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MOTIO LIMITED

ACN 147 799 951

HALF-YEAR FINANCIAL REPORT

31 DECEMBER 2020



February, 2021

Dear Shareholders,

Everyday, we hear that due to the COVID-19 pandemic, 2020 has been challenging, and for Motio, it wasn't any different.

That said, we are pleased with our results for the first half of this financial year (1HFY21). Our positive performance would not have been possible without the strong support of our Rail partners and suppliers, our team members and the Government stimulus that allowed Motio to pursue its goals and continue to deliver on its mission.

This half, Motio undertook a successful capital raise, strengthening our financial position and enabling investment in our business which is now configured for growth and to pursue the opportunities that are emerging as the market regains confidence.

As you would expect, our audiences across Motio Health, Play and Go channels are strengthening. This has enabled Motio Media to continue to grow with the investment in the team well founded. Both Local and National sales are continuing to swell and programmatic revenues continue to show promise. The Software and Payments business offers an exciting addition to our future in the Motio Play business, and whilst early, customer feedback has been positive.

Motio is working with its partners to ensure our transition away from the Rail sector is successful and seamless. Motio is confident and on track to deliver on its growth mission and diversify its business by mid 2021.

Achieving an underlying EBITDA¹ of \$301,177 whilst establishing the foundations to transition and scale the business in a challenging trading period is testament to a tremendous team effort - I am quietly optimistic about the outlook for our business in the second half – we are in a strong cash position, debt free and continue to be encouraged around future possibilities.

On a final note, I really want to thank our shareholders for continuing to help Motio grow. I am very pleased with the shareholder value that has been realised over the past 6 months. As always, please feel free to call or email me if you have any questions that I may be able to answer.

Thanks for your continued support,

A handwritten signature in black ink, appearing to read "Adam", written over a large, faint watermark that says "For personal use only".

Adam Cadwallader | Managing Director

Sydney, February 2021.

¹ Underlying EBITDA excludes other revenue (Government Grants) and has added back share based payments.

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Directors & Officers

Mr Justus Wilde – Non-Executive Chairman
Mr Adam Cadwallader – Managing Director & CEO
Mr Jason Byrne – Non-Executive Director
Mr Harley Grosser – Non-Executive Director
Mr Michael Johnstone – Chief Operating Officer
Mr Ben Bussell – Chief Financial Officer

Company Secretary

Mr Matthew Foy

Registered Office

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Securities Exchange

Australian Securities Exchange Limited (ASX)
Home Exchange – Perth
ASX Code – MXO, MXOOA

Australian Company Number

ACN 147 799 951

Australian Business Number

ABN 43 147 799 951

Website

www.motio.com.au

Bankers

Westpac Banking Corporation
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Perth WA 6000

Auditors

PKF Perth
Level 5, 35 Havelock Street
West Perth WA 6005

Share Registry

Automic Pty Ltd
Level 2, 267 St Georges Terrace
Perth WA 6000

T: +61 (0) 2 9698 5414

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Domicile and Country of Incorporation

Australia

Solicitors

JDK Legal
Level 5
1 Castlereagh Street
Sydney NSW 2000

DIRECTORS' REPORT

Your Directors present their report on the consolidated entity consisting of Motio Limited (**MXO** or the **Company**) and the entities it controls at the end of, or during, the half-year ended 31 December 2020 (the **Period**).

DIRECTORS

The Directors of the Company at any time during or since the end of the half-year period are as follows.

Mr Justus Wilde – Non-Executive Chairman

Mr Adam Cadwallader – Managing Director & CEO

Mr Jason Byrne – Non-Executive Director

Mr Harley Grosser – Non-Executive Director (appointed 5 February 2021)

Mr Mark Niutta – Non-Executive Director (resigned 31 December 2020)

REVIEW OF OPERATIONS

Motio is a leading Place Based and location Intelligence media company focused on creating memorable brand and customer experiences in long dwell time environments, Australia wide. With one of the largest place-based networks, Motio's high-definition digital marketing environments are poised to capture the attention of its audiences, effectively and efficiently. Over the course of the Period, the Motio team has continued to diversify its business and despite the challenging conditions in the media sector, significant progress has been achieved. **Motio's mission continues to be the creation and development of a growth led business of significance** beyond the conclusion of the cross-track contracts. This remains central to our business activity.

Motio launched its media sales business, Motio Media in July 2020. The Motio Media networks comprise digital screens within:

- **Motio Go**, 500+ Ampol in Store locations;
- **Motio Health**, 1000+ Medical Centres and;
- **Motio Play**, Indoor Sporting Environments and where people play for fun.

During the half-year ended 31 December 2020, Motio generated total revenues from continuing operations of \$1,959,224 up 23% on the prior corresponding period (PCP) (1HFY20: \$1,590,000). The revenue uplift over the period was driven by a combination of new media sales across Motio's newly acquired asset group, software sales, supply, payments and its cross-track business. The loss from operations of the consolidated entity for the half year ended 31 December 2020 after providing for income tax was \$28,542 (PCP profit of \$214,375). Additional information on the operations and financial position of the Group and its business strategies and prospects is set out in this directors' report and the interim financial report. Motio's cash balance as at 31 December 2020 was \$4,003,407.

On 19 August 2020 the Company announced a capital raise of approximately \$2.3 million (before costs) by way of a two-tranche placement to raise approximately \$1 million (**Placement**) together with a fully underwritten non-renounceable entitlement offer to raise approximately \$1.22 million.

The fully underwritten non-renounceable entitlement offered existing shareholders the ability to subscribe for 1 (one) fully paid ordinary share (**New Share**) for every 5 (five) existing shares held at \$0.039 per share, together with 1 (one) attaching New Option for every 2 (two) New Shares subscribed for, to shareholders with a registered address in Australia or New Zealand held as at 7.00pm (AEST) on 28 August 2020 (**Entitlement Offer**). The Entitlement Offer closed on 25 September 2020 having been well supported by eligible shareholders in Australia and New Zealand.

Funds raised from the Entitlement Offer will be used to take advantage of opportunities emerging from the COVID-19 pandemic, to expand the Company's product offerings including the doubling of screens within the Motio Health channel, accelerating the growth of Motio Media's sales team and accelerating marketing initiatives.

During the period, the Company sought shareholder approval to change its name to Motio Ltd as well as change its ASX ticker code to 'MXO'. The change of company name and ticker code on ASX occurred from the commencement of trading on Thursday, 12 November 2020.

On 31 December 2020, the Company advised that Mr Mark Niutta had resigned as a Director of the Company. Mark re-joined the Board at the end of 2018 and is a very experienced Director having made an excellent contribution to the business, representing shareholders to a high standard.

Subsequent Events

- Subsequent to the period on 5 February 2021 the Company announced the appointment of Mr Harley Grosser as Non-Executive Director of the Company. Harley Grosser is the Founder of Capital H Management, a Sydney based specialist small cap funds management company, and the manager of the Capital H Inception Fund. Mr Grosser also has experience working at firms such as Bligh Capital and Pie Funds Management.
- Subsequent to the period on 8 February 2021 the Company issued 330,000 ordinary shares at \$0.08 per share to key executives as part of its key person retention program.
- The recent Australian and Global macroeconomic events due to the impact of COVID-19 has affected the Company's operating and financial performance, specifically to its cross-track digital business. The company has been able to agree to relief measures with its operating partners. Management also undertook a number of cost-saving initiatives to significantly reduce the financial impact during the Period.

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect:

- (i) the Group's operations in future financial years, or
- (ii) the results of those operations in future financial years, or
- (iii) the Group's state of affairs in future financial years.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Company and its controlled entities during the financial half-year period.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 5.

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



Adam Cadwallader
Managing Director

Sydney, New South Wales.

26 February 2021

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AUDITOR'S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF MOTIO LIMITED

In relation to our review of the financial report of Motio Limited for the half year ended 31 December 2020, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.



PKF PERTH



SHANE CROSS

PARTNER

26 FEBRUARY 2021

WEST PERTH,

WESTERN AUSTRALIA

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**

		December 2020 \$	December 2019 \$ (Restated)
Revenue from continuing operations	3	1,959,224	1,590,000
Other revenues		132,642	-
Cost of sales		(252,450)	-
Commission expense	4	-	(394,177)
Gross profit		<u>1,839,416</u>	<u>1,195,823</u>
Other expenses		(242,306)	(168,772)
Advertising and marketing fees		(4,592)	(13,005)
Amortisation of intangibles		(224,197)	(62,235)
Consulting and advisory fees		(59,900)	(108,873)
Corporate compliance		(27,176)	(22,178)
Depreciation		(223,413)	(162,557)
Directors fees	4	(211,505)	(271,283)
Insurance expenses		(37,393)	(13,634)
Impairment		23,780	(9,919)
Occupancy expenses		(5,361)	(1,271)
Share based payments – rights and options	8	(56,559)	(6,081)
Personnel expenses	4	(722,411)	(21,828)
Professional fees		(92,470)	(101,196)
Travelling expenses		(3,125)	(18,433)
Profit/(loss) from continuing operations before income tax		<u>(47,212)</u>	<u>214,558</u>
Income tax benefit		<u>18,670</u>	<u>18,670</u>
Profit/(loss) from continuing operations after income tax		<u>(28,542)</u>	<u>233,228</u>
Other comprehensive loss for the period, net of tax			
<i>Items that may be reclassified to profit or loss:</i>			
Foreign exchange on translation of foreign subsidiary		-	-
Total comprehensive profit/(loss) for the period		<u>(28,542)</u>	<u>233,228</u>
Profit/(loss) per share from continuing operations attributable to the ordinary equity holders of the company:		Cents	Cents
Basic profit/(loss) per share		(0.01)	0.17
Diluted profit/(loss) per share		(0.01)	0.14

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31 December 2020 \$	30 June 2020 \$ (Restated)	30 June 2019 \$ (Restated)
Current Assets				
Cash and cash equivalents		4,003,407	1,644,942	2,206,527
Trade and other receivables		540,301	290,696	123,853
Total Current Assets		4,543,708	1,935,638	2,330,380
Non-Current Assets				
Plant and equipment	5	1,036,745	1,110,827	1,014,916
Intangibles	6	565,621	778,818	248,935
Investments		43,751	19,971	38,812
Right of use assets		213,657	313,151	-
Total Non-Current Assets		1,859,774	2,222,767	1,302,663
TOTAL ASSETS		6,403,482	4,158,405	3,633,043
Current Liabilities				
Trade and other payables		564,777	587,798	414,284
Provisions		53,639	33,179	-
Operating lease liability		97,590	118,711	-
Total Current Liabilities		716,006	739,688	414,284
Non-Current Liabilities				
Deferred tax liability		18,675	37,345	74,685
Operating lease liability		120,032	194,952	-
Total Non-Current Liabilities		138,707	232,297	74,685
TOTAL LIABILITIES		854,713	971,985	488,969
NET ASSETS		5,548,769	3,186,420	3,144,074
EQUITY				
Contributed equity	7	18,240,805	16,041,009	15,891,009
Reserve		218,546	30,865	207,862
Accumulated losses		(12,910,582)	(12,885,454)	(12,954,797)
TOTAL EQUITY		5,548,769	3,186,420	3,144,074

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued Capital \$	Share-based Payment Reserve \$	Options Premium Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total Equity \$
At 1 July 2020 (Restated)	16,041,009	44,946	-	(14,081)	(12,885,454)	3,186,420
Loss for the year	-	-	-	-	(28,542)	(28,542)
Exchange differences on translation of foreign operations	-	-	-	(3,414)	3,414	-
Total comprehensive loss for the year	-	-	-	(3,414)	(25,128)	(28,542)
Transactions with owners in their capacity as owners:						
Share capital raising	2,508,309	-	-	-	-	2,508,309
Share-based payment – performance rights and options	-	56,559	-	-	-	56,559
Shares issued in lieu of cash to creditors and employees	28,076	-	-	-	-	28,076
Capital raising costs	(336,589)	-	134,536	-	-	(202,053)
At 31 December 2020	18,240,805	101,505	134,536	(17,495)	(12,910,582)	5,548,769
	Issued Capital \$	Share-based Payment Reserve \$	Options Premium Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total Equity \$
At 1 July 2019 (Restated)	15,891,009	-	212,774	(4,912)	(12,954,797)	3,144,074
Profit for the year	-	-	-	-	233,228	233,228
Exchange differences on translation of foreign operations	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	233,228	233,228
Transactions with owners in their capacity as owners:						
Share-based payment – performance rights and options	-	6,081	-	-	-	6,081
At 31 December 2019 (Restated)	15,891,009	6,081	212,774	(4,912)	(12,721,569)	3,383,383

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	December 2020 \$	December 2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	1,704,566	1,595,193
Payments to suppliers and employees	(1,470,113)	(1,139,875)
Refunds to customers	(173,767)	-
Interest received	642	997
Receipt of government grants	117,243	-
Net cash inflow from operating activities	178,571	456,315
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant & equipment	(69,031)	(27,690)
Payments for intangibles	(11,000)	-
Proceeds from part disposal of property, plant & equipment	-	20,000
Other (deposit for acquisition of business)	-	(468,000)
Net cash inflow/(outflow) from investing activities	(80,031)	(475,690)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	2,508,309	-
Payment for capital raising costs	(202,052)	-
Leasing payments	(46,333)	-
Net cash inflow/(outflow) from investing activities	2,259,925	-
Net increase/(decrease) in cash and cash equivalents	2,358,465	(19,375)
Exchange rate adjustments on foreign cash held	-	176
Cash and cash equivalents at the beginning of the period	1,644,942	2,206,527
NET CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4,003,407	2,187,328

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION OF HALF-YEAR REPORT

This consolidated interim financial report for the half-year reporting period ended 31 December 2020 has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001, as appropriate for for-profit oriented entities.

This consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by Motio Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The half-year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The half-year report does not include full disclosures of the type normally included in an annual financial report. For the purposes of preparing the half-year financial statements, the half-year has been treated as a discrete reporting period.

The principal accounting policies adopted are consistent with those of the previous financial year, except for the policies stated below.

Adoption of new and revised accounting standards

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

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

Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Restatement of comparatives

A revenue clawback from cross-track leasing income has been recognised in the comparative two years. This reclassification has resulted in a decrease in gross profit of \$117,896 (2019: \$55,871) and a corresponding increase in trade and other payables.

Impairment expense in relation to property, plant and equipment was previously overclaimed and an adjustment has been recognised in the comparative two years. This reclassification has resulted in an increase in gross profit of \$37,501 (2019: \$58,212) and a corresponding increase in property, plant and equipment.

The company was able to finalise its assessment of the excess consideration of \$654,353 obtained upon the acquisition of Adline Media Pty Ltd in January 2020 which was provisionally recognised as Goodwill as at 30 June 2020. This balance is related to future revenue in various software licence contracts provided to the various sport centres of varying contract periods. This reclassification within the statement of financial position as at 30 June 2020 has resulted in a decrease in Goodwill and corresponding increase in Intangibles of \$654,353.

Half Year Financial Report

For the half year ended 31 December 2020

1. BASIS OF PREPARATION OF HALF-YEAR REPORT (continued)

Statement of profit or loss and other comprehensive income

	2019 \$ Reported	\$ Adjustment	2019 \$ Restated
Extract			
Expenses			
Depreciation	(181,410)	18,853	(162,557)
Profit before income tax expense from continuing operations	195,705	18,853	214,558
Income tax expense	18,670	-	18,670
Profit from continuing operations after income tax	214,375	18,853	233,228
Profit for the year is attributable to:			
Owners of the company	214,375	18,853	233,228
Non-controlling interests	-	-	-
Owners of Motio Ltd	214,375	18,853	233,228
Profit per share from continuing operations attributable to the ordinary equity holders of the company:			
Basic profit per share	0.16	0.01	0.17
Diluted profit per share	0.13	0.01	0.14

Statement of financial position at the beginning of the earliest comparative period

	1 July 2019 \$ Reported	\$ Adjustment	1 July 2019 \$ Restated
Extract			
Assets			
Non-current assets			
Plant and equipment	956,702	58,214	1,014,916
Total non-current assets	1,244,450	58,214	1,302,663
Total Assets	3,574,830	58,214	3,633,043
Current Liabilities			
Trade and other payables	358,413	55,871	414,284
Total current liabilities	358,413	55,871	414,284
Total Liabilities	433,098	55,871	488,969
Net Assets	3,141,732	2,342	3,144,074
Equity			
Accumulated losses	(12,957,139)	2,342	(12,954,797)
Total equity	3,141,732	2,342	3,144,074

1. BASIS OF PREPARATION OF HALF-YEAR REPORT (continued)

Statement of financial position at the end of the earliest comparative period

	30 June 2020 \$ Reported	\$ Adjustment	30 June 2020 \$ Restated
Extract			
Assets			
Non-current assets			
Plant and equipment	1,015,113	95,714	1,110,827
Intangibles	124,466	654,352	778,818
Goodwill	654,352	(654,352)	-
Total non-current assets	<u>2,127,053</u>	<u>95,714</u>	<u>2,222,767</u>
Total Assets	<u>4,062,691</u>	<u>95,714</u>	<u>4,158,405</u>
Current Liabilities			
Trade and other payables	414,031	173,767	587,798
Total current liabilities	<u>565,921</u>	<u>173,767</u>	<u>739,688</u>
Total Liabilities	<u>798,218</u>	<u>173,767</u>	<u>971,985</u>
Net Assets	3,264,473	(78,053)	3,186,420
Equity			
Accumulated losses	(12,807,401)	(78,053)	(12,885,454)
Total equity	<u>3,264,473</u>	<u>(78,053)</u>	<u>3,186,420</u>

2. SEGMENT INFORMATION

Identification of reportable operating segments

Management reviewed the group's operations and deemed that effective from 1 July 2020, the group operations have been consolidated into a single business segment. The comparative figures have been restated and consolidated into a single business segment.

Prior year

In the prior year, the group was organised into two operating segments: cross-track digital system installation and maintenance (XTD), and media sales (Media Advertising). These operating segments were based on the internal reports that were reviewed and used by the Board of Directors of each entity (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. The Group engages in one business in Australia, activity from which it earns revenues, and its results were analyzed as a whole by the CODM. Consequently revenue, profit and net assets for the operating segment and geographical segment are reflected in this annual report.

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

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Half Year Financial Report

For the half year ended 31 December 2020

3. REVENUE

Revenue from contracts with customers
Sales revenue

Disaggregation of revenue

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

Consolidated - 31 December 2020

\$

Major service lines

Rental Income	1,170,923
Media and other sales	788,301

1,959,224

All revenue was generated in Australia.

Consolidated - 31 December 2019

\$

Major service lines

Rental Income	1,590,000
Media and other sales	-

1,590,000

All revenue was generated in Australia.

4. EXPENSES

December

2020

\$

December

2019

\$

Directors Fees/Remuneration

Directors fees/remuneration	188,671	184,918
Superannuation	12,257	10,885
Directors consultancy fees	-	66,666
Other	10,577	8,814

211,505 271,283

Personnel expenses

Wages and salaries	612,130	16,000
Superannuation	55,529	1,520
Other	54,752	4,308

722,411 21,828

Due to the impact of COVID, the group was able to obtain full relief to pay commission expense during the period.

5. PLANT AND EQUIPMENT	31 December 2020 \$	30 June 2020 \$ Restated
Carrying amount of plant and equipment	1,036,745	1,110,827
Reconciliation:		
Balance at the beginning of the period	1,110,827	1,014,915
Additions	123,654	462,010
Acquired via acquisition of Adline Media	-	34,395
Disposals	-	20,000
Loss on disposal of property, plant and equipment	-	(19,444)
Depreciation expense	(197,736)	(401,049)
Balance at the end of the period	1,036,745	1,110,827
6. INTANGIBLES	31 December 2020 \$	30 June 2020 \$ Restated
Contract rights	1,525,472	1,525,638
Software intangibles	11,000	-
Less: Amortisation	(970,851)	(746,820)
	<u>565,621</u>	<u>779,358</u>

On 6 January 2020 Motio Ltd, acquired 100% of the ordinary shares of Adline Media Pty Limited ('Adline Media') for the total consideration transferred of \$684,225. Provisional goodwill of \$654,352 was recognised in the 30 June 2020 audited annual report. This amount has been re-classified as contract rights in the current period and comparative periods. The average life of customer contracts acquired is four years, and the group will amortise the contract rights over this period. An amortisation charge has been recognised in the period of \$161,796 commencing from the acquisition date of 6 January 2020.

7. CONTRIBUTED EQUITY

(a) Share Capital

	December 2020	June 2020	December 2020	June 2020
	Shares	Shares	\$	\$
Fully paid	203,103,857	137,986,077	18,240,805	16,041,009

(b) Movements in ordinary share capital:

Period ended 31 December 2020

Date	Details	Number of shares	Issue price	\$
01/07/20	Opening balance	137,986,077		16,041,009
27/08/20	Placement	18,846,518	0.039	735,014
05/10/20	Rights entitlement	18,664,740	0.039	727,925
05/10/20	Rights entitlement shortfall	12,701,779	0.039	495,370
13/11/20	Placement	14,102,570	0.039	550,000
13/11/20	Shares issued in lieu of cash to creditors and employees	802,173	0.035	28,076
	Capital raising fees			(336,588)
31/12/20	Balance at end of period	203,103,857		18,240,806

Year ended 30 June 2020

Date	Details	Number of shares	Issue price	\$
01/07/19	Opening balance	132,986,077		15,891,009
06/01/20	Issue of shares – acquisition of Adline Media	5,000,000		150,000
30/06/20	Balance at end of period	137,986,077		16,041,009

8. SHARE BASED PAYMENTS

Performance Rights – Employees and Managing Director - 22 November 2019

Motio Ltd issued 6,166,667 performance rights to three individuals in two tranches, comprising Tranche 1 (3,700,000 performance rights) and Tranche 2 (2,466,667 performance rights). Each performance right will become exercisable into ordinary shares upon achievement of the performance milestones. The determined fair value is to be recognised over the life of the performance rights. The performance milestones for each tranche of performance rights is as follows:

Tranche 1: A 60 day VWAP of \$0.08.
Tranche 2: A 60 day VWAP of \$0.12.

The assessed fair values of the performance rights were determined using a Monte Carlo pricing model, taking into account the exercise price, term of performance rights, the share price at grant date and expected price volatility of the underlying share, expected dividend yield and the risk-free interest rate for the term of the performance rights. The inputs to the model used were:

Dividend Yield	-
Expected volatility (%)	100
Risk-free interest rate (%)	0.73
Expected life of options (years)	3.0
Option exercise price (\$)	-
Share price at grant date (\$)	0.03
Value of performance rights (\$) – Tranche 1	0.0175
Value of performance rights (\$) – Tranche 2	0.0146

The total expense arising from share based payment transactions recognised during the period in relation to the performance rights issued amounts to \$16,917 (2019: \$2,761).

Performance Options – Employees and Management - 22 November 2019

Motio Ltd issued 11,514,583 performance options to five individuals in two tranches, comprising Tranche 3 (6,908,750 options) and Tranche 4 (4,605,833 options). Each performance option will become exercisable into ordinary shares upon exercise of the options. The determined fair value is to be recognised over the life of the performance options. The performance milestones for each tranche of performance option is as follows:

Tranche 3: A 60 day VWAP of \$0.08.
Tranche 4: A 60 day VWAP of \$0.12.

8. SHARE BASED PAYMENTS (continued)

The assessed fair values of the options were determined using a Monte Carlo pricing model, taking into account the exercise price, term of option, the share price at grant date and expected price volatility of the underlying share, expected dividend yield and the risk-free interest rate for the term of the option. The inputs to the model used were:

Dividend Yield	-
Expected volatility (%)	100
Risk-free interest rate (%)	0.73
Expected life of options (years)	3.0
Option exercise price (\$)	0.04
Share price at grant date (\$)	0.03
Value of option (\$) – Tranche 3	0.0102
Value of option (\$) – Tranche 4	0.0110

The total expense arising from share based payment transactions recognised during the period in relation to the performance options issued amounts to \$32,409 (2019: \$3,320).

Performance Rights– Employee and Managing Director - 6 November 2020

Motio Ltd issued 2,083,334 performance rights to two individuals in two tranches, comprising Tranche 1 (1,250,000 performance rights) and Tranche 2 (833,334 performance rights). Each performance right will become exercisable into ordinary shares upon achievement of the performance milestones. The determined fair value is to be recognised over the life of the performance rights. The performance milestones for each tranche of performance right is as follows:

- Tranche 1: A 60 day VWAP of \$0.08.
- Tranche 2: A 60 day VWAP of \$0.12.

The assessed fair values of the performance rights were determined using a Monte Carlo pricing model, taking into account the exercise price, term of performance rights, the share price at grant date and expected price volatility of the underlying share, expected dividend yield and the risk-free interest rate for the term of the performance rights. The inputs to the model used were:

Dividend Yield	-
Expected volatility (%)	100
Risk-free interest rate (%)	0.10
Expected life of options (years)	2.0
Option exercise price (\$)	-
Share price at grant date (\$)	0.06
Value of option (\$) – Tranche 1	0.05127
Value of option (\$) – Tranche 2	0.04352

The total expense arising from share based payment transactions recognised during the period in relation to the performance options issued amounts to \$7,233 (2019: \$nil).

8. SHARE BASED PAYMENTS (continued)

Options– Broker - 6 November 2020

Motio Ltd issued 4,000,000 options to a broker to the capital raising, each exercisable at \$0.08 with a three-year expiry period. These options were valued using a Black-Scholes valuation and the capital-raising cost recognised in full at their issue date is \$134,536. The valuation model inputs used to determine the fair value at the grant date as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Risk free rate	Dividend yield	Number of options	Value per Option	Total Value \$	Vesting terms
06/11/2020	30/09/23	\$0.061	\$0.08	100%	0.10%	0%	4,000,000	\$0.0336	134,536	Immediately

9. DIVIDENDS

No dividends have been declared or paid since the start of the financial period and none are recommended.

10. GUARANTEES, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no new commitments that the Company has entered into during the period under review, other than those that existed as at 30 June 2020.

Further consideration was expected to be deferred from the acquisition of Motio Play Pty Ltd on 6 January 2020 as follows for the year ended 30 June 2021:

5,000,000 shares (Tranche A Deferred Consideration Shares) and \$400,000 cash is to be deferred consideration if the EBITDA is greater than \$350,000. If the EBITDA is less than \$350,000, but greater than \$245,000, the \$400,000 cash payment and number of shares are both reduced by 1.5% for every 1% EBITDA is less than \$350,000. If EBITDA is less than \$245,000, then no consideration should be deferred.

Based on the current and forecasted performance of Motio Play Pty Ltd for the year ended 30 June 2021, management assessed that the probability of achieving this milestone was \$nil. Hence, no deferred consideration is expected to be recognised with respect to this business combination and has been disclosed as a contingent liability.

11. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Subsequent to the period on 5 February 2021 the Company announced the appointment of Mr Harley Grosser as Non-Executive Director of the Company. Harley Grosser is the Founder of Capital H Management, a Sydney based specialist small cap funds management company, and the manager of the Capital H Inception Fund. Mr Grosser also has experience working at firms such as Bligh Capital and Pie Funds Management.

Subsequent to the period on 8 February 2021 the Company issued 330,000 ordinary shares at \$0.08 per share to key executives as part of its retention program.

The recent Australian and Global macroeconomic events due to the impact of COVID-19 has affected the Company's operating and financial performance, specifically to its cross-track digital business. The company has been able to agree to relief measures with its operating partners. Management also undertook a number of cost-saving initiatives to significantly reduce the financial impact during the Period.

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect:

- (i) the Group's operations in future financial years, or
- (ii) the results of those operations in future financial years, or
- (iii) the Group's state of affairs in future financial years.

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DIRECTORS' DECLARATION

In the directors' opinion:

- (a) The financial statements and notes set out on pages 6 to 19 are in accordance with the *Corporations Act 2001*, including:
 - (i) Complying with AASB 134 Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the financial half-year ended on that date; and
- (b) There are reasonable grounds to believe that Motio Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

On behalf of the Directors



Adam Cadwallader
Managing Director

Sydney, New South Wales.

26 February 2021

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF MOTIO LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Motio Limited (the "Company") and controlled entities (the "consolidated entity") which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the Directors' Declaration of the Company and the entities it controlled at 31 December 2020, or during the half year.

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 Motio Limited is not in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) 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.

Independence

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 our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code

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Directors' Responsibility for the Half-Year 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 the Australian Accounting Standards and the Corporations Act 2001 and for such internal controls as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities 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 consolidated entity's financial position as at 31 December 2020 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporation 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.



PKF PERTH



SHANE CROSS

PARTNER

26 FEBRUARY 2021

WEST PERTH,
WESTERN AUSTRALIA