

## 1. Company details

Name of entity:	Stemify Limited
ABN:	20 009 256 535
Reporting period:	For the half-year ended 31 December 2020
Previous period:	For the half-year ended 31 December 2019

## 2. Results for announcement to the market

		2020	2019
Revenue from continuing operations		-	-
Revenue from discontinued operations		-	900,074
<b>Total revenue</b>	<b>down 100% to</b>	<u>-</u>	<u>900,074</u>
Loss from continuing operation after tax attributable to owners	up 56.4% to	(601,226)	(384,363)
Loss from discontinuing operation after tax attributable to owners		<u>-</u>	<u>(165,760)</u>
<b>Net loss for the half-year attributable to the owners</b>	<b>up 9.3% to</b>	<u>(601,226)</u>	<u>(550,123)</u>

### *Dividends*

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

### *Comments*

The loss for the consolidated entity after providing for income tax amounted to \$601,226 (31 December 2019: \$550,123).

## 3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>0.51</u>	<u>0.78</u>

## 4. Control gained over entities

Not applicable.

## 5. Loss of control over entities

Not applicable.

## 6. Dividends

### *Current period*

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

### *Previous period*

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

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**7. Dividend reinvestment plans**

Not applicable.

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**8. Details of associates and joint venture entities**

Not applicable.

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**9. Foreign entities**

*Details of origin of accounting standards used in compiling the report:*

Not applicable.

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**10. Audit qualification or review**

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

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

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**11. Attachments**

*Details of attachments (if any):*

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

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**12. Signed**

Signed \_\_\_\_\_



Timothy Grice  
Executive Chairman

Date: 4 March 2021

# **Stemify Limited**

**ABN 20 009 256 535**

**Interim Report - 31 December 2020**

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

### **Directors**

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

Timothy Grice  
Ryan Legudi  
Jonathan Pearce

### **Principal activities**

During the financial half-year the Company continued its process of seeking other business targets.

### **Review of operations**

The loss for the consolidated entity after providing for income tax amounted to \$601,226 (31 December 2019: \$550,123).

Operating expenses for the financial year (including both continuing operations and discontinued operations) were \$819,213 (31 December 2019: \$1,085,122). The major items included general and administrative expenses \$467,629 and the impairment of assets \$242,148.

### **Significant changes in the state of affairs**

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

### **Matters subsequent to the end of the financial half-year**

As disclosed to the ASX on 25th February 2021, the Company has entered into inter-conditional share purchase deeds to acquire 100% of the shares of Cirrus Communications Pty Ltd (Swoop) and N1 Telecommunications Pty Ltd (NodeOne) for total consideration (in scrip) valued at \$61.3 million based on the proposed offer price of capital raising of \$0.50 per share (the Acquisitions).

Swoop is an eastern states based fixed wireless and wholesale network infrastructure carrier with a high performance national and international network that is an alternative provider to the large carriers for delivering services in Australia. NodeOne is a Western Australian based fixed broadband provider and licensed telecommunications carrier with a proven high-performance wireless network providing an alternative solution to the NBN network for both residential and business customers.

In connection with the Acquisitions, the Company intends to:

- (a) consolidate its issued capital on the basis that every 23 securities will consolidate into one security;
- (b) raise \$20 million pursuant to a public offer under a prospectus at an issue price of \$0.50 per share (on a post consolidation basis);
- (c) apply for re-admission of trading its shares on the ASX;
- (d) re-constitute its board of directors to include directors with extensive experience in the telecommunications industry; and
- (e) change its name to "Swoop Holdings Limited"

The proposed acquisition of Swoop and NodeOne will constitute a change in the nature and scale of the Company's activities from delivery of integrated STEM solutions combining the use of 3D printers and MyStemsKits curriculum to an internet services provider.

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

**COVID-19**

The COVID-19 pandemic has created unprecedented uncertainty, in particular the measures taken by various governments to contain the virus have affected economic activity. Consequently, the Group has recognised an impairment loss of US\$175,000 on the deferred proceeds receivable from Boxlight Corporation ('Boxlight') for the sale of the MyStemKits ('MSK') assets due to the impact of COVID-19 pandemic on MSK's business and operation.

Other than that, the economic impact of the pandemic has not resulted in a material impact to the consolidated entity.

**Auditor's independence declaration**

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

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

On behalf of the directors



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Timothy Grice  
Executive Chairman

4 March 2021

## DECLARATION OF INDEPENDENCE BY WAI AW TO THE DIRECTORS OF STEMIFY LIMITED

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

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

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



Wai Aw  
Director

**BDO Audit Pty Ltd**

Melbourne, 4 March 2021

Statement of profit or loss and other comprehensive income	5
Statement of financial position	7
Statement of changes in equity	8
Statement of cash flows	9
Notes to the financial statements	10
Directors' declaration	18
Independent auditor's review report to the members of Stemify Limited	19

**Stemify Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2020**



		<b>Consolidated</b>	
	<b>Note</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
		<b>\$</b>	<b>\$</b>
<b>Revenue</b>			
Other income	4	217,987	142,738
<b>Expenses</b>			
Finance costs		-	(9,401)
General and administrative		(467,629)	(309,272)
Impairment of assets		(242,148)	-
Employee benefit expense		(81,861)	(71,539)
Depreciation and amortisation expense		(606)	(4,412)
Share based payments		(26,969)	(132,477)
<b>Loss before income tax expense from continuing operations</b>		<b>(601,226)</b>	<b>(384,363)</b>
Income tax expense		-	-
Loss after income tax expense from continuing operations		(601,226)	(384,363)
Loss after income tax expense from discontinued operations	5	-	(165,760)
<b>Loss after income tax expense for the half-year attributable to the owners of Stemify Limited</b>		<b>(601,226)</b>	<b>(550,123)</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Gain on the revaluation of equity instruments at fair value through other comprehensive income, net of tax		155,471	-
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(9,478)	(2,057)
Other comprehensive income for the half-year, net of tax		145,993	(2,057)
<b>Total comprehensive income for the half-year attributable to the owners of Stemify Limited</b>		<b>(455,233)</b>	<b>(552,180)</b>
Total comprehensive income for the half-year is attributable to:			
Continuing operations		(455,233)	(386,420)
Discontinued operations		-	(165,760)
		<b>(455,233)</b>	<b>(552,180)</b>

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



**Stemify Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2020**



		Cents	Cents
<b>Earnings per share for loss from continuing operations attributable to the owners of Stemify Limited</b>			
Basic earnings per share	14	(0.38)	(0.33)
Diluted earnings per share	14	(0.38)	(0.33)
<b>Earnings per share for loss from discontinued operations attributable to the owners of Stemify Limited</b>			
Basic earnings per share	14	-	(0.14)
Diluted earnings per share	14	-	(0.14)
<b>Earnings per share for loss attributable to the owners of Stemify Limited</b>			
Basic earnings per share	14	(0.38)	(0.47)
Diluted earnings per share	14	(0.38)	(0.47)

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

**Stemify Limited**  
**Statement of financial position**  
**As at 31 December 2020**



		<b>Consolidated</b>	
	<b>Note</b>	<b>31 December</b>	<b>30 June 2020</b>
		<b>2020</b>	<b>2020</b>
		<b>\$</b>	<b>\$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		911,069	1,007,823
Trade and other receivables	6	208,999	498,435
Other		12,222	36,941
<b>Total current assets</b>		<u>1,132,290</u>	<u>1,543,199</u>
<b>Non-current assets</b>			
Financial assets at fair value through other comprehensive income		-	191,503
Property, plant and equipment		569	1,174
<b>Total non-current assets</b>		<u>569</u>	<u>192,677</u>
<b>Total assets</b>		<u>1,132,859</u>	<u>1,735,876</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	7	251,157	391,865
Borrowings	8	80,387	114,432
<b>Total current liabilities</b>		<u>331,544</u>	<u>506,297</u>
<b>Total liabilities</b>		<u>331,544</u>	<u>506,297</u>
<b>Net assets</b>		<u>801,315</u>	<u>1,229,579</u>
<b>Equity</b>			
Issued capital	9	29,353,296	29,353,296
Reserves	10	1,400,430	1,414,978
Accumulated losses		(29,952,411)	(29,538,695)
<b>Total equity</b>		<u>801,315</u>	<u>1,229,579</u>

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

**Stemify Limited**  
**Statement of changes in equity**  
**For the half-year ended 31 December 2020**



<b>Consolidated</b>	<b>Issued capital</b> \$	<b>Foreign currency reserves</b> \$	<b>Share based payments reserves</b> \$	<b>Other reserve</b> \$	<b>Accumulated losses</b> \$	<b>Total equity</b> \$
Balance at 1 July 2019	26,930,183	(38,711)	1,657,650	-	(30,321,543)	(1,772,421)
Loss after income tax expense for the half-year	-	-	-	-	(550,123)	(550,123)
Other comprehensive income for the half-year, net of tax	-	(2,057)	-	-	-	(2,057)
Total comprehensive income for the half-year	-	(2,057)	-	-	(550,123)	(552,180)
<i>Transactions with owners in their capacity as owners:</i>						
Contributions of equity, net of transaction costs	1,781,904	-	300,000	-	-	2,081,904
Issue of shares to directors in lieu of directors' fees owing	1,209	-	-	-	-	1,209
Shares issued for loan repayment and loan extension fees	540,000	-	367,049	-	-	907,049
Shares issued to Director as approved by shareholders	100,000	-	-	-	-	100,000
Share options expired during the period	-	-	(1,046,980)	-	1,046,980	-
Share based payments	-	-	131,267	-	-	131,267
Balance at 31 December 2019	<u>29,353,296</u>	<u>(40,768)</u>	<u>1,408,986</u>	<u>-</u>	<u>(29,824,686)</u>	<u>896,828</u>
<b>Consolidated</b>	<b>Issued capital</b> \$	<b>Foreign currency reserves</b> \$	<b>Share based payments reserves</b> \$	<b>Other reserve</b> \$	<b>Accumulated losses</b> \$	<b>Total equity</b> \$
Balance at 1 July 2020	29,353,296	(53,344)	1,436,283	32,039	(29,538,695)	1,229,579
Loss after income tax expense for the half-year	-	-	-	-	(601,226)	(601,226)
Other comprehensive income for the half-year, net of tax	-	(9,478)	-	155,471	-	145,993
Total comprehensive income for the half-year	-	(9,478)	-	155,471	(601,226)	(455,233)
Transfer to accumulated losses	-	-	-	(187,510)	187,510	-
<i>Transactions with owners in their capacity as owners:</i>						
Share based payments	-	-	26,969	-	-	26,969
Balance at 31 December 2020	<u>29,353,296</u>	<u>(62,822)</u>	<u>1,463,252</u>	<u>-</u>	<u>(29,952,411)</u>	<u>801,315</u>

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

**Stemify Limited**  
**Statement of cash flows**  
**For the half-year ended 31 December 2020**



	<b>Consolidated</b>	
	<b>31 December 2020</b>	<b>31 December 2019</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	13,211	930,129
Payments to suppliers and employees (inclusive of GST)	(512,335)	(1,785,529)
Interest received	142	2,433
Interest and other finance costs paid	-	(22,205)
	<u>          </u>	<u>          </u>
Net cash used in operating activities	(498,982)	(875,172)
<b>Cash flows from investing activities</b>		
Proceeds from disposal of investments	314,935	-
Other *	110,000	-
	<u>          </u>	<u>          </u>
Net cash from investing activities	424,935	-
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	-	2,350,000
Proceeds from borrowings	-	129,909
Share issue transaction costs	-	(168,096)
Repayment of borrowings	(24,218)	(21,910)
	<u>          </u>	<u>          </u>
Net cash (used in)/from financing activities	(24,218)	2,289,903
Net (decrease)/increase in cash and cash equivalents	(98,265)	1,414,731
Cash and cash equivalents at the beginning of the financial half-year	1,007,823	11,691
Effects of exchange rate changes on cash and cash equivalents	1,511	(3,150)
	<u>          </u>	<u>          </u>
Cash and cash equivalents at the end of the financial half-year	<u>911,069</u>	<u>1,423,272</u>

\* Other represents receipts from Strategic Energy Resources (SER) in relation to the Royalty Sale and Purchase Agreement as announced on 25 August 2020.

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

## **Note 1. General information**

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

Stemify Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 5, 126 Phillip Street  
Sydney NSW 2000

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 4 March 2021.

## **Note 2. Significant accounting policies**

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

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

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

### **New or amended Accounting Standards and Interpretations adopted**

The 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.

### **Going concern**

The consolidated entity has reported a loss after tax of \$601,226 (31 December 2019: \$550,123) and net cash outflows from operating activities of \$498,982 (31 December 2019: \$875,172) for the half-year ended 31 December 2020. On 21 April 2020, the company completed the sale of the consolidated entity's remaining business of 3D printing hardware and the MyStemkits K-12 curriculum to Boxlight Corporation. As a result of disposing its main undertaking, the consolidated entity was suspended from official quotation of the ASX.

On 25 February 2021, the company announced that it has entered into inter-conditional share purchase deeds to acquire 100% of Swoop and NodeOne telecommunication businesses for total consideration (in scrip) valued at \$61.3 million based on the proposed offer price for the capital raising. In connection to the Acquisitions, the Company will seek to raise \$20 million and apply for re-admission of its shares to trading on ASX. The proposed acquisitions also constitute a change in the nature and scale of the Company's activities to an internet services provider.

The acquisition is subject to a number of conditions, including shareholder approval and re-compliance with Chapters 1 and 2 of the ASX Listing Rules. Should the acquisition fell through, the Company will remain suspended from official quotation on the ASX. These conditions indicate a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern.

## **Note 2. Significant accounting policies (continued)**

Notwithstanding the above the financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity, the realisation of assets and settlement of liabilities through the normal course of business, including the presumption that sufficient funds will be available to finance the operations of the consolidated entity. In adopting this position, the directors have had regard to the following:

- Cash and cash equivalents as at 31 December 2020 of \$911,069;
- Net current asset position as at 31 December 2020 of \$800,746;
- The remaining consideration of US\$ 175,000 receivable from Boxlight repayable in 2 quarterly instalments, due on 31 January 2021 and 30 April 2021;
- The consolidated entity has a successful track record in raising capital and hence the directors believe the consolidated entity has the ability to raise additional capital from existing and new investors should it be required; and
- The directors have prepared forecasts that indicate the consolidated entity will remain a going concern.

The directors believe there will be sufficient funds for the consolidated entity to meet its obligations and liabilities for at least twelve months from the date of this half-year financial report.

If the consolidated entity is unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the consolidated entity be unable to continue as a going concern and meet its debts as and when they become due and payable.

## **Note 3. Operating segments**

### *Identification of reportable operating segments*

A segment is a component of the consolidated entity that engages in business activities to provide products or services within a particular economic environment. During the financial period, the consolidated entity has no separate operating segment due to the sales of MSK Inc in April 2020 and consequently, no operating segment information is shown for 31 December 2020.

In the prior period, the consolidated entity operated in the below business segment:

- MSK Inc - develops and markets the world's largest library of Science, Technology, Engineering and Math ("STEM") curriculums incorporating 3D printed project kits for K-12 schools, all aligned to USA national science and mathematics standards.

Corporate costs are not considered a reportable segment and are included in other segments.

The Board of Directors assess the operating performance of the consolidated entity based on Management reports that are prepared on this basis.

### Note 3. Operating segments (continued)

#### Operating segment information

	MSK Inc. (Discontinued) \$	Other Segments \$	Inter-segment eliminations \$	Total \$
<b>Consolidated - 31 December 2019</b>				
<b>EBITDA</b>	(130,111)	(370,550)	-	(500,661)
Depreciation and amortisation	(14,674)	(4,412)	-	(19,086)
Finance costs	(20,975)	(9,401)	-	(30,376)
<b>Loss before income tax expense</b>	<u>(165,760)</u>	<u>(384,363)</u>	-	<u>(550,123)</u>
Income tax expense				-
<b>Loss after income tax expense</b>				<u>(550,123)</u>
<b>Consolidated - 30 June 2020</b>				
<b>Assets</b>				
Segment assets	547,041	20,131,837	(18,943,002)	1,735,876
<b>Total assets</b>				<u>1,735,876</u>
<b>Liabilities</b>				
Segment liabilities	327,273	4,395,735	(4,216,711)	506,297
<b>Total liabilities</b>				<u>506,297</u>

### Note 4. Other income

	<b>Consolidated</b>	
	<b>31 December 2020 \$</b>	<b>31 December 2019 \$</b>
Gains on modification of financial liability	107,845	140,305
Other income	110,000	-
Finance income	142	2,433
Other income	<u>217,987</u>	<u>142,738</u>

#### Gain on modification of financial liability

The gains on modification of financial liability for the 2020 financial period represent the write-off of trade payables as the company no longer has a present obligation to these liabilities.

On 4 November 2019, the company entered into an agreement with Ryan Legudi, a director of the company, to settle the amount owing to both Ryan and his associated entities. This settlement resulted in a gain of \$114,633 on modification of liabilities in the previous period. The remaining gain on modification of financial liability of \$25,672 in the previous period resulted from the conversion of debt owing to Denlin Nominees Pty Ltd and its related parties.

#### Other income

On 16 June 2020, the company announced it had entered into a Royalty Sale and Purchase agreement with Vox Royalty Australia (Vox). The sale was subject to consent being obtained to the change of ownership from Strategic Energy Resources Ltd (SER). Consent was not received. On 26 August 2020 the company received \$110,000 in cash from SER in agreement to extinguish the Royalty Interest.

**Note 5. Discontinued operations**

On 6 February 2020, the company announced that it had entered into an asset purchase agreement with Boxlight Corporation ('Boxlight') to dispose of the company's 3D printing hardware and the MyStemKits ("MSK") k-12 curriculum business to Boxlight. Upon completion of this transaction, MSK will cease operations. As a result, the financial results of MSK have been presented as discontinued operations for the 6 months ended 31 December 2019.

*Financial performance information*

	<b>Consolidated</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Revenue	-	900,074
Cost of sales	-	(507,813)
Marketing and advertising	-	(44,958)
Research and development	-	(9,788)
General and administrative	-	(187,439)
Payroll expense	-	(280,187)
Depreciation and amortisation	-	(14,674)
Finance costs	-	(20,975)
Total expenses	<u>-</u>	<u>(558,021)</u>
Loss before income tax expense	-	(165,760)
Income tax expense	-	-
Loss after income tax expense from discontinued operations	<u>-</u>	<u>(165,760)</u>

*Cash flow information*

	<b>Consolidated</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Net cash used in operating activities	-	(255,477)
Net cash from financing activities	-	251,705
Net decrease in cash and cash equivalents from discontinued operations	<u>-</u>	<u>(3,772)</u>



**Note 6. Current assets - trade and other receivables**

	<b>Consolidated</b>	
	<b>31 December</b>	
	<b>2020</b>	<b>30 June 2020</b>
	<b>\$</b>	<b>\$</b>
Trade receivables	-	45,278
Less: Allowance for expected credit losses	-	(19,719)
	<u>-</u>	<u>25,559</u>
GST receivable	18,942	-
Other receivables	190,057	472,876
	<u>208,999</u>	<u>472,876</u>
	<u>208,999</u>	<u>498,435</u>

Other receivables represents the deferred proceeds from the sale of MSK assets to Boxlight being US\$350,000 payable in 4 equal quarterly cash payments, accruing interest at 7% per annum. Due to the impact of COVID-19 on the business and operations of MSK, the deferred proceeds receivables has now been written down to US\$175,000 payable in 2 equal payments, refer to note 13 for more details.

**Note 7. Current liabilities - trade and other payables**

	<b>Consolidated</b>	
	<b>31 December</b>	
	<b>2020</b>	<b>30 June 2020</b>
	<b>\$</b>	<b>\$</b>
Trade payables	183,988	317,066
Accrued expenses	65,212	72,602
Sales tax payable	1,957	2,197
	<u>251,157</u>	<u>391,865</u>

**Note 8. Current liabilities - borrowings**

	<b>Consolidated</b>	
	<b>31 December</b>	
	<b>2020</b>	<b>30 June 2020</b>
	<b>\$</b>	<b>\$</b>
Insurance premium funding	-	24,218
Other loans *	80,387	90,214
	<u>80,387</u>	<u>114,432</u>

\* Other loans represent the Paycheck Protection Program loan designed to provide incentive for small businesses to keep their workers on the payroll. The loan is forgivable if all employee retention criteria are met and the funds are used for eligible expenses.

**Note 9. Equity - issued capital**

	Consolidated			
	31 December 2020 Shares	30 June 2020 Shares	31 December 2020 \$	30 June 2020 \$
Ordinary shares - fully paid	156,972,435	156,972,435	29,353,296	29,353,296

**Note 10. Equity - reserves**

	Consolidated	
	31 December 2020 \$	30 June 2020 \$
Other reserve	-	32,039
Foreign currency reserve	(62,822)	(53,344)
Share-based payments reserve	1,463,252	1,436,283
	<u>1,400,430</u>	<u>1,414,978</u>

**Note 11. Equity - dividends**

There were no dividends paid, recommended or declared during the current or previous financial half-year.

**Note 12. Events after the reporting period**

As disclosed to the ASX on 25th February 2021, the Company has entered into inter-conditional share purchase deeds to acquire 100% of the shares of Cirrus Communications Pty Ltd (Swoop) and N1 Telecommunications Pty Ltd (NodeOne) for total consideration (in scrip) valued at \$61.3 million based on the proposed offer price of capital raising of \$0.50 per share (the Acquisitions) .

Swoop is an eastern states based fixed wireless and wholesale network infrastructure carrier with a high performance national and international network that is an alternative provider to the large carriers for delivering services in Australia. NodeOne is a Western Australian based fixed broadband provider and licensed telecommunications carrier with a proven high-performance wireless network providing an alternative solution to the NBN network for both residential and business customers.

In connection with the Acquisitions, the Company intends to:

- (a) consolidate its issued capital on the basis that every 23 securities will consolidate into one security;
- (b) raise \$20 million pursuant to a public offer under a prospectus at an issue price of \$0.50 per share (on a post consolidation basis);
- (c) apply for re-admission of trading its shares on the ASX;
- (d) re-constitute its board of directors to include directors with extensive experience in the telecommunications industry; and
- (e) change its name to "Swoop Holdings Limited"

The proposed acquisition of Swoop and NodeOne will constitute a change in the nature and scale of the Company's activities from delivery of integrated STEM solutions combining the use of 3D printers and MyStemsKits curriculum to an internet services provider.

**Note 12. Events after the reporting period (continued)**

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

**Note 13. Impact of COVID-19**

The COVID-19 pandemic has created unprecedented uncertainty, in particular the measures taken by various governments to contain the virus have affected economic activity. Consequently, the Group has recognised an impairment loss of US\$175,000 on the deferred proceeds receivable from Boxlight Corporation ('Boxlight') for the sale of the MyStemKits ('MSK') assets due to the impact of COVID-19 pandemic on MSK's business and operation.

Other than that, the economic impact of the pandemic has not resulted in a material impact to the consolidated entity.

**Note 14. Earnings per share**

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>31 December</b>	<b>31 December</b>
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<i>Earnings per share for loss from continuing operations</i>		
Loss after income tax attributable to the owners of Stemify Limited	<u>(601,226)</u>	<u>(384,363)</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>156,972,435</u>	<u>117,212,603</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>156,972,435</u>	<u>117,212,603</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(0.38)	(0.33)
Diluted earnings per share	(0.38)	(0.33)
	<b>Consolidated</b>	<b>Consolidated</b>
	<b>31 December</b>	<b>31 December</b>
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<i>Earnings per share for loss from discontinued operations</i>		
Loss after income tax attributable to the owners of Stemify Limited	<u>-</u>	<u>(165,760)</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>156,972,435</u>	<u>117,212,603</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>156,972,435</u>	<u>117,212,603</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	-	(0.14)
Diluted earnings per share	-	(0.14)

**Note 14. Earnings per share (continued)**

	<b>Consolidated</b>	
	<b>31 December 2020</b>	<b>31 December 2019</b>
	<b>\$</b>	<b>\$</b>
<i>Earnings per share for loss</i>		
Loss after income tax attributable to the owners of Stemify Limited	<u>(601,226)</u>	<u>(550,123)</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>156,972,435</u>	<u>117,212,603</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>156,972,435</u>	<u>117,212,603</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(0.38)	(0.47)
Diluted earnings per share	(0.38)	(0.47)

**Note 15. Share-based payments**

There is an amortisation of existing performance rights of key management personnel during the period of \$26,969 (2019: \$49,775) recognised in the statement of profit or loss and other comprehensive income.

The weighted average remaining contractual life of options outstanding at the end of the financial half-year was 2.29 years (31 December 2019: 3.29 years).

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 consolidated entity's financial position as at 31 December 2020 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



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Timothy Grice  
Executive Chairman

4 March 2021

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Stemify Limited

### Report on the Half-Year Financial Report

#### Conclusion

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

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

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

#### Basis for conclusion

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

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

#### Material uncertainty relating to going concern

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



### **Responsibility of the directors for the financial report**

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

### **Auditor's responsibility for the review of the financial report**

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

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

**BDO Audit Pty Ltd**

BDO  


**Wai Aw**  
**Director**

Melbourne, 4 March 2021