computation for the reporting period ended 31 December 2021 are consistent with those of the annual financial reports for the year ended 30 June 2021.

Comparatives

Where required by accounting standards comparative figures have been adjusted to conform with classification and presentation for the current financial half-year.

The comparatives have been restated to report discontinued operations separately from continuing operations.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standard 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 reporting period ended 31 December 2021, the Group recorded a loss of \$2.4m and had net operating cash outflows of \$1.1m.

Whilst the Directors are confident in the outlook of the Group, the ability of the Group to continue as a going concern is dependent upon executing the strategy that has been put in place and 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 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.

The management of the Group believe there are sufficient funds to meet the entity's working capital requirements as at the date of this report. 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.

SWIFT NETWORKS GROUP LIMITED AND CONTROLLED ENTITIES
ABN 54 006 222 395

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2021

Note 16. Statement of 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 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 17. Significant 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 2021.

Note 18. Events subsequent to reporting date

There are no other matters or circumstances that have arisen since 31 December 2021 that have or may significantly affect the operations, results, or state of affairs of the Group in future financial periods.

SWIFT NETWORKS GROUP LIMITED AND CONTROLLED ENTITIES
ABN 54 006 222 395

DIRECTORS' DECLARATION

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporate Act 2001, Australian Accounting Standards AASB134 "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 2021 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 Corporate Act 2001

On behalf of the Directors



Chairman
Darren Smorgon

Dated this 25th day of February 2022

CORPORATE DIRECTORY

Directors

Darren Smorgon
Chairman

Peter Gibbons
Non-Executive Director

Robert Sofoulis
Non-Executive Director

Philippa Leary
Non-Executive Director

Charles Fear
Non-Executive Director

Bradley Denison
Non-Executive Director

Brian Mangano
Chief Executive Officer/
Managing Director

Company Secretary
Simon Whybrow

Corporate Details

Swift Networks Group Limited
(formerly Swift Media Limited)
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ABN: 54 006 222 395
www.swiftnetworks.com.au

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Auditor

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5 Spring Street
PERTH WA 6000

Bankers

Bank West Ltd
300 Murray Street
PERTH WA 6000

Share Registry

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Swift Networks Group Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Swift Networks Group Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, 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 2021 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 16 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 Group's financial position as at 31 December 2021 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

A handwritten signature in black ink, appearing to read 'Dean Just'. Above the signature, the letters 'BDO' are written in a simple, blocky font.

Dean Just

Director

Perth, 25 February 2022