

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

**SWIFT NETWORKS GROUP LIMITED
AND CONTROLLED ENTITIES**

ABN 54 006 222 395

**INTERIM REPORT
FOR THE HALF YEAR ENDED**

31 DECEMBER 2022

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

APPENDIX 4D
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

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 2022
Previous period: For the half-year ended 31 December 2021

Key information (extracted from interim financial report)	Change (Down) / Up %	Half-Year Ended 31 December 2022 \$
Revenue from ordinary activities	10%	9,581,134
Net loss from ordinary activities after tax attributable to members	(62)%	(943,992)
Net loss after tax attributable to members	(62)%	(943,992)

Comments

The loss for the group after providing for income tax amounted to \$943,992 (31 December 2021: \$2,466,785).

DIVIDENDS

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

NET TANGIBLE ASSETS PER SHARE

	31 December 2022	31 December 2021
Net tangible assets per share	(1.0) cents	(0.8) 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 Charles Fear

Chairman

28 February 2023

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 2022.

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

Name Position

Mr Charles Fear	Non-Executive Chairman
Mr Bradley Denison	Non-Executive Director
Mr Darren Smorgon	Non-Executive Director (resigned 1 September 2022)
Mr Robert Sofoulis	Non-Executive Director (resigned 17 November 2022)
Mr Ryan Sofoulis	Alternate Director to Robert Sofoulis (resigned as Alternate Director 1 September 2022, remains role of Chief Financial Officer)
Mr Peter Gibbons	Independent Non-Executive Director (resigned 8 September 2022)
Ms Pippa Leary	Non-Executive Director
Mr Brian Mangano	Managing Director and Chief Executive Officer

The Company Secretary is Ms Suzie Foreman.

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 rollout of Swift's proprietary Swift Access product continued in H1. Since its launch in early 2022, Swift Access has been installed in 5400 rooms with a further 1600 rooms contracted for installation in H2. A substantial effort has been undertaken by Swift's Technology and Delivery teams during the period to ensure Swift Access has successfully been rolled out at scale to ~3000 rooms at Roy Hill which is a significant achievement in Swift's product roll out plan. Swift has continued to invest in internal product development to ensure Swift Access is the product of choice in market.

Aged Care

During the period, Swift has deployed Swift Broadcast across 13 sites under its Hubify deal (announced 2H FY2022). Swift also recently extended its partnership with Bethanie Aged Care with the award of its new Dalyellup site. Swift continues to extend its presence within the Aged Care industry with multiple conferences/ events attended during the period, highlighted by its involvement at ACCPA which was attended by over 2000 delegates.

Supply Chain Risk Mitigation

During the period, Swift has continued to mitigate the risk of supply chain delays caused by external factors such as COVID-19 and the war in Ukraine. Inventory levels have increased to \$1.32m (31 December 2021: \$0.86m) to ensure we can remain agile with customer requirements.

Debt Facility Renegotiation

During the period Swift secured a \$7.7m finance facility with its existing lenders Pure Asset Management with expiry being extended to 30 September 2025. The terms of the facility are outlined in the ASX release on 17 August 2022.

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DIRECTORS' REPORT

Financial Review

Swift is pleased to announce operating revenue of \$9.6m from continuing operations (31 December 2021: \$8.7m). Project revenue has significantly increased by 44% YoY to \$2.7m (31 December 2021: \$1.9m) whilst recurring revenue has slightly increased to \$6.9m (31 December 2021: \$6.8m). Swift continues to target project revenues that will lead to an increase in recurring revenue or improvement of gross margin from existing customers. The uplift on recurring revenue can only be achieved with the completion of installation of project revenue which Swift has delivered during the period and will continue to deliver. At reporting date, Swift has \$3.1m of forward booked project revenue that it is still to deliver.

During the period Swift has focussed on reducing its overhead costs. In H1 through product standardisation initiatives and employee contract renegotiations, Swift announced annualised savings of \$900,000 with a reduction in executive salaries and removal of some roles within the business. These initiatives commenced in November 2022.

The closing cash position of the Company was \$1.6m (30 June 2022: \$3.7m). During the period, Swift commenced its stated objective of paying down its debt position with a \$0.5m repayment made to its lender. Interest payments continue to have an impact on the cash position with \$0.5m in payments made within the period. As previously mentioned, increased inventory levels have been secured to mitigate against potential supply change issues with \$0.5m spent within the period.

OUTLOOK

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.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

As disclosed in note 16 and announced to the market on 18 February 2023, The Australian Competition and Consumer Commission (ACCC) has instigated proceedings against Swift Networks Pty Ltd (Subsidiary), wholly owned by Swift Networks Group Limited (Group).

There are no other matters or circumstances that have arisen since 31 December 2022 that have or may significantly affect the operations, results, or state of affairs of the Group in future financial periods.

DIVIDENDS PAID OR RECOMMENDED

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

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DIRECTORS' REPORT

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 5.

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 28th day of February 2023

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

A handwritten signature in black ink, appearing to be 'C Fear', written over a faint horizontal line.

Mr Charles Fear
Chairman

DECLARATION OF INDEPENDENCE BY JARRAD PRUE 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 2022, 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.



Jarrad Prue
Director

BDO Audit (WA) Pty Ltd
Perth
28 February 2023

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 2022

	Note	31 Dec 2022 \$000	31 Dec 2021 \$000
Continuing Operations			
Revenue	2	9,581	8,703
Operating expenses	3	(9,709)	(9,160)
Other income	3	563	33
Other expenses	3	(19)	(44)
Government grants		-	100
		416	(368)
Depreciation and amortisation		(475)	(836)
Amortisation of right-of- use assets		(81)	(102)
Share based payment	13	(19)	(22)
Restructuring and disposal costs		(145)	(134)
Fair value loss on financial assets	7	(20)	(145)
Amortisation other		(10)	(26)
Results from operating activities		(334)	(1,633)
Finance income		19	36
Finance costs		(629)	(870)
Net finance costs		(610)	(834)
Loss before income tax		(944)	(2,467)
Income tax benefit/(expenses)		-	-
Loss from continuing operations		(944)	(2,467)
Loss for the period		(944)	(2,467)
Total comprehensive loss for the period		(944)	(2,467)
Loss per share attributable to the members of Swift Networks Group Limited:			
		Cents	Cents
Basic loss per share		(0.16)	(0.43)
Loss from continuing operations		(0.16)	(0.43)
Diluted loss per share		(0.16)	(0.43)
Loss from continuing operations		(0.16)	(0.43)

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 2022

	Note	31 Dec 2022 \$000	30 June 2022 \$000
Current Assets			
Cash and cash equivalents		1,595	3,750
Trade and other receivables	4	4,025	2,512
Inventory	5	1,320	856
Other current assets		379	637
Total Current Assets		7,319	7,755
Non-Current Assets			
Trade and other receivables	4	-	144
Property, plant and equipment		545	694
Right-of-use assets		657	737
Contract assets		7	16
Intangible assets	6	2,262	1,979
Financial assets at fair value through profit or loss	7	920	940
Total Non-Current Assets		4,391	4,510
Total Assets		11,710	12,265
Current Liabilities			
Trade and other payables	8	5,857	5,320
Contract liabilities		1,083	1,066
Provisions		624	537
Lease Liabilities		163	154
Borrowings	9	-	7,238
Total Current Liabilities		7,727	14,315
Non-Current Liabilities			
Other payables	8	317	-
Provisions		38	33
Borrowings	9	6,209	-
Lease Liabilities		618	701
Contract Liabilities		70	102
Total Non-Current Liabilities		7,252	836
Total Liabilities		14,979	15,151
Net Liabilities		(3,269)	(2,886)
Equity			
Issued capital	10	61,627	61,627
Reserves	11	6,330	5,769
Accumulated losses		(71,226)	(70,282)
Total Deficiency in Equity		(3,269)	(2,886)

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

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2022

	Note	Issued Capital \$000	Reserves \$000	Accumulated losses \$000	Total \$000
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	13	-	22	-	22
Balance at 31 December 2021		61,627	5,360	(69,096)	(2,109)
For the period ended 31 December 2022					
Balance at 1 July 2022		61,627	5,769	(70,282)	(2,886)
Total comprehensive loss for the half year		-	-	(944)	(944)
Transactions with shareholders in their capacity as shareholders:					
Share based payments and warrants issued	13	-	561	-	561
Balance at 31 December 2022		61,627	6,330	(71,226)	(3,269)

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 2022

	Note	31 Dec 2022 \$000	31 Dec 2021 \$000
Cash Flows from Operating Activities			
Cash receipts in the course of operations		9,166	9,605
Cash payments in the course of operations		(9,538)	(10,435)
Finance costs		(521)	(409)
Interest received		19	36
Government grants received		-	100
Net cash outflows from operating activities		(874)	(1,103)
Cash Flows from Investing Activities			
Purchase of property, plant and equipment		(41)	(231)
Payment for product development	6	(573)	(559)
Proceeds from sale of listed shares		-	450
Net cash outflows from investing activities		(614)	(340)
Cash Flows from Financing Activities			
Repayments of borrowings		(516)	-
Payment of borrowing transaction costs		(76)	-
Repayments of lease liabilities		(75)	(147)
Net cash outflows from financing activities		(667)	(147)
Net decrease in cash and cash equivalents		(2,155)	(1,590)
Cash at the beginning of the period		3,750	3,877
Cash at the end of the period		1,595	2,287

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 2022

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, Depreciation and Amortisation ("EBITDA") which are measured in accordance with the Company's accounting policies.

Consistent with the assessment in the annual accounts ended 30 June 2022, the Group has identified only one reporting segment in the digital entertainment and service sector for which the Group earns revenue and allocates resources. As such, the reportable segment for the current period is represented by primary statements forming this financial report being one segment.

Note 2. Revenue

	31 Dec 2022	31 Dec 2021
	\$000	\$000
Revenue from continuing operations	9,581	8,703
Total revenue	9,581	8,703

Disaggregation of revenue	31 Dec 2022	31 Dec 2021
	\$000	\$000
Revenue recognition at a point in time ¹	2,728	1,901
Revenue recognition over time ²	6,853	6,802
	9,581	8,703

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 2022	31 Dec 2021
	\$000	\$000
Cost of sales	(5,753)	(5,143)
Employment costs	(2,983)	(3,270)
Occupancy costs	(74)	(123)
Professional fees	(423)	(211)
General & administration expenses	(476)	(413)
	(9,709)	(9,160)
Other income ¹	563	33
Other expenses	(19)	(44)
Government grants	-	100
	(9,165)	(9,071)

1. Other income of \$563k is referred to accrual for expected R&D refund.

Note 4. Trade and other receivables	31 Dec 2022	30 June 2022
	\$000	\$000
Current		
Trade receivables ¹	2,863	2,133
Other receivables ²	1,278	495
Loss allowance	(116)	(116)
	4,025	2,512
Non-Current		
Trade receivables	-	144
	-	144

- 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.
- Other receivables include \$970k expected R&D refund and restricted cash of \$236k secured for issuance of bank guarantees is included in other receivables.

Note 5. Inventory	31 Dec 2022	30 June 2022
	\$000	\$000
Inventory:		
Finished goods	1,172	611
Provision for obsolescence	(53)	(53)
Work in progress	201	298
	1,320	856

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2022

Note 6. Intangible assets

	Development Costs \$000	Total \$000
Reporting period ended 31 December 2022		
Opening net book amount	1,979	1,979
Additions	573	573
Amortisation charge	(290)	(290)
Closing net book amount	2,262	2,262
 Cost	 6,601	 6,601
Accumulated amortisation and impairments	(4,339)	(4,339)
Closing net book amount	2,262	2,262
 Year ended 30 June 2022		
Opening net book amount	1,710	1,710
Additions	1,041	1,041
Amortisation charge	(772)	(772)
Closing net book amount	1,979	1,979
 Cost	 6,156	 6,156
Accumulated amortisation and impairments	(4,177)	(4,177)
Closing net book amount	1,979	1,979

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

The Company has continuously invested in its proprietary swift access system including further development of casting solutions related products and new generation platform. Swift Access is in market and final casting updates are expected to be finalised in H2. Swift will continue to invest in it's product to ensure it is the product of choice in market.

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 2022 \$000	30 Jun 2022 \$000
Swift Networks - Intangibles	2,262	1,979

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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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Note 7. Financial assets at fair value through profit or loss

	31 Dec 2022	30 Jun 2022
	\$000	\$000
Opening fair value	940	2,475
Disposals	-	(450)
Net fair value loss on financial assets at fair value through profit or loss	(20)	(1,085)
Closing fair value ¹	920	940

1. The closing fair value of \$920k was entirely related to the remaining 20m MXO shares valued at \$0.046 per share as of 31 December 2022.

Note 8. Trade and other payables

	31 Dec 2022	30 Jun 2022
	\$000	\$000
Current		
Trade payables ¹	3,053	3,063
Other payables ²	2,804	2,257
	5,857	5,320
Non-Current		
Other payables ²	317	-
	317	-

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.
2. Other payables include deferred income arising from R&D claims to be released in future periods.

Note 9. Borrowings

	31 Dec 2022	30 Jun 2022
	\$000	\$000
Current		
Pure Asset Management Loan	-	8,201
Less: transaction costs	-	(963)
Total current borrowings¹	-	7,238
Non-Current		
Pure Asset Management Loan ²⁻⁴	8,201	-
Less: repayment	(516)	-
Less: transaction costs	(1,476)	-
Total non-current borrowings	6,209	-

1. Pure loan was classified as current borrowings as at 30 June 2022 and subsequently reclassified as non-current borrowings.
2. The Company and Pure Asset Management have amended the loan facility in August 2022. As part of the Amendment, the Company has repaid \$0.5m to reduce the loan principal to \$7.7m and extended the maturity to 30 September 2025. The interest rate remains at 9.5 per cent, interest payable every three months.

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Note 9. Borrowings (continued)

3. Transaction costs are costs that are directly attributable to the loan and include loan originating fees, legal fees and the aggregated valuation of 110.7m warrants. In this reporting period, 60m warrants were issued and valued by using the Black-Scholes option pricing model and thus incurred a transaction cost of \$0.5m. The transaction costs also included \$70k amended facility work fee. Total capitalised transaction costs relating to the facility agreement are \$2.5m. The balance of unamortised transaction cost of \$1.5m is offset against the borrowings of \$7.7m. The security of the facility is a first-ranking general security over all assets of the Group and its subsidiaries.
4. The Group has complied with the loan covenants during the reporting period and expects to continue to meet all covenants at the next review in March 2023.

Note 10. Issued capital

	31 Dec 2022	30 Jun 2022
	\$000	\$000
Issued capital	61,627	61,627

Movement in Ordinary Share Capital:	31 Dec 2022 No.	30 Jun 2022 No.	31 Dec 2022 \$000	30 June 2022 \$000
At the beginning of the period	581,497,900	578,630,471	61,627	61,627
Exercise of share rights	750,000	-	-	-
Exercise of 2020 EIS share rights	3,988,581	917,429	-	-
Issue of 2022 EIS shares	7,910,196	-	-	-
Options exercised during the half year	-	1,950,000	-	-
	594,146,677	581,497,900	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.

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Note 10. Issued capital (continued)

Options

There were no options issued during this reporting period. At 31 December 2022, there were 4m Options (30 Jun 2022: 5m) balance available for exercise.

Half Year ended 31 December 2022	30 cents 31 December 2022	13 cents 31 December 2022	5 cents 30 April 2025	5 cents 7 February 2025	Total
Opening balance	500,000	500,000	2,000,000	2,000,000	3,000,000
Issued during the reporting period	-	-	-	-	-
Expired during the reporting period	(500,000)	(500,000)	-	-	(1,000,000)
Closing balance	-	-	2,000,000	2,000,000	4,000,000

Note 11. Reserves

	31 Dec 2022 \$000	30 Jun 2022 \$000
<i>Options & Warrant reserves</i>		
Opening balance	5,769	5,338
Warrants issued	542	-
Options and Performance rights reserve	19	431
Closing balance	6,330	5,769

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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Note 12. Related party transactions

Incorporation of subsidiary

Swift Networks Australia Pty Ltd was incorporated on 14 October 2022.

Key management personnel

The Company has taken an overhead reduction program and reduced the salaries of Non-Executive directors and executives. The changes of the service agreements between the Company and Key Management Personnel are set out below.

1. Mr Brian Mangano, Managing Director, has taken a reduction of his annual base salary from \$365k to \$315k per annum plus statutory superannuation, effective from 1 November 2022. All other material terms and conditions relating to his Executive Service Contract as disclosed in 30 June 2022 annual accounts remain unchanged.
2. Mr Charles Fear, Non-Executive Chairman, has taken a reduction of 10% of his director fees, effective from 1 November 2022.
3. Mr Robert Sofoulis, Non-Executive Director, has taken a reduction of 10% of his director fees, effective from 1 November 2022.
4. Ms Pippa Leary, Non-Executive Director, has taken a reduction of 10% of her director fees, effective from 1 November 2022.
5. Mr Bradley Denison, Non-Executive Director, has taken a reduction of 10% of his director fees, effective from 1 November 2022.

Disclosures relating to share based payments granted to key management personnel are set out in note 16.

Other transactions with Directors and Key Management Personnel

There were no other transactions with related parties during the reporting period since the last annual report.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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Note 13. 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 2022	31 Dec 2021
	\$000	\$000
Ordinary share rights on issue ¹⁻²	5	10
Options on issue ³	3	12
Share issued to KMP ³⁻⁴	24	-
Performance rights on issue to employees	17	-
Forfeiture of performance rights to employees	(30)	-
Share issued to employees	19	22

1. Charles Fear was granted 600,000 ordinary share rights on 19 November 2021 in accordance with the non-executive Letter of Appointment and an additional 150,000 ordinary share rights in relation to the role change as Chairman on 17 November 2022. The total 750,000 ordinary share rights were approved at the Annual General Meeting ("AGM") of the Company held on 17 November 2022. For the current financial reporting period, the aggregated share-based-payment in relation to these arrangements was \$3,547.
2. Bradley Denison was granted 600,000 ordinary share rights on 19 November 2021 in accordance with his non-executive Letter of Appointment which was approved at the AGM on 17 November 2022. A share-based payment of \$1,558 have been recorded in this reporting period.
3. Brian Mangano was granted 9,240,974 performance rights under FY2022 Employee Incentive Scheme ("EIS"), consisting of 4,620,487 STI rights and 4,620,487 LTI rights which were all approved at the AGM on 17 November 2022. The 4,620,487 STI rights have been converted to ordinary shares upon shareholder approval and have not been issued at the date of this report, the performance rights may be issued up to 3 years following the date of shareholder approval. The 4,620,487 LTI rights have vesting dates on 30 June 2023 (50%) and 30 June 2024 (50%). The condition attached to the LTI rights is continuous employment throughout the vesting periods. Brian Mangano was granted 2m options in FY22. The aggregated share-based payment expense of \$21,865 in relation to these arrangements has been recorded in this reporting period.
4. Ryan Sofoulis was granted 2,405,186 performance rights under FY2022 EIS, consisting of 1,202,593 STI rights and 1,202,593 LTI rights which were all approved at the AGM on 17 November 2022. The 1,202,593 STI rights have been converted to ordinary shares upon shareholder approval and have not been issued at the date of this report, the performance rights may be issued up to 3 years following the date of shareholder approval. The 1,202,593 LTI rights have vesting dates on 30 June 2023 (50%) and 30 June 2024 (50%). The condition attached to the LTI rights is continuous employment throughout the vesting periods. A share-based payment expense of \$4,987 in relation to this arrangement has been recorded in this reporting period.

On 17 November 2022, approval from the shareholder was granted for the following:

- 750,000 ordinary share rights to be issued to Charles Fear. There is a condition of maintaining continuous employment until 21 March 2024.
- 600,000 ordinary share rights to be issued to Bradley Denison, subject to a continuous employment throughout the vesting period.
- 4,620,487 ordinary shares to be issued to Brian Mangano.
- 4,620,487 performance rights to be issued to Brian Mangano. There is a condition of maintaining continuous employment throughout the vesting period.
- 1,202,593 ordinary shares to be issued to Ryan Sofoulis.
- 1,202,593 performance rights to be issued to Ryan Sofoulis. There is a condition of maintaining continuous employment throughout the vesting period.

SWIFT NETWORKS GROUP LIMITED AND CONTROLLED ENTITIES
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2022

Note 13. Share based payments (continued)

Valuation

	Ordinary Share Rights	Performance (FY22 EIS) Rights
	17 November 2022	17 November 2022
Method	Share price at grant date	Share price at grant date
Spot price	1.7 cents	1.7 cents
Strike price	nil	Nil
Expiry date	18 November 2023 21 March 2024	30 June 2025
Volatility	n/a	n/a
Risk free rate	n/a	n/a
Fair value per unit	1.7 cents	1.7 cents

Ordinary Share Rights				Options		
Recipient	Number	Total fair value	Total expense for the period ended 31 December 2022	Number	Total fair value	Total expense for the period ended 31 December 2022
		\$	\$		\$	\$
Charles Fear	750,000	12,750	3,565	-	-	-
Bradley Denison	600,000	10,200	2,571	-	-	-
Brian Mangano	-	-	-	2,000,000	16,100	2,705
Total	1,350,000	22,950	6,136	2,000,000	16,100	2,705

Performance shares

There is no movement in performance shares during the half year ended 31 December 2022.

Options

Grant date	Expiry date	Exercise price \$	Balance at the start of the half year	Granted	Expired	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			5,000,000	-	(1,000,000)	4,000,000

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2022

Note 13. Share based payments (continued)

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
18/11/2021	18/11/2023	600,000	-	-	-	600,000
18/11/2022	21/03/2024	600,000	150,000	-	-	750,000
Total		1,200,000	150,000	-	-	1,350,000

2022 Employee Incentive Scheme Rights (EIS)

The Company had issued EIS Rights (STI) in this reporting period.

	Expiry date	Exercise price \$	Balance at the start of the half year	Granted	Converted	Lapsed/ forfeited	Balance at the end of half year
EIS	30/06/2025	nil	-	7,910,196	-	-	7,910,196
Total			-	7,910,196	-	-	7,910,196

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 3,754,813.

	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	7,335,759	-	(3,580,946)	-	3,754,813
Total			7,335,759	-	(3,580,946)	-	3,754,813

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2022

Note 13. Share based payments (continued)

2018 Executive Incentive Plan (STI Rights)

There is no movement in the 2018 Executive Incentive Plan during the half year ended 31 December 2022.

	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

60,000,000 detached warrants were issued to Pure Asset Management on 17 August 2022 with an exercise price of \$0.03 each and have been valued at 542k by using the Black-Scholes option pricing model as outlined below. These costs have been included in capitalised transaction costs offset against the associated borrowing of \$7.7m (refer to note 9)

Warrants							
17 November 2022							
Method	Black-Scholes option pricing model						
Spot price	1.7 cents						
Expiry date	30 September 2025						
Volatility	100%						
Risk free rate	3.08%						
Value of Call	0.9 cents						
	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	0.0165	26,666,666	-	-	-	26,666,666
Warrants	22/01/2024	0.08	24,000,000	-	-	-	24,000,000
Warrants	30/09/2025	0.03	-	60,000,000	-	-	60,000,000
Total			50,666,666	60,000,000	-	-	110,666,666

SWIFT NETWORKS GROUP LIMITED AND CONTROLLED ENTITIES
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2022

Note 14. Statement of Significant accounting policies

Corporate Information

The financial report of the Group for the half year ended 31 December 2022 was authorised for issue in accordance with a resolution of the directors on 28 February 2023.

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 2022 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 2022 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 2022 are consistent with those of the annual financial reports for the year ended 30 June 2022.

Comparatives

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

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 2022, the Group recorded a loss of \$0.9m and had net operating cash outflows of \$0.9m.

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.

In February 2023 the Group announced proceedings by the Australian Competition and Consumer Commission (ACCC) against its subsidiary, Swift Networks Pty Ltd. Please see Contingent Liability Note 16 for further details. At the date of this report, due to the broad range of potential outcomes the Directors do not have sufficient detail to determine the long term impact of the proceedings on the business. The Group is working closely with its financiers and have received a Deed of Forbearance until the 30th April 2023 whilst the proceedings progress.

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.

SWIFT NETWORKS GROUP LIMITED AND CONTROLLED ENTITIES
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2022

Note 14. Statement of Significant accounting policies (continued)

The financial statements have been prepared on the basis that the Group 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 have assessed the cash flow requirements for the next 12 month period from the date of approval of the financial statements and its impact on the Group and believe there will be sufficient funds to meet the Group's working capital requirement.
- During the period, the Group entered into an amended facility agreement with Pure Asset Management Pty Ltd. Under the terms of this amended agreement, the expiry of the facility has been extended to 30 September 2025 under new covenants that are aligned at a discount to the Group's forecasts. The covenants during the period have been met and the Directors also expect to comply with all future covenant requirements.
- The Directors of the group have reason to believe that in addition to the cash flow currently available, additional funds from receipts are expected through the commercialisation of the Group's products and services. The Group currently has \$3.1m in forward booked project revenue on top of its recurring revenue receipts.
- \$0.92m financial asset in listed MXO fully paid ordinary shares has been removed from escrow. The Group will explore its options to realise this asset within the next 12 months.
- \$0.97m R&D Tax refund lodged with FY22 Income Tax Return (ITR) during period with expected cashflows to be received within the next 12 months. The Group is expected to claim an R&D Tax refund with lodgement of its FY23 ITR within the next 12 months.

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.

Note 15. 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 2022.

SWIFT NETWORKS GROUP LIMITED AND CONTROLLED ENTITIES
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2022

Note 16. Commitments and contingencies

Commitments

There have been no changes to commitments since 30 June 2022.

Contingent liability

As announced to the market on 18 February 2023, The Australian Competition and Consumer Commission (ACCC) has instigated proceedings against Swift Networks Pty Ltd (Subsidiary), wholly owned by Swift Networks Group Limited (Group).

The proceedings against the Subsidiary are for alleged breaches of competition law by the Subsidiary and DXC Connect Pty Ltd and DXC Technology Australia Pty Ltd (together 'DXC') during a six-month period in 2019. The ACCC alleges that two former Subsidiary employees engaged in the alleged conduct with DXC. The ACCC does not allege any involvement by the Group's senior management.

Swift takes competition law seriously and had in place, at the time, policies and codes of conduct which applied to all employees.

The ACCC has not indicated what quantum of penalties it will be pursuing.

As the matter is ongoing, and given the broad range of potential outcomes, it is not possible to reliably estimate the potential financial impact to the Group and, as such, no provision has been recognised in respect of this matter.

Note 17. Events subsequent to reporting date

As disclosed in note 16 and announced to the market on 18 February 2023, The Australian Competition and Consumer Commission (ACCC) has instigated proceedings against Swift Networks Pty Ltd (Subsidiary), wholly owned by Swift Networks Group Limited (Group).

There are no other matters or circumstances that have arisen since 31 December 2022 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
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DIRECTORS' DECLARATION

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 2022 and of its performance for the financial half-year ended on that date; and
- aside from the factors noted in note 14, the directors believe that 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
Charles Fear

Dated this 28th day of February 2023

CORPORATE DIRECTORY

Directors

Charles Fear

Chairman

Philippa Leary

Non-Executive Director

Bradley Denison

Non-Executive Director

Brian Mangano

Chief Executive Officer/
Managing Director

Company Secretary

Suzie Foreman

Corporate Details

Swift Networks Group Limited
(formerly Swift Media Limited)

ACN: 006 222 395

ABN: 54 006 222 395

www.swiftnetworks.com.au

Registered Office

1060 Hay Street
WEST PERTH WA 6005

Telephone: +61 8 6103 7595

Facsimile: +61 8 6103 7594

Auditor

BDO Audit (WA) Pty Ltd
Level 9, Mia Yellagonga Tower 2
5 Spring Street
PERTH WA 6000

Bankers

Bank West Ltd
300 Murray Street
PERTH WA 6000

Share Registry

Automatic
Level 5
191 St Georges Terrace
PERTH WA 6000
T: 1300 288 661 (Inside Australia)
T: +61 2 9698 5414 (Outside Australia)
W : investor.automic.com.au

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 2022, 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 2022 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 14 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 2022 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 'J Prue', written over the printed name 'Jarrad Prue'.

Jarrad Prue

Director

Perth

28 February 2023