
STEMIFY LIMITED

ACN 009 256 535

(TO BE RENAMED 'SWOOP HOLDINGS LIMITED')

NOTICE OF GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 3.00pm AEST

DATE: 3 May 2021

PLACE: Level 40, Governor Phillip Tower 1 Farrer Place SYDNEY, NSW, AUSTRALIA

Independent Expert's Report: Shareholders should carefully consider the Independent Expert's Report prepared for the purposes of the Shareholder approval under section 611 item 7 of the Corporations Act (refer to Resolution 4) and Shareholder approval under ASX Listing Rule 10.1 (refer to Resolution 3). The Independent Expert's Report comments on the fairness and reasonableness of the transactions described in this Notice of Meeting to the Non-Associated Shareholders. The Independent Expert has determined the transaction the subject of Resolutions 3 and 4 is fair and reasonable to the Non-Associated Shareholders.

The business of the Meeting affects your shareholding and your vote is important.

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 3.00pm (AEST) on 1 May 2021.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – CHANGE TO NATURE AND SCALE OF ACTIVITIES

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, subject to and conditional upon the passing of all Essential Resolutions, for the purpose of ASX Listing Rule 11.1.2 and for all other purposes, approval is given for the Company to make a significant change to the nature and scale of its activities resulting from completion of the Proposed Acquisitions, as described in the Explanatory Statement.”

Short Explanation: The Company has entered into the Acquisition Agreements pursuant to which the Company has agreed to acquire 100% of the issued capital of NodeOne (directly and indirectly via the acquisition of 100% of the issued capital of Fiwi, a shareholder of NodeOne) and 100% of the issued capital of Swoop from the respective Vendors. If successful, the Proposed Acquisitions will result in the Company changing the nature and scale of its activities. ASX Listing Rule 11.1.2 requires the Company to seek Shareholder approval where it proposes to make a significant change to the nature and scale of its activities. ASX has also advised the Company that it will be required to re-comply with the requirements of Chapters 1 and 2 of the ASX Listing Rules in accordance with ASX Listing Rule 11.1.3. Please refer to the Explanatory Statement for details.

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of a counterparty to the transaction that, of itself or together with one or more transactions, will result in a significant change to the nature and scale of the entity's activities and any other person who will obtain a material benefit as a result of the transaction (except a benefit solely by reason of being a Shareholder), or an associate of that person or those persons. Accordingly, the Shareholders who shall be excluded from voting are Oaktone Nominees Pty Ltd, Tisia Nominees Pty Ltd, Denlin Nominees Pty Ltd, Jonathan Pearce and 143 Pty Ltd. However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

2. RESOLUTION 2 – CONSOLIDATION OF CAPITAL

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to and conditional upon the passing of all Essential Resolutions, pursuant to section 254H of the Corporations Act and for all other purposes, the issued capital of the Company be consolidated on the basis that:

- (a) every twenty-three (23) Shares be consolidated into one (1) Share; and
- (b) every twenty-three (23) Options be consolidated into one (1) Option,

and, where this Consolidation results in a fraction of a Share or Option being held, the Company be authorised to round that fraction up to the nearest whole security."

3. RESOLUTION 3 – ACQUISITION OF A SUBSTANTIAL ASSET FROM SUBSTANTIAL (10%+) HOLDERS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, subject to and conditional upon the passing of all Essential Resolutions, for the purpose of ASX Listing Rule 10.1 and for all other purposes, approval is given for the Company acquire:

- (a) 100% of the issued capital of N1 Telecommunications Pty Ltd (ACN 638 547 476) (directly and indirectly via the acquisition of 100% of the issued capital of Fiwi, a shareholder of NodeOne);
- (b) 100% of the issued capital of Cirrus Communications Pty Ltd (ACN 109 931 731); and
- (c) 100% of the issued capital of Fiwi Pty Ltd (ACN 627 923 577),

from the Vendors, each of whom is a Substantial (10%+) Holder for the purpose of ASX Listing Rule 10.1, on the terms and conditions set out in the Explanatory Statement."

Short Explanation: The Company has entered into the Acquisition Agreements pursuant to which the Company has agreed to acquire 100% of the issued capital of N1 Telecommunications Pty Ltd (ACN 638 547 476) (directly and indirectly via the acquisition of 100% of the issued capital of Fiwi, a shareholder of NodeOne) and 100% of the issued capital of Cirrus Communications Pty Ltd (ACN 109 931 731) from the Vendors. Each Vendor is currently a Substantial 10%+ Holder for the purpose of ASX Listing Rule 10.1 due to the association between each Vendor and Denlin Nominees Pty Ltd resulting from the execution of the Acquisition Agreements. Accordingly, the Company seeks Shareholder approval for the Proposed Acquisitions in accordance with ASX Listing Rule 10.1.

Independent Expert's Report: Shareholders should carefully consider the Independent Expert's Report prepared by RSM for the purpose of the Shareholder approval required under ASX Listing Rule 10.1. The Independent Expert's Report comments on the fairness and reasonableness of the Proposed Acquisitions to the Non-Associated Shareholders. The Independent Expert has determined the Proposed Acquisitions are fair and reasonable to the Non-Associated Shareholders.

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of the Vendors and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons. Accordingly, the Shareholders who shall be excluded from voting are Oaktone Nominees Pty Ltd, Tisia Nominees Pty Ltd, Denlin Nominees Pty Ltd, Jonathan Pearce and 143 Pty Ltd. However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

4. RESOLUTION 4 – ACQUISITION OF A RELEVANT INTEREST IN SHARES BY THE VENDORS AND THEIR ASSOCIATES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to and conditional upon the passing of all Essential Resolutions, for the purpose of Section 611 item 7 of the Corporations Act and for all other purposes, approval is given for:

- (a) *the Vendors to acquire a relevant interest in 122,769,264 Shares (on a post-consolidation basis) as a result of the Company issuing 122,769,264 Shares to the Vendors as consideration for the Proposed Acquisitions;*
- (b) *certain Vendors and associates of the Vendors to acquire a relevant interest in up to 11,280,000 Shares (on a post-consolidation basis) as a result of certain Vendors and associates of the Vendors subscribing for up to 11,280,000 Shares pursuant to the Public Offer; and*
- (c) *two associates of the Vendors acquiring a relevant interest in up to 600,000 Shares as a result of entering into relevant agreements to acquire up to 600,000 Shares from a Vendor after completion of the Proposed Acquisitions,*

and which, in addition to the Shares already held by the Vendors and their associates, will result in the voting power in the Company of the Vendors and their associates increasing to the maximum amounts as set out in the Explanatory Statement and otherwise on the terms and conditions set out in the Explanatory Statement.”

Short Explanation: The Company has entered into the Acquisition Agreements pursuant to which the Company has agreed to issue 122,769,264 Shares (on a post-consolidation basis) to the Vendors to acquire 100% of the issued capital of NodeOne (directly and indirectly via the acquisition of 100% of the issued capital of Fiwi, a shareholder of NodeOne) and 100% of the issued capital of Swoop. A number of the Vendors and their associates also propose to subscribe for Shares in the Public Offer. Two associates of the Vendors also propose to acquire Shares from a Vendor after Completion of the Proposed Acquisitions. As a result of these Share issues and relevant agreements, the voting power of the Vendors and their associates in the Company will increase above 20%. Accordingly, the Company seeks Shareholder approval for the issue the acquisition of a relevant interest in these Shares by the Vendors and their associates in accordance with Section 611 item 7 of the Corporations Act.

Independent Expert's Report: Shareholders should carefully consider the Independent Expert's Report prepared by RSM for the purpose of the Shareholder approval required under Section 611 item 7 of the Corporations Act. The Independent Expert's Report comments on the fairness and reasonableness of the proposed Share issues to the Non-Associated Shareholders. The Independent Expert has determined the proposed Shares issues are fair and reasonable to the Non-Associated Shareholders.

Voting Exclusion Statement:

No votes may be cast in favour of this Resolution by the Vendors or their associates.

However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

5. RESOLUTION 5 – ISSUE OF PUBLIC OFFER SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 40,000,000 Shares (on a post-Consolidation basis) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity), or an associate of that person or those persons. However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

6. RESOLUTION 6 – RELATED PARTY PARTICIPATION IN PUBLIC OFFER – MR JONATHAN PEARCE

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 2,000,000 Shares (on a post-Consolidation basis) to Mr Jonathan Pearce (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of Mr Jonathan Pearce (or his nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

7. RESOLUTION 7 – RELATED PARTY PARTICIPATION IN PUBLIC OFFER – MR RYAN LEGUDI

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 200,000 Shares (on a post-Consolidation basis) to Mr Ryan Legudi (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of Mr Ryan Legudi (or his nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

8. RESOLUTION 8 – RELATED PARTY PARTICIPATION IN PUBLIC OFFER – MR TIMOTHY GRICE

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 200,000 Shares (on a post-Consolidation basis) to Mr Timothy Grice (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of Mr Timothy Grice (or his nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

9. RESOLUTION 9 – ISSUE OF OPTIONS TO FORREST CAPITAL PTY LTD

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 1,500,000 Options (on a post-Consolidation basis) to Forrest Capital Pty Ltd (or its nominees) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of Forrest Capital Pty Ltd (or its nominees) or any other person who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity), or an associate of that person or those persons. However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and

- (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

10. RESOLUTION 10 – APPOINTMENT OF DIRECTOR – MR JAMES SPENCELEY

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to Completion occurring and conditional upon the passing of all Essential Resolutions, pursuant to and in accordance with the Company's Constitution and for all other purposes, Mr James Spenceley, having consented to act as a director of the Company, be appointed as a director of the Company with effect on and from Completion.”

11. RESOLUTION 11 – APPOINTMENT OF DIRECTOR – MR WILLIAM (PAUL) REID

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to Completion occurring and conditional upon the passing of all Essential Resolutions, pursuant to and in accordance with the Company's Constitution and for all other purposes, Mr William (Paul) Reid, having consented to act as a director of the Company, be appointed as a director of the Company with effect on and from Completion.”

12. RESOLUTION 12 – APPOINTMENT OF DIRECTOR – MR MATTHEW HOLLIS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to Completion occurring and conditional upon the passing of all Essential Resolutions, pursuant to and in accordance with the Company's Constitution and for all other purposes, Mr Matthew Hollis, having consented to act as a director of the Company, be appointed as a director of the Company with effect on and from Completion.”

13. RESOLUTION 13 – APPOINTMENT OF DIRECTOR – MR TONY GRIST

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to Completion occurring and conditional upon the passing of all Essential Resolutions, pursuant to and in accordance with the Company's Constitution and for all other purposes, Mr Tony Grist, having consented to act as a director of the Company, be appointed as a director of the Company with effect on and from Completion.”

14. RESOLUTION 14 – CHANGE OF COMPANY NAME

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

“That, subject to completion of the Proposed Acquisitions and conditional upon the passing of all Essential Resolutions, for the purposes of section 157(1)(a) and for all other purposes, approval is given for the name of the Company to be changed to Swoop Holdings Limited.”

15. RESOLUTION 15 – REPLACEMENT OF CONSTITUTION

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

“That, for the purposes of section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to repeal its existing Constitution and adopt a new constitution in its place in the form as signed by the chairman of the Meeting for identification purposes.”

16. RESOLUTION 16 – ADOPTION OF LONG TERM INCENTIVE PLAN

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.2 (Exception 13(b)), Part 2J of the Corporations Act and for all other purposes, approval is given for the Company to adopt an employee incentive scheme titled Swoop Holdings Long Term Incentive Plan and for the issue of securities under that plan, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is eligible to participate in the employee incentive scheme in question, or an associate of that person or those persons. However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
 - (b) the appointment does not specify the way the proxy is to vote on this Resolution.
- However, the above prohibition does not apply if:
- (a) the proxy is the Chair; and
 - (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

17. RESOLUTION 17 – ISSUE OF PERFORMANCE RIGHTS TO DIRECTOR – MR JONATHAN PEARCE

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, subject to Completion occurring and the passing of all Essential Resolutions, for the purposes of section 195(4) and section 208 of the Corporations Act, Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue up to 1,318,090 Performance Rights to Mr Jonathan Pearce (or his nominee) under the Incentive Plan on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of any person referred to in ASX Listing Rules 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question (including Mr Jonathan Pearce) or an associate of that person or those persons. However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting Prohibition Statement:

In accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (**Resolution 17 Excluded Party**). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 17 Excluded Party.

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 17 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

18. RESOLUTION 18 – ISSUE OF PERFORMANCE RIGHTS TO DIRECTOR – MR TONY GRIST

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, subject to Completion occurring and the passing of all Essential Resolutions, for the purposes of section 195(4) and section 208 of the Corporations Act, Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue up to 2,196,817 Performance Rights to Mr

Tony Grist (or his nominee) under the Incentive Plan on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of any person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question (including Mr Tony Grist) or an associate of that person or those persons. However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting Prohibition Statement:

In accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (**Resolution 18 Excluded Party**). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 18 Excluded Party.

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 18 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

19. RESOLUTION 19 – ISSUE OF PERFORMANCE RIGHTS TO DIRECTOR – MR JAMES SPENCELEY

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, subject to Completion occurring and the passing of all Essential Resolutions, for the purposes of section 195(4) and section 208 of the Corporations Act, Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue up to 2,636,181 Performance Rights to Mr James Spenceley (or his nominee) under the Incentive Plan on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of any person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question (including Mr James Spenceley) or an associate of that person or those persons. However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting Prohibition Statement:

In accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (**Resolution 19 Excluded Party**). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 19 Excluded Party.

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 19 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

20. RESOLUTION 20 – INCREASE IN TOTAL AGGREGATE REMUNERATION FOR NON-EXECUTIVE DIRECTORS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of clauses 14.7 and 14.8 of the Constitution, ASX Listing Rule 10.17 and for all other purposes, Shareholders approve an increase of the total aggregate amount of fees payable to non-executive Directors from \$200,000 per annum to \$500,000 per annum in accordance with the terms and conditions set out in the Explanatory Statement."

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of any Director or an associate of those persons. However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
 - (b) the appointment does not specify the way the proxy is to vote on this Resolution.
- However, the above prohibition does not apply if:
- (a) the proxy is the Chair; and
 - (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

21. RESOLUTION 21 – REMOVAL OF AUDITOR

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of section 329 of the Corporations Act and for all other purposes, approval is given for the removal of BDO Audit Pty Ltd as the current auditor of the Company effective from the close of the Meeting.”

22. RESOLUTION 22 – APPOINTMENT OF AUDITOR TO REPLACE AUDITOR REMOVED FROM OFFICE

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

“That, subject to the passing of Resolution 21, for the purpose of section 327D of the Corporations Act and for all other purposes, approval is given for the appointment of PKF(NS) Audit & Assurance Limited Partnership as auditor of the Company effective from the close of the Meeting.”

23. RESOLUTION 23 – APPROVAL OF SALE OF STEM BUSINESS

To consider, and if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 11.2 and for all other purposes, approval is given for the sale of the Company's interest in the STEM Business, being the previous main undertaking of the Company, on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of BOXL and any other person who will obtain a material benefit as a result of the disposal of the Company's main undertaking (except a benefit solely by reason of being a Shareholder) or any associates of those persons. However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
 - (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
 - (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.
-

Dated: 1 April 2021

By order of the Board

**Maggie Newidok
Company Secretary**

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast two (2) or more votes may appoint two (2) proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two (2) proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

You may still attend the meeting and vote in person even if you have appointed a proxy. If you have previously submitted a Proxy Form, your attendance will not revoke your proxy appointment unless you actually vote at the meeting for which the proxy is proposed to be used, in which case, the proxy's appointment is deemed to be revoked with respect to voting on that resolution.

Please bring your personalised Proxy Form with you as it will help you to register your attendance at the meeting. If you do not bring your Proxy Form with you, you can still attend the meeting but representatives from Advanced Share Registry Services will need to verify your identity. You can register from 2.00pm (AEST) on the day of the Meeting.

Voting on resolutions

Each of the resolutions set out in this Notice of Meeting will be conducted by poll.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 2 8072 1400.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. THE PROPOSED TRANSACTION

1.1 General background and sale of STEM Business

Stemify Limited (ACN 009 256 535) (ASX: SF1) (to be renamed 'Swoop Holdings Limited' if the Proposed Acquisitions complete) (**Company**) is an Australian public company which has been listed on the Official List of the ASX since 22 December 2016 following re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

The Company was previously in the business of selling 3D printing hardware and the MyStemKits K-12 curriculum into the STEM education sector in various countries but principally in the USA (**STEM Business**). At the general meeting held on 19 March 2020, Shareholders agreed to sell the STEM Business to Boxlight Corporation, a leading provider of technology solutions for the global learning market listed on the NASDAQ (NASDAQ:BOXL). The sale of the STEM Business completed on 21 April 2020, per the Company's ASX announcement titled 'Completion of sale to BOXL and subscription for shares in BOXL.

As announced to ASX on 25 February 2021, the Company entered into a letter agreement dated 17 April 2020 (**Letter Agreement**) to vary the terms of the sale of the STEM Business by making the payment of the first two post-completion quarterly cash payments conditional upon the satisfaction of certain revenue milestones by the STEM Business. Shareholder approval for the purpose of ASX Listing Rule 11.2 is sought pursuant to Resolution 23 for the sale of the STEM Business to BOXL on the terms as varied by the Letter Agreement.

1.2 The Proposed Acquisitions

The Company announced on 25 February 2021 that it had entered into three inter-conditional Share Purchase Deeds (**Acquisition Agreements**) pursuant to which the Company has agreed to acquire:

- (a) 58.90% of the issued capital in N1 Telecommunications Pty Ltd (ACN 638 547 476) (**NodeOne**) (**NodeOne Agreement**);
- (b) 100% of the issued capital of Fiwi Pty Ltd (ACN 627 923 577) (**Fiwi**) which in turn holds the remaining 41.10% of the issued capital of NodeOne (**Fiwi Agreement**); and
- (c) 100% of the issued capital in Cirrus Communications Pty Ltd (ACN 109 931 731) (**Swoop**) (**Swoop Agreement**),

(together the **Proposed Acquisitions**).

NodeOne is a Western Australian based fixed wireless broadband provider and licensed telecommunications carrier, and Swoop is an Eastern-states based fixed wireless and wholesale network infrastructure carrier. Further information on NodeOne and Swoop is set out below in this Section 1.

The Proposed Acquisitions are conditional on the Company obtaining all necessary regulatory and Shareholder approvals to effect the Proposed

Acquisitions and satisfying all other requirements of ASX for the reinstatement to official quotation of the Company's Shares on the ASX (among other things) (**Official Quotation**).

A summary of the key regulatory matters is set out in Section 1.3 below. A summary of all Resolutions, including a description of those Resolutions which are necessary to complete the Proposed Acquisitions, is set out in Section 1.5 below.

The key terms of the Acquisition Agreements are set out in Schedules 1, 2 and 3.

The consideration payable in respect of the Proposed Acquisitions is a total of 122,769,264 Shares (on a post-Consolidation basis) (**Consideration Shares**) comprising:

- (a) (**NodeOne consideration**): 33,368,003 Shares (on a post-Consolidation basis) to be issued at Completion to the NodeOne Vendors; and
- (b) (**Swoop consideration**): 89,401,261 Shares (on a post-Consolidation basis) to be issued at Completion to the Swoop Vendors.

1.3 Regulatory matters

ASX Listing Rule 10.1

The following Vendors currently hold Shares in the Company:

- (a) Oaktone Nominees Pty Ltd (**Oaktone**) (a Swoop Vendor and a NodeOne Vendor), which currently holds 19,420 Shares (on a post-Consolidation basis). Oaktone is deemed to be a related party of the Company by virtue of being controlled by Mr Tony Grist, who is proposed to be appointed as a Director at Completion; and
- (b) Tisia Nominees Pty Ltd (a NodeOne Vendor), which currently holds 108,696 Shares (on a post-Consolidation basis). Tisia Nominees is not a related party of the Company.

In addition, Denlin Nominees Pty Ltd (**Denlin Nominees**), currently holds 1,096,392 Shares (on a post-Consolidation basis). Denlin Nominees is not a Vendor, however Denlin Nominees and Oaktone are both controlled by Mr Tony Grist, who is currently a director of Swoop and who will be appointed as a Director at Completion. Prior to the execution of the Acquisition Agreements, the voting power of Denlin Nominees and Oaktone was 16.35%.

Upon the signing of the Acquisition Agreements, all Vendors were deemed to become associates of one another by virtue of acting in concert in relation to the affairs of the Company. Each Vendor could also be considered to be an associate of Denlin Nominees on the same basis and by virtue of the fact that Denlin Nominees is controlled by Mr Grist, a director of Swoop and controller of Oaktone.

As a result of this association, Denlin Nominees and each Vendor are deemed to currently have voting power in the Company of 17.94% (comprising the relevant interests in Shares of Denlin Nominees, Oaktone and Tisia Nominees Pty Ltd).

Accordingly, for the purpose of ASX Listing Rule 10.1, each Vendor is deemed to be a "substantial 10%+ holder" in the Company. As the value of Swoop and NodeOne exceeds 5% of the equity interests of the Company as set out in the

latest accounts given to ASX, Shareholder approval for the acquisition of Swoop and NodeOne from the Vendors is required for the purpose of ASX Listing Rule 10.1. This approval is sought pursuant to Resolution 3.

Section 611 Item 7 of the Corporations Act

In consideration for the acquisition of NodeOne and Swoop, the Company will issue 122,769,264 Shares (on a post-Consolidation basis) to the Vendors.

A number of the Vendors and associates of the Vendors also wish to subscribe for Shares in the Public Offer. The maximum number of Shares being subscribed for by these parties is 11,280,000 (on a post-Consolidation basis).

N & J Enterprises (WA) Pty Ltd (a Vendor) has entered into agreements to sell 1,200,000 of its Shares after Completion and before the Company's readmission to the Official List at a sale price of \$0.50 per Share (**Sell Down Agreements**), including:

- (a) up to 400,000 Shares to Tony Grist, a proposed Director and associate of Oaktone, a Vendor; and
- (b) up to 200,000 Shares to Tom Henderson, an associate of Tisia Nominees Pty Ltd, a Vendor.

As a result of these Sell Down Agreements Mr Grist and Mr Henderson will acquire a relevant interest in up to 400,000 Shares and 200,000 Shares respectively upon their issue (notwithstanding that they will be held by N & J Enterprises (WA) Pty Ltd until completion of the Sell Down Agreements).

As noted above, upon the signing of the Acquisition Agreements, each Vendor was deemed to be an associate of each other Vendor and Denlin Nominees. As a result of the issues of Shares to the Vendors and their associates pursuant to the Acquisition Agreements, and the Public Offer, and the Sell Down Agreements between Mr Grist and Mr Henderson and N & J Enterprises (WA) Pty Ltd, the voting power in the Company of the Vendors and their associates will increase from 17.94% at the date of this Notice to a maximum of 80.12% at Completion.

As this maximum voting power will exceed 20%, the Company seeks Shareholder approval pursuant to Resolution 4 for the purpose of Section 611 item 7 of the Corporations Act for the acquisition by the Vendors and certain associates of the Vendors of a relevant interest in 134,649,264 Shares (on a post-Consolidation basis).

Immediately after Completion:

- (c) the Vendors will cease to be associates of each other and Denlin Nominees unless otherwise stated in this Explanatory Statement; and
- (d) the Vendors and Denlin Nominees will cease to be associates of one another and so no Vendor will hold in excess of 19.9% of the issued capital of the Company.

ASX compliance matters

Trading in the Company's Shares is currently suspended and will remain suspended until the Company re-complies with Chapters 1 and 2 of the Listing Rules following completion of the Proposed Acquisitions. The Proposed

Acquisitions are each conditional on the Company obtaining all necessary regulatory and Shareholder approvals to effect the Proposed Acquisitions and satisfying all other requirements of ASX for the reinstatement to Official Quotation of the Company's Shares on the ASX (among other things).

ASX has an absolute discretion in deciding whether or not to re-admit the Company to the Official List and to reinstate the Company's Shares to Official Quotation and therefore the Proposed Acquisitions may not proceed if ASX exercises that discretion. Investors should take account of these uncertainties in deciding whether or not to buy or sell the Company's Securities.

The Company confirms that it is currently in compliance with its disclosure obligations under ASX Listing Rule 3.1.

ASX takes no responsibility for the contents of this Notice.

1.4 Previous and proposed Security issues

In the 6 months prior to the date of this Notice, the Company has not issued any Equity Securities.

The Company confirms it does not propose to issue any Securities prior to its readmission to the Official List, other than as contemplated by this Notice.

1.5 Summary of Resolutions

This Notice of Meeting sets out the Resolutions necessary to complete the Proposed Acquisitions and associated transactions, being Resolutions 1 to 5 and 10 to 13 (**Essential Resolutions**). Each of the Essential Resolutions are conditional upon the approval by Shareholders of each of the other Essential Resolutions. If any of the Essential Resolutions are not approved by Shareholders, all of the Essential Resolutions will fail and Completion of the Proposed Acquisitions will not occur.

A summary of the Essential Resolutions is as follows:

- (a) the Proposed Acquisitions, if successfully Completed, will represent a significant change in the nature and scale of the Company's operations, for which Shareholder approval is required under ASX Listing Rule 11.1.2 (Resolution 1);
- (b) the Consolidation of the Company's Shares on such basis as will result in the Company having the following number of Equity Securities on issue (Resolution 2):
 - (i) 6,825,035 Shares; and
 - (ii) 3,272,951 Options;
- (c) the Proposed Acquisitions require approval for the purpose of ASX Listing Rule 10.1 for the reasons set out in Section 1.3 above (Resolution 3);
- (d) the issue of Consideration Shares to the Vendors, participation by certain Vendors and associates of the Vendors in the Public Offer and the acquisition of a relevant interest in Shares as a result of the Sell Down Agreements requires approval for the purpose of Section 611 Item 7 of

the Corporations Act for the reasons set out in Section 1.3 above (Resolution 4);

- (e) the Company will need to re-comply with Chapters 1 and 2 of the ASX Listing Rules and, to achieve this, must successfully undertake a capital raising to achieve ASX's minimum spread requirements. For this purpose and to raise capital for the growth of the Group, the Company proposes to undertake a capital raising by issuing 40,000,000 Shares (post-Consolidation) at \$0.50 per Share to raise \$20,000,000 (**Public Offer**) (Resolution 5);
- (f) the appointment of the incoming directors upon completion of the Proposed Acquisitions (Resolutions 10 to 13).

In addition, the Company is seeking Shareholder approval for various other non-Essential Resolutions, as follows:

- (a) Resolutions 6 to 8 seek Shareholder approval for certain related parties to participate in the Public Offer in accordance with ASX Listing Rule 10.11;
- (b) Resolution 9 seeks Shareholder approval for the proposed issue of Options to Forrest Capital for the purposes of ASX Listing Rule 7.1;
- (c) Resolution 14 seeks Shareholder approval for a change to the name of the Company to "Swoop Holdings Limited" upon completion of the Proposed Acquisitions;
- (d) Resolution 15 seeks Shareholder approval for the replacement of the Company's existing Constitution, to ensure that the Constitution is compliant with recent changes to the ASX Listing Rules and Corporations Act;
- (e) Resolution 16 seeks Shareholder approval to adopt the Incentive Plan in accordance with ASX Listing Rule 7.2 (Exception 13(b)) and for the purpose of Part 2J of the Corporations Act;
- (f) Resolutions 17 to 19 seek Shareholder approval for the issue of Performance Rights to James Spenceley, Tony Grist and Jonathan Pearce under the Incentive Plan;
- (g) Resolution 20 seeks Shareholder approval to increase the aggregate remuneration for non-executive Directors from \$200,000 to \$500,000;
- (h) Resolutions 21 and 22 seek Shareholder approval respectively for the removal of the Company's current auditor and appointment of PKF(NS) Audit & Assurance Limited Partnership as its new auditor; and
- (i) Resolution 23 seeks Shareholder approval for the sale of the STEM Business on the varied terms.

Shareholders should note that whilst Resolutions 14 and 16 to 19 are not Essential Resolutions, the Acquisition Agreements are conditional upon the passing of these Resolutions. Accordingly, if these Resolutions are not passed there is a risk that the Proposed Acquisitions will not complete if the related condition is not waived by Swoop and NodeOne.

NodeOne has not issued any securities in the past 6 months. NodeOne does not propose to issue any securities prior to the Company's re-admission to the Official List.

1.6 About NodeOne

(a) Background

N1 Telecommunications Pty Ltd is an Australian proprietary company limited by shares, incorporated on 5 February 2020, which trades as NodeOne. The NodeOne business was established approximately 10 years ago to provide NBN services to customers in the Geraldton region of Western Australia.

NodeOne has two operating subsidiaries – Node1 Pty Ltd and N1 Wholesale Pty Ltd (**N1 Wholesale**). The Node One business was initially operated by a trust managed by Logic IT Solutions Pty Ltd (**Logic IT**). The retail broadband operations of Logic IT were moved into Node1 Pty Ltd in 2017. N1 Wholesale was established in 2020 to provide fixed wireless services on a wholesale basis to Retail Service Providers (**RSP**) including Node1 Pty Ltd.

(b) Description of the NodeOne business

NodeOne is a fixed wireless broadband provider and licensed telecommunications carrier with a proven high-performance wireless network providing an alternative solution to the NBN network for businesses and residential customers. NodeOne is based in Western Australia with offices in Perth and Geraldton. Its core business is providing Internet services over its own fixed wireless network across the Perth metropolitan area, Geraldton and the mid-west regions and Bunbury in the south of the state.

NodeOne also provides services over the NBN fixed line and fixed wireless networks in Western Australia to customers who cannot connect to the NodeOne fixed wireless network. NodeOne's customer base consists of both residential and business customers and is made up of approximately 80% residential and 20% business accounts.

Revenue is generated from monthly subscription services for Internet services, typically on an initial 12 or 24 month contract converting to month to month contracts after their initial fixed term.

The fixed wireless network was designed and constructed by Logic IT and sold into N1 Wholesale in 2019. The network is maintained and operated by the N1 Wholesale team. All customer connections on the fixed wireless network are performed by the NodeOne team.

The key management of NodeOne are Richard Whiting (Chief Executive Officer), Nick van Namen (Chief Technology Officer) and Sean Clarke (Chief Sales Officer).

The Directors of N1 Telecommunications Pty Ltd are Richard Whiting (Chairman), Nick van Namen and Jodee van Namen.

1.7 About Swoop

(a) Background

Cirrus Communications Pty Ltd is an Australian proprietary company limited by shares, incorporated on 7 July 2004, which trades as 'Swoop'.

Swoop has three operating entities – Cirrus Communications Pty Ltd, Anycast Holdings Pty Ltd and Bosley Holdings Pty Ltd. Swoop was originally established to provide fixed wireless services to customers in the Central Coast region and was expanded to focus on a national wholesale offering. In May 2020 Swoop completed a transaction to acquire 100% of the issued shares of Anycast Holdings Pty Limited and Bosley Holdings Pty Ltd, which expanded the business's wholesale product offerings, underlying network infrastructure, and new residential product capabilities and revenues.

(b) Description of the Swoop business

Swoop operates under 3 brands;

- (i) Swoop Wholesale – for the supply of Fixed Wireless Access as well as wholesale transit services to other ISPs and Telcos;
- (ii) Swoop Business – for the supply of high-quality internet and telecommunication services to small and medium sized enterprises within the National footprint; and
- (iii) Swoop Broadband – for the supply of Fixed Wireless Broadband services to residential customers currently in the West Gippsland (Warragul) region in Victoria.

Swoop is predominately a 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. Swoop is based in both Regional NSW and Victoria, with offices in Gosford and Warragul.

Swoop has diversified core businesses:

- (i) providing Internet services over its own fixed wireless network across its national footprint under Swoop Wholesale and Swoop Business, with residential services in key regional towns under Swoop Broadband; and
- (ii) providing wholesale transit and other services to smaller ISPs across its national and international POP locations, through Swoop Wholesale.

Swoop also provides services over the NBN fixed line and fixed wireless networks nationally to residential and SME customers who cannot connect to the Swoop fixed wireless network.

Swoop Wholesale and Swoop Business revenue is generated from monthly subscription for Internet services, typically on a 24 or 36 month contract, with some legacy customers on month to month contracts. Residential revenues are typically on monthly subscription with no fixed

terms, but with great local support and high customer satisfaction Swoop has low churn rates in this market.

The fixed wireless network was designed and constructed by Swoop (both Cirrus Communications Pty Ltd and Anycast Holdings Pty Ltd) and is maintained and operated by the Swoop team. All customer connections on the fixed wireless network are performed by the Swoop team.

The wholesale transit core network was designed and constructed by Anycast Holdings Pty Ltd and is maintained and operated by the Swoop team. It is one of Australia's most connected networks, offering distributed denial of service security to all Swoop customers monitored 24x7 by its highly trained Australian staffed Network Operations Centre.

The key management of Swoop are Alex West (Chief Executive Officer), John Phillips (Chief Financial Officer), Matt Hollis (Head of Sales), Tom Berryman (Chief Technology Officer) and Julian Breen (Chief Operating Officer).

The Directors of Cirrus Communications Pty Ltd are James Spenceley (Chairman), Tony Grist, Paul Reid, Eric Heyde, Matt Hollis and Tom Berryman. Tom Berryman intends to step down as a director of Cirrus Communications Pty Ltd shortly prior to Completion.

Swoop has agreed to pay \$2,268,623 to James Spenceley, \$700,000 to Eric Heyde and \$1,300,000 to Paul Reid prior to Completion as an 'exit bonus' in connection with the transaction.

In the past 6 months, Swoop issued the following securities:

- (i) 71,428,571 preference shares on 8 September 2020, issued to a sophisticated investor upon the exercise of 71,428,571 options at an exercise price of \$0.07 per option; and
- (ii) 7,142,857 preference shares on 22 October 2020, issued to a sophisticated investor upon the exercise of 7,142,857 options at an exercise price of \$0.07 per option.

Neither the issue of the preference shares nor the underlying options were underwritten nor made pursuant to a prospectus or an information memorandum. Approximately \$2 million of the funds raised from the issue (being \$5,500,000) have been applied to date towards the construction of infrastructure as well as software development.

Swoop does not propose to issue any securities prior to the Company's re-admission to the Official List.

1.8 Industry overview

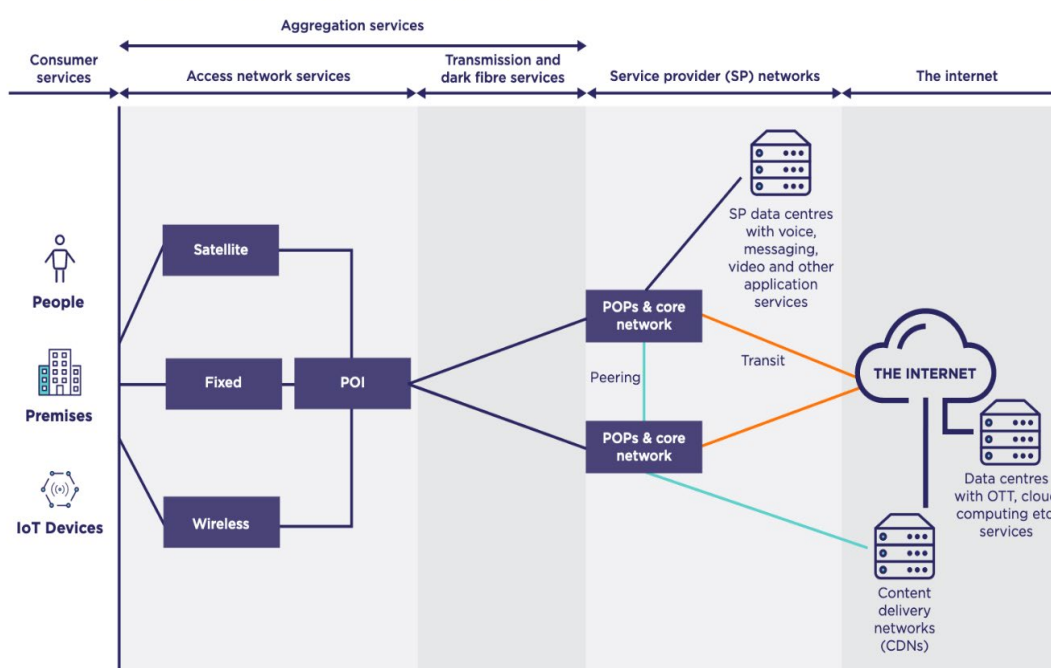
(a) Description of the industry in which the Group will operate

The Group will provide broadband services to residential and business customers primarily through its own fixed wireless networks, but also by acquiring wholesale capacity from fixed line network operators including OptiComm and the NBN Co Limited (**NBN**). The Group will also sell wholesale capacity on its fixed wireless networks to other Retail Service Providers (**RSPs**).

Broadband services are an essential service with consumers and businesses heavily reliant on the internet and data connectivity to carry out everyday activities and access basic services. Consumers and businesses are downloading increasing amounts of data and demanding ever increasing broadband speeds. Data use and speed demands are expected to continue to grow as more bandwidth intensive applications and services are introduced and adopted. The current Covid-19 pandemic, and the trend to working from home, has further increased demand and highlighted the need for better services.

ACCC – Communications Sector Market Study Final Report March 2018 provided an illustrated overview of the telecommunications supply chain in terms of how voice and broadband services are delivered:

Figure 1.1: The communications supply chain—how voice and broadband services are delivered to consumers over next generation networks



Note – see <https://www.accc.gov.au/publications/communications-sector-market-study-final-report> at figure 1.1 on page 2.

Users access broadband services through fixed line or wireless connections and infrastructure to NBN's 121 points of interconnection and the broader internet. Fixed line broadband services are delivered over the legacy fixed line networks and fibre networks, and wireless broadband services are delivered over mobile networks and fixed wireless networks.

NBN was set-up to provide a publicly owned wholesale, local access broadband network, providing access to fast, reliable and affordable broadband services. NBN provides open access to RSPs on a non-discriminatory basis who then on-sell data to Australian residential consumers and businesses.

As at the date of this Notice, NBN has substantially completed its targeted reach and delivers ready to connect high-speed broadband across Australia to 11.8 million premises with 7.6 million connected. At 30 June

2020, there were estimated to be 189 RSPs selling broadband access via the NBN network.

The mix of technology used to deliver services by NBN includes: Fibre to the Premises, Fibre to the Node, Fibre to the Building, Fibre to the Curb, Hybrid Fibre-Coaxial, Fixed Wireless and Satellite. These technologies have been adopted based on existing infrastructure, expected user demand and concentrations, and delivery costs; and offer differing levels of network quality and speed.

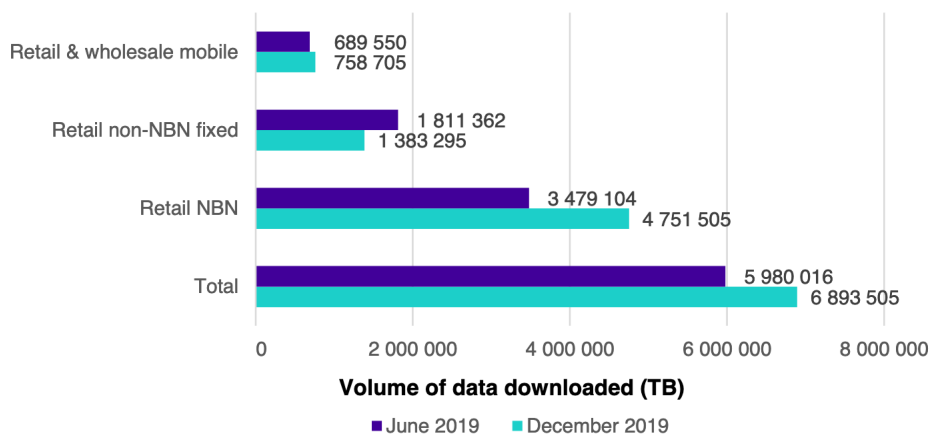
In addition to NBN, there are other network operators providing broadband services to RSPs through open access non-NBN fibre networks, such as OptiComm and OPENetworks, and non-NBN fixed wireless networks.

Non-NBN fixed wireless network operators typically offer broadband services direct to their own customers in specific areas and may also provide wholesale access to other RSPs, but are not required to do so. Non-NBN fixed wireless network operators can compete on:

- (i) network quality, speed and service coverage, especially in areas with lower performing NBN technology;
- (ii) pricing, being unconstrained from NBN wholesale pricing arrangements, including for types of service plans offered, amounts of data allowed, speed tiers, and plan costs; and
- (iii) customer service quality and reputation, especially from maintaining and being in control of substantial own network infrastructure.

In the three months to 31 December 2019, according to the ACCC Internet Activity Report December 2019 (published 14 October 2020) noted below, 6.9m TB of data was downloaded by retail NBN, retail non-NBN and mobile service customers, split as follows:

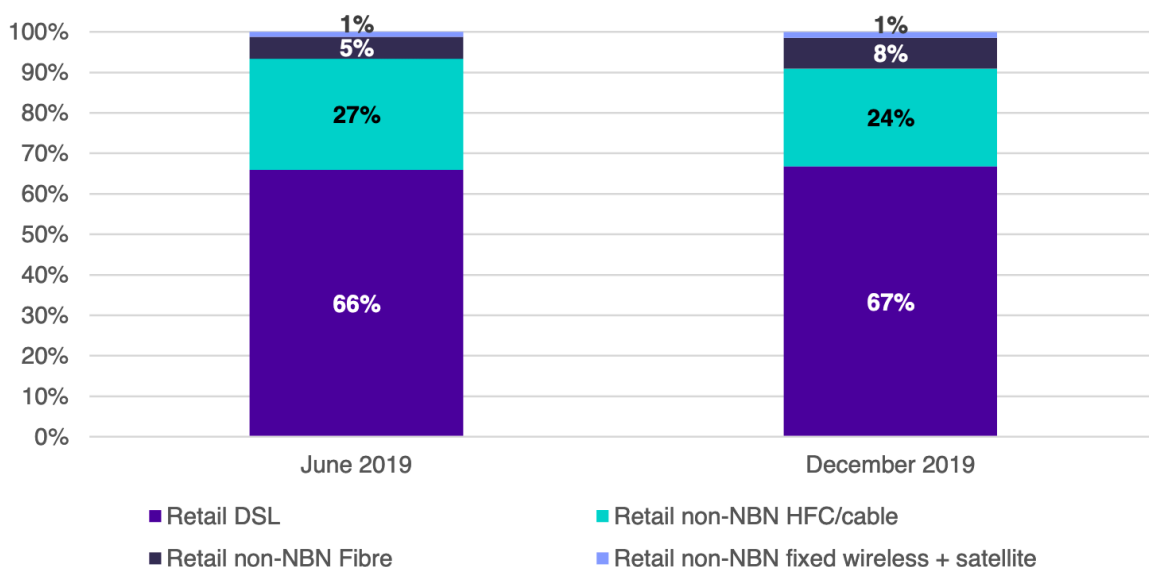
Figure 1: Total volume of data downloaded for retail NBN, retail non-NBN fixed and mobile services



Note – see <https://www.accc.gov.au/regulated-infrastructure/communications/monitoring-reporting/internet-activity-record-keeping-rule-rkr/previous-reports>; figure 1 on page 2.

The ACCC reports that, of the retail non-NBN fixed market, in which the Group will primarily operate, the split by main categories, based on numbers of services in operation, was as follows:

Figure 8: Proportion of retail non-NBN fixed SIOs by access technology



Note – see <https://www.accc.gov.au/regulated-infrastructure/communications/monitoring-reporting/internet-activity-record-keeping-rule-rkr/previous-reports>; figure 8 on page 6.

There are a large number of active non-NBN fixed wireless businesses operating in Australia, very few of which are large or operating on a national basis. In addition to the Group, these include: Clear Networks, Superloop, Uniti Wireless, Pentanet and Spirit Internet and IT.

(b) Where will the Group's key markets be located?

NodeOne is based in Western Australia and provides internet services across the Perth metropolitan area, Geraldton and the mid-west regions and Bunbury in the south of the state.

Swoop operates a national fixed wireless network for its Wholesale and Business Internet customers, an international network for its Wholesale transit customers, and a regional fixed wireless network in Victoria for residential customers.

The Group intends to continue to target adjacent areas and areas poorly serviced by NBN and other networks, for expansion of its fixed wireless network activities. The Group is also targeting to grow its fixed fibre network wholesale and RSP reselling activities more broadly across Australia through additional market penetration and general expected market growth.

(c) Who will be the Group's key competitors?

The Group's major current and potential future competitors will include:

- (i) RSPs using the NBN or other open access wholesale networks;
- (ii) other non-NBN fixed wireless network operators; and
- (iii) traditional fixed line or wireless, including mobile, providers, such as Telstra and Optus.

(d) **What are the key barriers to entry in the broadband services market?**

There are no substantial barriers to entry into the broader broadband services market, with open access policies mandating equivalent access to NBN and other fixed networks for all RSPs.

Barriers to entry into the fixed wireless broadband market include: obtaining site access and approvals, accessing spectrum, and the substantial capital cost of setting up own infrastructure.

(e) **What is the regulatory environment in which the Group will operate?**

Although the Telecommunications Act in 1997 transformed the Australian telecommunications industry into a more deregulated and open marketplace, it remains a highly regulated industry, with successive governments seeking to ensure customers retain access to competitive telecommunications services.

The regulatory framework includes:

- (i) the Telecommunications Act 1997 (Cth), which provides a regulatory framework and requires owners of a telecommunications network that supplies services to the public to hold a carrier licence; and
- (ii) the Competition and Consumer Act 2010 (Cth) (**CCA**) which regulates market conduct, consumer protection and access to telecommunications infrastructure.

Under the CCA, the Australian Communications and Media Authority (**ACMA**) is the governing body responsible for issuing carrier licences and maintaining the access regime, and the Australian Competition and Consumer Commission (**ACCC**) is responsible for economic regulation and consumer protection.

Under the CCA, the ACCC can declare telecommunications services available for third-party access, where otherwise typically one or small number of integrated services could act as a bottleneck to competition. Once a service is declared, the ACCC can determine regulated terms and conditions for third-party access.

There are a number of currently declared telecommunications services including in respect of broadband services and the NBN, which ensure access for the Group, and competitors, to key network infrastructure. There are currently no declarations which impact the Group's own fixed wireless access networks.

The telecommunications sector is also subject to the Telecommunications Consumer Protections Code (**TCP Code**) and Australian Consumer Law. In particular, the TCP Code protects customers who use mobile phone,

landline and internet services, including NBN, by ensuring providers follow rules including around customer: communications, advertising, accounts and payments, and transfers of services.

The Telecommunications Sector Security Reform (**TSSR**) also imposes obligations on carriers such as the Company to protect telecommunications networks and facilities from unauthorised interference or unauthorised access for national security purposes. The TSSR or any similar regulations introduced in future may impact potential suppliers available to the Company.

1.9 Business model of the Group following Completion

(a) General

Following completion of the Public Offer and the Proposed Acquisitions, the Company will aim to build its business to become Australia's best challenger Internet and telecommunications provider.

The Company's intention is to run the Swoop and NodeOne businesses as stand-alone entities with separate management structures for day to day operations.

The CEO of Swoop, Alex West, will be appointed as the Group CEO to provide strategic alignment. There will be synergies in residential marketing as the Group co-ordinates a national campaign, as well as further synergies in network and fixed wireless infrastructure.

The Company's main objectives on completion of the Public Offer are to:

- (i) continue to grow its residential and wholesale fixed wireless infrastructure in both Western Australia and in key regional centres on the east coast;
- (ii) concentrate its sales and marketing efforts to grow customers organically in its challenger markets and regions; and
- (iii) expand its strong wholesale offering into new products;
- (iv) expand into new geographic areas;
- (v) continue to innovate and deliver superior customer service to minimise customer churn and increase the recurring revenue base;
- (vi) develop new business systems and software;
- (vii) seek to participate in ongoing industry consolidation as opportunities arise;
- (viii) enhance its public profile in the broadband services industry as a result of becoming an ASX listed entity;
- (ix) provide Shareholders and Vendors with access to a liquid market for Shares;

- (x) provide the Company with access to equity capital markets for potential future capital raising; and
- (xi) provide working capital for the Company.

(b) **How will the Group generate revenue?**

- (i) **Swoop:** Swoop Wholesale and Swoop Business revenue is generated from monthly subscription for Internet services, typically on a 24 or 36 month contract, with some legacy customers on month to month contracts. Residential revenues are typically on monthly subscription with no fixed terms, but with great local support and high customer satisfaction Swoop has low churn rates in this market.
- (ii) **NodeOne:** NodeOne revenue is generated from monthly subscription services for Internet services, typically on a 12 or 24 month contract, with some legacy customers on month to month contracts.

(c) **Key strengths of the Group following Completion**

Key strengths of the Group will include:

- (i) exceptional Board and management team, including: James Spenceley, the founder and former CEO of Vocus Communications, one of Australia's largest telecommunications companies; and Tony Grist, the co-founder and Chairman of ASX listed Amcom Telecommunications Ltd;
- (ii) owner of established network of fixed wireless broadband infrastructure, enabling the Group to have greater control over maintaining network performance, delivering customer service and providing innovative product solutions;
- (iii) the Group will operate largely independently of NBN and is able to operate, and acquire access to, network services at lower cost enabling the Group to deliver more competitively priced products than NBN serviced providers;
- (iv) the Group's fixed wireless infrastructure predominantly services locations with lower speed and reliability NBN services, such as Satellite, Fixed Wireless and Fibre to the Node areas, and is therefore more easily able to offer a compelling superior product;
- (v) the Group's operations are diverse: spread across different geographical markets, including East and West coasts, and regional centres, outer suburban areas and Perth metropolitan; and across different delivery infrastructure, including fixed wireless, non-NBN and NBN fixed line; and
- (vi) established, well regarded brands in its core fixed wireless network areas.

(d) **Key dependencies of the business model**

- (i) NodeOne and Swoop are dependent on continued access to class licence spectrum to operate its 5GHz, 24Ghz and 60GHz networks as allocated by ACMA at no cost. The spectrum is free for anyone to use and has been allocated by ACMA for general use and the tenure is not contract based.
- (ii) NodeOne and Swoop use a variety of licenced spectrum services for backhaul links between fixed wireless towers and their core network. The company is dependent on ACMA for access to licenced spectrum for its 11Ghz and 70/80 GHz network. ACMA will not cancel it unless the entity gives up the licence or break the rules for the licence;
- (iii) NodeOne and Swoop are dependent on continued access to NBN wholesale services;
- (iv) NodeOne and Swoop are dependent on continued access to fibre optic networks for backhaul links; and
- (v) Swoop is dependent on international cable system operators for access to network services for the supply of its wholesale services.

(e) **Finance**

The Company proposes to finance the Swoop and NodeOne businesses using a combination of equity finance and revenue from operations. The Company anticipates that upon completion of the Public Offer and the Proposed Acquisitions, it will have sufficient working capital and revenue streams to carry out its objectives as stated in this Notice. Notwithstanding this, the Company may be required to secure future equity or debt finance to fund its operations and future growth.

As is shown by the pro forma statement of financial position in Schedule 6, the group will have substantial pro forma cash, reflecting pro forma Completion and other adjustments, net cash balances of \$26.1m at 30 June 2020). This comprises \$26.5m cash less \$0.4m of financial liabilities.

(f) **Dividend policy**

The extent, timing and payment of any dividends in the future will be determined by the Directors based on a number of factors, including the future financial performance and position of the Group.

The Directors currently intend to use surplus cash to support the Group's further development, growth and pursuit of new opportunities, rather than distributing these funds as dividends.

However, it is the aim of the Group that, in the longer term, it will be able to generate substantial and sustainable cash flows, such that its financial performance and position will enable the payment of dividends. At that point the Directors intend to review the dividend policy and possibly initiate a revised dividend policy.

The Directors can give no assurance as to the amount, timing, franking or payment of any future dividends by the Group. The capacity to pay dividends will depend on a number of factors including future earnings, capital expenditure requirements and the financial position of the Group.

1.10 Material contracts of the Group following Completion

Swoop and NodeOne (or their subsidiaries) have entered into various agreements which may be material to the business of the Group following Completion including:

- (a) Swoop and NodeOne's standard form end user agreements under which they deliver their products and services to customers;
- (b) channel partner agreements, under which NodeOne provides channel partners with access to a sales model to enable channel partner customers to purchase services direct from NodeOne, with the channel partner receiving a commission;
- (c) reseller agreements, under which NodeOne provide resellers a discount off the retail price, and customers then purchase services directly from the reseller;
- (d) wholesale agreements under which NodeOne provides wholesale partners with access to a sales model under which the wholesale partner receives a layer 2 service that allows the wholesale partner to create their own products, with customers then purchasing services directly from the wholesale partner;
- (e) a Master Services Agreement between two of NodeOne's subsidiaries and Logic IT Solutions Pty Ltd as trustee for the Logic IT Solutions Unit Trust, a related party of one of the NodeOne Vendors. The agreement is for the provision of services including network related expenses such as NBN access, network engineering consulting services, rental for office space and other network related expense items which are charged to NodeOne;
- (f) a number of supplier agreements, under which third parties supply various services to NodeOne and Swoop (or their subsidiaries), such as dark fibre services, data centre services, managed ethernet services and IP transit services; and
- (g) Swoop's standard wholesale master services agreement under which it provides wholesale partners with access to a sales model under which the wholesale partner receives various ISP network related products that allows the wholesale partner to create their own products, which customers then purchase directly from the wholesale partner.

1.11 Acquisition by the Company of Fiwi Pty Ltd

Fiwi Pty Ltd (**Fiwi**) currently holds 41.10% of the issued capital of NodeOne. The issued capital of Fiwi is held by Oaktone on trust for the persons named in Part 2 of Schedule 4 (**NodeOne Beneficial Shareholders**).

To ensure that the NodeOne Beneficial Shareholders will have the benefit of capital gains tax scrip for scrip rollover relief on the same terms as the other NodeOne Vendors:

- (a) Fiwi has declined the offer from the Company to acquire its NodeOne shares; and

- (b) Oaktone (being the sole shareholder of Fiwi) has entered into an agreement with the Company, together with Fiwi and the NodeOne Beneficial Shareholders (**Fiwi Agreement**) to sell all of the shares in Fiwi to the Company immediately prior to Completion.

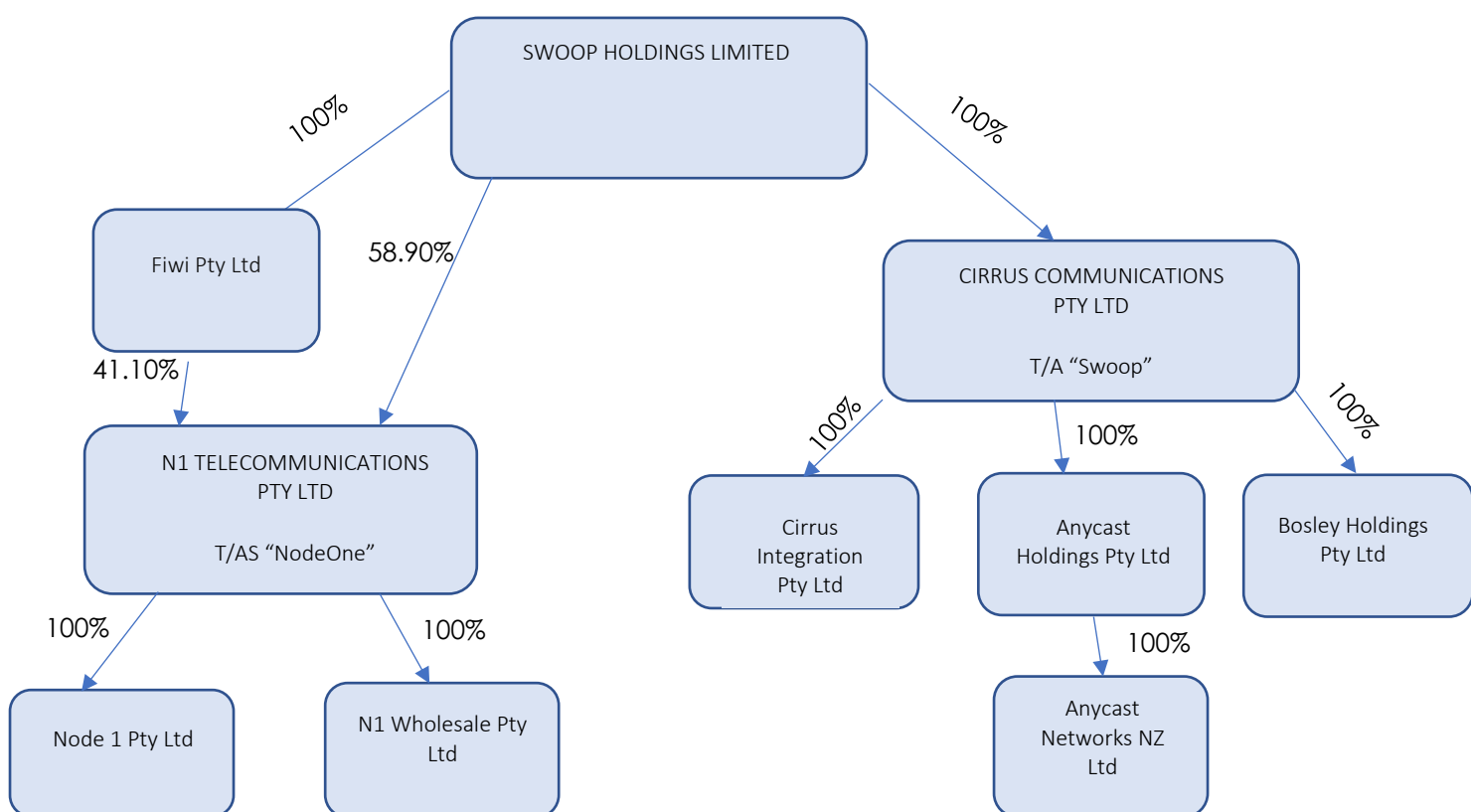
Accordingly, the Company will hold 58.90% of the NodeOne shares directly, with the remaining 41.10% held via Fiwi, which shall become a wholly owned subsidiary of the Company immediately prior to Completion.

Fiwi has no material assets or operations other than its holding in NodeOne.

The material terms of the Fiwi Agreement are set out in Schedule 3.

1.12 Group structure following Completion

Upon completion of the Proposed Acquisitions, the corporate structure of the Group is anticipated to be as follows:



1.13 Selective capital reduction of Swoop

As at the date of this Notice, the Swoop Agreement has been signed by all shareholders of Swoop other than Milford Communications Partners LLC, who has been unable to be contacted by Swoop, and who holds 469,047 Shares in Swoop (being approximately 0.103% of the issued capital of Swoop).

It is a condition of the Swoop Agreement that, prior to Completion, Swoop must undertake a selective capital reduction and cancel the Swoop shares held by any person who has not signed the Swoop Agreement (and 5 Swoop shares held by FJ Chops Pty Ltd ACN 608 114 325 as trustee for the Rachel & Jacob Family Trust

and 5 Swoop shares held by Todebe Pty Ltd ACN 608 543 335 as trustee for the TDB Trust) for \$0.098 per Swoop share, in accordance with the Corporations Act, such that on Completion all Swoop shares will be owned by the Swoop Vendors, being the parties who have signed the Swoop Agreement.

1.14 Related parties

Subject to passing of the Essential Resolutions, it is proposed that Mr Ryan Legudi and Mr Timothy Grice will resign from the board of the Company upon completion of the Proposed Acquisitions but will continue to be considered related parties for six months following Completion. Mr Jonathan Pearce will continue as a Non-Executive Director and therefore will continue to be a related party.

Subject to completion of the Proposed Acquisitions, it is proposed that Mr James Spenceley will be appointed as Non-Executive Chairman, Mr Tony Grist will be appointed as Non-Executive Deputy Chairman, Mr Matthew Hollis will be appointed as an Executive Director and Mr William (Paul) Reid will be appointed as a Non-Executive Director.

On this basis, Messrs Spenceley, Reid, Hollis and Grist are each a related party by virtue of each being a person who is likely to become a related party of the Company in the future.

Messrs Spenceley, Reid, Hollis, Grist and Pearce's qualifications and experience are set out in Section 1.25.

1.15 Re-compliance with Chapters 1 and 2 of the ASX Listing Rules

ASX has advised the Company that as the Proposed Acquisitions will amount to a significant change in the nature and scale of the Company's activities, the Company is required to obtain Shareholder approval for the Proposed Acquisitions and must re-comply with Chapters 1 and 2 of the ASX Listing Rules before it can be re-instated to trading on the ASX.

Trading in the Company's Shares is currently suspended and will remain suspended until the Company re-complies with Chapters 1 and 2 of the Listing Rules following completion of the Proposed Acquisitions. The Proposed Acquisitions are each conditional on the Company obtaining all necessary regulatory and Shareholder approvals to effect the Proposed Acquisitions and satisfying all other requirements of ASX for the reinstatement to Official Quotation of the Company's Shares on the ASX (among other things).

If the Essential Resolutions are not approved at the Meeting, the Proposed Acquisitions will not proceed, and the Company's Shares will remain suspended from trading.

1.16 Indicative timetable

An indicative timetable for Completion of the Proposed Acquisitions and the associated transactions set out in this Notice is set out below:

Event	Date*
Execution of the Acquisition Agreements	19 February 2021
Announcement of Proposed Acquisitions	25 February 2021

Event	Date*
Notice of Meeting for the Acquisitions sent to Shareholders	1 April 2021
Lodge prospectus for the Public Offer with ASIC	15 April 2021
Opening date of Public Offer	22 April 2021
Shareholder Meeting to approve the Proposed Acquisitions, Consolidation and Public Offer	3 May 2021
Consolidation effective date	3 May 2021
Record date for Consolidation	6 May 2021
Closing date of Public Offer	7 May 2021
Completion of Proposed Acquisitions	14 May 2021
Issue of Shares under the Public Offer	14 May 2021
Despatch of holding statements	18 May 2021
Re-quotation on the ASX	27 May 2021

Please note this timetable is indicative only and the Directors reserve the right to amend the timetable as required.

1.17 ASX waivers and confirmations obtained

The Company has sought and obtained the following waivers and confirmations from ASX:

(a) Waiver Decision – Listing Rule 10.13.5

ASX has granted the Company a waiver of ASX Listing Rule 10.13.5 to the extent necessary to permit this Notice not to state that, in relation to up to 940,000 Shares to be issued to current Directors in the Public Offer (**Related Party Securities**), that the Related Party Securities will be issued no later than one (1) month after the date of the Meeting, on the following conditions:

- (i) the Related Party Securities are issued by no later than the date that the Public Offer Shares are issued which must be no later than three (3) months after the date of the Meeting;
- (ii) the Related Party Securities are issued pursuant to the relevant terms and conditions set out in the Notice pursuant to which the Company will seek the approval required under ASX Listing Rule 11.1.2 for the Proposed Acquisitions;
- (iii) the circumstances of the Company, as determined by the ASX, have not materially changed since the Shareholders approved the issue of the Related Party Securities; and
- (iv) the terms of the waiver are clearly disclosed in the Notice and in the prospectus to be issued in respect of the Public Offer.

(b) Confirmation Decision – Listing Rule 6.1

ASX has confirmed that the terms of the Performance Rights are appropriate and equitable pursuant to ASX Listing Rule 6.1, subject to a number of standard conditions, including Shareholder approval of the issue of the Performance Rights and the Company making certain requisite disclosures regarding the Performance Rights in this Notice and to the market.

1.18 Public Offer

For the purposes of re-complying with Chapters 1 and 2 of the ASX Listing Rules and meet the conditions of the Acquisition Agreements, the Company proposes to conduct the Public Offer to raise \$20,000,000 (before costs) via the issue of 40,000,000 Shares at an issue price of \$0.50 per Share (on a post-Consolidation basis). The Public Offer will be conducted under a prospectus to be prepared by the Company (**Prospectus**). The Public Offer is proposed to be underwritten by Morgans Corporate Limited (AFSL 235407) (**Morgans** or **Lead Manager**) on terms to be agreed and subject to the execution of an underwriting agreement.

Approval for the issue of Shares pursuant to the Public Offer is the subject of Resolution 5.

1.19 Lead Manager

Morgans act as the lead manager and broker to the Public Offer. A summary of the terms of the agreement between the Company and the Lead Manager is contained in Schedule 8 (**Lead Manager Mandate**).

Pursuant to the terms of the Lead Manager Mandate, the Company will pay Morgans the following fees as lead manager of the Public Offer:

- (i) a management fee of 1% of funds raised under the Public Offer; and
- (ii) a selling fee of 5% of funds raised under the Public Offer.

1.20 Financial information relating to the Company, Swoop and NodeOne

Set out in Schedule 6 are audited historical accounts and a reviewed pro-forma balance sheet of the Company assuming that all Essential Resolutions have been passed, the Company has completed the Public Offer and Completion has occurred. The historical and pro-forma information is presented in an abbreviated form, insofar as it does not include all of the disclosure required by the Australian Accounting Standards applicable to annual financial statements.

The audited historical balance sheet and profit and loss financial information in relation to Swoop and NodeOne has been provided in Schedule 7.

1.21 Use of funds

To assist the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules and to support its strategy post-completion of the Proposed Acquisitions, the Company intends, subject to Shareholder approval, to conduct the Public Offer. Shareholder approval for the Public Offer is the subject of Resolution 5.

The Company intends to apply funds raised from the Public Offer as follows:

Allocation of funds	Full subscription (\$)	Percentage of Funds (%)
Fixed wireless network expenditure and deployment across Sydney, Melbourne, key regional areas and Perth	\$7,750,000	39%
Software Development	\$2,000,000	10%
Product Development	\$600,000	3%
Customer Experience Platforms	\$1,600,000	8%
Expenses of the Public Offer and Proposed Acquisitions ¹	\$1,700,000	8.5%
Repayment of loan to NodeOne Vendors	\$650,000	3%
Marketing and Customer Acquisition	\$2,700,000	13.5%
Acquisition of complementary businesses	\$2,000,000	10%
Working capital	\$1,000,000	5%
Total	\$20,000,000	100%

Notes:

1. Including legal fees, ASX fees, advisor fees, Investigating Accountant fees, Independent Expert Fees, Share Registry Fees and brokerage costs.

The above table is a statement of current intentions as of the date of this Notice of Meeting. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

The Directors and the Proposed Directors consider that following completion of the Public Offer, the Company will have sufficient working capital to carry out its stated objectives.

1.22 Pro forma capital structure

The proposed capital structure of the Company following Completion of the Proposed Acquisitions and issues of all Securities contemplated by this Notice is set out below.

Capital Structure	Shares ¹	Unlisted Options ¹	Performance Rights	Shares (fully diluted)
Existing Shareholders (Post Consolidation of Securities) (Resolution 2) ²	6,825,035	3,272,951	Nil	10,097,986
Issue of Shares in consideration for the acquisition of NodeOne ³	33,368,003	Nil	Nil	33,368,003
Issue of Shares in consideration for the acquisition of Swoop ⁴	89,401,261	Nil	Nil	89,401,261
Issue of Public Offer Shares (Resolution 5) ⁵	40,000,000	Nil	Nil	40,000,000
Issue of Performance Rights pursuant to the Incentive Plan ⁶	Nil	Nil	6,151,088	6,151,088
Issue of Options to Forrest Capital ⁷	Nil	1,500,000	Nil	1,500,000
Completion of all Resolutions	169,594,299	4,772,951	6,151,088	180,518,338

Notes

1. Assuming no other securities are issued prior to Completion of the Proposed Acquisitions.
2. Based on 156,972,435 Shares and 75,277,782 Options on issue as at the date of this Notice (pre-Consolidation) and completion of the Consolidation and factoring in anticipated rounding of fractional entitlements.
3. This includes the Consideration Shares to be issued pursuant to the NodeOne Agreement and the Fiwi Agreement. Refer to Schedule 1 for terms of the NodeOne Agreement and Schedule 3 for the terms of the Fiwi Agreement.
4. Refer to Schedule 2 for terms of the Swoop Agreement.
5. Assuming completion of the Public Offer of \$20,000,000 through the issue of 40,000,000 Shares at \$0.50 per Share (on a post-Consolidation basis).
6. Subject to Shareholder approval of the terms of the Incentive Plan, which is being sought pursuant to Resolution 16, and Shareholder approval pursuant to Resolutions 17 – 19 for the issue of Performance Rights to Mr Pearce, Mr Grist and Mr Spenceley. Refer to Schedule 10 for a summary of the terms of the Incentive Plan.
7. Refer to Resolution 9.

1.23 Substantial Shareholders on a post-Consolidation basis

Based on publicly available information, those Shareholders holding 5% or more of the Shares on issue both as at the date of this Notice and on completion of the Proposed Acquisitions and the Public Offer are set out in the respective tables below.

As at the date of this Notice of Meeting (post-Consolidation basis)

Shareholder	Shares	Options	% (undiluted)	% (fully diluted) ¹
Parry Capital Management Limited	608,897 ²	Nil	8.92%	6.03%
Mr Anthony De Nicola & Mrs Tanya De Nicola	347,827 ³	Nil	5.10%	3.44%
Denlin Nominees, Oaktone and all other Vendors ⁴	1,224,508 ⁵	2,239,131 ⁶	17.94%	34.30%

Notes

1. Based on fully diluted Share capital of 10,097,986 Shares.
2. Comprising: 434,783 Shares held by Parry Capital Management Limited and 174,114 Shares held by National Nominees Limited.
3. Indirectly held by the De Nicola Super A/C.
4. An entity controlled by Mr Tony Grist, who will be appointed as a Director at Completion.
5. Comprising: 1,096,392 Shares held by Denlin Nominees, 19,420 Shares held by Oaktone and 108,696 Shares held by Tisia Nominees Pty Ltd.
6. Comprising: 1,630,435 Options held by Denlin Nominees, 304,348 Options held by JK Nominees Pty Ltd and 304,348 Options held by Tisia Nominees Pty Ltd.

After completion of the Proposed Acquisitions and the Public Offer, completion of the Sell Down Agreements and assuming that no existing substantial Shareholder or Vendor subscribes and receives additional Shares pursuant to the Public Offer other than as contemplated in this Notice (on a post-Consolidation basis)

Shareholder	Shares	Options	Performance Rights	% (undiluted)	% (fully diluted) ¹
Tattarang Ventures	33,613,807 ²	Nil	Nil	19.82%	18.62%
William (Paul) Reid, Lygon Way Pty Ltd and Frilford Investments Pty Ltd ³	22,673,895 ⁴	Nil	Nil	13.37%	12.56%
N & J Enterprises (WA) Pty Ltd	13,072,894 ⁵	Nil	Nil	7.71%	7.24%
Denlin Nominees and Oaktone ⁶	11,226,652 ⁷	1,630,435 ⁸	2,196,817 ⁹	6.62%	8.34%
James Spenceley	9,605,170 ¹⁰	Nil	2,636,181	5.66%	6.78%

Notes

1. Assuming fully diluted Share capital of 180,518,338 Shares.

2. Comprising: 31,613,807 Shares to be issued to Tattarang Ventures at Completion in consideration for the acquisition of its Swoop shares and NodeOne shares and 2,000,000 Shares to be subscribed for by Tattarang Ventures in the Public Offer.
3. William (Paul) Reid will be appointed as a Director at Completion.
4. Comprising: 14,975,012 Shares to be issued to Lygon Way Pty Ltd, 3,827,367 Shares to be issued to William Paul Reid, and 3,811,516 Shares to be issued to Frilford Investments Pty Ltd at Completion in consideration for the acquisition of their Swoop shares and 60,000 Shares to be subscribed for by Mr Reid in the Public Offer.
5. 14,272,894 Shares are to be issued to N & J Enterprises (WA) Pty Ltd at Completion in consideration for the acquisition of its NodeOne shares. After Completion but prior to the readmission of the Company to the Official List, N & J Enterprises (WA) Pty Ltd proposes to sell 1,200,000 of its Shares pursuant to the Sell Down Agreements.
6. Denlin Nominees and Oaktone are controlled by Mr Tony Grist, a Proposed Director.
7. Comprising: 1,096,392 Shares held by Denlin Nominees at the date of this Notice; 19,420 Shares held by Oaktone at the date of this Notice; 2,802,585 Shares to be issued to Oaktone in consideration for its Swoop shares and 3,908,255 Shares to be issued to Oaktone in consideration for its NodeOne shares; 3,000,000 Shares to be subscribed for by Oaktone in the Public Offer; and up to 400,000 Shares to be purchased by Tony Grist from N & J Enterprises (WA) Pty Ltd pursuant to a Sell Down Agreement.
8. Held by Denlin Nominees.
9. To be issued to Mr Tony Grist subject to Completion of the Proposed Acquisitions and Shareholder approval pursuant to Resolution 18.
10. Comprising 5,605,170 shares to be issued to Spenceley Management Pty Ltd in consideration for its Swoop shares and 4,000,000 shares to be subscribed for by Mr Spenceley in the Public Offer at an issue price of \$0.50 per Share.
11. To be issued to Mr James Spenceley subject to Completion of the Proposed Acquisitions and Shareholder approval pursuant to Resolution 19.

The Company will announce to the ASX details of its top-20 Shareholders (following completion of the Public Offer) prior to the Shares commencing trading on ASX.

1.24 Control effect of the Proposed Acquisitions and Public Offer

As noted in Section 1.3 above, upon the signing of the Acquisition Agreements, all of the Vendors were deemed to become associates of each other Vendor and Denlin Nominees as each Vendor is acting in concert with each of the other Vendors and Denlin Nominees in relation to the Company's affairs.

The current voting power in the Company of each Vendor and Denlin Nominees is 17.94%.

Upon the issue of the Consideration Shares, the participation by certain Vendors and associates of the Vendors in the Public Offer and the entry into the Sell Down Agreements between N & J Enterprises (WA) Pty Ltd and Tony Grist and Tom Henderson, the voting power of the Vendors and their associates will increase to a maximum of 80.12%.

Immediately after Completion, the Vendors and Denlin Nominees will cease to be associates of each other except to the extent otherwise detailed in Section 5.2(e) below. After Completion, no Vendor will have voting power in excess of 19.9%.

1.25 Composition of the Board of Directors

Upon completion of the Proposed Acquisitions, it is intended it is that Mr James Spenceley will be appointed as Non-Executive Chairman, Mr William (Paul) Reid, and Mr Tony Grist will each be appointed as Non-Executive Directors and Mr Matthew Hollis will be appointed as an Executive Director, such that the Board will be comprised of:

(a) **James Spenceley** (*Proposed Non-Executive Chairman*)

Mr Spenceley is the Chairman of Swoop and joined Swoop in mid-2019. Prior to joining Swoop, Mr Spenceley was the founder and former CEO of Vocus Communications (now Vocus Group ASX:VOC), one of Australia's largest telecommunications companies. Mr Spenceley founded Vocus in 2007 and when he left the business in 2016 it was a multi-billion dollar business and had become an ASX 100 Company.

Mr Spenceley has significant ASX experience and has completed or been part of 15 merger-and-acquisition deals worth \$2.3 billion, including the listed, contested acquisition of Amcom Telecommunications Ltd. He has directly raised more than \$750 million in equity across multiple businesses as either CEO, Chairman or investor. A former Ernst & Young Australian Entrepreneur of the year winner, he is also the Chairman of online job marketplace Airtasker, a Non-Executive Director of ASX listed Think Childcare (ASX:TNK) and is a Non-Executive Director of the children's charity, the Humpty Dumpty Foundation.

The Company considers that Mr Spenceley will not be an independent Director.

(b) **Tony Grist** (*Proposed Non-Executive Deputy Chairman*)

Mr Grist has extensive experience in the capital markets. He has been involved in the management of publicly listed companies across a range of industries both in Australia and overseas.

In 1990 he founded Albion Capital Partners. Mr Grist was co-founder and Chairman of ASX listed Amcom Telecommunications Ltd. He led the merger with Vocus Communications helping create a major Trans-Tasman fibre optic carrier business and served as Deputy Chairman of the merged business.

Until the in-specie distribution of its iiNet shareholding to Amcom shareholders, and ultimate takeover of iiNet by TPG, Amcom was the largest shareholder of iiNet Ltd, Australia's 2nd largest DSL internet service provider.

Mr Grist holds a Bachelor of Commerce from the University of Western Australia, is an Associate of the Financial Services Institute of Australasia and a Fellow of the Australian Institute of Company Directors.

Mr Grist is a director of the PLC Foundation, a director of The Minderoo Foundation, and is a Director of the Fremantle Football Club.

The Company considers that Mr Grist will not be an independent Director.

(c) **Matthew Hollis** (*Proposed Executive Director*)

Mr Hollis joined Swoop in mid-2019 and has been managing successful high growth sales, marketing and product teams in the IT&T space since 2005.

Mr Hollis commenced his career in sales at PIPE Networks as their ninth employee, prior to PIPE being acquired by TPG. Mr Hollis then moved to ASX-listed Vocus Group Limited where he worked for 7 years and helped to grow the sales team from 3 to 110 salespeople, 10+ acquisitions and a market capitalisation at peak of \$5 billion.

Mr Hollis most recently served as an executive director at ASX-listed Superloop, where he gained an in-depth insight into the telco landscape in Singapore and Hong Kong.

The Company considers that Mr Hollis will not be an independent Director.

(d) **William (Paul) Reid** (*Proposed Non-Executive Director*)

Mr Reid has spearheaded Swoop's strategic direction model over the past 5 years. Prior to joining Swoop in 2008, Mr Reid was a management consultant with over 15 years of experience, holding roles as Principal at A.T Kearney, and Senior Management Consultant at Anderson Consulting.

Mr Reid has managed network deployment for Swoop across Australia along with the development of the Business Grade product and Wholesale Partner Channel. He has a Masters of Science (IT) from the University of Stirling and a Bachelor of Arts (Hons) from Kingston University.

The Company considers that Mr Reid will not be an independent Director.

(e) **Jonathan Pearce** (*Existing Non-Executive Director*)

Mr Pearce has worked in the finance industry for more than 15 years and has focused primarily on funds management and corporate finance for small and mid-cap companies listed on the ASX. He is currently a portfolio manager at the CVC Emerging Companies Fund where he manages investments in growth companies primarily located in Australia.

Prior to joining CVC, Mr Pearce held senior roles at Blue Ocean Equities and Canaccord Genuity and is a Portfolio Manager of the CVC Emerging Companies Fund. Mr Pearce currently sits on the board of Ai-Media and CVC Emerging Companies IM Pty Ltd. He holds a Bachelor of Finance from the Australian National University and a Graduate Diploma of Applied Finance from Kaplan.

The Company considers that Mr Pearce will be an independent Director.

1.26 Director and Proposed Director interests in securities

Directors are not required under the Constitution to hold any Shares to be eligible to act as a Director.

Details of the Directors' and Proposed Directors' relevant interest in the securities of the Company upon completion of the Proposed Acquisitions, Public Offer and Sell Down Agreements are set out in the table below (on a post-Consolidation basis):

Director/ Proposed Director	Shares	% (undiluted)	Performance Rights	Options	% (diluted)	Associated Vendor(s)
Timothy Grice	248,463 ¹	0.15	Nil	163,044 ²	0.23	N/A
Ryan Legudi	216,144 ³	0.13	Nil	Nil	0.12	N/A
Jonathan Pearce	2,484,848 ⁴	1.47	1,318,090	163,044 ²	2.20	N/A
James Spenceley	9,605,170 ⁵	5.66	2,636,181	Nil	6.78	Spenceley Management Pty Ltd
William (Paul) Reid	22,673,895 ⁶	13.37	Nil	Nil	12.56	William (Paul) Reid Lygon Way Pty Ltd Frilford Investments Pty Ltd
Matthew Hollis	3,791,412 ⁷	2.24	Nil	Nil	2.10	Matthew Hollis Demand Investments Pty Ltd
Tony Grist	11,226,652 ⁸	6.62	2,196,817	1,630,435 ^{2,9}	8.34	Oaktone

Notes:

1. Comprising 48,463 Shares held as at the date of this Notice and 200,000 Shares to be subscribed for by Mr Grice (or his nominee) in the Public Offer at an issue price of \$0.50 per Share.
2. Exercisable at \$1.15 each on or before 30 June 2023.
3. Comprising 16,144 Shares indirectly held by RFL Capital Pty Ltd and 200,000 Shares to be subscribed for by Mr Legudi (or his nominee) in the Public Offer at an issue price of \$0.50 per Share.
4. Comprising 282,609 Shares indirectly held by 143 Pty Ltd and 2,239 Shares directly held by Mr Pearce (which had an average issue price of \$0.46 per Share on a post Consolidation basis), 2,000,000 Shares which may be subscribed for by Mr Pearce (or his nominee) in the Public Offer at an issue price of \$0.50 per Share, and 200,000 Shares which Mr Pearce proposes to purchase from N & J Enterprises (WA) Pty Ltd after Completion pursuant to a Sell Down Agreement.
5. Comprising 5,605,170 shares to be issued to Spenceley Management Pty Ltd in consideration for its Swoop shares and 4,000,000 Shares to be subscribed for by Mr Spenceley in the Public Offer at an issue price of \$0.50 per Share.
6. Comprising 14,975,012 Shares to be issued to Lygon Way Pty Ltd; 3,827,367 Shares to be issued to Mr Reid and 3,811,516 Shares to be issued to Frilford Investments Pty Ltd in consideration for their Swoop shares, and 60,000 shares to be subscribed for by Mr Reid in the Public Offer at an issue price of \$0.50 per Share.
7. Comprising 2,950,636 Shares to be issued to Matthew Hollis and 840,776 Shares to be issued to Demand investments Pty Ltd in consideration for their Swoop Shares.
8. Comprising 1,096,392 Shares held by Denlin Nominees at the date of this Notice; 19,420 Shares held by Oaktone at the date of this Notice; 2,802,585 Shares to be issued to Oaktone in consideration for its Swoop shares and 3,908,255 Shares to be issued to Oaktone in consideration for its NodeOne shares, 3,000,000 Shares to be subscribed for by Oaktone in the Public Offer at an issue price of \$0.50 per Share, and up to 400,000 Shares which Mr Grist proposes to purchase from N & J Enterprises (WA) Pty Ltd after Completion pursuant to a Sell Down Agreement.
9. Indirectly held by Denlin Nominees.

1.27 Remuneration arrangements with Directors post Completion

The total proposed remuneration package for each of Jonathan Pearce (as the continuing Director) and the Proposed Directors upon Completion is set out below:

Director/Proposed Director	Remuneration package	Employment Agreement
Jonathan Pearce	\$128,518.61 ¹	The Company proposes to enter into a non-executive letter of appointment with Mr Pearce conditional upon Completion.
Tony Grist	\$180,864.37 ²	The Company proposes to enter into a non-executive letter of appointment with Mr Grist conditional upon Completion.
James Spenceley	\$317,037.28 ³	The Company proposes to enter into a non-executive letter of appointment with Mr Spenceley conditional upon Completion.
William (Paul) Reid	\$50,000 ⁴	The Company proposes to enter into a non-executive letter of appointment with Mr Reid conditional upon Completion.
Matthew Hollis	\$160,000 ⁵	The Company proposes to enter into an Executive Services Agreement with Mr Hollis conditional upon Completion for his role as Executive Director and Head of Sales.

Notes:

1. Comprising Directors' fees of \$50,000 (including superannuation) and the value of the Performance Rights to be issued to Mr Pearce, being \$78,518.61.
2. Comprising Directors' fees of \$50,000 (including superannuation) and the value of the Performance Rights to be issued to Mr Grist, being \$130,864.37.
3. Comprising Directors' fees of \$160,000 (including superannuation) and the value of the Performance Rights to be issued to Mr Spenceley, being \$157,037.28.
4. Comprising Directors' fees of \$50,000 (including superannuation).
5. Comprising annual remuneration of \$160,000 (including superannuation).

1.28 Advantages of the Proposed Acquisitions

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on the Essential Resolutions:

- (a) the Company will obtain ownership of the businesses and infrastructure of Swoop and NodeOne pursuant to the Proposed Acquisitions;
- (b) the potential increase in market capitalisation of the Company following completion of the Proposed Acquisitions and the associated Public Offer may lead to access to improved equity capital market opportunities and increased liquidity;
- (c) Shareholders may be exposed to further debt and equity opportunities that the Company did not have prior to the Proposed Acquisitions;

- (d) the Company will re-comply with the ASX Listing Rules, ensuring its reinstatement to quotation and continued liquidity of its listed Shares (however, the Company notes that the ASX reserves the right to re-admit the Company and there is no guarantee that the Company will successfully re-comply with Chapters 1 and 2 of the ASX Listing Rules);
- (e) the appointment of the Proposed Directors will add experience and skill to the Board to assist with the growth of the Company; and
- (f) the cash reserves of the Company will be conserved as the respective consideration for the Proposed Acquisitions are each comprised of Shares.

1.29 Disadvantages of the Proposed Acquisitions

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on the Essential Resolutions:

- (a) the Company will be changing the scale of its activities which may not be consistent with the objectives of all Shareholders;
- (b) the Proposed Acquisitions, Public Offer and associated transactions the subject of this Notice will result in the issue of a significant number of Shares to the Vendors and new investors which will have a dilutionary effect on the holdings of Shareholders;
- (c) there are inherent risks associated with the change in nature of the Company's activities. Some of these risks are summarised in Section 4.26 below; and
- (d) future outlays of funds from the Company may be required for its proposed business operations.

1.30 Restricted Securities, voluntary escrow and free float

Subject to the Company re-complying with Chapters 1 and 2 of the ASX Listing Rules and completing the Public Offer, certain Securities on issue (including the Consideration Shares) may be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation.

The Shares issued pursuant to the Public Offer however will not be classified as restricted securities and will not be required to be held in escrow.

Unless ASX grants cash formula relief on a look through basis in respect of any Consideration Shares, all of the Consideration Shares are likely to be restricted from trading for a period of 12 to 24 months after the date of re-admission of the Company to the Official List.

The Company expects to announce to the ASX full details (quantity and duration) of the Securities required to be held in escrow prior to the Company's listed securities being reinstated to trading on ASX (which reinstatement is subject to ASX's discretion and approval).

The Company's 'free float' (being the percentage of Shares not subject to escrow and held by Shareholders that are not related parties of the Company (or their

associates) at the time of admission to the Official List) will be approximately 20%, comprising:

- (a) all existing Shares on issue other than Shares held by Directors or their associates; and
- (b) all Shares issued pursuant to the Public Offer, other than Shares subscribed for by the Directors, Proposed Directors or Tattarang Ventures and any of their associates.

Whilst the Company is obtaining Shareholder approval to enable the Directors, Proposed Directors and certain Vendors and their associates to participate in the Public Offer, the Company may need to scale back applications from these persons to ensure that the Company's free float is above 20%.

1.31 Risk factors

The key risks of the Proposed Acquisitions and following Completion are:

(a) **Risks relating to change in nature and scale of activities**

(i) **Completion risk**

Pursuant to the Acquisition Agreements, the Company has a conditional right to acquire 100% of the issued capital in Swoop and 100% of the issued capital of NodeOne (directly and indirectly via the acquisition of 100% of the issued capital of Fiwi, a shareholder of NodeOne).

The Proposed Acquisitions constitute a significant change in the nature and scale of the Company's activities and the Company needs to re-comply with Chapters 1 and 2 of the Listing Rules as if it were seeking admission to the Official List of ASX. Trading in the Company's Shares are currently suspended and will remain suspended until the Company re-complies with Chapters 1 and 2 of the Listing Rules following settlement of the Proposed Acquisitions.

There is a risk that the conditions for settlement of the Proposed Acquisitions cannot be fulfilled, including where the Company is unable to meet the requirements of the ASX for re-quotation of its Securities on the ASX. If the Proposed Acquisitions are not completed, the Company will incur costs relating to advisors and other costs without any material benefit being achieved. Should this occur, Shares will not be able to be traded on the ASX until such time as the Company has recompiled with Chapters 1 and 2 of the Listing Rules and Shareholders may be prevented from trading their Shares until such time as a successful re-compliance is completed.

(ii) **Dilution risk**

As set out elsewhere in this Notice, the Company proposes to issue (on a post Consolidation basis):

- (A) 33,368,003 Shares to the NodeOne Vendors;

(B) 89,401,261 Shares to the Swoop Vendors; and

(C) 40,000,000 Shares pursuant to the Public Offer.

Following the issue of the abovementioned securities, the number of Shares on issue (on a post Consolidation basis) will increase from 6,825,035 Shares to 169,594,299 Shares. This means that immediately after the completion of the Proposed Acquisitions and the Public Offer, each Share will represent a significantly lower proportion of ownership of the Company.

(iii) **Restricted securities and liquidity risk**

Upon the Company's readmission to the Official List, a majority of the Company's Shares will be subject to mandatory escrow in accordance with the ASX Listing Rules. This will reduce liquidity in the market for the Shares and may affect the ability of a Shareholder to sell some or all of its Shares due to the effect less liquidity may have on demand. An illiquid market for the Company's Shares is likely to have an adverse impact on the Share price.

Following the end of any mandatory escrow periods, a significant number of Shares will become tradable on ASX. This may result in an increase in the number of Shares being offered for sale on market which may in turn put downward pressure on the Company's Share price.

The Company will announce to the ASX full details (quantity and duration) of the Securities required to be held in escrow prior to the Shares commencing trading on ASX.

(b) **Risks relating to the Group**

(i) **Suspension**

As the Company's Shares have been suspended from trading since 5 August 2020, there is currently no public market for Shares. There is no guarantee that an active trading market in the Company's Shares will develop or that that prices at which Shares trade will increase following completion of the Proposed Acquisitions and the Offer. The prices at which Shares trade may be above or below the price of the Offer and may fluctuate in response to several factors.

(ii) **Competition risks**

The Group faces competition for customers from a number of alternative suppliers of broadband internet connectivity services, including resellers of NBN and mobile operators. A number of these competitors are major telecommunications businesses with much greater resources than the Group.

The Group's fixed wireless operations are in direct competition with the NBN based services and would be directly impacted by changes in the NBN wholesale pricing. Further improvements in NBN or other network operator infrastructure or reach, could

reduce the relative attractiveness of the Group's fixed wireless services and ability to compete on a profitable basis.

(iii) **Changes in government policy and regulation**

The Group operates in a highly regulated environment. The Group may be affected by changes to government policies and legislation, particularly relating to the telecommunications industry.

The Company uses class license spectrum for which it does not pay a fee and does not have exclusive use of the spectrum it uses. Although the Company does not anticipate any change to the availability of class license spectrum, the Company could be adversely impacted if access to, or the rules or costs governing the use of, this spectrum were to change.

Presently, s143 of the Telecommunications Act 1997 (Cth) imposes an obligation on owners of non-NBN fixed line networks capable of superfast broadband, to operate on only a wholesale basis. This regulation does not apply to fixed wireless network owners, such as the Company. This allows the Company to both own its networks and be the supplier and retailer of services to residential and business customers. If this regulation were to change it could have a materially adverse effect on the Group's operations.

The Government has introduced a Regional Broadband tax on non-NBN operated fixed line services, which was in place from 1 January 2021 and seeks to establish NBN Co as the new default fixed-line operator in Australia, will see residential and business users of "NBN-equivalent" fixed line services hit with a monthly fee of \$7.10. If this tax is extended to cover mobile networks and fixed wireless networks, it could adversely impact the Group unless the charge is passed on to customers.

(iv) **Regulatory and licensing compliance risk**

The Group holds a number of carrier licences under the Telecommunications Act 1997 (Cth) which permit the Group to provide carrier services.

In conducting its operations, the Group is also required to comply with a range of laws and regulations applicable to the telecommunications, consumer protection, privacy, competition, employment and workplace safety.

A failure to comply with a licence conditions could result in the cancellation of a carrier licence or fines, and a failure to comply with applicable laws and regulations could result in restrictions or fines being imposed on the Group, or legal proceedings being commenced against the Group. These consequences would be likely to have a negative effect on the Group's reputation and profitability, and adversely affect the Group's financial performance.

The Group mitigates this risk by conducting regular reviews (both internally and by engaging external advisers) to ensure compliance with its licences and applicable laws and regulations.

(v) **Technology risks**

The telecommunications and communications industry continues to experience rapid technological change and development. The Group is at risk from major technological improvements in alternative services or on its ability to access and adapt to technological changes in a cost-effective manner.

(vi) **Integration and growth risks**

The Group is exposed to risks associated with pursuing growth through the continued rollout of its fixed wireless network, the combination and integration of the disparate businesses within the Group and the pursuit of new geographies and customers.

There is a risk that the implementation of the Group's growth and integration strategies will be subject to delays or cost overruns, and there is no guarantee that these strategies will be successful or generate growth.

(vii) **Network performance**

The Group depends on the performance, reliability and availability of its own and third party technology platforms. There is a risk that these platforms and systems may be adversely affected by a number of factors, including damage, equipment faults, power failure, computer viruses, malicious interventions, and natural disasters. Further, there is a risk that the Group's operational processes, redundancy capacity and capability or disaster recovery plans may not adequately address every potential event.

Poor system performance could reduce the Group's ability to provide the level of customer service required and cause damage to the brand, leading to a reduction in customer retention rates and revenue.

(viii) **Supplier risks**

The Group relies on key supplier arrangements with respect to the NBN wholesale services, fibre optic network operators, including the NBN, and international cable system operators.

Any loss of access to, disruption to, or performance failures of these services could cause harm to the Group's business operations and reputation and loss of revenue resulting to the Group (with limited ability to recoup any such loss from the supplier).

Further, a majority of the contracts with key suppliers are able to be terminated by the supplier upon short notice (such as 30 days). Whilst the Group would likely be able to source

comparable services from alternative suppliers, there may be disruption to the Group's business during any transition period, or an increase in charges demanded by alternative suppliers, which could have an adverse impact on the Group's operational and financial performance.

(ix) **Customer contract risks**

Many customers, particularly residential customers of Swoop, are typically on short term or no contracts. These Swoop residential customers will account for approximately 50% of the Group's revenue following Completion.

Further, the industry is subject to price sensitivity and competition that can lead to regular 'churn' of customers. This gives the Group less security over future revenue levels.

(x) **Key people**

The Group's success will be dependent upon its ability to retain and attract key employees. The Group needs staff with the capability and personal skills to design, install and operate telecommunications networks, attract and retain customers and respond appropriately to customer service requests.

A loss of key management or other team members and the inability to recruit suitable replacements or additional personnel within a reasonable time period may adversely affect the Group's operations and financial performance.

(xi) **Brands and reputation**

Swoop and NodeOne operate a number of brands and believe the reputation of their brands is a key to their success. The Group's reputation, the value of its brands, and its ability to retain and attract new customers, may be damaged as a result of negative customer or end-user experiences due to poor product performance or product failures, adverse media coverage or other publicity.

(xii) **Data usage**

The Group will maintain its own and contracts additional wholesale capacity based on known and estimated data usage growth of its existing and future customers. If the Group's customers' usage requirements exceed these capacities, the Group service levels and reputation could be adversely affected and it may incur additional charges which may not be able to be recouped in full from its customers.

(xiii) **Data security risks**

It is possible that the Group's procedures and systems may not stop or detect cyberattacks, data theft and hacking from obtaining unauthorised access to confidential data collected by the Group. If such activities were successful, any data security breaches or the Group's failure to protect confidential

information could result in loss of information integrity, and breaches of the Group's obligations under applicable laws or customer agreements.

(xiv) **Additional requirements for capital**

The funds to be raised under the Offer (together with the existing cash reserves of the Company, NodeOne and Swoop) are considered sufficient to meet the immediate objectives of the Company. Additional funding may be required in the event costs exceed the Company's estimates and to effectively implement its business and operational plans in the future to take advantage of opportunities for acquisitions or other business opportunities, and to meet any unanticipated liabilities or expenses which the Company may incur. If such events occur, additional funding will be required.

Following completion of the Offer, the Company may seek to raise further funds through equity or debt financing, licensing arrangements, or other means. Failure to obtain sufficient financing for the Group's activities may result in delay and indefinite postponement of its activities and the Company's proposed expansion strategy. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing may not be favourable to the Company and might involve substantial dilution to Shareholders.

(xv) **COVID-19**

The outbreak of the coronavirus disease (**COVID-19**) is impacting global economic markets. The nature and extent of the effect of the outbreak on the performance of the Company remains unknown. The Company's Share price may be adversely affected in the short to medium term by the economic uncertainty caused by COVID-19. Further, any governmental or industry measures taken in response to COVID-19 may adversely impact the Company's operations and are likely to be beyond the control of the Company.

In particular, Swoop has experienced delays in the procurement of raw materials for the manufacture of components used in telecommunications equipment. The risk of these delays to the business of Swoop has been mitigated to an extent by Swoop procuring higher than average stock levels at the start of the COVID-19 outbreak, and the extension of future procurement process lead times.

The impact of COVID-19 on Australian business has also had an impact on sales of internet services in Australia. The small to medium business market segment has been adversely affected to a greater extent than other market segments, resulting in reduced new customer sales and higher customer cancellations than pre-COVID-19 averages in this segment. The decrease in customers in this segment has been offset to an extent by increased sales in wholesale and residential markets, however there is a risk that the ongoing impact of COVID-19 on customer

demand in the small to medium business market (or in the market for internet services generally) could have an adverse impact on the performance of the Group.

(xvi) **Future acquisitions**

As part of its growth strategy, the Group may make further acquisitions of complementary businesses or enter into strategic alliances with third parties. Any such future transactions are accompanied by the risks commonly encountered in making acquisitions of companies or assets, such as integrating cultures and systems of operation, relocation of operations, short term strain on working capital requirements, achieving mineral exploration success and retaining key staff.

(c) **General Risks**

(i) **Economic**

General economic conditions, introduction of tax reform, new legislation, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company, as well as on its ability to fund its operations.

(i) **Market conditions**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (A) general economic outlook;
- (B) introduction of tax reform or other new legislation;
- (C) currency fluctuations
- (D) interest rates and inflation rates;
- (E) changes in investor sentiment toward particular market sectors;
- (F) the demand for, and supply of, capital; and
- (G) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general. Neither the Company, the Directors, or the Proposed Directors warrant the future performance of the Company or any return on an investment in the Company.

Securities listed on the stock market experience extreme price and volume fluctuations that have often been unrelated to the operating performance of such companies. These factors may materially affect the market price of the Shares regardless of the Company's performance.

(ii) **Litigation risks**

The Company is exposed to possible litigation risks including occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. The Company is not currently engaged in any litigation.

1.32 Plans for the Company if completion of the Proposed Acquisitions does not occur

If the Essential Resolutions are not passed and the Acquisition Agreements are not completed, the Company will continue to look for potential business acquisitions to take the Company forward.

The Company's Shares will remain suspended from trading until such time as the Company completes an acquisition of a business that satisfies the requirements of ASX Listing Rule 12.1, and, if required, the Company re-complies with the requirements of Chapters 1 and 2 of the ASX Listing Rules.

1.33 Directors' interests in the Proposed Acquisitions

None of the Directors have any interest in the Proposed Acquisitions, other than as disclosed in this Notice.

1.34 Vendors' interests in the Company

Related parties

None of the Vendors are related parties of the Company other than by virtue of the Proposed Acquisitions.

Oaktone (a Swoop Vendor and NodeOne Vendor) is currently a Shareholder and is controlled Mr Tony Grist, a director of Swoop who will be appointed as a Director at Completion. Oaktone is an associate of Denlin Nominees, another Shareholder of the Company, which is also controlled by Mr Grist. Oaktone is the sole shareholder of Fiwi, and holds the shares in Fiwi as trustee for the NodeOne Beneficial Shareholders.

William (Paul) Reid (a Swoop Vendor who controls two other Swoop Vendors, being Lygon Way Pty Ltd and Frilford Investments Pty Ltd) will be appointed as a Director at Completion.

Matthew Hollis (a Swoop Vendor who controls one other Swoop Vendor, being Demand Investments Pty Ltd) will be appointed as a Director at Completion.

Spenceley Management Pty Ltd is a Swoop Vendor and is controlled by Mr James Spenceley who will be appointed as a Director at Completion.

Interests in Equity Securities

None of the Vendors currently hold Shares or Options in the Company other than:

- (a) Oaktone (a Swoop Vendor and NodeOne Vendor), which currently holds 19,420 Shares (on a post-Consolidation basis);

- (b) Tisia Nominees Pty Ltd (a NodeOne Vendor), which currently holds 108,696 Shares and 304,348 Options (on a post-Consolidation basis); and
- (c) JK Nominees Pty Ltd (a NodeOne Vendor), which currently holds 304,348 Options (on a post-Consolidation basis).

Denlin Nominees, an associate of the Vendors, currently holds 1,096,392 Shares and 1,630,435 Options (on a post-Consolidation basis).

As further detailed in Section 1.24, all of the Vendors are also deemed to be associates of each other Vendor and Denlin Nominees from the date of signing the Acquisition Agreements to the date of Completion, as they could be considered to be acting in concert in relation to the affairs of the Company during this period. Accordingly, the current voting power of each Vendor is deemed to be 17.94% (based on the relevant interests of Denlin Nominees, Oaktone and Tisia Nominees Pty Ltd).

This association will cease immediately after Completion except to the extent disclosed below.

Associations post Completion

Immediately after Completion, the following Vendors and third parties will continue to be associates of each other person in the group:

- (a) Tony Grist (a Proposed Director) and his controlled entities, Denlin Nominees and Oaktone (a Vendor);
- (b) James Spenceley (a Proposed Director) and his controlled entity, Spenceley Management Pty Ltd (a Vendor);
- (c) William (Paul) Reid (a Proposed Director) and his controlled entities, Lygon Way Pty Ltd and Frilford Investments Pty Ltd (all of which are Vendors); and
- (d) Matthew Hollis (a Proposed Director) and his controlled entity, Demand Investments Pty Ltd (both of which are Vendors).

1.35 Forward looking statements

The forward-looking statements in this Explanatory Statement are based on the Company's current expectations about future events. However, they are subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and the Directors, which could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by the forward-looking statements in this Explanatory Statement. These risks include but are not limited to, the risks detailed in Section 1.30. Forward looking statements include those containing words such as 'anticipate', 'estimates', 'should', 'will', 'expects', 'plans' or similar expressions.

2. RESOLUTION 1 – CHANGE TO NATURE AND SCALE OF ACTIVITIES

2.1 General

Resolution 1 seeks the approval of Shareholders for a change in the nature and scale of the Company's activities via the Proposed Acquisitions of NodeOne and Swoop.

A detailed description of the Proposed Acquisitions is outlined in Section 1 above, and the key terms and conditions of the Acquisition Agreements are set out in Schedule 1, Schedule 2 and Schedule 3 of this Notice.

2.2 ASX Listing Rule 11.1

ASX Listing Rule 11.1 provides that where an entity proposes to make a significant change, either directly or indirectly, to the nature or scale of its activities, it must provide full details to ASX as soon as practicable (and before making the change) and comply with the following:

- (a) provide to ASX information regarding the change and its effect on future potential earnings, and any information that ASX asks for;
- (b) if ASX requires, obtain the approval of holders of its shares and comply with any requirements of ASX in relation to the notice of meeting; and
- (c) if ASX requires, meet the requirements of Chapters 1 and 2 of the ASX Listing Rules as if the entity were applying for admission to the Official List.

ASX has indicated to the Company that the change in the nature and scale of the Company's activities as a result of the Proposed Acquisitions requires the Company, in accordance with ASX Listing Rule 11.1.2, to obtain Shareholder approval and the Company must comply with any requirements of ASX in relation to the Notice of Meeting.

2.3 ASX Listing Rule 11.1.2

The Company is proposing to undertake the Proposed Acquisitions and to re-comply with the ASX Listing Rules.

ASX Listing Rule 11.1.2 empowers ASX to require a listed company to obtain the approval of its shareholders to a significant change to the nature or scale of its activities. The Proposed Acquisitions will involve a significant change to the nature or scale of the Company's activities for these purposes and, as its usual practice, ASX has imposed a requirement under ASX Listing Rule 11.1.2 that the Company obtain shareholder approval to the Proposed Acquisitions.

Resolution 1 seeks the required Shareholder approval to the Proposed Acquisitions and for the purposes of ASX Listing Rule 11.1.2.

2.4 Technical information required by Listing Rule 14.1A

If Resolution 1 is passed, the Company will be able to proceed with the Proposed Acquisitions, which will allow the Company to change the nature and scale of its activities.

If Resolution 1 is not passed, the Company will not be able to proceed with the Proposed Acquisitions. As a result, the Company will be unable to undertake the

change of nature and scale of its activities, and may possibly remain in suspension and could ultimately be delisted from ASX on 5 August 2022 (being the date which is 2 years from the date the Company's securities were suspended from quotation).

2.5 Suspension until re-compliance with Chapters 1 and 2 of the ASX Listing Rules

ASX has also indicated to the Company that the change in the nature and scale of the Company's activities is a back-door listing which consequently requires the Company to (in accordance with ASX Listing Rule 11.1.3) re-comply with the admission requirements set out in Chapters 1 and 2 of the ASX Listing Rules (including any ASX requirement to treat the Company's Securities as restricted Securities).

The Company's securities have been suspended from quotation since 5 August 2020 and, subject to Shareholder approval being obtained, will remain suspended from quotation until the Company has acquired NodeOne, Swoop and Fiwi pursuant to the Acquisition Agreements and re-complied with Chapters 1 and 2 of the ASX Listing Rules, including by satisfaction of ASX's conditions precedent to reinstatement.

2.6 Board recommendation

The Board considers that the Proposed Acquisitions are in the best interests of Shareholders. Accordingly, the Board unanimously recommends that Shareholders vote in favour of Resolution 1.

3. RESOLUTION 2 – CONSOLIDATION OF CAPITAL

3.1 Background

The Directors are seeking Shareholder approval to consolidate the number of Shares on issue on a 23 for 1 basis (**Consolidation**). If Resolution 2 is passed and excluding any Securities issued pursuant to the other Resolutions, the number of Equity Securities on issue will be reduced as follows:

- (a) Shares from 156,972,435 to 6,825,035; and
- (b) Options from 75,277,782 to 3,272,951.

3.2 Legal requirements

Section 254H of the Corporations Act provides that a company may, by resolution passed in a general meeting, convert all or any of its shares into a larger or smaller number.

3.3 Fractional entitlements

Not all securityholders will hold that number of Shares or Options (as the case may be) which can be evenly divided by 23. Where a fractional entitlement occurs, the Company will round that fraction up to the nearest whole Security.

3.4 Taxation

It is not considered that any taxation implications will exist for Security holders arising from the Consolidation. However, Security holders are advised to seek their own tax advice on the effect of the Consolidation and neither the Company, nor

its advisers, accept any responsibility for the individual taxation implications arising from the Consolidation.

3.5 Holding statements

From the date two Business Days after the Consolidation is approved by Shareholders, all holding statements for Securities will cease to have any effect, except as evidence of entitlement to a certain number of Securities on a post-Consolidation basis.

After the Consolidation becomes effective, the Company will arrange for new holding statements for Securities to be issued to holders of those Securities.

It is the responsibility of each Security Holder to check the number of Securities held prior to disposal or exercise (as the case may be).

3.6 Effect on capital structure

The effect which the Consolidation will have on the Company's capital structure is set out in the table in Section 1.22.

The Company's Share price at the time of its suspension, on 5 August 2020, was \$0.02. The Company does not expect there to be any dilution resulting from the Consolidation, other than a nominal amount caused by possible rounding.

The effect the Consolidation will have on the terms of the Options and Conversion Securities is as set out in the tables below:

Options – Pre-Consolidation

Terms	Number
Options exercisable at \$4.50 on or before 27 June 2021	11,112
Options exercisable at \$3.375 on or before 30 June 2021	111,112
Options exercisable at \$4.50 on or before 8 August 2021	11,112
Options exercisable at \$4.50 on or before 23 August 2021	11,112
Options exercisable at \$2.70 on or before 28 August 2021	133,334
Options exercisable at \$0.025 on or before 31 December 2022	30,000,000
Options exercisable at \$0.05 on or before 30 June 2023	45,000,000
Total	75,277,782

Options – Post-Consolidation

Terms	Number
Options exercisable at \$103.50 on or before 27 June 2021	484
Options exercisable at \$77.625 on or before 30 June 2021	4,831
Options exercisable at \$103.50 on or before 8 August 2021	484
Options exercisable at \$103.50 on or before 23 August 2021	484
Options exercisable at \$62.10 on or before 28 August 2021	5,798

Options exercisable at \$0.575 on or before 31 December 2022	1,304,348
Options exercisable at \$1.15 on or before 30 June 2023	1,956,522
Total	3,272,951

3.7 Proposed Consolidation Timetable

Event	Date*
General Meeting at which consolidation resolution will be proposed	3 May 2021
Effective date of consolidation	3 May 2021
Record date	6 May 2021
Expected date for update of register and despatch of new holding statements	7 May 2021

3.8 Board recommendation

The Board considers that the Consolidation will result in a capital structure that is appropriate to facilitate the Proposed Acquisitions which it considers are in the best interests of Shareholders. Accordingly, the Board unanimously recommends that Shareholders vote in favour of Resolution 2.

4. RESOLUTION 3 – ACQUISITION OF A SUBSTANTIAL ASSET FROM A SUBSTANTIAL (10%+) HOLDER

4.1 General

As outlined in Section 1.1, the Company has entered into the Acquisition Agreements pursuant to which the Company will acquire 100% of the issued share capital of NodeOne (directly and via the acquisition of Fiwi) and Swoop.

In consideration for the Proposed Acquisitions, the Company shall issue, subject to Shareholder approval, 122,769,264 Shares (on a post-consolidation basis) to the Vendors at Completion, comprising:

- (a) 89,401,261 Shares to be issued to the Swoop Vendors; and
- (b) 33,368,003 Shares to be issued to the NodeOne Vendors.

The terms of the Acquisition Agreements are summarised in Schedules 1, 2 and 3.

One of the Vendors, Oaktone, currently holds 19,420 Shares (on a post-Consolidation basis) and is an associate of Denlin Nominees, which currently holds 1,096,392 Shares (on a post-Consolidation basis).

Denlin Nominees and Oaktone are controlled by Mr Tony Grist, who is currently a director of Swoop and who will be appointed as a Director at Completion. Prior to the execution of the Acquisition Agreements, the voting power of Denlin Nominees and Oaktone was 16.35%.

Another Vendor, Tisia Nominees Pty Ltd, currently holds 108,696 Shares.

Upon signing the Acquisition Agreements, all Vendors were deemed to become associates of one another by virtue of acting in concert in relation to the affairs of the Company. Each Vendor could also be considered to be an associate of Denlin Nominees as Denlin Nominees is associated with Oaktone (a Vendor) and is controlled by Mr Grist.

As a result of this association, Denlin Nominees and each Vendor are deemed to currently have voting power in the Company of 17.94%.

Accordingly, for the purpose of ASX Listing Rule 10.1, each Vendor is deemed to be a "substantial 10%+ holder" in the Company. As the value of Swoop and NodeOne exceeds 5% of the equity interests of the Company, Shareholder approval for the acquisition of Swoop and NodeOne (and Fiwi) from the Vendors is required for the purpose of ASX Listing Rule 10.1. This approval is sought pursuant to Resolution 3.

4.2 Independent Expert's Report

ASX Listing Rule 10.5.10 requires a notice of meeting containing a resolution under ASX Listing Rule 10.1 to include a report on the transaction from an independent expert.

ASIC Regulatory Guide 74 also requires a notice of meeting containing a resolution under Section 611 Item 7 of the Corporations Act to include a report on the transaction from an independent expert.

The Independent Expert's Report accompanying this Notice sets out a detailed independent examination of the Proposed Acquisitions to enable Non-Associated Shareholders to assess the merits and decide whether to approve Resolution 3. The Independent Expert has concluded that the Proposed Acquisitions are **fair and reasonable** to the Non-Associated Shareholders.

The Non-Associated Shareholders for the purpose of Resolution 3 are all Shareholders other than:

- (a) Denlin Nominees;
- (b) Oaktone;
- (c) Tisia Nominees Pty Ltd;
- (d) Jonathan Pearce; and
- (e) 143 Pty Ltd.

Shareholders are urged to carefully read the Independent Expert's Report to understand its scope, the methodology of the valuation and the sources of information and assumptions made. The Independent Expert's Report is also available on the Company's website (www.stemify.com.au). If requested by a Shareholder, the Company will send to the Shareholder a hard copy of the Independent Expert's Report at no cost.

4.3 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The Proposed Acquisitions will result in the issue by the Company of Consideration Shares to the Proposed Directors or entities controlled by the Proposed Directors, who are related parties of the Company as the Proposed Directors will be appointed as Directors at Completion.

The Directors consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of Consideration Shares to the Proposed Directors or their controlled entities, because these Shares will be issued on the same terms as the Shares issued to the non-related Vendors, pursuant to the Acquisitions Agreements, which were negotiated at arm's length.

4.4 ASX Listing Rule 10.1

The Company is proposing to acquire 100% of the share capital of both NodeOne (directly and indirectly via the acquisition of Fiwi) and Swoop by way of the Proposed Acquisitions.

Listing Rule 10.1 provides that a listed entity must not acquire or agree to acquire a substantial asset from, or dispose of or agree to dispose of a substantial asset to:

- 10.1.1 a related party;
- 10.1.2 a child entity;
- 10.1.3 a person who is, or was at any time in the 6 months before the transaction, a substantial (10%+) holder in the Company;
- 10.1.4 an associate of a person referred to in Listing Rule 10.1.1 to 10.1.3; or
- 10.1.5 a person whose relationship with the Company or a person referred to in Listing Rules 10.1.1 to 10.1.4 is such that, in ASX's opinion, the transaction should be approved by Shareholders,

unless it obtains the approval of its shareholders.

The Proposed Acquisitions fall within Listing Rule 10.1.3 and involves the acquisition of a substantial asset. It therefore requires Shareholder approval under Listing Rule 10.1.

4.5 Technical information required by ASX Listing Rule 14.1A

If Resolution 3 is passed, the Company will be able to proceed with Proposed Acquisitions.

If Resolution 3 is not passed, the Proposed Acquisitions will not complete.

4.6 Technical information required by ASX Listing Rule 10.5

Pursuant to and in accordance with ASX Listing Rule 10.5, the following information is provided in relation to Resolution 3:

- (a) the Company is acquiring a substantial asset from the Vendors;
- (b) each Vendor falls within the category of persons in ASX Listing Rule 10.1.3. It is deemed to be a substantial (10%+) holders in the Company as it, together with its associates (being each other Vendor and Denlin Nominees), have a relevant interest in 17.94% of the issued Shares of the Company as at the date of this Notice for the purpose of the ASX Listing Rules;
- (c) the assets being acquired by the Company from the Vendors are:
 - (i) 100% of the shares in Swoop;
 - (ii) 100% of the shares in NodeOne (noting that 41.10% of the NodeOne shares are being acquired via the acquisition of 100% of Fiwi, which is the registered holder of these NodeOne shares); and
 - (iii) 100% of the shares in Fiwi;
- (d) the consideration for acquisition of the assets is:
 - (i) the issue of 33,368,003 Shares in consideration for the acquisition of NodeOne/Fiwi; and
 - (ii) the issue of 89,401,261 Shares in consideration for the acquisition of Swoop;
- (e) the consideration will be issued in Shares, therefore no funds will need to be raised to complete the Proposed Acquisitions. The Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) it is intended that the Proposed Acquisitions will complete on 6 May 2021;
- (g) the acquisition will occur pursuant to the Acquisition Agreements (summaries of which are set out in Schedules 1, 2 and 3);
- (h) a voting exclusion statement is included in Resolution 3 of the Notice; and
- (i) the Independent Expert's Report is annexed to this Notice at Annexure A.

4.7 Board recommendation

The Board considers that the Proposed Acquisitions are in the best interests of Shareholders.

Mr Jonathan Pearce has an interest in Resolution 3 and declines to make a recommendation in relation to Resolution 3.

The remaining Directors recommend that Shareholders vote in favour of Resolution 3.

5. RESOLUTION 4 – ACQUISITION OF A RELEVANT INTEREST IN SHARES BY THE VENDORS AND THEIR ASSOCIATES

5.1 General

In consideration for the Proposed Acquisitions, the Company will issue 122,769,264 Shares (on a post-Consolidation basis) to the Vendors.

A number of the Vendors and associates of the Vendors also wish to subscribe for Shares in the Public Offer. The maximum number of Shares being subscribed for by these parties is 11,280,000.

N & J Enterprises (WA) Pty Ltd (a Vendor) has entered into agreements to sell 1,200,000 of its Shares after Completion and prior to the Company's readmission to the Official List at a sale price of \$0.50 per Share (**Sell Down Agreements**), including:

- (a) up to 400,000 Shares to Tony Grist, a proposed Director and associate of Oaktone (a Vendor); and
- (b) up to 200,000 Shares to Tom Henderson, an associate of Tisia Nominees Pty Ltd (a Vendor).

As a result of these Sell Down Agreements Mr Grist and Mr Henderson will acquire a relevant interest in up to 400,000 Shares and 200,000 Shares respectively upon their issue (notwithstanding that they will be held by N & J Enterprises (WA) Pty Ltd until completion of that Sell Down Agreements).

As noted in Section 4.1 above, upon the signing of the Acquisition Agreements, each Vendor was deemed to be an associate of each other Vendor and Denlin Nominees. At the date of this Notice, the voting power in the Company of each of the Vendors and their associates is 17.94%.

As a result of the issues of Shares to the Vendors and their associates pursuant to the Acquisition Agreements and the Public Offer, and Mr Grist and Mr Henderson acquiring a relevant interest in up to 400,000 Shares and 200,000 Shares respectively upon their issue by virtue of having entered into a Sell Down Agreement with N & J Enterprises (WA) Pty Ltd, the voting power in the Company of the Vendors and their associates will increase to a maximum of 80.12% at Completion (assuming 162,769,264 Shares (on a post Consolidation basis) are issued pursuant to the Resolutions set out in this Notice of Meeting).

As this maximum voting power will exceed 20%, the Company seeks Shareholder approval pursuant to Resolution 4 for the purpose of Section 611 item 7 of the Corporations Act for the acquisition by the Vendors and certain associates of the Vendors of a relevant interest in up to 134,649,264 Shares, resulting in the voting power of the Vendors and their associates increasing from 17.94% as at the date of this Notice up to a maximum of 80.12% at Completion.

Immediately after Completion, the Vendors will cease to be associates of each other and Denlin Nominees unless otherwise stated in this Explanatory Statement.

After the Vendors and Denlin Nominees cease to be associates of one another, no Vendor will continue to hold in excess of 19.9% of the issued capital of the Company.

5.2 Item 7 of Section 611 of the Corporations Act

(a) **Section 606 of the Corporations Act – Statutory Prohibition**

Pursuant to Section 606(1) of the Corporations Act, a person must not acquire a relevant interest in issued voting shares in a listed company if the person acquiring the interest does so through a transaction in relation to securities entered into by or on behalf of the person and because of the transaction, that person's or someone else's voting power in the company increases:

- (i) from 20% or below to more than 20%; or
- (ii) from a starting point that is above 20% and below 90%,
(Prohibition).

(b) **Voting Power**

The voting power of a person in a body corporate is determined in accordance with Section 610 of the Corporations Act. The calculation of a person's voting power in a company involves determining the voting shares in the company in which the person and the person's associates have a relevant interest.

(c) **Associates**

For the purposes of determining voting power under the Corporations Act, a person (**second person**) is an "associate" of the other person (**first person**) if:

- (i) (pursuant to Section 12(2) of the Corporations Act) the first person is a body corporate and the second person is:
 - (A) a body corporate the first person controls;
 - (B) a body corporate that controls the first person; or
 - (C) a body corporate that is controlled by an entity that controls the person;
- (ii) the second person has entered or proposed to enter into a relevant agreement with the first person for the purpose of controlling or influencing the composition of the company's board or the conduct of the company's affairs; or
- (iii) the second person is a person with whom the first person is acting or proposed to act, in concert in relation to the company's affairs.

Associates are, therefore, determined as a matter of fact. For example where a person controls or influences the board or the conduct of a company's business affairs, or acts in concert with a person in relation to the entity's business affairs.

(d) **Relevant Interests**

Section 608(1) of the Corporations Act provides that a person has a relevant interest in securities if they:

- (i) are the holder of the securities;
- (ii) have the power to exercise, or control the exercise of, a right to vote attached to the securities; or
- (iii) have power to dispose of, or control the exercise of a power to dispose of, the securities.

It does not matter how remote the relevant interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power.

In addition, Section 608(3) of the Corporations Act provides that a person has a relevant interest in securities that any of the following has:

- (i) a body corporate in which the person's voting power is above 20%;
- (ii) a body corporate that the person controls.

(e) **Associates of the Vendors**

For the purposes of the Corporations Act, each Vendor is deemed to be an associate of each other Vendor and Denlin Nominees for the period commencing on the execution of the Acquisition Agreements and ending on Completion.

In addition, for the purposes of the Corporations Act, the following persons are deemed to be associates of each other person within the same group post Completion:

Group of associated persons	Reason for association
Denlin Nominees ¹ Oaktone Nominees Pty Ltd (ACN 074 566 635) Tony Grist	Tony Grist controls Oaktone and Denlin Nominees
Spenceley Management Pty Ltd (ACN 127 151 437) James Spenceley ²	James Spenceley controls Spenceley Management Pty Ltd
William (Paul) Reid ³ Lygon Way Pty Ltd (ACN 005 901 851) Frilford Investments Pty Ltd (ACN 066 565 142)	William (Paul) Reid controls Lygon Way Pty Ltd and Frilford Investments Pty Ltd

Group of associated persons	Reason for association
Matthew Hollis ⁴ Demand Investments Pty Ltd (ACN 616 913 930)	Matthew Hollis controls Demand Investments Pty Ltd
N & J Enterprises (WA) Pty Ltd (ACN 643 301 026) as trustee for the van Namen Family Trust Nicholas van Namen Jodee van Namen	Nicholas and Jodee Van Namen control N & J Enterprises (WA) Pty Ltd
Tattarang Ventures Pty Ltd (ACN 100 275 910) Tattarang Pty Ltd (ACN 055 961 361) ATF The Peepingee Trust (ABN 44 994 119 389) John Andrew Henry Forrest	John Andrew Henry Forrest is the sole shareholder of Tattarang Pty Ltd (ACN 055 961 361). Tattarang Pty Ltd (ACN 055 961 361) ATF The Peepingee Trust (ABN 44 994 119 389) controls Tattarang Ventures Pty Ltd.

Notes:

1. Denlin Nominees is not a Vendor but is associated with Oaktone, which is a Vendor. Denlin Nominees and Oaktone are controlled by Mr Tony Grist, a Proposed Director.
2. Mr James Spenceley is a Proposed Director
3. Mr William (Paul) Reid is a Proposed Director.
4. Mr Matthew Hollis is a Proposed Director.

5.3 Relevant interests and voting power of the Vendors and their associates at the date of this Notice

- (a) Relevant interests and voting power at the date of this Notice:

For the purpose of the Corporations Act, at the date of this Notice, the Vendors and their associated Shareholders (being Denlin Nominees) hold interests in the Company as set out below (on a post-Consolidation basis):

Person	Shares	Options	Voting Power (undiluted)	Voting Power (fully diluted) ¹
Vendors	128,116 ²	608,696 ³	17.94%	34.30%
Denlin Nominees	1,096,392	1,630,435	17.94%	34.30%
Total	1,224,508	2,239,131		

Notes:

1. Based on fully diluted Share capital of 10,097,986 Shares. It is noted that Denlin Nominees, Tisia Nominees Pty Ltd and JK Nominees Pty Ltd cannot currently exercise their Options if the exercise would result in any Shareholder increasing its voting power above 20%.

2. Comprising 19,420 Shares held by Oaktone and 108,696 Shares held by Tisia Nominees Pty Ltd.
3. Comprising 304,348 Options held by Tisia Nominees Pty Ltd and 304,348 Options held by JK Nominees Pty Ltd.

(b) Relevant interests at Completion:

For the purpose of the Corporations Act, at Completion, the Vendors and their associates will hold relevant interests in the following securities in the Company (in the aggregate):

- (i) 135,873,772 Shares;
- (ii) 3,739,131 Options; and
- (iii) 4,832,998 Performance Rights.

Further details about the individual holdings of certain Vendors and their associates are set out in the table below (identifying those Vendors and Vendors' associates which either have an existing shareholding in the Company, or who are to be issued Securities as contemplated by the Resolutions in this Notice):

Person	Existing Shares	Consideration Shares	Public Offer Shares	Sell Down Shares	Total Shares	Options	Performance Rights
Vendors							
Tattarang Ventures	Nil	31,613,807	2,000,000	Nil	33,613,807	Nil	Nil
Oaktone¹	19,420	6,710,840	3,000,000	Nil	9,730,260	Nil	Nil
Tisia Nominees Pty Ltd	108,696	3,873,971	Nil	Nil	3,982,667	304,348	Nil
William (Paul) Reid²	Nil	3,827,367	60,000	Nil	3,887,367	Nil	Nil
E&P Investments Limited	Nil	1,793,979	800,000	Nil	2,593,979	Nil	Nil
All other Vendors	Nil	74,949,300	1,420,000 ³	Nil	76,369,300	304,348 ⁴	Nil
Associates of Vendors							
Denlin Nominees⁵	1,096,392	Nil	Nil	Nil	1,096,392	1,630,435	Nil
Tony Grist⁶	Nil	Nil	Nil	400,000	400,000	Nil	2,196,817 ⁷
James Spenceley⁸	Nil	Nil	4,000,000	Nil	4,000,000	Nil	2,636,181 ⁹
Tom Henderson¹⁰	Nil	Nil	Nil	200,000	200,000	Nil	Nil
Forrest Capital¹¹	Nil	Nil	Nil	Nil	Nil	1,500,000 ¹²	Nil
Total	1,224,508	122,769,264	11,280,000	600,000	135,873,772	3,739,131	4,832,998

Notes:

1. Oaktone is controlled by Mr Grist, a Proposed Director.
2. Mr Reid is a Proposed Director.
3. 720,000 Shares in the Public Offer have been reserved for subscription by the NodeOne Vendors who are not otherwise named in the table above, and 700,000 Shares in the Public Offer have

been reserved for subscription by Swoop Vendors who are not otherwise named in the table above. These Shares will not be issued to any Vendors or Vendors' associates who are related parties of the Company, and no Vendor will have 20% or more voting power in the Company post Completion.

4. 304,348 Options held by JK Nominees Pty Ltd.
5. Denlin Nominees is controlled by Mr Grist, a Proposed Director.
6. Mr Grist is a Proposed Director. Mr Grist proposes to purchase up to 400,000 Shares from N & J Enterprises (WA) Pty Ltd after Completion but before the Company's readmission to the Official List at a purchase price of \$0.50 per Share pursuant to a Sell Down Agreement.
7. Subject to Shareholder approval pursuant to Resolution 18.
8. Mr Spenceley is a Proposed Director.
9. Subject to Shareholder approval pursuant to Resolution 19.
10. Tom Henderson is an associate of Tisia Nominees Pty Ltd, a Vendor, and proposes to purchase up to 200,000 Shares from N & J Enterprises (WA) Pty Ltd after Completion but before the Company's readmission to the Official List at a purchase price of \$0.50 per Share pursuant to a Sell Down Agreement
11. Forrest Capital is controlled by Tisia Nominees Pty Ltd and JK Nominees Pty Ltd, each a Vendor. The Company shall issue 1,500,000 Options to Forrest Capital in consideration of the cancellation of a lead manager mandate with Forrest Capital. Refer to Resolution 9 for further details. Tisia Nominees Pty Ltd and JK Nominees Pty Ltd are not associated other than by virtue of the execution of the Fiwi Agreement.
12. Refer to Resolution 9.

(c) Voting power at Completion

At Completion, the Vendors and the associates of the Vendors named in this Notice will have:

- (i) voting power in the Company of 80.12%, representing a total increase of 62.18% up from 17.94%; and
- (ii) fully diluted voting power in the Company of 80.02%, representing a total increase of 45.72% up from 34.30%.

(d) Relevant interests and voting power after Completion:

Immediately following Completion each Vendor will cease to be an associate of each other Vendor and Denlin Nominees by virtue of the signing of the Acquisition Agreements. Accordingly, immediately following Completion, each Vendor's voting power will be determined by the relevant interests of that Vendor and the relevant interests of any associates that Vendor continues to have following Completion. Details of these associations are set out in Section 5.2(e) above.

Immediately following Completion, no Vendor will hold voting power in excess of 20%.

The interest of those Vendors and their associates who will hold substantial interests in the Company immediately following Completion, or who will be related parties of the Company, are as set out below:

Person	Shares	Options	Performance Rights	Voting Power	Fully diluted voting power
Tattarang Ventures	33,613,807	Nil	Nil	19.82%	18.62%
Lygon Way Pty Ltd, William (Paul) Reid and Frilford Investments Pty Ltd ¹	22,673,895 ²	Nil	Nil	13.37%	12.56%
N & J Enterprises (WA) Pty Ltd ACN 643 301 026 as trustee for the van Namen Family Trust	14,272,895 ³	Nil	Nil	8.42%	7.91%
Denlin Nominees, Oaktone and Tony Grist ⁴	11,226,652 ⁵	1,630,435 ⁶	2,196,817 ⁷	6.62%	8.34%
Spenceley Management Pty Ltd and James Spenceley ⁸	9,605,170 ⁹	Nil	2,636,181 ¹⁰	5.66%	6.78%
Matthew Hollis and Demand Investments Pty Ltd ¹¹	3,791,412	Nil	Nil	2.24%	2.10%

Notes:

1. Mr William (Paul) Reid is a Proposed Director.
2. Comprising:
 - a. 14,975,012 Shares held by Lygon Way Pty Ltd;
 - b. 3,887,367 Shares held by William (Paul) Reid; and
 - c. 3,811,516 Shares held by Frilford Investments Pty Ltd.
3. After Completion but prior to the re-admission of the Company to the Official List, N & J Enterprises (WA) Pty Ltd proposes to transfer up to 400,000 Shares to Tony Grist, up to 200,000 Shares to Jonathan Pearce, up to 200,000 Shares to Tom Henderson and up to 400,000 Shares to unrelated sophisticated professionals, at a sale price of \$0.50 per Share pursuant to the Sell Down Agreements.
4. Mr Tony Grist is a Proposed Director.
5. Comprising:
 - a. 1,096,392 Shares held by Denlin Nominees;
 - b. 9,730,906 Shares held by Oaktone; and
 - c. Up to 400,000 Shares to be purchased by Mr Grist from N & J Enterprises (WA) Pty Ltd after Completion but prior to the re-admission of the Company to the Official List pursuant to a Sell Down Agreement.
6. Held by Denlin Nominees.
7. 2,196,817 Performance Rights to be issued to Mr Grist subject to Shareholder approval pursuant to Resolution 18 and completion of the Proposed Acquisitions.

8. Mr James Spenceley is a Proposed Director.
9. Comprising 5,605,170 Shares held by Spenceley Management Pty Ltd and 4,000,000 Shares held by James Spenceley.
10. 2,636,181 Performance Rights to be issued to Mr Spenceley subject to Shareholder approval pursuant to Resolution 19 and completion of the Proposed Acquisitions.
11. Mr Matthew Hollis is a Proposed Director.

(e) Assumptions

The above calculations are based on the following assumptions:

- (i) the Company has 6,825,035 Shares on issue as at the date of this Notice of Meeting (on a post-Consolidation basis);
- (ii) the issue of all securities as contemplated by this Notice, resulting in issued Share capital at completion of 169,594,299 Shares and fully diluted Share capital at completion of 180,518,338 Shares;
- (iii) the Company does not issue any securities prior to Completion other than as contemplated by this Notice;
- (iv) none of the Vendors, Denlin Nominees or their associates acquire any securities other than as contemplated by this Notice; and
- (v) the cancellation of 469,047 Swoop shares prior to Completion pursuant to the Selective Capital Reduction described in Section 1.13 above. It is noted that:
 - (A) this figure represents the number of Swoop shares held by the shareholder who has been unable to be contacted at the date of this Notice;
 - (B) this cancellation will not result in any change to the total number of Consideration Shares to be issued, but will result in Milford Communications Partners LLC ceasing to be a Swoop shareholder and the number of Consideration Shares to be received by the other Swoop Vendors increasing;
 - (C) the cancellation of any Swoop shares prior to Completion will not affect the maximum potential voting power of the Vendors and their associates, which will remain at 80.12% at Completion regardless of the number of Swoop shares cancelled; and
 - (D) in the event that less than 469,047 Swoop Shares are cancelled because the relevant shareholder is located, the number of Consideration Shares to be issued to each Vendor named in the table in Section 5.3(d) above will marginally decrease, and the resultant voting power of each Vendor and their associates post Completion will also marginally decrease.

5.4 Reason Section 611 approval is required

Item 7 of Section 611 of the Corporations Act provides an exception to the Prohibition, whereby a person may acquire a relevant interest in a company's voting shares with shareholder approval.

Following the issue of Consideration Shares and Public Offer Shares, and Mr Grist and Mr Henderson acquiring a relevant interest in up to 400,000 Shares and 200,000 Shares respectively held by N & J Enterprises (WA) Pty Ltd by virtue of those parties having entered into a Sell Down Agreement, at Completion the Vendors and their associates will have a relevant interest in 135,873,772 Shares in the Company, representing approximately 80.12% voting power in the Company. This assumes that:

- (a) all the Essential Resolutions are passed;
- (b) all the Securities contemplated by this Notice are issued; and
- (c) no other Shares are issued or Options exercised.

Resolution 4 seeks Shareholder approval for the purpose of item 7 of Section 611 of the Corporations Act and all other purposes for the acquisition of a relevant interest in 134,649,264 Shares by the Vendors and their associates by virtue of the issue of the Consideration Shares and 11,280,000 of the Public Offer Shares to the Vendors and their associates and the entry by each Mr Grist and Mr Henderson into a Sell Down Agreement with N & J Enterprises (WA) Pty Ltd.

It is noted that approval is not sought for the exercise of any securities which are convertible into Shares. At the time that any such securities are converted into Shares, each Vendor will have ceased to be associated with each other Vendor and Denlin Nominees (except to the extent otherwise stated in this Notice), and no individual Vendor or their associates will increase their voting power in the Company to above 20% as a result of the conversion of those securities.

5.5 Prescribed information – Section 611 item 7 and ASIC Regulatory Guide 74

The following information is required to be provided to Shareholders under the Corporations Act and ASIC Regulatory Guide 74 in respect of obtaining approval for Item 7 of Section 611 of the Corporations Act. Shareholders are also referred to the Independent Expert's Report prepared by RSM annexed to this Explanatory Statement.

(a) ***Identity of the acquirer and its associates***

It is proposed that the Vendors will be issued and allotted a maximum of 122,769,264 Consideration Shares (on a post-Consolidation basis), pursuant to the terms of the Acquisition Agreements.

The names of the Vendors are set out in Schedule 4 and Schedule 5.

For the purposes of the Corporations Act, Denlin Nominees is an associate of the Vendors in relation to the Acquisition Agreements.

It is also proposed that the following Vendors and associates of the Vendors will acquire up to 11,280,000 Shares in the Public Offer:

- (i) Oaktone (a Vendor) – up to 3,000,000 Shares;

- (ii) James Spenceley (an associate of a Vendor) – up to 4,000,000 Shares;
- (iii) William (Paul) Reid (a Vendor) – up to 60,000 Shares;
- (iv) E&P Investments Limited (a Vendor) – up to 800,000 Shares;
- (v) other NodeOne Vendors – up to 720,000 Shares; and
- (vi) other Swoop Vendors – up to 700,000 Shares.

Tony Grist (a proposed Director and an associate of Oaktone, a Vendor) will acquire a relevant interest in up to 400,000 Shares at Completion by virtue of having entered into a Sell Down Agreement pursuant to which Mr Grist agrees to purchase those Shares from N & J Enterprises (WA) Pty Ltd after Completion.

Tom Henderson (an associate of Tisia Nominees Pty Ltd, a Vendor) will acquire a relevant interest in up to 200,000 Shares at Completion by virtue of having entered into a Sell Down Agreement pursuant to which Mr Henderson agrees to purchase those Shares from N & J Enterprises (WA) Pty Ltd after Completion

(b) ***Relevant interests and voting power***

The effect on the relevant interests and voting power of the Vendors and their associates as a result of the proposed issue of Consideration Shares and Public Offer Shares is set out in detail in Section 5.3 above.

Further details on the voting power of the Vendors and their associates are set out in the Independent Expert's Report prepared by RSM and annexed to this Notice.

(c) ***Date of proposed issue of Consideration Shares and Public Offer Shares***

The Consideration Shares will be issued to the Vendors at Completion, which is proposed to be on or around 6 May 2021.

The Public Offer Shares are anticipated to be issued on or around the date of Completion.

(d) ***Intentions of the Vendors***

Other than as disclosed elsewhere in this Explanatory Statement and following completion of the Proposed Acquisitions, the Company understands that the Vendors and their associates:

- (i) have no present intention of making any significant changes to the business of the Company, other than as contemplated by this Notice;
- (ii) have no present intention to inject further capital into the Company other than as contemplated by this Notice;
- (iii) have no present intention of making changes regarding the future employment of the present employees of the Company;

- (iv) do not intend to redeploy any fixed assets of the Company;
- (v) do not intend to transfer any property between the Company and either of them or any of their respective associates; and
- (vi) have no intention to change the Company's existing policies in relation to financial matters or dividends.

These intentions are based on information concerning the Company, its business and the business environment which is known to the Vendors and their associates at the date of this Notice.

These present intentions may change as new information becomes available, as circumstances change or in the light of all material information, facts and circumstances necessary to assess the operational, commercial, taxation and financial implications of those decisions at the relevant time.

Following Completion, many of the Vendors which are not associated with any other Vendors other than as a result of entering into the Acquisition Agreements, will have no control over the Company as their interest in the Company will be below 5%.

(e) ***Reasons for the proposed issue of Consideration Shares and Public Offer Shares and Sell Down Agreement***

As set out in Section 1 above, the Company proposes to issue the Consideration Shares as consideration for the acquisition of the issued capital of NodeOne, Fiwi and Swoop.

The key terms of the Acquisition Agreements are set out in Schedules 1, 2 and 3.

The purpose of the issue of Shares pursuant to the Public Offer is to raise capital at an issue price of \$0.50 per Share, and to re-comply with the admission requirements of Chapters 1 and 2 of the ASX Listing Rules.

The purpose of the Sell Down Agreements between N & J Enterprises (WA) Pty Ltd and Mr Grist and Mr Henderson is to enable N & J Enterprises (WA) Pty Ltd to sell a portion of its Consideration Shares to Mr Grist and Mr Henderson at the same price as the issue price under the Public Offer.

(f) ***Material terms of Consideration Shares, Public Offer Shares and Sell Down Shares***

The Consideration Shares will be issued for nil cash consideration for the acquisition of NodeOne, Fiwi and Swoop. Accordingly, no funds will be raised from their issue.

The Public Offer Shares will be issued at a price of \$0.50 per Share.

The Consideration Shares and the Public Offer Shares will be fully paid ordinary shares in the capital of the Company, issued on the same terms and conditions as the Company's existing Shares (and will rank equally with the Company's existing Shares).

Pursuant to the Sell Down Agreements between N & J Enterprises (WA) Pty Ltd and Tony Grist and Tom Henderson, the purchase price of the Shares will be \$0.50 per Share.

(g) **Interests and recommendations of Directors**

The Directors recommend that Shareholders approve Resolution 4.

(h) **Capital structure**

The changes to the capital structure of the Company are as set out at Section 1.22.

5.6 Advantages of the Issue

A non-exhaustive list of advantages of the Proposed Acquisitions is set out in Section 1.28 above.

5.7 Disadvantages of the Issue

A non-exhaustive list of disadvantages of the Proposed Acquisitions is set out in Section 1.29 above.

5.8 Independent Expert's Report

The Independent Expert's Report (a copy of which is attached as Annexure A to this Explanatory Statement) assesses whether the issue of Consideration Shares contemplated by Resolution 4 and the resulting increase in the voting power of the Vendors and their associates is fair and reasonable to the Non-Associated Shareholders.

The Independent Expert's Report concludes that the transaction contemplated by Resolution 4 is **fair and reasonable** to the Non-Associated Shareholders.

Shareholders are urged to carefully read the Independent Expert's Report to understand the scope of the report, the methodology of the valuation, the sources of information and assumptions made and the advantages and disadvantages of the Proposed Acquisitions and the Public Offer.

5.9 Board recommendation

The Board considers that:

- (a) the Proposed Acquisitions are in the best interests of Shareholders; and
- (b) the participation in the Public Offer by the Vendors and associates of the Vendors referred to above is reasonable as the Shares would be issued to those parties on the same terms as the Shares issued to all other investors under the Public Offer and will not result in any material effect on the control of the Company after Completion of the Proposed Acquisitions.

Mr Jonathan Pearce has an interest in Resolution 4 and declines to make a recommendation in relation to Resolution 4

The remaining Directors recommend that Shareholders vote in favour of Resolution 4.

6. RESOLUTION 5 – ISSUE OF PUBLIC OFFER SHARES

6.1 General

Resolution 5 seeks Shareholder approval for the issue of 40,000,000 Shares (on a post-Consolidation basis) at an issue price of \$0.50 per Share to raise \$20,000,000 (**Public Offer**).

Broadly speaking, and subject to a number of exceptions, ASX Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The proposed Public Offer does not fall within any of the exceptions in ASX Listing Rule 7.2 and exceeds the 15% limit in ASX Listing Rule 7.1. It therefore requires the approval of Shareholders under ASX Listing Rule 7.1.

Resolution 5 seeks the required Shareholder approval to the issue of the Shares in accordance with the Public Offer under and for the purposes of ASX Listing Rule 7.1.

If Resolution 5 is passed, the Company will be able to proceed with the issue of 40,000,000 Shares (on a post-Consolidation basis) under the Public Offer. In addition, the issue will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under ASX Listing Rule 7.1.

If Resolution 5 is not passed, the Company will not be able to proceed with the Public Offer and the Company will therefore be unable to complete its re-compliance with the ASX Listing Rules.

To this end, Resolution 5 seeks Shareholder approval to the issue under and for the purposes of ASX Listing Rule 7.1.

6.2 Technical information required by ASX Listing Rule 14.1A

If Resolution 5 is passed, the Company will be able to proceed with Public Offer.

If Resolution 5 is not passed, the Company will not proceed with the Public Offer, and as Resolution 5 is an Essential Resolution, all of the Essential Resolutions will fail and the Proposed Acquisitions will not proceed.

6.3 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Public Offer:

- (a) the maximum number of Shares to be issued is 40,000,000 (on a post-Consolidation basis);
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur on the same date;
- (c) the issue price will be \$0.50 per Share;

- (d) the Shares will be issued to subscribers under the Public Offer. The Directors will determine to whom the Shares will be issued, on a basis to ensure the Company's re-compliance requirements are met, but these persons will not be related parties of the Company or Vendors (or their associates), other than with Shareholder approval as per Resolutions 4 and 6 to 8;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the Company intends to use the funds raised from the Public Offer as set out in Section 1.21.

6.4 Board recommendation

The Directors unanimously recommend that Shareholders approve Resolution 5.

7. RESOLUTIONS 6 TO 8 – PARTICIPATION BY RELATED PARTIES IN PUBLIC OFFER

7.1 General

Pursuant to Resolution 5, the Company is seeking Shareholder approval for the Public Offer.

Messrs Jonathan Pearce, Ryan Legudi and Timothy Grice each wish to participate in the Public Offer (**Participation**). Shareholder approval for the Participation is sought in Resolutions 6 to 8.

Resolution 6 seeks Shareholder approval for the issue of up to 2,000,000 Shares to Mr Jonathan Pearce (or his nominee) arising from the participation by Mr Pearce in the Public Offer.

Resolution 7 seeks Shareholder approval for the issue of up to 200,000 Shares to Mr Ryan Legudi (or his nominee) arising from the participation by Mr Legudi in the Public Offer.

Resolution 8 seeks Shareholder approval for the issue of up to 200,000 Shares to Mr Timothy Grice (or his nominee) arising from the participation by Mr Grice in the Public Offer.

It is noted that Proposed Directors Mr Tony Grist (via his controlled entity, Oaktone), Mr William (Paul) Reid and Mr James Spenceley also propose to subscribe for Shares in the Public Offer. As these persons are either Vendors or associates of Vendors, approval for the subscription of Shares by these persons is sought for the purpose of Section 611 Item 7 pursuant to Resolution 4. Accordingly, separate approval for the purpose of ASX Listing Rule 10.11 is not required in relation to participation by these persons in the Public Offer.

7.2 Chapter 2E of the Corporations Act

See Section 4.3 for a summary of Chapter 2E of the Corporations Act.

The Participation will result in the issue of Shares which constitutes giving a financial benefit and Messrs Pearce, Legudi and Grice are related parties of the Company by virtue of being Directors.

In respect of Resolution 6, the Directors (other than Mr Pearce who has a personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Participation because the Shares will be issued to Mr Pearce on the same terms as Shares issued to non-related party participants in the Public Offer and as such the giving of the financial benefit is on arm's length terms.

In respect of Resolution 7, the Directors (other than Mr Legudi who has a personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Participation because the Shares will be issued to Mr Legudi on the same terms as Shares issued to non-related party participants in the Public Offer and as such the giving of the financial benefit is on arm's length terms.

In respect of Resolution 8, the Directors (other than Mr Grice who has a personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Participation because the Shares will be issued to Mr Grice on the same terms as Shares issued to non-related party participants in the Public Offer and as such the giving of the financial benefit is on arm's length terms.

7.3 ASX Listing Rule 10.11

ASX Listing Rule 10.11 provides that unless one of the exceptions in ASX Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

- 10.11.1 a related party;
- 10.11.2 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;
- 10.11.3 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;
- 10.11.4 an associate of a person referred to in ASX Listing Rules 10.11.1 to 10.11.3; or
- 10.11.5 a person whose relationship with the company or a person referred to in ASX Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders,

unless it obtains the approval of its shareholders.

The Participation falls within ASX Listing Rule 10.11.1 and does not fall within any of the exceptions in ASX Listing Rule 10.12. It therefore requires the approval of Shareholders under ASX Listing Rule 10.11.

Resolutions 6 to 8 seek Shareholder approval for the Participation under and for the purposes of Listing Rule ASX 10.11.

7.4 Technical information required by ASX Listing Rule 14.1A

If Resolutions 6 to 8 are passed, the Company will be able to proceed with the issue of the Shares under the Participation within one month after the date of the

Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and will raise additional funds which will be used in the manner set out in Section 1.21 above. As approval pursuant to ASX Listing Rule 7.1 is not required for the issue of the Shares in respect of the Participation (because approval is being obtained under ASX Listing Rule 10.11), the issue of the Shares will not use up any of the Company's 15% annual placement capacity.

If Resolutions 6 to 8 are not passed, the Company will not be able to proceed with the issue of the Shares under the Participation and no further funds will be raised in respect of the Public Offer from Messrs Pearce, Legudi or Grice.

Resolutions 6 to 8 are not Essential Resolutions. If Resolutions 6 to 8 are not passed, the Company can still proceed with the Proposed Acquisitions.

7.5 Technical Information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to Resolutions 6 to 8:

- (a) the Shares will be issued to Messrs Pearce, Legudi and Grice (or their nominees), who fall within the category set out in ASX Listing Rule 10.11.1, as they are related parties of the Company by virtue of being Directors;
- (b) the maximum number of Shares to be issued to the related parties (or their nominee) is set out below:

Related party	Maximum number of Shares which may be subscribed for in the Public Offer
Jonathan Pearce	2,000,000
Ryan Legudi	200,000
Timothy Grice	200,000

- (c) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated the Shares will be issued on the same date;
- (e) the issue price will be \$0.50 per Share, being the same issue price as Shares issued to other participants in the Public Offer. The Company will not receive any other consideration for the issue of the Shares;
- (f) the purpose of the issue of Shares under the Participation is to raise capital and to re-comply with the admission requirements in Chapters 1 and 2 of the ASX Listing Rules. The Company intends to use the funds raised in the manner set out in Section 1.21 above;
- (g) the Shares to be issued under the Participation are not intended to remunerate or incentivise the Director;

- (h) the Shares are not being issued under an agreement; and
- (i) a voting exclusion statement is included in Resolutions 6 to 8 of the Notice.

7.6 Board recommendation

Mr Jonathan Pearce has an interest in Resolution 6 and declines to make a recommendation in relation to Resolution 6. The remaining Directors recommend that Shareholders approve Resolution 6 as the Shares would be issued to Mr Pearce on the same terms as the Shares issued to unrelated investors under the Public Offer.

Mr Ryan Legudi has an interest in Resolution 7 and declines to make a recommendation in relation to Resolution 7. The remaining Directors recommend that Shareholders approve Resolution 7 as the Shares would be issued to Mr Legudi on the same terms as the Shares issued to unrelated investors under the Public Offer.

Mr Timothy Grice has an interest in Resolution 8 and declines to make a recommendation in relation to Resolution 8. The remaining Directors recommend that Shareholders approve Resolution 8 as the Shares are being issued to Mr Grice on the same terms as the Shares issued to unrelated investors under the Public Offer.

8. RESOLUTION 9 - ISSUE OF OPTIONS TO FORREST CAPITAL PTY LTD

8.1 General

The Company entered into a lead manager agreement with Forrest Capital Pty Ltd (**Forrest Capital**) which was subsequently terminated by agreement between the parties. In consideration for the termination of the agreement, the Company has agreed to issue 1,500,000 Options to the Forrest Capital upon successful completion of the Public Offer. The Company has not paid, and will not pay, any other fees to Forrest Capital.

As summarised in Section 6.1 above, ASX Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The proposed issue of Options to Forrest Capital does not fit within any of the exceptions set out in ASX Listing Rule 7.2. While the issue will not exceed the 15% limit in ASX Listing Rule 7.1 (as it will be made after completion of the Public Offer at a time when the Company will have capacity to issue the Options) and can therefore be made without breaching that rule, the Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval under ASX Listing Rule 7.1. Accordingly, the Company is seeking Shareholder approval pursuant to ASX Listing Rule 7.1 so that it does not use up any of its 15% placement capacity under ASX Listing Rule 7.1.

8.2 Technical information required by ASX Listing Rule 14.1A

Resolution 9 seeks Shareholder approval for the purposes of ASX Listing Rule 7.1 for the issue of the Options to Forrest Capital.

If Resolution 9 is passed, the issue of the Options to Forrest Capital will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under ASX Listing Rule 7.1.

If Resolution 9 is not passed, the Company could still proceed with the issue of the Options to Forrest Capital under its 15% placement capital under ASX Listing Rule 7.1 (subject to completion of the Public Offer).

8.3 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 9:

- (a) the Options will be issued to Forrest Capital;
- (b) the terms of the Options are set out in Schedule 8;
- (c) in accordance with paragraph 7.2 of ASX Guidance Note 21, the Company confirms that:
 - (i) Forrest Capital was an advisor to the Company pursuant to a lead manager mandate in respect of the Public Offer which has been subsequently terminated by agreement between the parties; and
 - (ii) if the Options are exercised, Forrest Capital will not hold more than 1% of the issued capital of the Company (assuming no Shares are issued other than as described in this Notice);
- (d) the maximum number of Options to be issued is 1,500,000;
- (e) the Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Options will occur on the same date;
- (f) the Options will be issued at a nominal issue price of \$0.0001 per Option, in consideration for the termination of a lead manager mandate with Forrest Capital;
- (g) the purpose of the issue of the Options is to compensate Forrest Capital for the termination of a lead manager agreement between the Company and Forrest Capital;
- (h) the Options are being issued pursuant to a termination agreement between the Company and Forrest Capital pursuant to which:
 - (i) the Company terminated the lead manager mandate between the Company and the Lead Manager due to an increase in the quantum of the Public Offer; and
 - (ii) the Company agreed to issue Forrest Capital the Options in consideration for the termination of that agreement; and
- (i) the Options are not being issued under, or to fund, a reverse takeover.

8.4 Board recommendation

The Board considers that the issue of the Options to Forrest Capital is appropriate consideration for the termination of a lead manager mandate between the Company and Forrest Capital and unanimously recommends that Shareholders vote in favour of Resolution 9.

9. RESOLUTIONS 10 TO 13 – ELECTION OF DIRECTORS

9.1 General

The Company's Constitution provides that the Company may elect a person as a director by resolution passed in general meeting.

Pursuant to clause 13.3 of the Constitution and subject to completion of the Proposed Acquisitions the following seek election as directors from Shareholders:

- (a) Mr James Spenceley – Resolution 10;
- (b) Mr William (Paul) Reid – Resolution 11;
- (c) Mr Matthew Hollis – Resolution 12; and
- (d) Mr Tony Grist – Resolution 13.

9.2 Qualifications and other material directorships

Please see Section 1.25 for details of the Proposed Directors' qualifications and other material directorships.

9.3 Independence

Other than as set out below, the Proposed Directors have no interests, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the Board and to act in the best interest of the Company and its security holders generally.

If elected, the Board considers that Messrs Spenceley, Grist, Hollis and Reid will not be independent directors.

9.4 Other material information

The Company conducts appropriate checks on the background and experience of candidates before their appointment to the Board. These include checks as to a person's experience, educational qualifications, character, criminal record and bankruptcy history. The Company undertook such checks in respect of the Proposed Directors prior to the date of this Notice.

9.5 Board recommendation

The Board considers that the skills and experience of the Proposed Directors will continue to enhance the Board's ability to perform its role. Accordingly, the Board supports the election of the Proposed Directors and unanimously recommends that Shareholders vote in favour of Resolutions 10 to 13.

10. RESOLUTION 14 – CHANGE OF COMPANY NAME

10.1 General

Section 157(1)(a) of the Corporations Act provides that a company may change its name if the company passes a special resolution adopting a new name.

Resolution 14 seeks the approval of Shareholders for the Company to change its name to 'Swoop Holdings Limited'.

If Resolution 14 is passed the change of name will take effect when ASIC alters the details of the Company's registration.

The proposed name has been reserved by the Company and if Resolution 14 is passed, the Company will lodge a copy of the special resolution with ASIC on Completion of the Proposed Acquisitions in order to effect the change.

Whilst Resolution 14 is not an Essential Resolution, the Acquisition Agreements are conditional upon the passing of this Resolution. Accordingly, if Resolution 14 is not passed there is a risk that the Proposed Acquisitions will not complete if the related condition is not waived by Swoop and NodeOne.

10.2 Board recommendation

The Board proposes this change of name on the basis that it more accurately reflects the proposed future operations of the Company.

Accordingly, the Board supports the change of name and unanimously recommends that Shareholders vote in favour of Resolution 14.

11. RESOLUTION 15 – REPLACEMENT OF CONSTITUTION

11.1 General

A company may modify or repeal its constitution or a provision of its constitution by special resolution of shareholders.

Resolution 15 is a special resolution which will enable the Company to repeal its existing Constitution and adopt a new constitution (**Proposed Constitution**) which is of the type required for a listed public company limited by shares updated to ensure it reflects the current provisions of the Corporations Act and ASX Listing Rules.

This will incorporate amendments to the Corporations Act and ASX Listing Rules since the current Constitution was adopted on 17 November 2011.

The Directors believe that it is preferable in the circumstances to replace the existing Constitution with the Proposed Constitution rather than to amend a multitude of specific provisions.

The Proposed Constitution is broadly consistent with the provisions of the existing Constitution. Many of the proposed changes are administrative or minor in nature including but not limited to:

- (a) updating the name of the Company to that adopted in this meeting, if Resolution 14 is approved by Shareholders;

- (b) updating references to bodies or legislation which have been renamed (e.g. references to the Australian Settlement and Transfer Corporation Pty Ltd, ASTC Settlement Rules and ASTC Transfer); and
- (c) expressly providing for statutory rights by mirroring these rights in provisions of the Proposed Constitution.

The Directors believe these amendments are not material nor will they have any significant impact on Shareholders. It is not practicable to list all of the changes to the Constitution in detail in this Explanatory Statement, however, a summary of the proposed material changes is set out below.

A copy of the Proposed Constitution is available for review by Shareholders at the office of the Company. A copy of the Proposed Constitution can also be sent to Shareholders upon request to the Company Secretary (+61 2 8072 1400). Shareholders are invited to contact the Company if they have any queries or concerns.

11.2 Summary of material proposed changes

Virtual meetings (clause 12.1)

The Company's existing Constitution contemplates general meetings being held at a physical location. 'Hybrid' meetings (where some attendees meet in-person and others can participate online using technology) and 'virtual' meetings (conducted wholly online) are not contemplated.

The Proposed Constitution provides greater flexibility to conduct 'hybrid' and 'virtual' meetings using technology in the future, particularly if the Corporations Act is amended to be more facilitative of such meetings (as is anticipated).

Amendments are proposed to permit meetings to be held at two or more venues simultaneously or entirely using virtual meeting technology provided the technology gives all persons entitled to attend the meeting a reasonable opportunity to participate without being physically present in the same place.

Consequential provisions are included to provide clarity around procedural matters including to ensure that 'online' attendees are treated as being present at the meeting and are counted for quorum. Resolutions put to the vote at a meeting where virtual meeting technology is used must be decided on a poll.

The Board considers the proposed amendments are in the best interests of Shareholders. There may be circumstances in the future where the ability to hold a virtual meeting may be beneficial, and hybrid meetings would provide opportunities for Shareholders to participate in meetings who may not otherwise have been able to attend in person.

Electronic notice of meeting

Clause 25 of the Proposed Constitution permits the Company to give notices by using an electronic communication (such as email). Documents (including notices of meeting) may be sent to Shareholders by means of electronic communication or by sending the recipient sufficient information to allow the recipient to access the document electronically.

Nomination of Directors

The existing Constitution requires that nominations by director candidates (other than directors seeking re-election) must be received by the Company at least 30 Business Days before the general meeting at which they wish to be elected. The Proposed Constitution amends this nomination deadline to 30 days before the meeting.

Restricted Securities (clause 2.12)

The Proposed Constitution complies with the recent changes to ASX Listing Rule 15.12 which took effect from 1 December 2019. As a result of these changes, ASX will require certain more significant holders of restricted securities and their controllers (such as related parties, promoters, substantial holders, service providers and their associates) to execute a formal escrow agreement in the form Appendix 9A, as is currently the case. However, for less significant holdings (such as non-related parties and non-promoters), ASX will permit the Company to issue restriction notices to holders of restricted securities in the form of the new Appendix 9C advising them of the restriction rather than requiring signed restriction agreements.

Minimum shareholding (clause 3)

Clause 3 of the Constitution outlines how the Company can manage shareholdings which represent an "unmarketable parcel" of shares, being a shareholding that is less than \$500 based on the closing price of the Company's Shares on ASX as at the relevant time.

The Proposed Constitution is in line with the requirements for dealing with "unmarketable parcels" outlined in the Corporations Act such that where the Company elects to undertake a sale of unmarketable parcels, the Company is only required to give one notice to holders of an unmarketable parcel to elect to retain their shareholding before the unmarketable parcel can be dealt with by the Company, saving time and administrative costs incurred by otherwise having to send out additional notices.

Clause 3 of the Proposed Constitution continues to outline in detail the process that the Company must follow for dealing with unmarketable parcels.

Fee for registration of off market transfers (clause 8.4(c))

On 24 January 2011, ASX amended Listing Rule 8.14 with the effect that the Company may now charge a "reasonable fee" for registering paper-based transfers, sometimes referred to "off-market transfers".

Clause 8.4 of the Proposed Constitution enables the Company to charge a reasonable fee when it is required to register off-market transfers from Shareholders. The fee is intended to represent the cost incurred by the Company in upgrading its fraud detection practices specific to off-market transfers.

Before charging any fee, the Company is required to notify ASX of the fee to be charged and provide sufficient information to enable ASX to assess the reasonableness of the proposed amount.

Direct voting (clause 13, specifically clauses 13.35 – 13.40)

The Proposed Constitution includes a new provision which allows Shareholders to exercise their voting rights through direct voting (in addition to exercising their existing rights to appoint a proxy). Direct voting is a mechanism by which Shareholders can vote directly on resolutions which are to be determined by poll. Votes cast by direct vote by a Shareholder are taken to have been cast on the poll as if the Shareholder had cast the votes on the poll at the meeting. In order for direct voting to be available, Directors must elect that votes can be cast via direct vote for all or any resolutions and determine the manner appropriate for the casting of direct votes. If such a determination is made by the Directors, the notice of meeting will include information on the application of direct voting.

Partial (proportional) takeover provisions (clause 35)

A proportional takeover bid is a takeover bid where the offer made to each shareholder is only for a proportion of that shareholder's shares.

Pursuant to section 648G of the Corporations Act, the Company has included in the Proposed Constitution a provision whereby a proportional takeover bid for Shares may only proceed after the bid has been approved by a meeting of Shareholders held in accordance with the terms set out in the Corporations Act.

This clause of the Proposed Constitution will cease to have effect on the third anniversary of the date of the adoption of last renewal of the clause.

Information required by section 648G of the Corporations Act

Effect of proposed proportional takeover provisions

Where offers have been made under a proportional off-market bid in respect of a class of securities in a company, the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under such a proportional off-market bid is prohibited unless and until a resolution to approve the proportional off-market bid is passed.

Reasons for proportional takeover provisions

A proportional takeover bid may result in control of the Company changing without Shareholders having the opportunity to dispose of all their Shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders are exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium. These amended provisions allow Shareholders to decide whether a proportional takeover bid is acceptable in principle, and assist in ensuring that any partial bid is appropriately priced.

Knowledge of any acquisition proposals

As at the date of this Notice of Meeting, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

Potential advantages and disadvantages of proportional takeover provisions

The Directors consider that the proportional takeover provisions have no potential advantages or disadvantages for them and that they remain free to make a recommendation on whether an offer under a proportional takeover bid should be accepted.

The potential advantages of the proportional takeover provisions for Shareholders include:

- (a) the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- (b) assisting in preventing Shareholders from being locked in as a minority;
- (c) increasing the bargaining power of Shareholders which may assist in ensuring that any proportional takeover bid is adequately priced; and
- (d) each individual Shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of Shareholders which may assist in deciding whether to accept or reject an offer under the takeover bid.

The potential disadvantages of the proportional takeover provisions for Shareholders include:

- (a) proportional takeover bids may be discouraged;
- (b) lost opportunity to sell a portion of their Shares at a premium; and
- (c) the likelihood of a proportional takeover bid succeeding may be reduced.

11.3 Board recommendation

The Directors do not believe the potential disadvantages outweigh the potential advantages of adopting the Proposed Constitution (including the proportional takeover provisions) and as a result consider that the adoption of the Proposed Constitution (including the proportional takeover provisions) is in the interest of Shareholders and unanimously recommend that Shareholders vote in favour of Resolution 15.

12. RESOLUTION 16 – APPROVAL OF LONG TERM INCENTIVE PLAN

12.1 General

Resolution 16 seeks Shareholders approval for the adoption of the employee incentive scheme titled "Swoop Holdings Long Term Incentive Plan" (**Incentive Plan**) in accordance with ASX Listing Rule 7.2 (Exception 13(b)).

The objective of the Incentive Plan is to attract, motivate and retain key employees and it is considered by the Company that the adoption of the Incentive Plan and the future issue of Shares under the Incentive Plan will provide selected employees with the opportunity to participate in the future growth of the Company.

12.2 ASX Listing Rule 7.1

See Section 6.1 for a summary of ASX Listing Rule 7.1.

ASX Listing Rule 7.2 (Exception 13(b)) provides that ASX Listing Rule 7.1 does not apply to an issue of securities under an employee incentive scheme if, within three years before the date of issue of the securities, the holders of the entity's ordinary securities have approved the issue of equity securities under the scheme as exception to ASX Listing Rule 7.1.

Exception 13(b) is only available if and to the extent that the number of equity securities issued under the scheme does not exceed the maximum number set out in the entity's notice of meeting dispatched to shareholders in respect of the meeting at which shareholder approval was obtained pursuant to ASX Listing Rule 7.2 (Exception 13(b)). Exception 13(b) also ceases to be available if there is a material change to the terms of the scheme from those set out in the notice of meeting.

12.3 Technical information required by ASX Listing Rule 14.1A

If Resolution 16 is passed, the Company will be able to issue securities under the Incentive Plan to eligible participants over a period of 3 years. The issue of any securities to eligible participants under the Incentive Plan (up to the maximum number of securities stated in Section 12.4 below) will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under ASX Listing Rule 7.1.

Any future issues of Awards under the Incentive Plan to a related party or a person whose relationship with the company or the related party is, in ASX's opinion, such that approval should be obtained will require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time. For this reason, the Company is also seeking approval under Resolutions 17 to 19 for the issue of Performance Rights to certain Directors pursuant to the Incentive Plan.

If Resolution 16 is not passed, the Company will be able to proceed with the issue of securities under the Incentive Plan to eligible participants, but any issues of securities will reduce, to that extent, the Company's capacity to issue equity securities without Shareholder approval under ASX Listing Rule 7.1 for the 12 month period following the issue of the securities.

Whilst Resolution 16 is not an Essential Resolution, the Acquisition Agreements are conditional upon the passing of this Resolutions Accordingly, if Resolution 16 is not passed there is a risk that the Proposed Acquisitions will not complete if the related condition is not waived by Swoop and NodeOne.

12.4 Technical information required by ASX Listing Rule 7.2 (Exception 13)

Pursuant to and in accordance with Listing Rule 7.2 (Exception 13), the following information is provided in relation to Resolution 16:

- (a) a summary of the key terms and conditions of the Incentive Plan is set out in Schedule 10;
- (b) the Company has not issued any securities under the Incentive Plan as this is the first time that Shareholder approval is being sought for the adoption of the Incentive Plan; and
- (c) the maximum number of securities proposed to be issued under the Incentive Plan, following Shareholder approval (assuming all Options and Performance Rights are exercised) must not at any time exceed in

aggregate 10% of the total Shares on issue at the date of any proposed new issues of securities under the Incentive Plan. Based on the number of Shares on issue upon completion of the Public Offer and Proposed Acquisitions, 10% equates to a maximum of 16,959,430 securities. It is not envisaged that the maximum number of securities for which approval is sought will be issued immediately.

12.5 Part 2J of the Corporations Act

Financial assistance

Pursuant to the terms and conditions of the Incentive Plan (summarised in Schedule 10), the Company may provide loans to participants in the Incentive Plan to acquire Shares. For the purposes of the Corporations Act, the provision of such a loan by the Company is considered to be giving 'financial assistance'.

Section 260A of the Corporations Act provides that a company may financially assist a person to acquire shares in the company if the assistance is exempt under section 260C of the Corporations Act. Pursuant to section 260C(4) of the Corporations Act, financial assistance is exempt from section 260A if it is given under an employee share scheme that has been approved by a resolution passed at a general meeting of the company.

Resolution 16 seeks Shareholder approval for the Incentive Plan and issues of Shares therefrom to be approved for the purposes of section 260C(4) of the Corporations Act.

Share buy-back

The Board considers that it may be appropriate from time to time to buy-back Shares received by a participant in accordance with the terms of the Incentive Plan, for example where the award of Shares has been forfeited as a result of a vesting condition or performance hurdle not being achieved.

The Corporations Act allows a company to buy-back its own Shares issued under an employee share scheme such as the Incentive Plan if the employee share scheme has been approved by the Company's shareholders. Accordingly, the Company is also seeking approval for these purposes. If Shareholders do not approve Resolution 16, forfeited shares cannot be bought back without Shareholder approval.

12.6 Board recommendation

Mr Jonathan Pearce has an interest in the outcome of Resolution 16 as approval is sought for the issue of Performance Rights to Mr Pearce pursuant to Resolution 17 under the Performance Rights Plan.

The Directors (other than Mr Pearce) recommend that Shareholders vote in favour of Resolution 16 for the reasons set out in Section 12.1 above.

13. RESOLUTIONS 17 TO 19 – ISSUE OF PERFORMANCE RIGHTS TO DIRECTORS

13.1 General

The Company has agreed, subject to obtaining Shareholder approval and to the adoption of the Incentive Plan (refer Resolution 16), to issue up to 6,151,088

Performance Rights to Jonathan Pearce, Tony Grist and James Spenceley (or their nominees) (**Related Parties**) pursuant to the Incentive Plan and on the terms and conditions set out below (**Performance Rights**).

13.2 Chapter 2E of the Corporations Act

A summary of Chapter 2E of the Corporations Act is set out in Section 4.3 above.

The issue of the Performance Rights to the Related Parties constitutes giving a financial benefit and each of the Related Parties is a related party of the Company by virtue of being a Director (in the case of Mr Pearce) or a Proposed Director (in the case of Mr Grist and Mr Spenceley).

Whilst the Directors consider that one of the exceptions set out in sections 210 to 216 of the Corporations Act may apply to the issue of the Performance Rights to the Related Parties, as Mr Legudi and Mr Grice do not intend to remain on the Board after completion of the Proposed Acquisitions, the Board considers it prudent to seek Shareholder Approval for the issue of Performance Rights to the Related Parties in accordance with Chapter 2E of the Corporations Act.

13.3 ASX Listing Rule 6.1 and Guidance Note 19

ASX Listing Rule 6.1 requires that the terms that apply to each class of equity securities which an entity has on issue must, in ASX's opinion, be appropriate and equitable.

ASX has confirmed that it considers the terms of the Performance Rights comply with ASX Listing Rule 6.1. As is its usual practice, ASX has imposed a requirement under ASX Listing Rule 6.1 and Guidance Note 19 *Performance Securities*, that the Company obtain Shareholder approval to the issue of the Performance Rights. This approval is sought pursuant to Resolutions 17 to 19.

13.4 ASX Listing Rule 10.14

ASX Listing Rule 10.14 provides that an entity must not permit any of the following persons to acquire equity securities under an employee incentive scheme without the approval of the holders of its ordinary securities:

- 10.14.1 a director of the entity;
- 10.14.2 an associate of a director of the entity; or
- 10.14.3 A person whose relationship with the entity or a person referred to in ASX Listing Rules 10.14.1 to 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by security holders.

The issue of Performance Rights to Messrs Pearce, Grist and Spenceley falls within ASX Listing Rule 10.14.1 and therefore requires the approval of Shareholders under ASX Listing Rule 10.14.

Resolutions 17 to 19 seek the required Shareholder approval for the issue of the Performance Rights under and for the purposes of Listing Rule 10.14.

13.5 Technical information required by ASX Listing Rule 14.1A

If Resolutions 17 to 19 are passed, the Company will be able to proceed with the issue of the Performance Rights to Messrs Pearce, Grist and Spenceley under the

Incentive Plan within three years after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of the Performance Rights (because approval is being obtained under Listing Rule 10.14), the issue of the Performance Rights will not use up any of the Company's 15% annual placement capacity.

If Resolutions 17 to 19 are not passed, the Company will not be able to proceed with the issue of the Performance Rights to Messrs Pearce, Grist and Spenceley under the Incentive Plan.

Resolutions 17 to 19 are not Essential Resolutions. However, the passing of Resolutions 17 to 19 is a condition precedent to the Completion of the Proposed Acquisitions. Accordingly, if Resolutions 17 to 19 are not passed, the Proposed Acquisitions will not complete unless the Vendors waive the condition precedent relating to this approval.

13.6 Technical information required by ASX Listing Rule 10.15, Guidance Note 19 and section 219 of the Corporations Act

Pursuant to and in accordance with the requirements of ASX Listing Rule 10.15, Guidance Note 19, section 219 of the Corporations Act and the terms of the ASX confirmation decision for the purpose of ASX Listing Rule 6.1, the following information is provided in relation to Resolutions 17 to 19:

- (a) the Performance Rights will be issued to:
 - (i) Mr Jonathan Pearce (or his nominee), who falls within the category set out in Listing Rule 10.14.1, by virtue of being a Director. Mr Pearce and his controlled entity, 143 Pty Ltd, are also shareholders of the Company;
 - (ii) Mr Tony Grist (or his nominee), who falls within the category set out in Listing Rule 10.14.1, by virtue of being a proposed Director. Mr Grist's controlled entities Denlin Nominees and Oaktone are also shareholders of the Company, and Oaktone is a Vendor; and
 - (iii) Mr James Spenceley (or his nominee), who falls within the category set out in Listing Rule 10.14.1, by virtue of being a proposed Director. Mr Spenceley's controlled entity, Spenceley Management Pty Ltd, is a Vendor;
- (b) the maximum number of Performance Rights to be issued is:
 - (i) 1,318,090 Performance Rights (on a post Consolidation basis) to Mr Pearce (or his nominee);
 - (ii) 2,196,817 Performance Rights (on a post Consolidation basis) to Mr Grist (or his nominee); and
 - (iii) 2,636,181 Performance Rights (on a post Consolidation basis) to Mr Spenceley (or his nominee);
- (c) as this is the first time that the Shareholder approval is being sought for the adoption of the Incentive Plan, no Performance Rights have been previously issued under the Incentive Plan;

- (d) a summary of the material terms and conditions of the Performance Rights is set out in Schedule 11;
- (e) the Performance Rights are to be issued to the Related Parties as an incentive. The services to be provided by the Related Parties include:
 - (i) fulfilling their responsibilities as Directors of the Company;
 - (ii) establishing and implementing the business strategy for organic and inorganic growth of the Company;
 - (iii) identifying and assisting the sales team with new opportunities;
 - (iv) subscribing new clients to the company's services;
 - (v) expanding subscribed services to existing customers; and
 - (vi) seeking new opportunities that will fit into the Company's strategy and with the support of the Board, completing any transactions and integrating the new business or product into the Company's operations.
- (f) the Performance Rights are unquoted performance rights. The Company has considered it appropriate to reward the Related Parties with the issue of the Performance Rights for the following reasons:
 - (i) the Performance Rights are unlisted, therefore the grant of the Performance Rights has no immediate dilutionary impact on Shareholders;
 - (ii) the issue of Performance Rights to the Related Parties will align the interests of the Related Parties with those of Shareholders;
 - (iii) the issue of the Performance Rights is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Parties; and
 - (iv) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Performance Rights on the terms proposed;
- (g) the number of Performance Rights to be issued to each of the Related Parties has been determined based upon a consideration of:
 - (i) current market standards and/or practices of other ASX listed companies of a similar size and stage of development to the Company;
 - (ii) the remuneration of the Related Parties; and
 - (iii) incentives to attract and ensure continuity of service of the Related Parties who have appropriate knowledge and expertise, while maintaining the Company's cash reserves.

The Company does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Performance Rights upon the terms proposed;

- (h) the Performance Rights are being issued in connection with a re-compliance listing to remunerate the Related Parties;
- (i) each of the Related Parties will endeavour to meet the performance milestones by assisting the Company to meet the objectives listed in Section 1.9(a), which in turn may result in an increase in the value of the Company and corresponding increase in the value of Shares;
- (j) the total remuneration package for each of the Related Parties for the previous financial year and the proposed total remuneration package for the current financial year are set out below:

Related Party	Current Financial Year	Previous Financial Year
Jonathan Pearce	\$128,518.61 ¹	\$65,746 ²
Tony Grist ³	\$180,864.37 ⁴	Nil
James Spenceley ⁵	\$317,037.28 ⁶	Nil

Notes:

1. Comprising Directors' fees of \$50,000 and the value of the Performance Rights to be issued to Mr Pearce, being \$78,518.61.
 2. Comprising Directors' fees of \$25,000 and an equity-settled payment of \$40,746.
 3. Mr Grist will be appointed as a Director subject to completion of the Proposed Acquisitions.
 4. Comprising Directors' fees of \$50,000 and the value of the Performance Rights to be issued to Mr Grist, being \$130,864.37.
 5. Mr Spenceley will be appointed as a Director subject to completion of the Proposed Acquisitions.
 6. Comprising annual remuneration of \$160,000 (including superannuation) and the value of the Performance Rights to be issued to Mr Spenceley, being \$157,037.28.
- (k) the value of the Performance Rights and the pricing methodology is set out in Schedule 12;
 - (l) the Performance Rights will be issued to the Related Parties no later than 3 years after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated the Performance Rights will be issued on one date;
 - (m) the issue price of the Performance Rights will be nil, as such no funds will be raised from the issue of the Performance Rights;
 - (n) the purpose of the issue of the Performance Rights is to provide a performance linked incentive component in the remuneration package for the Related Parties to align the interests of the Related Parties with those of Shareholders, to motivate and reward the performance of the

Related Parties in their roles as Directors and to provide a cost effective way from the Company to remunerate the Related Parties, which will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Parties;

- (o) a summary of the material terms and conditions of the Incentive Plan is set out in Schedule 10;
- (p) no loans are being made to the Related Parties in connection with the acquisition of the Performance Rights;
- (q) details of any Performance Rights issued under the Incentive Plan will be published in the annual report of the Company relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14;
- (r) any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of Performance Rights under the Incentive Plan after Resolutions 17 to 19 are approved and who were not named in this Notice will not participate until approval is obtained under Listing Rule 10.14;
- (s) the relevant interests of the Related Parties in securities of the Company as at the date of this Notice are set out in Section 1.26 above;
- (t) if the milestone attaching to the Performance Rights issued to the Related Parties is met and the Performance Rights are converted, a total of 6,151,088 Shares would be issued. This will increase the number of Shares on issue from 169,594,299 (being the total number of Shares on issue after the completion of the Proposed Acquisitions and the Public Offer) to 175,745,387 (assuming that no Shares are issued and no convertible securities vest or are exercised) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 3.50%, comprising 0.75% by Jonathan Pearce, 1.25% by Tony Grist and 1.50% by James Spenceley;
- (u) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Equivalent post Consolidation price	Date
Highest	\$0.024	\$0.552	22 June 2020 and 27 July 2020
Lowest	\$0.01	\$0.23	30 April 2020
Last	\$0.02	\$0.46	28 July 2020

- (v) the Board acknowledges that the issue of the Performance Rights to Jonathan Pearce (who will continue as a non-executive director), James Spenceley (who will be appointed as the non-executive chairman) and Tony Grist (who will be appointed as a non-executive deputy chairman) (**Non-Executive Directors**), is contrary to Recommendation 8.2 of the 4th edition of the ASX Corporate Governance Council's Corporate

Governance Principles and Recommendations. However, the Board considers the issue of Performance Rights to the Non-Executive Directors to be reasonable in the circumstances for the reasons set out in Sections 13.6(f) and 13.6(n).

13.7 Board recommendation

The Board (other than Jonathan Pearce who has a personal interest in Resolutions 17 to 19) recommends that Shareholders vote in favour of Resolutions 17 to 19 for the reasons set out in Sections 13.6(f) and 13.6(n). In forming their recommendation, the Board considered the experience of the Related Parties, the current market price of Shares, the current market standards and practices when determining the number of Performance Rights to be issued to each of the Related Parties, as well as the milestones and expiry date of those Performance Rights.

Jonathan Pearce has a personal interest in the outcome of Resolutions 17 to 19 on the basis that:

- (a) Resolution 17 seeks Shareholder approval for the issue of Performance Rights to Mr Pearce; and
- (b) Resolutions 18 and 19 seek Shareholder approval for the issue to Tony Grist and James Spenceley (or their nominees) of Performance Rights on the same terms and conditions as those to be issued to Mr Pearce.

For this reason, Jonathan Pearce does not believe that it is appropriate to make a recommendation on Resolutions 17 to 19 of this Notice.

The Board is not aware of any other information that is reasonably required by Shareholders to allow them to decide whether it is in the best interests of the Company to pass Resolutions 17 to 19.

14. RESOLUTION 20 – INCREASE IN TOTAL AGGREGATE REMUNERATION FOR NON-EXECUTIVE DIRECTORS

14.1 General

ASX Listing Rule 10.17 provides that an entity must not increase the total aggregate amount of directors' fees payable to all of its non-executive directors without the approval of holders of its ordinary securities.

Directors' fees include all fees payable by the entity or any of its child entities to a non-executive director for acting as a director of the entity or any of its child entities (including attending and participating in any board committee meetings), superannuation contributions for the benefit of a non-executive director and any fees which a non-executive director agrees to sacrifice for other benefits. It does not include reimbursement of genuine out of pocket expenses, genuine "special exertion" fees paid in accordance with an entity's constitution, or securities issued to a non-executive director under Listing Rules 10.11 or 10.14 with the approval of the holders of its ordinary securities.

Clauses 14.7 and 14.7 of the Constitution (as adopted at the Meeting) also provide that total aggregate remuneration payable to the non-executive Directors will not exceed the sum initially set by the Constitution and subsequently increased by ordinary resolution of Shareholders in a general meeting.

The maximum aggregate amount of fees payable to the non-executive Directors is currently set at \$200,000.

Resolution 20 seeks Shareholder approval for the purposes of clause 14.8 of the Constitution and Listing Rule 10.17 to increase the total aggregate amount of fees payable to non-executive Directors to \$500,000.

The maximum aggregate amount of fees proposed to be paid to non-executive Directors per annum has been determined after reviewing similar companies listed on ASX and the Directors believe that this level of remuneration is in line with corporate remuneration of similar companies.

14.2 Technical information required by Listing Rule 10.17

If Resolution 20 is passed, the maximum aggregate amount of fees payable to the non-executive Directors will increase by \$300,000 to \$500,000. Whilst it is not envisaged that the maximum amount sought will be utilised immediately, the increase to maximum aggregate amount of fees payable may enable the Company to:

- (a) fairly remunerate both existing and any new non-executive directors joining the Board;
- (b) remunerate its non-executive Directors appropriately for the expectations placed upon them both by the Company and the regulatory environment in which it operates; and
- (c) have the ability to attract and retain non-executive directors whose skills and qualifications are appropriate for a company of the size and nature of the Company.

If Resolution 20 is not passed, the maximum aggregate amount of fees payable to non-executive Directors will remain at \$200,000. This may inhibit the ability of the Company to remunerate, attract and retain appropriately skilled non-executive directors.

In the past 3 years, the Company has issued an aggregate of 12,273,698 Shares and 3,750,000 Options (on a pre-Consolidation basis) to non-executive Directors pursuant to Listing Rules 10.11 and 10.14.

These Securities were issued to the following non-executive Directors:

- (a) 7,222,223 Shares (on a pre-Consolidation basis) were issued to an entity controlled by Tony Grist on 24 August 2018 in lieu of repayment of debt, prior to Mr Grist's appointment as a non-executive interim chairman of the Company on 27 August 2018;
- (b) 51,475 Shares (on a pre-Consolidation basis) were issued to Jonathan Pearce on 13 September 2019 in lieu of Directors' fees;
- (c) 3,750,000 Options (on a pre-Consolidation basis) were issued to Jonathan Pearce on 3 December 2019 as part of Mr Pearce's remuneration package; and
- (d) 5,000,000 Shares (on a pre-Consolidation basis) were issued to Jonathan Pearce on 27 December 2019 (pursuant to Mr Pearce's participation in a capital raising by the Company).

It is also noted that the Company proposes to issue Shares and Performance Rights to non-Executive Directors as set out in Resolutions 6 to 8 and 17 to 19, subject to Shareholder approval. Please refer to section 1.26 above for further details.

14.3 Board Recommendation

Given the interest of the non-executive Directors in this Resolution, the Board makes no recommendation to Shareholders regarding this Resolution.

15. RESOLUTIONS 21 AND 22 – REMOVAL OF AUDITOR AND APPOINTMENT OF AUDITOR TO REPLACE AUDITOR REMOVED FROM OFFICE

15.1 Resolution 21 – Removal of Auditor

Under section 329 of the Corporations Act, an auditor of a company may be removed from office by resolution at a general meeting of which 2 months' notice of intention to move the resolution has been given.

The notice of intention to remove BDO Audit Pty Ltd was served on the Company on 22 March 2021 and the Company has sent a copy of the notice of intention to BDO Audit Pty Ltd and the ASIC in accordance with section 329(2) of the Corporations Act.

It should be noted that under this section, if a company calls a meeting after the notice of intention has been given, the meeting may pass the resolution even though the meeting is held less than 2 months after the notice of intention is given.

Resolution 21 seeks Shareholder approval to remove BDO Audit Pty Ltd as the auditor of the Company. If this resolution is passed, the removal of BDO Audit Pty Ltd as the Company's auditor will take effect as at the close of the Meeting.

15.2 Resolution 22 – Appointment of Auditor to Replace Auditor Removed from Office

Under section 327D of the Corporations Act, the Company in a general meeting may appoint an auditor to replace an auditor removed under section 329 of the Corporations Act, provided that:

- (a) a copy of the notice of nomination of the auditor has been sent to the proposed replacement auditor and to each person entitled to receive a notice of meeting; and
- (b) the auditor has given its written consent to act in accordance with section 328A(1) of the Corporations Act.

Resolution 22 is a special resolution seeking the appointment of PKF(NS) Audit & Assurance Limited Partnership (**PKF Sydney**) as the new auditor of the Company. As required by the Corporations Act, a nomination for PKF Sydney to be appointed as the auditor of the Company has been received from a Shareholder. A copy of this nomination is attached to this Notice in Schedule 13.

PKF Sydney has given its written consent to act as the Company's auditor in accordance with section 328A(1) of the Corporations Act subject to Shareholder approval of this Resolution.

If Resolutions 23 and 24 are passed, the appointment of PKF Sydney as the Company's auditor will take effect at the close of this Meeting. Resolution 22 is subject to the passing of Resolution 21.

15.3 Board recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolutions 21 and 22.

16. RESOLUTION 23 – DISPOSAL OF STEM BUSINESS

16.1 General

As announced on 6 February 2020, the Company entered into an asset purchase agreement (**Sale Agreement**) with BOXL to dispose of its MyStemKits K-12 curriculum business (**STEM Business**) (**STEM Transaction**).

ASX Listing Rule 11.2 requires a listed company to obtain the approval of its shareholders to a disposal of its main undertaking. The STEM Transaction is a disposal of the Company's main undertaking for these purposes.

The Company obtained Shareholder approval for the purpose of Listing Rule 11.2 for the STEM Transaction on 19 March 2020 and completed the STEM Transaction on 21 April 2020.

AS announced to ASX on 25 February 2021, prior to the completion of the STEM Transaction the Company and BOXL entered into a letter agreement dated 17 April 2020 (**Letter Agreement**) to vary the terms of the first and second deferred cash payments, to make these payments conditional upon the satisfaction of certain revenue milestones relating to the STEM Business (**Varied Terms**).

The Company did not consider the Varied Terms to be material at the time of the variation, given the size of the Company, the overall consideration for the STEM Business and the fact that the STEM Business had commitments for sales which would have resulted in the STEM Business meeting budgets for at least May and June (which did not complete due to the closure of schools as a result of the Covid-19 pandemic).

The Company did not disclose the Varied Terms to the market at an earlier time as it did not consider the existence of the Varied Terms would have a material effect on the price or value of the Company's securities and therefore did not consider that they required disclosure under Listing Rule 3.1. The only disclosure that the Company has made regarding the Varied Terms is in the quarterly report released on 29 January 2021. There is no other agreement relating to the STEM Transaction which has not been disclosed to the market.

Unfortunately, the STEM Business did not perform as well as expected as a direct result of the Covid-19 pandemic in the United States and this has resulted in the milestones described above not being met. As a result, the first and second quarterly cash payments, totalling US\$175,000, will not be received. The Company still expects to receive the final two quarterly cash payments from BOXL, totalling US\$175,000, as these are not subject to any milestones.

ASX has advised the Company that as a result of the Varied Terms the ASX Listing Rule 11.2 approval that was obtained by SF1 on 19 March 2020 is not valid and the Company must seek new approval from Shareholders in accordance with ASX Listing Rule 11.2 for the STEM Transaction.

Resolution 23 seeks this new Shareholder approval to the STEM Transaction under and for the purposes of Listing Rule 11.2.

If Resolution 23 is passed, the terms of the STEM Transaction as varied as a result of the Varied Terms will be deemed to have been ratified by Shareholders.

If Resolution 24 is not passed, the Company does not propose to seek to unwind the STEM Transaction as the STEM Transaction completed on 21 April 2020.

It is noted that neither the Proposed Acquisitions nor the Essential Resolutions are conditional upon the passing of Resolution 23. Accordingly, the Company intends to proceed with the Proposed Acquisitions (subject to the satisfaction of the conditions to the Proposed Acquisitions) whether or not Resolution 23 is passed or not passed.

Resolution 23 is an ordinary resolution.

16.2 Background on the STEM Business

The Company was in the business of selling 3D printing hardware and the MyStemKits K-12 curriculum into the STEM education sector in various countries but principally in the USA (**STEM Business**).

Prior to completion of the STEM Transaction, the Company had been focused on sales and marketing efforts in the K-12 STEM education market, principally in the USA, as a provider of hardware product (3D printers) and software (MyStemKits curriculum) bundled offerings to the STEM education market. The Company's operating cash receipts (of 3D printer hardware and MyStemKits curriculum) for the 6 months ending 31 December 2019 (the first half of the 2020 financial year) were approximately US\$625,000 (AU\$914,000). Operating cash outflows for the same period were approximately US\$750,000 (AU\$1,100,000). All figures are unaudited.

The Directors believe the STEM Transaction is in the best interests of Shareholder for a number of reasons, including as follows:

- (a) Since acquiring the STEM Business, it became apparent to the Company that the sales cycles in the STEM education sector are longer than expected and the Company has faced greater challenges to scale the STEM Business than originally anticipated. While the Company was confident that the STEM Business can be successfully scaled, the time and capital required to do so in the STEM education market may be greater than anticipated. Further, any additional capital required to scale the STEM Business may not be available at attractive (non-dilutive) terms to the Company. Accordingly, the Company is (and was prior to completion of the STEM Transaction) of the view that it was in the best interests of shareholders to dispose of the STEM Business to BOXL at a price which represents a significant premium to the carrying value of the assets of the STEM Business.
- (b) It also became apparent to the Company that the STEM Business was subject to greater seasonality than anticipated as a result of the discretionary nature of school budgets with respect to the Company's products, which are still new in nature. As a result, management was not able to forecast the future cash flows of the STEM Business with a strong degree of confidence. The additional capital that may be required in the future to continue to operate the STEM Business may not be available to on attractive terms.

- (c) Through running the STEM Business, the Company had noticed an increasing trend that schools are seeking a broader, multi product, solution for K-12 STEM education. The STEM Business' hardware (3D printers) and software (MyStemKits curriculum) products are only some of many STEM education products sold for the K-12 curriculum (note BOXL currently sells multiple other K-12 STEM products). This means the STEM Business may be required to expand the existing product offerings of the STEM Business in order to be competitive. Expanding the existing product offerings of the STEM Business via a reseller model is likely to provide tighter margins than currently experienced by the STEM Business. If this eventuates the profitability of the STEM Business is likely to be negatively affected. Expanding existing product offerings via acquisitions to achieve optimal margins will require the STEM Business to raise additional capital, which may not be available at attractive terms. Both scenarios present challenges for the STEM Business.
- (d) The Company experienced increased anecdotal feedback from Shareholders to find a less capital intensive, faster growing asset with exposure to other sectors which are currently outperforming the education sector. The Board considered that disposing of the STEM Business would provide the Company the opportunity to look for other suitable assets which may be more accretive to Shareholder value.

16.3 Background on BOXL

BOXL is a leading provider of technology solutions for the global learning market, is listed on the NASDAQ (NASDAQ:BOXL) and generated revenue of US\$39.7m for the 12 months ended 30 September 2019. BOXL provides whole-class learning, small-group collaboration, formative assessment and STEM-based learning solutions to the global K-12 education market. These solutions include software and classroom technology that enable teachers to easily and effectively enhance student outcomes and build essential skills such as critical thinking, collaboration, communication, and creativity.

16.4 Material terms and conditions of the Sale Agreement

Under the Sale Agreement (as varied by the Letter Agreement):

- (a) BOXL acquired the STEM Business by acquiring or assuming substantially all of the assets and liabilities comprising the STEM Business from the Company. The assets acquired by BOXL include all equipment and inventory, material contracts, licenses, accounts receivable after completion and intellectual property relating to the STEM Business. The liabilities assumed by BOXL include all payables and expenses with respect to the material contracts and licenses being assumed by BOXL from completion, and the accrued entitlements of certain employees transferring to BOXL at completion (approx. US\$25,000 at 31 December 2019). Assets excluded from the sale included existing and new accounts receivable of the STEM Business up to completion (approx. US\$72,000 at 31 December 2019) and excluded liabilities include accrued entitlements of certain employees (approx. US\$3,000 at 31 December 2019) and other operational liabilities in the ordinary course of business (approx. US\$74,000 at 31 December 2019), which were retained by the Company.
- (b) The consideration for the STEM Transaction is US\$600,000 (**Consideration**) payable as follows:

- (i) US\$250,000 to be paid at completion of the STEM Transaction;
- (ii) US\$87,500 to be paid on 31 July 2020 subject to the actual revenue of the STEM Business for the quarter ending 31 July 2020 not being materially below the budgeted revenue of the STEM Business as set out in the monthly management forecast for the period from April 2020 to December 2022 (**Forecast**);
- (iii) US\$87,500 to be paid on 31 October 2020 subject to the actual revenue of the STEM Business for the quarter ending 31 October 2020 not being materially below the budgeted revenue of the STEM Business as set out in the Forecast;
- (iv) US\$87,500 to be paid on 31 January 2021 (which shall not be subject to the satisfaction of any milestone); and
- (v) US\$87,500 to be paid on 30 April 2021 (which shall not be subject to the satisfaction of any milestone).

Interest will accrue at a rate of 7% per annum on the amounts set out in paragraphs (ii) to (v).

An adjustment to the Consideration payable by BOXL was made at completion of the STEM Transaction to account for payables and expenses assumed by BOXL at Completion (approx. US\$25,000 at 31 December 2019).

- (c) The STEM Transaction was conditional on the satisfaction of a number of conditions precedent by 31 March 2020. These were satisfied prior to completion of the STEM Transaction and included:
 - (i) The Company's existing licence agreement with the Florida State University Research Foundation Inc. being assigned to BOXL, with all future obligations to be assumed by BOXL for the remaining 4 years of that agreement;
 - (ii) BOXL assuming the obligation to make all future revenue share payments under the original MyStemKits purchase agreement to MyStemKits.com LLC (the original vendors of the STEM Business into the Company);
 - (iii) no material adverse changes with respect to the STEM Business prior to completion of the STEM Transaction; and
 - (iv) the Company obtaining all necessary shareholder approvals, including approval under Listing Rule 11.2. The ASX advised the Company on 19 February 2021 that it considers that this approval became invalid as a result of the Varied Terms.
- (d) The maximum amount recoverable by either the Company from BOXL or by BOXL from the Company is an amount equal to the Consideration for the STEM Transaction (other than to the extent of fraud or wilful deceit of the defaulting party).
- (e) The Company has given representations and warranties in favour of BOXL which are customary for a transaction of this nature.

16.5 Effect of the STEM Transaction

The cash position of the Company was more than AU\$1,400,000 following the upfront BOXL payment of US\$250,000 and payment of working capital liabilities incurred prior to completion.

The Company expected to receive a further US\$350,000 from BOXL in 4 equal quarterly payments in the year following completion, with the first two quarterly payments being conditional upon the satisfaction of the revenue milestones described above. Due to the impact of the Covid-19 pandemic, the revenue milestones for the first and second quarterly payments were not satisfied and the Company did not receive those payments. The Company expects to receive \$87,500 in respect of the quarter ending 31 January 2021 (which is now due and payable by BOXL) and a further \$87,500 on 30 April 2021.

As the operating assets of STEM Business have been acquired by BOXL, the Company has ceased to receive any revenue since completion of the STEM Transaction. Operating costs associated with the STEM Business also ceased at completion.

The principal effects of the STEM Transaction on the Company's financial position (as at 31 December 2019) are summarised as follows:

- (a) the cash position of the Company was approximately AU\$1,400,000 following the upfront BOXL payment of US\$250,000 and payment of working capital liabilities incurred prior to completion. A further US\$175,000 is expected to be received by the Company from BOXL in 2 equal quarterly payments in March 2021 and 30 April 2021;
- (b) current assets at completion of the STEM Transaction were more than AU\$1,400,000 once consideration for the STEM Transaction had been accounted for along with working capital and inventory adjustments;
- (c) non-current assets decreased by approximately US\$15,000 comprised of the current carrying value of the fixed assets and planet & equipment of the STEM Business;
- (d) liabilities decreased by approximately US\$25,000 due to the transfer of employee entitlements to BOXL for paid time off accrued to Ryan Legudi;
- (e) total equity interests increased by approximately US\$175,000; and

The principal effects of the STEM Transaction on the Company's consolidated statement of financial performance for the financial year ended 30 June 2020 were as follows:

- (a) as the operating assets of the STEM Business were acquired by BOXL, the Company did not generate revenues from operations or asset sales during the relevant period;
- (b) expenditure decreased by approximately US\$1.2 million per annum, comprised of the net effect of removing all operating costs associated with the STEM Business; and
- (c) net profit (loss) improve by approximately US\$350,000 as a result of the removal of the loss-making USA operations.

In addition to the above, the Company expected to incur, and has subsequently incurred, additional expenses related to investigating new opportunities, corporate and administration costs and ASX re-compliance costs.

The STEM Transaction did not:

- (a) impact the capital structure of the Company or have a dilutionary effect on the Shareholders; or
- (b) result in any changes to the Board of the Company.

16.6 Intentions following completion of the STEM Transaction

Following completion of the STEM Transaction, the Company assessed other suitable assets with a view to maximising Shareholder value and used the Consideration to contribute to funding such investigations including conducting due diligence and funding any re-compliance costs.

The Company's use of funds for the six months following completion of the STEM Transaction was as follows:

Cash on completion	AU\$1,400,000
Costs of the STEM Transaction	AU\$20,000
Corporate and Administration costs	AU\$240,000
Evaluation of new opportunities, ASX re-compliance costs and general working capital	AU\$500,000
Retained cash balance	AU\$640,000

16.7 Advantages of the STEM Transaction

In addition to the rationale for the STEM Transaction outlined in Section 16.2, the Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on Resolution 23:

- (a) the Consideration provided capital to the Company which was used to contribute to the funding required to sourcing and acquiring a suitable new business opportunity including conducting due diligence and ASX re-compliance costs (refer to the use of funds table in section 16.6 above for further details);
- (b) by disposing of the STEM Business, the Company reduced the ongoing cash outflows required to operate the STEM Business (which was loss-making);
- (c) management of the Company was able to focus on identifying and acquiring assets which may be more accretive to Shareholder value in the current market; and
- (d) the STEM Transaction provided capital to the Company with no dilutionary impact on Shareholders, in a market environment where it was difficult to secure capital.

16.8 Disadvantages of the STEM Transaction

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on Resolution 23:

- (a) the Company was not be able to derive any future potential benefit from the STEM Business;
- (b) the STEM Transaction involved the Company selling its major asset which may not be consistent with the investment objectives of all Shareholders;
- (c) following completion of the STEM Transaction, the Company has not had any active business operations. There is a risk that the Company may not be able to locate and acquire suitable new projects in a reasonable timeframe, or the timeframes required by the ASX; and
- (d) subject to the Company's further consultation in respect of any further asset acquisitions, there may be significant re-compliance costs associated with the acquisition of new assets and re-compliance with Chapter 1 and 2 of the Listing Rules.

16.9 Timetable

The STEM Transaction completed in accordance with the following timetable.

Event	Date
Enter Sale Agreement and ASX announcement	6 February 2020
Shareholder Meeting	19 March 2020
Execution of Letter Agreement	17 April 2020
Completion of STEM Transaction	21 April 2020

16.10 Implications if Resolution 23 is not passed

In the event that Resolution 23 is not passed, the Company will, amongst other things:

- (a) maintain its focus on completing the Proposed Acquisitions; and
- (b) not seek to unwind the STEM Transaction.

16.11 Forward looking statements

The forward looking statements in this Explanatory Memorandum are based on the Company's current expectations about future events. They are, however, subject to the known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and the Directors, which could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by the forward looking statements in this Explanatory Memorandum. Forward looking statements include those containing words such as 'anticipate', 'estimates', 'should', 'will', 'expects', 'plans', or similar expressions.

16.12 Board Recommendation

The Directors do not have any material interest in the outcome of Resolution 23.

Based on the information available, all of the Directors consider that the proposed ratification of the disposal of the STEM Business under the Sale Agreement (as varied by the Letter Agreement) is in the best interests of the Company and recommend that Shareholders vote in favour of Resolution 23.

GLOSSARY

\$ means Australian dollars.

Acquisition Agreements means the NodeOne Agreement, the Swoop Agreement and the Fiwi Agreement.

ACCC means the Australian Competition and Consumer Commission.

ACMA means the Australian Communications and Media Authority.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules or **Listing Rules** means the Listing Rules of ASX.

Award has the meaning given in paragraph (a) of Schedule 10.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

CCA means the Competition and Consumer Act 2010 (Cth).

Chair means the chair of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company means Stemify Limited (ACN 009 256 535) (to be renamed 'Swoop Holdings Limited').

Completion means the completion of the Proposed Acquisitions in accordance with the Acquisition Agreements.

Consolidation means the consolidation of the Company's securities on a 23 for 1 basis, approval for which is sought pursuant to Resolution 2.

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Denlin Nominees means Denlin Nominees Pty Ltd (ACN 008 905 940).

Directors means the current directors of the Company.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

Essential Resolutions as the meaning set out in Section 1.5.

Explanatory Statement means the explanatory statement accompanying the Notice.

Fiwi means Fiwi Pty Ltd (ACN 627 923 577).

Fiwi Agreement means the agreement for the Company to acquire 100% of the issued capital of Fiwi, executed between the Company, Fiwi, Oaktone and the other NodeOne Beneficial Shareholders dated 19 February 2021.

Forrest Capital means Forrest Capital Pty Ltd (ACN 118 115 834).

General Meeting or **Meeting** means the meeting convened by the Notice.

Group means, following Completion, the Company, Swoop, NodeOne and their respective subsidiaries.

Incentive Plan has the meaning given in Section 12.1.

Independent Expert's Report or **Expert's Report** means the report prepared by the Independent Expert annexed to this Notice at Annexure A.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Lead Manager or **Morgans** means Morgans Corporate Limited (ACN 010 539 607).

N1 Wholesale means N1 Wholesale Pty Ltd (ACN 628 474 260).

NBN means NBN Co Limited.

NodeOne means N1 Telecommunications Pty Ltd (ACN 638 547 476).

NodeOne Agreement means the agreement by which the Company offers to acquire 100% of the issued capital in NodeOne, executed between the Company, NodeOne and the NodeOne Shareholders dated 19 February 2021.

NodeOne Beneficial Shareholders means the persons named in Part 2 of Schedule 4.

NodeOne Shareholder means the persons named in Part 1 of Schedule 4.

NodeOne Vendors means:

- (a) the legal and beneficial shareholders of NodeOne named in Part 1 of Schedule 4 (being all of the shareholders of NodeOne other than Fiwi); and
- (b) the beneficial shareholders of Fiwi named in Part 2 of Schedule 4 (being the persons to whom Consideration Shares shall be issued pursuant to the Fiwi Agreement).

Non-Associated Shareholders means Shareholders who are not associated with, or who would receive a material benefit as a result of, the Proposed Acquisitions.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Oaktone means Oaktone Nominees Pty Ltd (ACN 074 566 635), acting in its capacity as trustee of the Grist Investment Trust or bare trustee for certain NodeOne Beneficial Owners.

Official List means the official list of ASX.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Performance Rights has the meaning given in Section 13.1.

Proposed Acquisitions means the Company's proposed acquisition of NodeOne (directly and indirectly via the acquisition of Fiwi), Fiwi and Swoop.

Proposed Directors means Mr James Spenceley, Mr William (Paul) Reid, Mr Matthew Hollis and Mr Tony Grist who are proposed to be appointed as Directors at Completion.

Proxy Form means the proxy form accompanying the Notice.

Public Offer means the Company's proposed public offer of 40,000,000 Shares (post-Consolidation) the subject of Resolution 5.

Re-compliance means the Company re-complying with the admission requirements set out in Chapters 1 and 2 of the ASX Listing Rules.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

RSM or **Independent Expert** means RSM Australia Pty Ltd (ACN 009 321 377).

RSP means retail service provider.

Section means a section of the Explanatory Statement.

Selective Capital Reduction has the meaning given in Section 1.13.

Sell Down Agreements mean agreements pursuant to which N & J Enterprises (WA) Pty Ltd (ACN 643 301 026) as trustee for the van Namen Family Trust has agreed to sell a total of 1,200,000 of its Consideration Shares post Completion and prior to the readmission of the Company to the Official List at a price of \$0.50 per Share, including:

- (a) in respect of up to 400,000 Shares to Tony Grist (a proposed Director and an associate of a Vendor);

- (b) in respect of up to 200,000 Shares to Mr Tom Henderson (an associate of a Vendor); and
- (c) in respect of up to 200,000 Shares to Mr Jonathan Pearce (a Director).

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

STEM Business has the meaning given in Section 1.1.

STEM Transaction has the meaning given in Section 16.1.

Swoop means Cirrus Communications Pty Ltd (ACN 109 931 731).

Swoop Agreement means the agreement for the Company to acquire 100% of the issued capital in Swoop, executed between the Company, Swoop and the Swoop Vendors dated 19 February 2021.

Swoop Vendors means all of the shareholders of Swoop, the names of which are set out in Schedule 5 except those shareholders of Swoop who do not sign the Swoop Agreement and whose shares will accordingly be cancelled as described in Section 1.13.

Tattarang Ventures means Tattarang Ventures Pty Ltd (ACN 606 486 239).

TCP Code means the Telecommunications Consumer Protections Code C628:2019.

Vendors means the Swoop Vendors and the NodeOne Vendors.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – SUMMARY OF NODEONE AGREEMENT

The Company has entered into the NodeOne Agreement with N1 Telecommunications Pty Ltd (ACN 638 547 476) (**NodeOne**) and the NodeOne Shareholders to purchase all of the NodeOne shares held by the NodeOne Shareholders, the material terms and conditions of which are summarised below:

(a) **Sale and purchase of NodeOne shares**

Each NodeOne Shareholder agrees to sell, and the Company agrees to purchase, each NodeOne Shareholder's shares in NodeOne.

(b) **Consideration**

In consideration for the acquisition of the NodeOne Shares held by the NodeOne Shareholders, the Company shall issue a total of 19,654,830 Shares (subject to rounding) to the NodeOne Shareholders.

(c) **Conditions**

Completion of the NodeOne Agreement is conditional upon:

- (i) the Company obtaining all necessary approvals to give effect to the terms of the NodeOne Agreement including, without limitation, Shareholder approvals under the ASX Listing Rules and the Corporations Act to allow the Company to:
 - (A) acquire the NodeOne shares;
 - (B) issue the Consideration Shares;
 - (C) issue Shares under the Public Offer;
 - (D) complete the Consolidation;
 - (E) change the Company's name to 'Swoop Holdings Limited';
 - (F) adopt the Incentive Plan;
 - (G) issue securities to certain Proposed Directors under the Incentive Plan;
 - (H) appoint the Proposed Directors as directors of the Company; and
 - (I) complete the acquisition of Fiwi and Swoop;
- (ii) the Company completing the Consolidation;
- (iii) the Company raising an amount under the Public Offer sufficient to achieve ASX's minimum spread and free float requirements;
- (iv) the Company having received conditional approval from ASX to reinstate the securities of the Company to trading on terms reasonably acceptable to NodeOne;
- (v) the completion of the Fiwi Agreement;

- (vi) the satisfaction or waiver of all conditions to completion of the Swoop Agreement;
- (vii) there being no material adverse changes to the Company or NodeOne between the signing and completion of the NodeOne Agreement.

The conditions may be waived by the party having the benefit of the condition by giving notice to the other parties.

If any condition is not satisfied or waived on or before 31 May 2021, a party may terminate the NodeOne Agreement by giving notice to the other parties.

(d) **Exclusivity**

The Company undertakes that during the period between execution and completion of the NodeOne Agreement, it will not solicit or enter into any arrangement which would have the effect of:

- (i) a third party acquiring a relevant interest or voting power in or become the holder of more than 20% of the Company's Shares; or
- (ii) the Company or its subsidiaries acquiring any business or material assets from a third party; or

If the Company breaches the exclusivity clause or the NodeOne Agreement is terminated by NodeOne as a result of the Company materially breaching the NodeOne Agreement, the Company must immediately pay NodeOne a fee equal to all costs and expenses incurred by NodeOne in connection with the NodeOne Agreement up to the date of termination, capped at \$50,000.

(e) **Net cash adjustment pre-Completion**

- (i) If the net cash of NodeOne at 30 November 2020 is greater than \$1,380,000, NodeOne may pay a dividend and/or make a return of capital to its shareholders of an amount equal to the excess.
- (ii) If the net cash of Swoop at 30 November 2020 is greater than \$9,940,000 Swoop may pay a dividend and/or make a return of capital to its shareholders of an amount equal to the excess.
- (iii) If the net cash of the Company at 30 November 2020 is greater than \$1,600,000, the Company may pay a dividend and/or make a return of capital to its shareholders of an amount equal to the excess.
- (iv) If the net cash of NodeOne, Swoop or the Company at 30 November 2020 is less than the above estimates, the amount of the dividend and/or capital reduction that may be paid or made by the other parties may be increased by a specified proportion of the shortfall.

As a result of the above adjustments, Swoop intends to make a return of capital to its shareholders in the amount of \$203,698.30. The Company and NodeOne do not intend to make any return of capital.

(f) **NodeOne warranties and indemnity**

NodeOne has provided a number of warranties to the Company regarding the status of NodeOne and its business, including warranties as to solvency, corporate

structure, liabilities, tax, contracts, and absence of litigation. The warranties are given as at the date of signing the NodeOne Agreement and immediately prior to Completion.

NodeOne has indemnified the Company against any loss suffered by the Company as a result of any NodeOne warranty being untrue. The liability of NodeOne under this indemnity is capped at \$2,495,393 and is subject to certain customary limitations including time limits and exclusions for matters known, or deemed to be known, to the Company.

(g) **NodeOne Shareholder warranties and indemnities**

Each NodeOne Shareholder has provided a number of warranties to the Company regarding the capacity of the NodeOne Shareholder to enter into the NodeOne Agreement, the solvency of the NodeOne Shareholder, the NodeOne Shareholder's title to the NodeOne shares and the status of the NodeOne shares, including that they are free from encumbrances. The warranties are given as at the date of signing the NodeOne Agreement and immediately prior to Completion.

Each NodeOne Shareholder has indemnified the Company against any loss suffered by the Company as a result of any NodeOne Shareholder warranty being untrue. Other than in relation to certain warranties relating to title to the Shares, the following limitations apply to the NodeOne Shareholder's liability under these indemnities:

- (i) the aggregate liability of the NodeOne Shareholders is capped at \$1,469,786;
- (ii) the liability of each individual NodeOne Shareholder is capped at the NodeOne Shareholder's proportionate share of the aggregate cap; and
- (iii) other customary limitations including time limits and exclusions for matters known, or deemed to be known, to the Company.

(h) **Company warranties and indemnity**

The Company has provided a number of warranties to the NodeOne Shareholders regarding the status of the Company and its business, including warranties as to solvency, corporate structure, liabilities, tax, contracts, and absence of litigation. The warranties are given as at the date of signing the NodeOne Agreement and immediately prior to Completion.

The Company has indemnified the NodeOne Shareholders and NodeOne against any loss suffered by the NodeOne Shareholders or NodeOne as a result of any Company warranty being untrue. The liability of the Company under this indemnity is capped at \$1,469,786 and is subject to certain customary limitations including time limits and exclusions for matters known, or deemed to be known, to NodeOne and the NodeOne Shareholders.

(i) **Non-competition**

During the period of up to three years following Completion, each NodeOne Shareholder must not (and must procure that their controllers do not), without the Company's consent:

- (i) engage in certain conduct in competition with NodeOne's business; or

- (ii) induce any NodeOne employee to terminate their employment with NodeOne; or
- (iii) solicit the custom of any person who was a customer of NodeOne in the 12 months before Completion.

(j) **Termination**

- (i) NodeOne may terminate the NodeOne Agreement if:
 - (A) the Company fails to perform its obligations at Completion;
 - (B) NodeOne or the NodeOne Shareholders become aware of a circumstance that is reasonably likely to give rise to a claim by the NodeOne Shareholders for an amount greater than \$250,000 and that circumstance is not remedied within the requisite period; or
 - (C) an insolvency event occurs in relation to the Company or its subsidiaries.
- (ii) The Company may terminate the NodeOne Agreement if:
 - (A) NodeOne or the NodeOne Shareholders fail to perform their obligations at Completion;
 - (B) the Company becomes aware of a circumstance that is reasonably likely to give rise to a claim by the Company for an amount greater than \$500,000 and that circumstance is not remedied within the requisite period; or
 - (C) an insolvency event occurs in relation to NodeOne or its subsidiaries.

The NodeOne Agreement otherwise contains provisions considered standard for an agreement of its nature (including representations and warranties and confidentiality provisions).

SCHEDULE 2 – SUMMARY OF SWOOP AGREEMENT

The Company has entered into the Swoop Agreement with Cirrus Communications Pty Ltd (ACN 109 931 731) (**Swoop**) and the Swoop Vendors to purchase all of the issued capital of Swoop, the material terms and conditions of which are summarised below:

(a) **Sale and purchase of Swoop shares**

Each Swoop Vendor agrees to sell, and the Company agrees to purchase, each Swoop Vendor's shares in Swoop.

(b) **Consideration**

In consideration for the acquisition of all of the issued capital of Swoop, the Company shall issue a total of 89,401,261 Shares (subject to rounding) to the Swoop Vendors.

(c) **Conditions**

Completion of the Swoop Agreement is conditional upon:

- (i) the Company obtaining all necessary approvals to give effect to the terms of the Swoop Agreement including, without limitation, Shareholder approvals under the ASX Listing Rules and the Corporations Act to allow the Company to:
 - (A) acquire the Swoop shares;
 - (B) issue the Consideration Shares;
 - (C) issue Shares under the Public Offer;
 - (D) complete the Consolidation;
 - (E) change the Company's name to 'Swoop Holdings Limited';
 - (F) adopt the Incentive Plan;
 - (G) issue securities to certain Proposed Directors under the Incentive Plan;
 - (H) appoint the Proposed Directors as directors of the Company; and
 - (I) complete the acquisition of NodeOne and Fiwi;
- (ii) the Company completing the Consolidation;
- (iii) the Company raising an amount under the Public Offer sufficient to achieve ASX's minimum spread and free float requirements;
- (iv) the Company having received conditional approval from ASX to reinstate the securities of the Company to trading on terms reasonably acceptable to Swoop;
- (v) the satisfaction or waiver of all conditions to completion of the NodeOne Agreement and Fiwi Agreement;

- (vi) Swoop completing the Selective Capital Reduction; and
- (vii) there being no material adverse changes to the Company or Swoop between the signing and completion of the Swoop Agreement.

The conditions may be waived by the party having the benefit of the condition by giving notice to the other parties.

If any condition is not satisfied or waived on or before 31 May 2021, a party may terminate the Swoop Agreement by giving notice to the other parties.

(d) **Exclusivity**

The Company undertakes that during the period between execution and completion of the Swoop Agreement, it will not solicit or enter into any arrangement which would have the effect of:

- (i) a third party acquiring a relevant interest or voting power in or become the holder of more than 20% of the Company's Shares; or
- (ii) the Company or its subsidiaries acquiring any business or material assets from a third party.

If the Company breaches the exclusivity clause or the Swoop Agreement is terminated by Swoop as a result of the Company materially breaching the Swoop Agreement, the Company must immediately pay Swoop a fee equal to all costs and expenses incurred by Swoop in connection with the Swoop Agreement up to the date of termination, capped at \$50,000.

(e) **Net cash adjustment pre-Completion**

- (i) If the net cash of Swoop at 30 November 2020 is greater than \$9,940,000, Swoop may pay a dividend and/or make a return of capital to its shareholders of an amount equal to the excess.
- (ii) If the net cash of NodeOne at 30 November 2020 is greater than \$1,380,000, NodeOne may pay a dividend and/or make a return of capital to its shareholders of an amount equal to the excess.
- (iii) If the net cash of the Company at 30 November 2020 is greater than \$1,600,000, the Company may pay a dividend and/or make a return of capital to its shareholders of an amount equal to the excess.
- (iv) If the net cash of Swoop, NodeOne or the Company at 30 November 2020 is less than the above estimates, the amount of the dividend and/or capital reduction that may be paid or made by the other parties may be increased by a specified proportion of the shortfall.

As a result of the above adjustments, Swoop intends to make a return of capital to its shareholders in the amount of \$203,698.30. The Company and NodeOne do not intend to make any return of capital.

(f) **Swoop warranties and indemnity**

Swoop has provided a number of warranties to the Company regarding the status of Swoop and its business, including warranties as to solvency, corporate structure,

liabilities, tax, contracts, and absence of litigation. The warranties are given as at the date of signing the Swoop Agreement and immediately prior to Completion.

Swoop has indemnified the Company against any loss suffered by the Company as a result of any Swoop warranty being untrue. The liability of Swoop under this indemnity is capped at \$2,495,393 and is subject to certain customary limitations including time limits and exclusions for matters known, or deemed to be known, to the Company.

(g) **Swoop Vendor warranties and indemnities**

Each Swoop Vendor has provided a number of warranties to the Company regarding the capacity of the Swoop Vendor to enter into the Swoop Agreement, the solvency of the Swoop Vendor, the Swoop Vendor's title to the Swoop shares and the status of the Swoop shares, including that they are free from encumbrances. The warranties are given as at the date of signing the Swoop Agreement and immediately prior to Completion.

Each Swoop Vendor has indemnified the Company against any loss suffered by the Company as a result of any Swoop Vendor warranty being untrue. Other than in relation to certain warranties relating to title to the Shares, the following limitations apply to the Swoop Vendor's liability under these indemnities:

- (i) the aggregate liability of the Swoop Vendors is capped at \$2,495,393;
- (ii) the liability of each individual Swoop Vendor is capped at the Swoop Vendor's proportionate share of the aggregate cap; and
- (iii) other customary limitations including time limits and exclusions for matters known, or deemed to be known, to the Company.

(h) **Company warranties and indemnity**

The Company has provided a number of warranties to the Swoop Vendors regarding the status of the Company and its business, including warranties as to solvency, corporate structure, liabilities, tax, contracts, and absence of litigation. The warranties are given as at the date of signing the Swoop Agreement and immediately prior to Completion.

The Company has indemnified the Swoop Vendors and Swoop against any loss suffered by the Swoop Vendors or Swoop as a result of any Company warranty being untrue. The liability of the Company under this indemnity is capped at \$2,495,393 and is subject to certain customary limitations including time limits and exclusions for matters known, or deemed to be known, to Swoop and the Swoop Vendors.

(i) **Non-competition**

During the period of up to three years following Completion, each Swoop Vendor must not (and must procure that their controllers do not), without the Company's consent:

- (i) engage in certain conduct in competition with Swoop's business; or
- (ii) induce any Swoop employee to terminate their employment with Swoop;
or

- (iii) solicit the custom of any person who was a customer of Swoop in the 12 months before Completion.

(j) **Termination**

- (i) Swoop may terminate the Swoop Agreement if:
 - (A) the Company fails to perform its obligations at Completion;
 - (B) Swoop or the Swoop Vendors become aware of a circumstance that is reasonably likely to give rise to a claim by the Swoop Vendors for an amount greater than \$1,000,000 and that circumstance is not remedied within the requisite period; or
 - (C) an insolvency event occurs in relation to the Company or its subsidiaries.
- (ii) The Company may terminate the Swoop Agreement if:
 - (A) Swoop or the Swoop Vendors fail to perform their obligations at Completion;
 - (B) the Company becomes aware of a circumstance that is reasonably likely to give rise to a claim by the Company for an amount greater than \$500,000 and that circumstance is not remedied within the requisite period; or
 - (C) an insolvency event occurs in relation to Swoop or its subsidiaries.

The Swoop Agreement otherwise contains provisions considered standard for an agreement of its nature (including representations and warranties and confidentiality provisions).

SCHEDULE 3 – SUMMARY OF FIWI AGREEMENT

The Company has entered into the Fiwi Agreement with Fiwi, Oaktone and the NodeOne Beneficial Shareholders to purchase all of the issued capital of Fiwi, the material terms and conditions of which are summarised below:

(a) **Sale and Purchase of shares in Fiwi**

Oaktone (as trustee for, and in accordance with the instructions of, the NodeOne Beneficial Shareholders) agrees to sell, and the Company agrees to purchase, all of the issued capital of Fiwi. Legal and beneficial title in the Fiwi shares shall pass to the Company on Completion.

(b) **Consideration**

In consideration for the acquisition of all of the issued capital of Fiwi, the Company shall issue a total of 13,713,173 Shares (subject to rounding) to the NodeOne Beneficial Shareholders as shown in Part 2 of Schedule 4.

(c) **Conditions**

Completion of the Fiwi Agreement is conditional upon:

- (i) the Company obtaining all necessary approvals to give effect to the terms of the Fiwi Agreement including, without limitation, Shareholder approvals under the ASX Listing Rules and the Corporations Act to allow the Company to:
 - (A) acquire the Fiwi shares;
 - (B) issue the Consideration Shares;
 - (C) issue Shares under the Public Offer;
 - (D) complete the Consolidation;
 - (E) change the Company's name to 'Swoop Holdings Limited';
 - (F) adopt the Incentive Plan;
 - (G) issue securities to certain Proposed Directors under the Incentive Plan;
 - (H) appoint the Proposed Directors as directors of the Company; and
 - (I) complete the acquisition of NodeOne and Swoop;
- (ii) the Company completing the Consolidation;
- (iii) the Company raising an amount under the Public Offer sufficient to achieve ASX's minimum spread and free float requirements;
- (iv) the Company having received conditional approval from ASX to reinstate the securities of the Company to trading on terms reasonably acceptable to Fiwi;

- (v) the satisfaction or waiver of all conditions to completion of the Swoop Agreement and NodeOne Agreement (other than those that relate to completion of the Fiwi Agreement);
- (vi) there being no material adverse changes to the Company or Oaktone between the signing and completion of the Fiwi Agreement.

The conditions may be waived by the party having the benefit of the condition by giving notice to the other parties.

If any condition is not satisfied or waived on or before 31 May 2021, a party may terminate the Fiwi Agreement by giving notice to the other parties.

(d) **Fiwi warranties**

Fiwi has provided a number of warranties to the Company regarding the status of Fiwi and its business, including warranties as to solvency, corporate structure, liabilities, tax, contracts, and absence of litigation. The warranties are given as at the date of signing the Fiwi Agreement and immediately prior to Completion.

Fiwi has indemnified the Company against any loss suffered by the Company as a result of any Fiwi warranty being untrue. The liability of Fiwi under this indemnity is capped at \$1,025,607 subject to certain customary limitations including time limits and exclusions for matters known, or deemed to be known, to the Company.

(e) **NodeOne Beneficial Owners warranties and indemnities**

The NodeOne Beneficial Owners have provided a number of warranties to the Company regarding the capacity of the NodeOne Beneficial Owners to enter into the Fiwi Agreement, the solvency of NodeOne Beneficial Owners, Oaktone's title to the Fiwi shares and the status of the Fiwi shares, including that they are free from encumbrances. The warranties are given as at the date of signing the Fiwi Agreement and immediately prior to Completion.

Each NodeOne Beneficial Shareholder has indemnified the Company against any loss suffered by the Company as a result of any NodeOne Beneficial Shareholder warranty being untrue. Other than in relation to certain warranties relating to title to the Shares, the following limitations apply to the NodeOne Beneficial Shareholder's liability under these indemnities:

- (i) the aggregate liability of the NodeOne Beneficial Shareholders is capped at \$1,025,607;
- (ii) the liability of each individual NodeOne Beneficial Shareholder is capped at the NodeOne Beneficial Shareholder's proportionate share of the aggregate cap; and
- (iii) other customary limitations including time limits and exclusions for matters known, or deemed to be known, to the Company.

(f) **Company warranties**

The Company has provided a number of warranties to Fiwi and the NodeOne Beneficial Shareholders regarding the status of the Company and its business, including warranties as to solvency, corporate structure, liabilities, tax, contracts, and absence of litigation. The warranties are given as at the date of signing the Fiwi Agreement and immediately prior to Completion.

The Company has indemnified the NodeOne Beneficial Shareholders and Fiwi against any loss suffered by the NodeOne Beneficial Shareholders or Fiwi as a result of any Company warranty being untrue. The liability of the Company under this indemnity is capped at \$1,025,607 and is subject to certain customary limitations including time limits and exclusions for matters known, or deemed to be known, to Fiwi and Oaktone.

(g) **Termination**

- (i) Fiwi may terminate the Fiwi Agreement if:
 - (A) the Company fails to perform its obligations at Completion;
 - (B) Fiwi or Oaktone become aware of a circumstance that is reasonably likely to give rise to a claim by Oaktone for an amount greater than \$250,000 and that circumstance is not remedied within the requisite period; or
 - (C) an insolvency event occurs in relation to the Company or its subsidiaries.

- (ii) The Company may terminate the Fiwi Agreement if:
 - (A) Fiwi, Oaktone or the NodeOne Beneficial Shareholders fail to perform their obligations at Completion;
 - (B) the Company becomes aware of a circumstance that is reasonably likely to give rise to a claim by the Company for an amount greater than \$500,000 and that circumstance is not remedied within the requisite period; or
 - (C) an insolvency event occurs in relation to Fiwi or its subsidiaries.

The Fiwi Agreement otherwise contains provisions considered standard for an agreement of its nature (including representations and warranties and confidentiality provisions).

SCHEDULE 4 – NODEONE VENDORS

Part 1 – NodeOne Shareholders

Being the legal and beneficial shareholders of NodeOne who will sell their NodeOne shares to the Company pursuant to the NodeOne Agreement

Name	NodeOne shares held	Equity Proportion of NodeOne	Consideration Shares
N & J Enterprises (WA) Pty Ltd ACN 643 301 026 as trustee for the van Namen Family Trust	9,945,000	42.77%	14,272,895
Tattarang Ventures Pty Ltd	2,500,000	10.75%	3,587,957
E&P Investments Limited ACN 152 367 649 as trustee for the CVC Emerging Companies Fund	1,250,000	5.38%	1,793,979
Total	13,695,000	58.90%	19,654,830

Part 2 – NodeOne Beneficial Shareholders

Being the beneficial shareholders of Fiwi (a shareholder of NodeOne) who shall be issued Consideration Shares pursuant to the Fiwi Agreement:

Name	NodeOne shares beneficially held	Equity Proportion of NodeOne	Consideration Shares
Oaktone Nominees Pty Ltd (as trustee for the Grist Investment Trust)	2,723,175	11.71%	3,908,255
Tisia Nominees Pty Ltd (as trustee for the Henderson Family Trust)	2,699,287.50	11.61%	3,873,971
JK Nominees Pty Ltd (as trustee for the JK Trust)	2,699,287.50	11.61%	3,873,971
Stella Equity Pty Ltd ACN 623 763 726 as trustee for the Stella Trust)	955,500	4.12%	1,371,317
Wallcliffe Holdings Pty Ltd ACN 009 310 472 as trustee for The Whiting Trust	477,750	2.06%	685,659
Total	9,555,000	41.10%	13,713,173

SCHEDULE 5 – SWOOP VENDORS

Name	Swoop shares held	Equity Proportion	Consideration Shares ¹
Tattarang Ventures Pty Ltd ACN 606 486 239	142,857,142 (PRF1)	31.32%	27,997,035
Lygon Way Pty Ltd ACN 005 901 851	76,332,649 (ORD)	16.73%	14,959,615
Todebe Pty Ltd ACN 608 543 335 as trustee for the TDB Trust	32,188,393 (ORD)	7.06%	6,308,257
FJ Chops Pty Ltd ACN 608 114 325 as trustee for the Rachel & Jacob Family Trust	32,188,393 (ORD)	7.06%	6,308,257
Spenceley Management Pty Ltd ACN 127 151 437	28,571,429 (PRF2)	6.26%	5,599,407
Eric Christopher Heyde	22,363,900 (ORD)	4.90%	4,382,860
James Douglas Reid	19,509,371 (ORD)	4.28%	3,823,432
William Paul Reid	19,509,371 (ORD)	4.28%	3,823,432
Frilford Investments ACN 066 565 142	12,285,714 (ORD) 7,142,857 (PRF1)	4.26%	3,807,597
Matthew John Hollis	15,040,377 (ORD)	3.30%	2,947,602
Oaktone Nominees Pty Ltd ACN 074 566 635	14,285,714 (PRF1)	3.13%	2,799,703
S. Marriott Pty Ltd ACN 169 231 145 as trustee for the Stuart Marriott Family Trust	8,105,357 (ORD)	1.78%	1,588,482
Alexander John West	7,897,520 (ORD)	1.73%	1,547,750
D & R Whitford Pty Ltd ACN 614 359 858 as trustee for the Whitford Family Trust	5,017,857 (ORD)	1.10%	983,396
Demand Investments Pty Ltd ACN 616 913 930 as trustee for the Hollis Family Trust	4,285,714 (PRF2)	0.94%	839,911
Paul McClean	3,571,429 (ORD)	0.78%	699,926
Cosamar Consulting Pty Ltd ACN 001 428 888	1,348,123 (ORD)	0.30%	264,204

Christopher Edwin Howells	1,007,143 (ORD)	0.22%	197,379
VCF Capital Investments Pty Limited ACN 636 421 120	968,063 (ORD)	0.21%	189,720
Milford Communications Partners LLC	469,047 (ORD)	0.10%	91,923
Karnang II Pty Ltd ACN 603 426 624	467,379 (ORD)	0.10%	91,597
Graeme Smith	448,571 (ORD)	0.10%	87,911
Lightwave Solutions Pty Ltd aff Broadbury Discretionary Trust	95,000 (ORD)	0.02%	18,618
Andrew William Pink	66,667 (ORD)	0.01%	13,065
Almgren, John & Yvonne	60,000 (ORD)	0.01%	11,759
MicJay LLC	44,000 (ORD)	0.01%	8,623
Jeffery, Jane	20,000 (ORD)	0.00%	3,920
Kench, Brian	10,000 (ORD)	0.00%	1,960
Jared Balkin aff Balkin Family Trust	5,000 (ORD)	0.00%	980
Kench, Janet	5,000 (ORD)	0.00%	980
Kench, Susan	5,000 (ORD)	0.00%	980
Robert Stuart Boyers as trustee for the Boyers Family Trust	5,000 (ORD)	0.00%	980
Total	456,177,180	100%	89,401,261

Note 1: The number of Consideration Shares shown in the above table assumes that no Swoop shares are cancelled pursuant to the Selective Capital Reduction. As set out in Section 1.13 in the Explanatory Statement, Swoop anticipates that the Swoop shares held by the Swoop shareholders named below will be cancelled prior to Completion (as these persons have been unable to be contacted by Swoop / have agreed to cancel their shares), resulting in an increase in the number of Consideration Shares issued to the other Swoop shareholders. The number of Consideration Shares to be issued to the Swoop Vendors shown elsewhere in this Notice of Meeting is given on the basis that the Selective Capital Reduction has occurred with respect to the Swoop shareholders named below:

Swoop shareholder name	Swoop shares anticipated to be cancelled pursuant to the Selective Capital Reduction
Milford Communications Partners LLC	469,047

FJ Chops Pty Ltd ACN 608 114 325 as trustee for the Rachel & Jacob Family Trust	5
Todebe Pty Ltd ACN 608 543 335 as trustee for the TDB Trust	5

SCHEDULE 6 – HISTORICAL AND PRO FORMA FINANCIAL INFORMATION OF THE COMPANY

Statutory Historical Profits and Losses

The following table shows the audited statutory historical consolidated statements of profit and loss and other comprehensive income for the Company for the three years ending 30 June 2020, 30 June 2019 and 30 June 2018:

\$'millions	2020	2019	2018
Other income	0.1	0.7	0.1
General and administrative expense	(0.5)	(0.4)	(1.0)
Impairment of goodwill	-	-	(8.2)
Employee benefit expense	(0.1)	(0.3)	(0.3)
Share based payments (expense)/ writeback	(0.2)	0.1	(0.6)
EBITDA (*1)	(0.7)	0.1	(10.0)
Depreciation and amortisation	-	-	-
EBIT (*2)	(0.7)	0.1	(10.0)
Finance costs	-	(0.1)	(0.2)
Loss before income tax from continuing operations	(0.7)	-	(10.2)
Income tax expense	-	-	-
Loss after income tax continuing operations	(0.7)	-	(10.2)
Profit/(loss) after income tax from discontinued operations	0.4	(4.6)	(5.8)
Loss after income tax expense for the year	(0.3)	(4.6)	(16.0)
Total comprehensive income for the year	(0.3)	(4.6)	(16.0)

*1 EBITDA is Earnings Before Interest, Taxation, Depreciation and Amortisation.

*2 EBIT is Earnings Before Interest and Taxation.

It should be noted that EBITDA and EBIT are non-AIFRS measures and may be calculated differently by and not be comparable with similar figures reported by other entities.

Over the historical three-year period shown, the Company has discontinued its previous operating activities in stages. As a result, the split between continuing and discontinued activities may not be consistent between financial reporting periods. Where prior year information has been restated in later year financial reporting, the restated figures have been shown above to make them more comparable.

On 21 April 2020, the Company announced the completion of the disposal of its remaining main undertaking. Accordingly, the historical statutory statements of profit and loss and other comprehensive income above are not representative of the Group post Completion.

Historical financial information on the businesses that will constitute the Group post Completion is reflected in the pro forma financial information in this Schedule 6; and the audited statutory historical information of the Swoop and NodeOne Groups in Schedule 7.

Statutory Historical Cash Flows

The following table shows the audited statutory historical consolidated statements of cash flows for the Company for the years ending 30 June 2020, 30 June 2019 and 30 June 2018:

\$'millions	2020	2019	2018
Receipts from customers (inclusive of GST)	1.4	2.9	5.5
Payments to suppliers and employees (inclusive of GST)	(2.6)	(5.2)	(11.6)
Net cash used in operating activities	(1.2)	(2.3)	(6.1)
Payment for purchase of business, net of cash acquired	-	(1.2)	-
Payments for investments	(0.2)	-	-
Proceeds from sales of subsidiary's assets	0.1	-	-
Proceeds from disposal of tenements	-	-	0.1
Proceeds from disposal of investments	-	-	0.1
Net cash (used in)/from investing activities	(0.1)	(1.2)	0.2
Proceeds from issue of shares	2.4	3.2	4.9
Proceeds from borrowings	0.2	0.3	1.7
Share issue transaction costs	(0.2)	(0.3)	(0.5)
Repayment of borrowings	(0.1)	-	(0.9)
Net cash from financing activities	2.3	3.2	5.2
Net increase/ (decrease) in cash and cash equivalents	1.0	(0.3)	(0.7)
Cash & cash equivalents at the start of the financial year	-	0.4	1.1
Effects of exchange rate changes	-	(0.1)	-
Cash and cash equivalents at the end of the financial year	1.0	-	0.4

As explained above, the historical statutory statements of cash flows above are not representative of the Group post Completion. Historical financial information on the businesses that will constitute the Group post Completion is reflected in the pro forma financial information in this Schedule 6; and the audited statutory historical information of the Swoop and NodeOne Groups in Schedule 7.

Statutory Historical and Pro Forma Balance Sheet

The following table shows the audited historical and unaudited pro forma consolidated statements of financial position of the Company as at 30 June 2020.

The audited historical consolidated statement of financial position of the Company as at 30 June 2020, prior to Completion and the Offer, is shown in the first column.

The pro forma consolidated statement of financial position is shown in the final column. It is provided for illustrative purposes only and assumes, as shown in the other columns, that:

- the Company had completed the Public Offer and raised \$20m before costs,
- Completion had occurred, and
- certain other post 30 June 2020 transactions, had occurred as at 30 June 2020.

The pro forma consolidated statement of financial position is not represented as being necessarily indicative of Company's future financial position.

\$ millions												
	Stemify Group	Swoop Group	NodeOne Group	Effects of Offer	Swoop Equity	NodeOne Equity	Swoop Incentives	Stemify Acquisition	NodeOne Acquisition	Forrest Options	Capital Reduction	Proforma Group
Notes:	*1	*2	*3	*4	*5	*6	*7	*8	*9	*10	*11	
Cash and cash equivalents	1.0	2.6	0.6	18.3	5.5	1.0	(2.3)	-	-	-	(0.2)	26.5
Trade and other receivables	0.5	1.4	0.7	-	-	-	-	-	-	-	-	2.6
Inventories	-	0.2	0.1	-	-	-	-	-	-	-	-	0.3
Other current assets	-	-	0.3	-	-	-	-	-	-	-	-	0.3
Total current assets	1.5	4.2	1.7	18.3	5.5	1.0	(2.3)	-	-	-	(0.2)	29.7
Property, plant & equipment	-	7.7	1.4	-	-	-	-	-	-	-	-	9.1
Financial assets at FVTOCI	0.2	-	-	-	-	-	-	-	-	-	-	0.2
Deferred tax assets	-	0.6	-	-	-	-	-	-	-	-	-	0.6
Intangible assets	-	6.2	0.3	-	-	-	-	-	14.3	-	-	20.8
Right-of-use assets	-	5.5	0.3	-	-	-	-	-	-	-	-	5.8
Total non-current assets	0.2	20.0	2.0	-	-	-	-	-	14.3	-	-	36.5
Total assets	1.7	24.2	3.7	18.3	5.5	1.0	(2.3)	-	14.3	-	(0.2)	66.2
Trade and other payables	(0.4)	(2.2)	(1.2)	-	-	-	-	-	-	-	-	(3.8)
Financial liabilities	(0.1)	-	(0.1)	-	-	-	-	-	-	-	-	(0.2)
Lease liabilities	-	(1.5)	-	-	-	-	-	-	-	-	-	(1.5)
Provisions	-	(0.3)	-	-	-	-	-	-	-	-	-	(0.3)
Employee benefits	-	(0.6)	(0.1)	-	-	-	-	-	-	-	-	(0.7)
Other current liabilities	-	(0.2)	(0.2)	-	-	-	-	-	-	-	-	(0.4)
Total current liabilities	(0.5)	(4.8)	(1.6)	-	-	-	-	-	-	-	-	(6.9)
Financial liabilities	-	-	(0.2)	-	-	-	-	-	-	-	-	(0.2)
Lease liabilities	-	(4.5)	(0.4)	-	-	-	-	-	-	-	-	(4.9)
Deferred tax liabilities	-	(0.3)	(0.1)	-	-	-	-	-	-	-	-	(0.4)
Employee benefits	-	(0.1)	-	-	-	-	-	-	-	-	-	(0.1)
Total non-current liabilities	-	(4.9)	(0.7)	-	-	-	-	-	-	-	-	(5.6)
Total liabilities	(0.5)	(9.7)	(2.3)	-	-	-	-	-	-	-	-	(12.5)
Net Assets	1.2	14.5	1.4	18.3	5.5	1.0	(2.3)	-	14.3	-	(0.2)	53.7
Issued capital	29.3	24.6	0.5	18.7	5.5	1.0	2.0	(25.9)	15.2	-	(0.2)	70.7
Reserves	1.4	2.7	0.4	-	0.6	-	-	(1.2)	(0.4)	0.2	-	3.7
Accumulated losses	(29.5)	(12.8)	0.5	(0.4)	(0.6)	-	(4.3)	27.1	(0.5)	(0.2)	-	(20.7)
Total Equity	1.2	14.5	1.4	18.3	5.5	1.0	(2.3)	-	14.3	-	(0.2)	53.7

Notes:

- *1 Stemify Limited audited consolidated Statement of Financial Position at 30 June 2020.
- *2 Cirrus Communications Pty Ltd reissued audited consolidated Statement of Financial Position at 30 June 2020.
- *3 N1 Telecommunications Pty Ltd audited consolidated Statement of Financial Position at 30 June 2020.
- *4 \$20m capital raised (40m shares at 50c per share) from the Offer less \$1.7m cash costs. Costs split estimated at \$1.3m for the cost of raising equity and \$0.4m for costs of re-listing.
- *5 Shares issued by Cirrus Communications Pty Ltd between 30 June 2020 and Completion; including shares issued under an employee share plan with a valuation of \$0.6m.
- *6 Shares issued by N1 Telecommunications Pty Ltd between 30 June 2020 and Completion.
- *7 Incentives payable by Swoop at Completion of which \$2m will reduce employee share plan limited recourse loan balances and \$2.3m will be paid in cash. As employee share plan loans are limited recourse, they do not appear in the balance sheet. As at Completion 11,462,796 of the Company's Shares, issued to Swoop employees in consideration for the Swoop acquisition, will be subject to such limited recourse loans of \$4.1m.
- *8 Swoop is assumed to be the acquirer for a reverse acquisition of Stemify for a cost of \$3.6m (being 6.8m shares held by existing shareholders post completion plus \$0.2m valuation of existing convertible securities) with the \$2.4m excess over Stemify net assets expensed as a cost of relisting.
- *9 NodeOne Group is acquired for \$16.7m (33.4m shares) with \$14.3m excess over net assets being allocated to intangibles on a preliminary basis.
- *10 Expense of options issued to Forrest Capital in consideration for cancellation of lead manager mandate.

*11 Pre-completion capital reduction by Swoop in accordance with Acquisition Agreements.

SCHEDULE 7 – HISTORICAL FINANCIAL INFORMATION OF SWOOP AND NODEONE

Swoop Group

Cirrus Communications Pty Ltd

The following table shows the audited historical consolidated statements of profit and loss and other comprehensive income for Cirrus Communications Pty Ltd and its controlled entities (being: Cirrus Integrations Pty Ltd and, from 30 April 2020, Anycast Holdings Pty Ltd, Bosley Holdings Pty Ltd and Anycast Networks (NZ) Ltd) for the three years ending 30 June 2020, 30 June 2019 and 30 June 2018:

\$'millions	Note	2020	2019	2018
Revenue		9.2	6.8	6.6
Cost of sales		(2.9)	(2.1)	(2.0)
Employee benefit expense		(2.8)	(1.6)	(1.4)
Administrative expenses		(0.8)	(0.4)	(0.2)
Other operating expenses		(1.3)	(0.9)	(0.8)
EBITDA before share based payment expense		1.4	1.8	2.2
Depreciation & amortisation expense		(3.7)	(2.1)	(1.9)
Impairment of property, plant & equipment	*1	(0.3)	-	-
Share based payment expense	*2	(2.7)	-	-
EBIT		(5.3)	(0.3)	0.3
Finance costs		(0.3)	-	-
Profit/ (loss) before income tax		(5.6)	0.3	0.3
Income tax benefit		0.5	-	-
Profit/ (loss) for the year		(5.1)	(0.3)	0.3
Total comprehensive income/ (loss) for the year		(5.1)	(0.3)	0.3

*1 In the year ended 30 June 2020, Cirrus reviewed the carrying values of its property, plant and equipment assets and made an additional impairment charge of \$0.3m.

*2 In the year ended 30 June 2020, Cirrus issued shares and limited recourse loans to key management personnel with an associated share based payment expense of \$2.7m.

The following table shows the audited historical consolidated statements of cash flows for Cirrus for the years ending 30 June 2020, 30 June 2019 and 30 June 2018:

\$'millions	2020	2019	2018
Receipts from customers	10.6	7.5	7.2
Payments to suppliers and employees	(8.7)	(5.2)	(4.8)
Finance costs	(0.3)	-	-
Income taxes paid	(0.4)	-	-
Net cash from operating activities	1.2	2.3	2.4
Net of cash paid on acquisition of subsidiaries	(0.9)	-	-
Purchase of property, plant and equipment	(3.6)	(2.7)	(2.6)
Net cash used in investing activities	(4.4)	(2.7)	(2.6)
Proceeds from issue of shares	6.7	-	-
Repayment of lease liabilities	(0.8)	-	-
Proceeds from/ (repayment of) borrowings	(0.2)	0.2	0.4
Net cash from financing activities	5.7	0.2	0.4
Net increase/ (decrease) in cash and cash equivalents	2.5	(0.2)	0.2
Cash & cash equivalents at the start of the financial year	0.1	0.3	0.1
Cash and cash equivalents at the end of the financial year	2.6	0.1	0.3

Cirrus only acquired Anycast & Bosley with effect from 30 April 2020. Accordingly, the historical consolidated results and cash flows for Cirrus above exclude any contributions from Anycast & Bosley in the financial years ending 30 June 2019 and 30 June 2018, and only include two months of contributions in the financial year ending 30 June 2020. Further information on the historical results and cash flows of Anycast & Bosley on a standalone basis are shown below.

Anycast

The audited historical consolidated statements of profit and loss and other comprehensive income for Anycast and its controlled entity (Anycast Networks (NZ) Ltd) for the three years ending 30 June 2020, 30 June 2019 and 30 June 2018 are shown in the table below:

\$'millions	2020	2019	2018
Revenue	7.0	5.8	4.6
Other income	0.7	0.2	0.3
Cost of sales	(4.5)	(4.6)	(3.8)
Employee benefit expense	(0.6)	(0.5)	(0.5)
Other expenses	(0.8)	(0.6)	(0.5)
EBITDA	1.8	0.3	0.1
Depreciation & amortisation expense	(0.5)	(0.1)	(0.1)
EBIT	1.3	0.2	-
Finance costs	(0.1)	-	-
Profit before income tax	1.2	0.2	-
Income tax expense	(0.3)	(0.1)	-
Profit for the year	0.9	0.1	-
Total comprehensive income for the year	0.9	0.1	-

The following table shows the audited historical consolidated statements of cash flows for Anycast for the three years ending 30 June 2020, 30 June 2019 and 30 June 2018:

\$'millions	2020	2019	2018
Receipts from customers	7.8	6.7	4.9
Payments to suppliers and employees	(7.0)	(6.5)	(4.7)
Income taxes paid	0.1	0.2	(0.1)
Net cash from operating activities	0.9	0.4	0.1
Purchase of property, plant and equipment	(0.2)	(0.1)	-
Net cash used in investing activities	(0.2)	(0.1)	-
Repayment of lease liabilities	(0.3)	(0.1)	-
Proceeds of other liabilities	0.2	-	-
Repayment of financial liabilities	(0.1)	(0.1)	(0.1)
Net cash used in financing activities	(0.2)	(0.2)	(0.1)
Net increase in cash and cash equivalents	0.5	0.1	-
Cash & cash equivalents at the start of the financial year	0.1	-	-
Cash and cash equivalents at the end of the financial year	0.6	0.1	-

Bosley

The audited historical statements of profit and loss and other comprehensive income for Bosley for the three years ending 30 June 2020, 30 June 2019 and 30 June 2018 are shown in the table below:

\$'millions	2020	2019	2018
Revenue	7.4	6.3	5.6
Other income	0.2	0.1	0.3
Cost of sales	(4.5)	(4.0)	(3.9)
Employee benefit expense	(1.5)	(1.5)	(1.5)
Administrative expenses	(0.1)	(0.1)	(0.1)
Other operating expenses	(0.3)	(0.4)	(0.3)
EBITDA	1.2	0.4	0.1
Depreciation & amortisation expense	(0.3)	(0.2)	(0.1)
EBIT	0.9	0.2	-
Finance costs	(0.1)	(0.1)	(0.1)
Profit/ (loss) before income tax	0.8	0.1	(0.1)
Income tax expense	(0.1)	-	-
Profit/ (loss) for the year	0.7	0.1	(0.1)
Total comprehensive income/ (loss) for the year	0.7	0.1	(0.1)

The following table shows the audited historical statements of cash flows for Bosley for the three years ending 30 June 2020, 30 June 2019 and 30 June 2018:

\$'millions	2020	2019	2018
Receipts from customers	8.3	7.2	6.3
Payments to suppliers and employees	(7.1)	(6.8)	(5.6)
Finance costs	(0.1)	(0.1)	(0.1)
Income taxes paid	-	-	(0.1)
Net cash from operating activities	1.1	0.3	0.6
Purchase of property, plant and equipment	(0.2)	(0.2)	(0.2)
Proceeds from sale of property, plant and equipment	0.1	-	-
Net cash used in investing activities	(0.1)	(0.2)	(0.2)
Repayment of financial liabilities	(0.2)	(0.1)	-
Repayment of other liabilities	(0.1)	-	(0.3)
Payment of lease liabilities	(0.1)	-	-
Net cash from financing activities	(0.4)	(0.1)	(0.3)
Net increase in cash and cash equivalents	0.6	-	0.1
Cash & cash equivalents at the start of the financial year	0.1	0.1	-
Cash and cash equivalents at the end of the financial year	0.7	0.1	0.1

NodeOne Group

N1 Telecommunications

The following table shows the audited historical consolidated statement of profit and loss and other comprehensive income for N1 Telecommunications Pty Ltd and controlled entities (being Node1 Pty Ltd and N1 Wholesale Pty Ltd) for the period to 30 June 2020:

\$'millions	2020
Revenue from services rendered	5.9
Other income	0.5
Network access fees	(3.2)
Employee benefit expense	(1.5)
Other expenses	(0.8)
EBITDA	0.9
Depreciation & amortisation expense	(0.3)
EBIT	0.6
Finance costs	-
Profit before income tax	0.6
Income tax expense	(0.1)
Profit for the year	0.5
Total comprehensive income for the year	0.5

The following table shows the audited historical consolidated statement of cash flows for N1 Telecommunications Pty Ltd and controlled entities for the period to 30 June 2020:

\$'millions	2020
Receipts from customers	6.0
Payments to suppliers and employees	(4.5)
Net cash from operating activities	1.5
Purchase of property, plant and equipment	(1.5)
Purchase of intangible assets	(0.2)
Net cash used in investing activities	(1.7)
Proceeds from issue of shares	1.0
Share issue transaction costs	(0.1)
Lease payments	(0.1)
Net cash from financing activities	0.8
Net increase in cash and cash equivalents	0.6
Cash & cash equivalents at the start of the financial year	-
Cash and cash equivalents at the end of the financial year	0.6

N1 Telecommunications Pty Ltd is an interposed holding company set-up to become the holding company of Node1 Pty Ltd and N1 Wholesale Pty Ltd (that were under common control). N1 Telecommunications Pty Ltd was incorporated on the 5th February 2020 and became the parent of these two companies on the 6th March 2020 through an exchange of interests transaction. The historical consolidated results and cash flows for the NodeOne Group shown above include Node1 Pty Ltd and N1 Wholesale Pty Ltd for the full financial year ending 30 June 2020. Further information on the historical results and cash flows of the individual companies, Node1 Pty Ltd and N1 Wholesale Pty Ltd, is shown below.

Node1 Pty Ltd

The audited historical statements of profit and loss and other comprehensive income for Node1 Pty Ltd for the three years ending 30 June 2020, 30 June 2019 and 30 June 2018 are shown in the tables below:

\$'millions	2020	2019	2018
Sales revenue	5.7	4.6	3.5
Other income	0.1	-	-
Purchases	(0.2)	(0.2)	(0.2)
Network access fees	(3.8)	(4.0)	(2.5)
Sub-contractors	-	(0.2)	(0.4)
Payroll expenses	(1.0)	-	-
Discounts allowed	(0.2)	(0.1)	(0.1)
Marketing expense	(0.3)	(0.1)	(0.1)
Administration expenses	(0.2)	(0.1)	-
Other expenses	(0.2)	-	-
EBITDA	(0.1)	(0.1)	0.2
Depreciation & amortisation expense	-	-	-
EBIT	(0.1)	(0.1)	0.2
Finance costs	-	-	-
Profit/ (loss) before income tax	(0.1)	(0.1)	0.2
Income tax expense	-	-	(0.1)
Profit/ (loss) for the year	(0.1)	(0.1)	0.1
Total comprehensive income/ (loss) for the year	(0.1)	(0.1)	0.1

Included within the network access fees expense line above for the years ending 30 June 2020, 30 June 2019 and 30 June 2018 are \$3.8m, \$4.0m and \$2.5m respectively in charges from N1 Wholesale Pty Ltd.

The following table shows the audited historical statements of cash flows for Node1 Pty Ltd for the three years ending 30 June 2020, 30 June 2019 and 30 June 2018:

\$'millions	2020	2019	2018
Receipts from customers	5.7	4.6	3.1
Payments to suppliers and employees	(5.5)	(4.6)	(3.1)
Net cash from operating activities	0.2	-	-
Purchase of property, plant and equipment	(0.1)	-	-
Purchase of intangible assets	(0.2)	-	-
Net cash used in investing activities	(0.3)	-	-
Proceeds from share issue	0.2	-	-
Net cash from financing activities	0.2	-	-
Net increase in cash and cash equivalents	0.1	-	-
Cash & cash equivalents at the start of the financial year	-	-	-
Cash and cash equivalents at the end of the financial year	0.1	-	-

N1 Wholesale Pty Ltd

The following table shows the audited historical statement of profit and loss and other comprehensive income for N1 Wholesale Pty Ltd for the year ended 30 June 2020:

\$'millions	Note	2020
Sales revenue	*1	4.1
Other income		0.3
Purchases		(0.4)
Network access fees		(2.3)
Payroll expenses		(0.4)
Administration expenses		(0.4)
Other expenses		(0.1)
EBITDA		0.8
Depreciation & amortisation expense		(0.2)
EBIT		0.6
Finance costs		-
Profit before income tax		0.6
Income tax expense		(0.1)
Profit for the year		0.5
Total comprehensive income for the year		0.5

*1 Included within revenue is \$3.8m in respect of sales to Node1 Pty Ltd.

The following table shows the audited historical statement of cash flows for N1 Wholesale Pty Ltd for the year ended 30 June 2020:

\$'millions	2020
Receipts from customers	3.6
Payments to suppliers and employees	(2.9)
Other income	0.3
Net cash from operating activities	1.0
Purchase of property, plant and equipment	(1.4)
Net cash used in investing activities	(1.4)
Proceeds from issue of shares	0.2
Proceeds from borrowings	0.2
Net cash from financing activities	0.4
Net increase in cash and cash equivalents	-
Cash & cash equivalents at the start of the financial year	-
Cash and cash equivalents at the end of the financial year	-

N1 Wholesale Pty Ltd acquired the wholesale business of the NodeOne group with effect from the start of the financial year ended 30 June 2020. Prior to 1 July 2019, the wholesale business of N1 Wholesale Pty Ltd was part of a larger business group, in a trust managed by Logic IT Solutions Pty Ltd, and separate standalone financial information was not prepared and audited.

SCHEDULE 8 – LEAD MANAGER MANDATE

The Company has entered into a mandate letter to engage Morgans Corporate Limited (ACN 010 539 607) (AFSL 235407) (**Morgans or Lead Manager**) to act as lead manager of the Public Offer (**Lead Manager Mandate**). The material terms and conditions of which are summarised below:

(a) **Scope of Work/Services**

Morgans will provide the lead manager services to the Company in connection with the Public Offer:

(b) **Fees**

Pursuant to the terms of the Lead Manager Mandate, the Company will pay Morgans the following fees in consideration for services provided to the Company:

- (i) a management fee of 1% of total funds raised under the Public Offer; and
- (ii) a selling fee of 5% of total funds raised under the Public Offer.

(c) **Expenses**

The Company will reimburse Morgans for out of pocket expenses incurred pursuant to its engagement under the Lead Manager Mandate up to a maximum of \$30,000. No expenses exceeding \$1,000 will be incurred without the prior written approval of the Company being obtained.

(d) **Term**

The Lead Manager Mandate terminates on the earlier of:

- (i) completion of the Public Offer;
- (ii) one party giving notice to the other terminating the Lead Manager Mandate; and
- (iii) the Company otherwise indicating to the Lead Manager that it does not wish to pursue the Public Offer.

(e) **Break fee**

If during the term of the Lead Manager Mandate or within 12 months after termination of the Lead Manager Mandate, the Company announces an alternative transaction public offer of equity or hybrid securities without the involvement of the Lead Manager, the Company must pay a break fee to the Lead Manager of 2% of the gross proceeds of the alternative transaction.

The obligation to pay the break fee does not apply where the Lead Manager Mandate is terminated due to the wilful default, gross negligence, fraud, or breach of the Lead Manager Mandate by the Lead Manager.

(f) **Other**

The Lead Manager Mandate otherwise contains provisions considered standard for an agreement of its nature (including representations and warranties, indemnities and confidentiality provisions).

SCHEDULE 9 – TERMS OF OPTIONS TO BE ISSUED TO FORREST CAPITAL PTY LTD

The terms and conditions of the Options to be issued by the Company to Forrest Capital are set out below:

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Option will be \$0.75 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (EST) on the date which is three years from the date of issue of the Option (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within five Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(l) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

SCHEDULE 10 – SUMMARY OF THE INCENTIVE PLAN

The key terms of the Incentive Plan are as follows:

- (a) **Award:** For the Purpose of the Incentive Plan, an 'Award' means:
- (i) an Option;
 - (ii) a Performance Right;
 - (iii) a Share Award; and/or
 - (iv) a Loan Funded Share,
- as the case may be.
- (b) **Eligibility:** Participants in the Incentive Plan may be:
- (i) any Director (whether executive or non-executive) or employee of the Company and any Associated Body Corporate of the Company (each, a **Group Company**); or
 - (ii) any other person providing services to a Group Company and who is declared by the Board in its sole and absolute discretion to be eligible to receive grants of Awards under the Incentive Plan,
- (each, an **Eligible Participant**).
- (c) **Offer:** The Board may, from time to time, in its absolute discretion, offer and issue to any Eligible Participant any (or any combination) of the different types of Awards provided under the Incentive Plan, as set out in the invitation letter addressed to that Eligible Participant containing the offer (**Invitation Letter**).
- (d) **Incentive Plan limit:** The Company must have reasonable grounds to believe, when making an offer, that the maximum number of securities proposed to be issued under the Incentive Plan, assuming all Options and Performance Rights are exercised, must not at any time exceed in aggregate 10% of the total issued capital of the Company at the date of any proposed new issues of securities under the Incentive Plan.
- (e) **Acquisition Price:** The Board will determine in its sole and absolute discretion:
- (i) the acquisition price (if any) for each Share Award issued pursuant to the Incentive Plan;
 - (ii) and the price at which the Company will offer a Loan Funded Share pursuant to the Incentive Plan,
- which will be specified in the Invitation Letter and may be nil.
- (f) **Issue price:** Unless they are quoted on the ASX, Options and Performance Rights issued under the Incentive Plan will be issued for no more than nominal cash consideration.
- (g) **Exercise price:** The Board may determine the Option and Performance Right exercise price (if any) for an Option or Performance Right offered under the

Incentive Plan in its absolute discretion. To the extent the ASX Listing Rules specify or require a minimum price, the Option or Performance Right exercise price must not be less than any minimum price specified in the ASX Listing Rules.

- (h) **Vesting:** The Board may in its absolute discretion determine any time-based requirement or condition for the issue of the Awards, which will be set out in the Invitation Letter. Such conditions or requirements must be met prior to the Awards vesting in an Eligible Participant.
- (i) **Interest:** If granting a loan to an Eligible Participant to assist in funding the acquisition of Loan Funded Shares (**Loan**), the Board will determine at its sole and absolute discretion:
 - (i) whether a Loan will be interest bearing or interest-free; and
 - (ii) if the Loan is interest-bearing, the interest rate that will apply, and which is to be set out in the Invitation Letter.
- (j) **Repayment of Loan:** Eligible Participants must repay a Loan by to the Company by the earlier of:
 - (i) the time specified in the Invitation Letter by the Board (**Loan End Date**);
 - (ii) another date specified by applicable laws;
 - (iii) a change of control occurring;
 - (iv) the cessation of the Eligible Participant's employment or engagement with the Company; or
 - (v) any other date agreed by the Eligible Participant and the Company.

However, an Eligible Participant may repay all or any part of the Loan at any time before the Loan End Date.

- (k) **Dividends:** Eligible Participants are entitled to any dividends declared and distributed by the Company on any Share Awards, Loan Funded Shares and/or Plan Shares which, at the record date for determining entitlement to those dividends, are standing to the account of the Eligible Participant.

Unless otherwise determined by the Board, the Company will apply (and each Eligible Participant irrevocably directs the Company to) apply any dividends or capital payments towards repayment of the interest component of the Loan and any outstanding principal component of the Loan.

- (l) **Restrictions:** Share Awards, Loan Funded Shares and/or Plan Shares, or any beneficial or legal interest in those shares, may not be transferred, encumbered or otherwise disposed of, or have a Security Interest granted over them, by a Participant unless all restrictions on the transfer, encumbrance or disposal of the Share Awards, Loan Funded Shares and/or Plan Shares have been met, the Board has waived any such restrictions, or prior consent of the Board is obtained which consent may impose such terms and conditions on such transfer, encumbrance or disposal as the Board sees fit.
- (m) **Rights attaching to Securities:** An Eligible Participant may exercise any voting rights attaching to Share Awards, Loan Funded Shares and/or Plan Shares registered in the Eligible Participant's name.

- (n) **Amendment of Incentive Plan:** Subject to the ASX Listing Rules and the Corporations Act, the Board may amend the Incentive Plan at any time, unless such amendment would materially reduce the rights of any Eligible Participant in respect of Awards granted to them prior to the date of such amendment.

SCHEDULE 11 – TERMS OF PERFORMANCE RIGHTS

The terms and conditions of the Performance Rights to be issued by the Company are set out below:

- (a) **(Performance Milestone Conditions and Expiry Dates):** The Performance Rights shall be subject to the following **Performance Milestone Conditions** and shall have the following **Expiry Dates**:

Recipient	Number	Performance Milestone Condition	Expiry Date
Jonathan Pearce (or nominee)	659,045	Swoop and NodeOne achieving aggregate Sales Revenue ¹ of \$30,000,000 over two consecutive half year periods, with the second half year period ending within the three year term of the performance rights.	3 years from the date of issue
	659,045	Swoop and NodeOne achieving aggregate Sales Revenue ¹ of \$35,000,000 over two consecutive half year periods, with the second half year period ending within the three year term of the performance rights.	
Tony Grist (or nominee)	1,098,408	Swoop and NodeOne achieving aggregate Sales Revenue ¹ of \$30,000,000 over two consecutive half year periods, with the second half year period ending within the three year term of the performance rights.	3 years from the date of issue
	1,098,409	Swoop and NodeOne achieving aggregate Sales Revenue ¹ of \$35,000,000 over two consecutive half year periods, with the second half year period ending within the three year term of the performance rights.	
James Spenceley (or nominee)	1,318,090	Swoop and NodeOne achieving aggregate Sales Revenue ¹ of \$30,000,000 over two consecutive half year periods, with the second half year period	3 years from the date of issue

Recipient	Number	Performance Milestone Condition	Expiry Date
		ending within the three year term of the performance rights.	
	1,318,091	Swoop and NodeOne achieving aggregate Sales Revenue ¹ of \$35,000,000 over two consecutive half year periods, with the second half year period ending within the three year term of the performance rights.	

Note 1 – “Sales Revenue” means revenue as independently audited by the Company's auditors excluding revenue derived from (1) one-off or extraordinary items; (2) government grants, allowances rebates or handouts; or (3) revenue or profit that has been “manufactured” to achieve the performance milestone.

- (b) **(Notification to holder):** The Company shall notify the holder in writing when the relevant Performance Milestone Condition has been satisfied.
- (c) **(Conversion):** Subject to paragraph (a), upon satisfaction of the applicable Performance Milestone Condition, and the issue of the notice referred to in paragraph (b) above, each Performance Right will automatically convert into one Share.
- (d) **(Change of Control)** In the circumstance of a Change of Control occurring, the relevant Performance Milestone Condition is deemed to be automatically satisfied and each Performance Right will, at the election of the holder, convert into one Share.
- (e) **(Lapse of a Performance Rights):** Any Performance Right that has not been converted into a Share prior to the Expiry Date specified in paragraph (a) will automatically lapse.
- (f) **(Fraudulent or dishonest action):** If a holder ceases to be an employee or Director of the Company in circumstances where the cessation or termination is specifically referenced to the holder having been found to have acted fraudulently or dishonestly in the performance of his or her duties, then:
 - (i) the Board must deem any Performance Rights of the holder to have immediately lapsed and be forfeited; and
 - (ii) any Performance Rights that have vested will continue in existence in accordance with their terms of issue only if the relevant Performance Milestone Conditions have previously been met, and any Shares issued on satisfaction of the applicable Performance Milestone Conditions will remain the property of the holder.

(g) **(Ceasing to be an employee or Director):** If a holder ceases to be an employee or Director of the Company in circumstances where the cessation or termination arises because the holder:

- (i) voluntarily resigns his or her position (other than to take up employment with a subsidiary of the Company);
- (ii) wilfully breaches the terms of the engagement of the holder or any policy of the Company's published policies regulating the behaviour of holder;
- (iii) is convicted of a criminal offence which, in the reasonable opinion of the Company, might tend to injure the reputation or the business of the Company; or
- (iv) is found guilty of a breach of the Corporations Act and the Board considers that it brings the holder or the Company into disrepute,

then:

- (v) unless the Board decides otherwise in its absolute discretion, will deem any Performance Rights of the holder to have immediately lapsed and be forfeited; and
- (vi) any Performance Rights that have vested will continue in existence in accordance with their terms of issue only if the relevant Performance Milestone Conditions have previously been met and any Shares issued on satisfaction of the applicable Performance Milestone Conditions will remain the property of the holder.

(h) **(Other circumstances):** The Performance Rights will not lapse and be forfeited where the holder ceases to be an employee or Director of the Company for one of the following reasons:

- (i) death or total permanent disability (in respect of total permanent disability being that because of a sickness or injury, the holder is unable to work in his or her own or any occupation for which they are suited by training, education, or experience for a period beyond one year);
- (ii) redundancy (being where the holder ceases to be an employee or Director due to the Company no longer requiring the holder's position to be performed by any person); or
- (iii) any other reason, other than a reason listed in rules (f) and (g) (not including (g)(i), in which case the Board may exercise its absolute discretion to allow the resigned to retain their Performance Right), that the Board determines is reasonable to permit the holder to retain his or her Performance Rights,

and in those circumstances the Performance Rights will continue to be subject to the applicable Performance Milestone Conditions.

(i) **(Share ranking):** All Shares issued upon the conversion of Performance Rights on satisfaction of the applicable Performance Milestone Condition will upon issue rank pari passu in all respects with other Shares.

(j) **(Application to ASX):** The Performance Rights will not be quoted on ASX. The Company must apply for the official quotation of a Share issued on conversion of

a Performance Right on ASX within the time period required by the ASX Listing Rules.

- (k) **(Timing of issue of Shares on Conversion):** Within 10 Business Days after date that Performance Rights are converted, the Company will:
- (i) issue the number of Shares required under these terms and conditions in respect of the number of Performance Rights converted;
 - (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
 - (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the conversion of the Performance Rights.

If a notice delivered under (k)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

- (l) **(Transfer of Performance Rights):** The Performance Rights are not transferable.
- (m) **(Participation in new issues):** A Performance Right does not entitle a holder (in their capacity as a holder of a Performance Right) to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.
- (n) **(Reorganisation of capital):** If at any time the issued capital of the Company is reconstructed, all rights of a holder will be changed in a manner consistent with the applicable ASX Listing Rules and the Corporations Act at the time of reorganisation.
- (o) **(Adjustment for bonus issue):** If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the number of Shares or other securities which must be issued on the conversion of a Performance Right will be increased by the number of Shares or other securities which the holder would have received if the holder had converted the Performance Right before the record date for the bonus issue.
- (p) **(Dividend and Voting Rights):** The Performance Rights do not confer on the holder an entitlement to vote (except as otherwise required by law) or receive dividends.
- (q) **(Deferral of conversion if resulting in a prohibited acquisition of Shares):** If the conversion of a Performance Right would result in any person being in contravention of section 606(1) of the *Corporations Act 2001* (Cth) (**General Prohibition**) then the conversion of that Performance Right shall be deferred until such later time or times that the conversion would not result in a contravention of the General Prohibition. In assessing whether a conversion of a Performance Right would result in a contravention of the General Prohibition:

- (i) holders may give written notification to the Company if they consider that the conversion of a Performance Right may result in the contravention of the General Prohibition. The absence of such written notification from the holder will entitle the Company to assume the conversion of a Performance Right will not result in any person being in contravention of the General Prohibition;
 - (ii) the Company may (but is not obliged to) by written notice to a holder request a holder to provide the written notice referred to in paragraph (q)(i) within seven days if the Company considers that the conversion of a Performance Right may result in a contravention of the General Prohibition. The absence of such written notification from the holder will entitle the Company to assume the conversion of a Performance Right will not result in any person being in contravention of the General Prohibition.
- (r) **(No rights to return of capital):** A Performance Right does not entitle the holder to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.
- (s) **(Rights on winding up):** A Performance Right does not entitle the holder to participate in the surplus profits or assets of the Company upon winding up of the Company.
- (t) **(Tax Deferral):** For the avoidance of doubt, Subdivision 83A-C of the Income Tax Assessment Act 1997, which enables tax deferral on performance rights, applies (subject to the conditions in that Act) to the Performance Rights.
- (u) **(No other rights):** A Performance Right gives the holder no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

SCHEDULE 12 – VALUATION OF PERFORMANCE RIGHTS

The Incentive Performance Rights to be issued to the Related Parties pursuant to Resolutions 17 to 19 have been valued by internal management.

Using the Black & Scholes model and based on standard assumptions including those set out below, the Performance Rights were ascribed the following value¹:

Item			
Value of the underlying Shares	\$0.50		
Valuation date	4 March 2021		
Term of the Performance Right	3 years		
Volatility (discount)	50%		
Risk-free interest rate	0.25%		
Value of Incentive Performance Rights	Tranche 1 ² : \$0.0704 per Performance Right		Tranche 2 ³ : \$0.0487 per Performance Right
Total Value of Performance Rights	Tranche 1	Tranche 2	Total
- Jonathan Pearce (Resolution 17)	\$46,423.12	\$32,095.49	\$78,518.61
- Tony Grist (Resolution 18)	\$77,371.88	\$53,492.49	\$130,864.37
- James Spenceley (Resolution 19)	\$93,198.47	\$64,434.51	\$157,037.28

Notes:

1. The valuation noted above is not necessarily the market price that the Performance Rights could be traded at and is not automatically the market price for taxation purposes.
2. These Performance Rights are subject to the performance milestone condition that Swoop and NodeOne achieving aggregate Sales Revenue of \$30,000,000 over two consecutive half year periods, with the second half year period ending within the three year term of the performance rights, where "Sales Revenue" means revenue as independently audited by the Company's auditors excluding revenue derived from (1) one-off or extraordinary items; (2) government grants, allowances rebates or handouts; or (3) revenue or profit that has been "manufactured" to achieve the performance milestone.
3. These Performance Rights are subject to the performance milestone condition that Swoop and NodeOne achieving aggregate Sales Revenue of \$35,000,000 over two consecutive half year periods, with the second half year period ending within the three year term of the performance rights, where "Sales Revenue" means revenue as independently audited by the Company's auditors excluding revenue derived from (1) one-off or extraordinary items; (2) government grants, allowances rebates or handouts; or (3) revenue or profit that has been "manufactured" to achieve the performance milestone.

SCHEDULE 13 – NOMINATION OF APPOINTMENT OF AUDITOR

22 March 2021

PRIVATE & CONFIDENTIAL

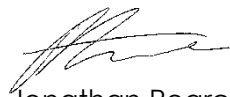
The Company Secretary
STEMify Limited
Level 5, 126 Phillip Street
SYDNEY, NSW, AUSTRALIA, 2000

NOMINATION OF AUDITOR – STEMIFY LIMITED

I, Jonathan Pearce, being a member of STEMify Limited (ACN 009 256 535) (**Company**), nominate PKF(NS) Audit & Assurance Limited Partnership in accordance with section 328B(1) of the *Corporations Act 2001* (Cth) (**Act**) to fill the office of auditor of the Company.

Please distribute copies of this notice of this nomination as required by section 328B(3) of the Act.

Signed and dated:



Jonathan Pearce

Date: 22 March 2021



RSM Corporate Australia Pty Ltd ABN 82 050 508 024 (“RSM Corporate Australia Pty Ltd” or “we” or “us” or “ours” as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide (“FSG”). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- who we are and how we can be contacted;
- the financial services that we will be providing you under our Australian Financial Services Licence, Licence No 255847;
- remuneration that we and/or our staff and any associates receive in connection with the financial services that we will be providing to you;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

Financial services we will provide

For the purposes of our report and this FSG, the financial service we will be providing to you is the provision of general financial product advice in relation to securities.

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

General Financial Product Advice

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

Benefits that we may receive

We charge various fees for providing different financial services. However, in respect of the financial service being provided to you by us, fees will be agreed, and paid by, the person who engages us to provide the report and such fees will be agreed on either a fixed fee or time cost basis. You will not pay to us any fees for our services; the Company will pay our fees. These fees are disclosed in the Report.

Except for the fees referred to above, neither RSM Corporate Australia Pty Ltd, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Remuneration or other benefits received by our employees

All our employees receive a salary.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Associations and relationships

RSM Corporate Australia Pty Ltd is beneficially owned by the partners of RSM Australia, a large national firm of chartered accountants and business advisers. Most of our directors are also partners of RSM Australia Partners.

From time to time, RSM Corporate Australia Pty Ltd, RSM Australia Partners, RSM Australia and / or RSM Australia related entities may provide professional services, including audit, tax and financial advisory services, to financial product issuers in the ordinary course of its business.

Complaints resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints should be directed to The Complaints Officer, RSM Corporate Australia Pty Ltd, P O Box R1253, Perth, WA, 6844.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination. If a complaint is received in advance of a shareholder meeting or other key date where shareholders or investors may be making decisions which are influenced by our report, we will make all reasonable efforts to respond to complaints prior to that date.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Australian Financial Complaints Authority ("AFCA"). AFCA is an independent dispute resolution scheme that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about AFCA are available at the AFCA website www.afca.org.au. You may contact AFCA directly by email, telephone or in writing at the address set out below.

Australian Financial Complaints Authority
GPO Box 3
Melbourne VIC 3001
Toll Free: 1800 931 678
Email: info@afca.org.au

Time limits may apply to make a complaint to AFCA, so you should act promptly or consult the AFCA website to determine if or when the time limit relevant to your circumstances expires.

Contact details

You may contact us using the details set out at the top of our letterhead on page 5 of this report.

through the issue of 40,000,000 SF1 post-consolidation shares (“Capital Raising”) and seek re-admission to the Official List on the ASX. On completion of the Proposed Transaction, SF1 will change its name to Swoop Holdings Limited.

1.5 In consideration for the acquisition of Swoop and NodeOne, SF1 will issue:

- 89,401,261 SF1 Shares to the vendors of Swoop (“Swoop Vendors”); and
- 33,368,003 SF1 Shares to the vendors of NodeOne and Fiwi (“NodeOne Vendors”);

all on a post-consolidation basis (together “the Consideration Shares”).

1.6 The Company is seeking Shareholder approval for the purposes of ASX Listing Rule 10.1 on the basis that the Swoop Vendors and NodeOne Vendors (together “the Vendors”) were deemed to become associates of each other on signing of the Acquisition Agreements, by virtue of acting in concert in relation to the affairs of the Company, and together with their associates held at least 10% of the issued capital in SF1 prior to the Proposed Transaction.

1.7 Prior to the Proposed Transaction, Oaktone Nominees Pty Ltd (a Shareholder of Swoop and NodeOne), Tisia Nominees Pty Ltd (a Shareholder of NodeOne) and Denlin Nominees Pty Ltd (an associate of Oaktone Nominees Pty Ltd) collectively held an interest of 17.94% in the Company. Accordingly, for the purposes of Listing Rule 10.1, the Vendors are deemed to be substantial holders in the Company and, as the value of Swoop and NodeOne exceeds 5% of the equity interests of the Company, Shareholder approval is required for the acquisition of Swoop, NodeOne and Fiwi from their respective vendors.

1.8 Furthermore, the Company is seeking Shareholder approval under item 7 of section 611 of the Corporations Act 2001 (“the Act”) on the basis that the Vendors’ combined interest in the Company will increase from 17.94% to a maximum of 79.76% on completion of the Proposed Transaction by way of issue of the Consideration Shares and subscription by certain Vendors or their associates in the Capital Raising.

1.9 The Directors of the Company have requested that RSM Corporate Australia Pty Ltd (“RSM”), being independent and qualified for the purpose, express an opinion as to whether the Proposed Transaction is fair and reasonable to shareholders not associated with, or who would receive a material benefit as a result of, the Proposed Transaction (“Non-Associated Shareholders”) for the purposes of ASX Listing Rule 10.1 and Section 611 item 7 of the Act.

1.10 The resolutions for the above transactions are set out in the Notice of Meeting as follows:

Resolution 1 – Change to nature and scale of activities

Resolution 2 – Consolidation of capital

Resolution 3 – Acquisition of a substantial asset from substantial (10%+) holders

Resolution 4 – Acquisition of a relevant interest in shares by the Vendors and their associates

Resolution 5 – Issue of public offer shares

1.11 In addition, the Company has identified Resolutions 10 to 13 as being essential resolutions (together with the above resolutions, “the Essential Resolutions”).

1.12 The Essential Resolutions relate to the Proposed Transaction and are conditional on each other. Therefore, should any of the Essential Resolutions not be approved by Shareholders, the Proposed Transaction will not proceed.

1.13 Accordingly, we have considered all conditions and terms relating to the Essential Resolutions as part of the Proposed Transaction because, without them, the Proposed Transaction cannot complete.

- 1.14 The ultimate decision whether to approve the Proposed Transaction should be based on each Shareholder's assessment of their circumstances, including their risk profile, liquidity preference, tax position and expectations as to value and future market conditions. If in doubt as to the action they should take with regard to the Proposed Transaction, or the matters dealt with in this Report, Shareholders should seek independent professional advice.

2. Summary and conclusion

Opinion

2.1 In our opinion, and for the reasons set out in Sections 12 and 13 of this Report, the Proposed Transaction is fair and reasonable to the Non-Associated Shareholders of SF1.

Approach

2.2 In assessing whether the Proposed Transaction is fair and reasonable to the Non-Associated Shareholders, we have considered Australian Securities and Investment Commission (“ASIC”) Regulatory Guide 111 – *Content of Expert Reports* (“RG 111”), which provides specific guidance as to how an expert is to appraise transactions.

2.3 Where an issue of shares by a company otherwise prohibited under section 606 of the Act is approved under item 7 of section 611, and the effect on the company shareholding is comparable to a takeover bid, such as the Proposed Transaction, RG 111 states that the transaction should be analysed as if it was a takeover bid.

2.4 Therefore, we have considered whether or not the Proposed Transaction is “fair” to the Non-Associated Shareholders by assessing and comparing:

- The Fair Value of a Share in SF1 on a control basis prior to the Proposed Transaction; with
 - The Fair Value of a Share in SF1 on a non-control basis post completion of the Proposed Transaction,
- and, considered whether the Proposed Transaction is “reasonable” to the Non-Associated Shareholders by undertaking an analysis of the other factors relating to the Proposed Transaction which are likely to be relevant to the Non-Associated Shareholders in their decision of whether or not to approve the Proposed Transaction.

2.5 Further information of the approach we have employed in assessing whether the Proposed Transaction is “fair” and “reasonable” is set out at Section 4 of this Report.

Fairness

2.6 Our assessed values of a SF1 Share prior to and immediately after the Proposed Transaction, on a post-consolidated basis, are summarised in the table and figure below.

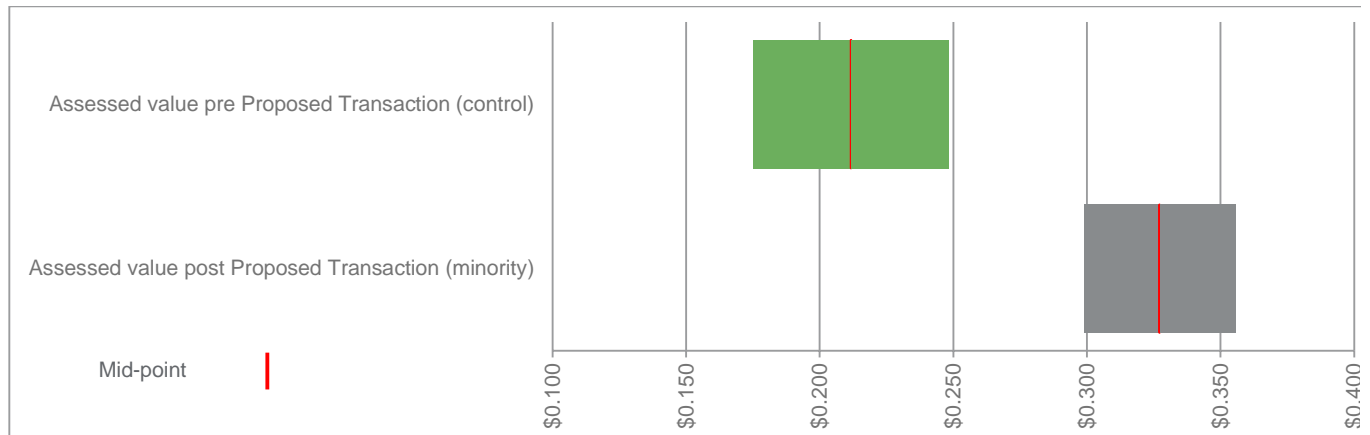
Table 1 Assessed values of a SF1 Share pre and post the Proposed Transaction (post-consolidation basis)

Assessment of fairness	Ref.	Value per Share		
		Low	High	Mid-Point
		\$	\$	\$
Fair value of an SF1 Share pre the Proposed Transaction - Control basis	Section 10	0.175	0.248	0.212
Fair value of an SF1 Share post the Proposed Transaction - Minority basis	Section 11	0.299	0.355	0.327

Source: RSM analysis

2.7 We have summarised the values included in the table above in the figure below.

Figure 1 SF1 Share valuation graphical representation (post-consolidation basis)



Source: RSM analysis

2.8 The chart above indicates that the range of assessed values on a minority basis post the Proposed Transaction are greater than the assessed values on a control basis prior to the Proposed Transaction.

2.9 In accordance with the guidance set out in ASIC RG 111, and in the absence of any other relevant information, for the purposes of Item 7 Section 611 of the Act and ASX Listing Rule 10.1, we therefore consider the Proposed Transaction to be **fair** to the Non-Associated Shareholders of SF1.

Reasonableness

2.10 RG 111 establishes that an offer is reasonable if it is fair. It might also be reasonable if, despite not being fair, there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the offer closes. As such, we have also considered the following factors in relation to the reasonableness aspects of the Proposed Transaction:

- The future prospects of the Company if the Proposed Transaction does not proceed; and
- Any other commercial advantages and disadvantages to the Non-Associated Shareholders as a consequence of the Proposed Transaction proceeding.

2.11 The Company has no current business operations and its Shares are suspended from trading on the ASX. If the Proposed Transaction does not proceed the Board will continue to seek alternative assets or businesses to add value to Shareholders and enable SF1 to seek re-listing on the ASX.

2.12 The key advantages of the Proposed Transaction are:

Advantage	Details
The Proposed Transaction is fair	The Proposed Transaction is fair to the Non-Associated Shareholders.
Ability to maintain ASX Listing	The Proposed Transaction and associated capital raising will provide the Company with the ability to seek approval from the ASX for re-admission, thereby providing a market for existing Shareholders. SF1 Shares have been suspended from trading since August 2020 leaving shareholders no opportunity to realise their investment.
Improvement in cash position from Public Offer	If the Proposed Transaction is approved, it will increase the cash position of the Company through the Capital Raising. However, it is noted that these funds will be primarily used to invest in further network infrastructure and other development projects.
Future growth prospects of Swoop and NodeOne	If the Proposed Transaction is approved, the Company will own the businesses and infrastructure of Swoop and NodeOne, giving Shareholders the opportunity to benefit from future growth prospects of these businesses and the broader wireless broadband and telecommunications sector.

2.13 The key disadvantages of the Proposed Transaction are:

Disadvantage	Details
Change in nature of activities and investment profile	If the Proposed Transaction is approved, the Company will be changing the nature of its activities to operate as a wireless and wholesale broadband services company, which will expose the Company to new risks and may not be consistent with the investment objectives of all Shareholders.
Dilution of Shareholders' interests	If the Proposed Transaction is approved, the issue of Consideration Shares to the Vendors and issue of the Public Offer shares will dilute the shareholding of existing Non-Associated Shareholders from 77.9% to 3.1% on an undiluted basis.
Vendors will have a majority shareholding in SF1	If the Proposed Transaction is approved, the Vendors will collectively hold an interest of 79.76% in SF1 on an undiluted basis.
Future outlay of funds for the Company	If the Proposed Transaction is approved, it will result in the Company entering an industry which requires significant capital expenditure for maintenance and growth of infrastructure and networks. Initial expenditure is intended to be funded from the Capital Raising, however, the Company may be required to raise additional equity funding to fund the Group's business activities which could be dilutive to existing Shareholders.

2.14 We are not aware of any alternative proposals which may provide a greater benefit to the Non-Associated Shareholders of SF1 at this time.

2.15 In our opinion, the position of the Non-Associated Shareholders of SF1 if the Proposed Transaction is approved is more advantageous than if the Proposed Transaction is not approved. Therefore, in the absence of any other relevant information and/or a superior offer, we consider that the Proposed Transaction is **reasonable** for the Non-Associated Shareholders of SF1.

3. Summary of Proposed Transaction

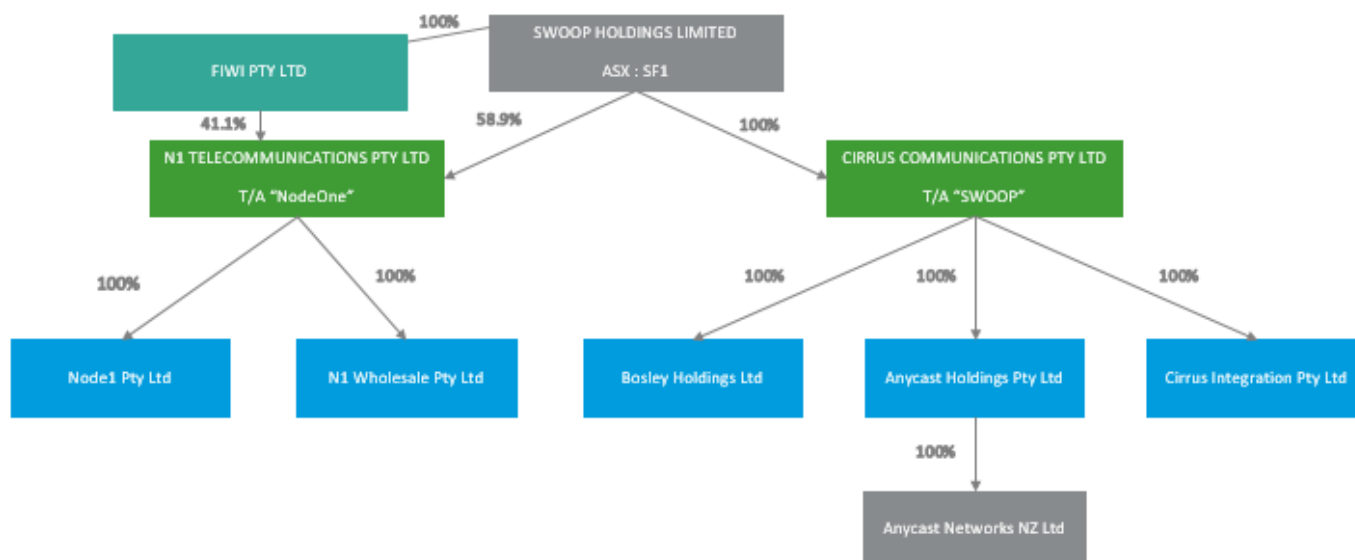
Overview

- 3.1 On 25 February 2021, SF1 announced that it had entered into three inter-conditional Acquisition Agreements, pursuant to which the Company has agreed to acquire:
- (a) 100% of the issued capital in Cirrus Communications Pty Ltd trading as Swoop;
 - (b) 58.90% of the issued capital in N1 Telecommunications Pty Ltd trading as NodeOne; and
 - (c) 100% of the issued capital in Fiwi which in turn holds the remaining 41.10% of the issued capital of NodeOne.
- 3.2 The successful completion of the Proposed Transaction will result in the Company changing the nature and scale of its activities to an information technology and fixed wireless broadband provider business.
- 3.3 The consideration payable in respect of the Proposed Transaction is a total of 122,769,264 fully paid ordinary SF1 Shares (on a post-consolidation basis) comprising of:
- 89,401,261 fully paid ordinary SF1 Shares (on a post-consolidation basis) issued to Swoop Vendors at a deemed issue price of \$0.50 per Share (“Swoop Consideration”); and
 - 33,368,003 fully paid ordinary SF1 Shares (on a post-consolidation basis) issued to NodeOne Vendors at a deemed issue price of \$0.50 per Share (“NodeOne Consideration”).

Acquisition of Fiwi Pty Ltd by the Company

- 3.4 Fiwi Pty Ltd currently holds 41.10% of the issued capital of NodeOne. The issued capital of Fiwi is held by Oaktone Nominees Pty Ltd (“Oaktone”) on trust for five beneficial shareholders (“NodeOne Beneficial Shareholders”).
- 3.5 To ensure that the NodeOne Beneficial Shareholders will have the benefit of capital gains tax scrip for scrip rollover relief on the same terms as the other NodeOne Vendors:
- (a) Fiwi has declined the offer from the Company to acquire its NodeOne shares; and
 - (b) Oaktone (being the sole shareholder of Fiwi) has entered into an agreement with SF1 to sell all of the shares in Fiwi to the Company immediately prior to completion of the Proposed Transaction (“Fiwi Agreement”).
- 3.6 Accordingly, the Company will hold 58.90% of the NodeOne shares directly, with the remaining 48.90% held via Fiwi, which shall become a wholly owned subsidiary of the Company immediately prior to completion of the Proposed Transaction. Fiwi has no assets or operations other than its holding in NodeOne.
- 3.7 Under the terms of the Fiwi Agreement, Oaktone will sell its entire shareholding in Fiwi to the Company in consideration for 13,713,173 SF1 Shares, which will be distributed to the remaining NodeOne Beneficial Shareholders.
- 3.8 Upon completion of the Proposed Transaction, the corporate structure of the Company will be as follows:

Table 2 Proposed Group Structure



Source: Notice of Meeting

Key Terms of the Acquisition Agreements

3.9 The key terms of the Acquisition Agreements are:

- SF1 will consolidate the Company's issued capital by consolidating every twenty-three (23) existing Shares into one (1) new share prior to implementation of the Proposed Transaction. This will result in the number of SF1 Shares currently on issue reducing from 156,972,435 to 6,825,035. There are currently 75,227,782 Options on issue with expiry dates falling between June 2021 and June 2023 which will also be consolidated on a 23 to 1 basis, resulting in 3,272,951 Options post Consolidation.
- SF1 will offer 40,000,000 ordinary Shares (on a post-consolidation basis) at an issue price of \$0.50 per share to raise up to \$20.0 million under a prospectus ("Public Offer") and seek re-admission to the Official List of the ASX. The Public Offer is proposed to be underwritten by Morgans Corporate Limited.
- A pricing adjustment based on the net cash amount held by SF1, Swoop and NodeOne as at 30 November 2020 will be effected using an estimated net cash amount of \$9.94 million for Swoop, \$1.38 million for NodeOne and \$1.60 million for SF1 ("Estimated Net Cash Amounts") with any excess at 30 November 2020 permitted to be distributed and any shortfall at completion added to the amounts permitted to be distributed by other parties. The Estimated Net Cash Amounts are defined with the Acquisition Agreements for each of Swoop, NodeOne and SF1 individually and summarised at Appendix E of this Report.
- On completion of the Proposed Transaction, SF1 will change its name to "Swoop Holdings Limited".
- The current Board of SF1 will resign and be replaced by new Board members ("Proposed Board") with the exception of Mr Jonathan Pearce who will remain as Non-Executive Director following completion of the Proposed Transaction.

The Proposed Board will comprise of:

- Mr James Spenceley (Non-Executive Chairman);
- Mr William (Paul) Reid (Non-Executive Director);
- Mr Anthony Grist (Non-Executive Deputy Chairman); and

- Mr Jonathan Pearce (Non-Executive Director);
- Mr Matthew Hollis (Executive Director)

3.10 The Acquisition Agreements allow for the payment of exit bonuses to Swoop Vendors totalling up to \$4.27 million prior to completion of the Proposed Transaction. The Acquisition Agreements state that up to \$2.27 million will be payable in cash to James Spenceley, up to \$0.7 million is expected to be used by Eric Heyde to pay down his outstanding employee share plan loan and up to \$1.30 million is expected to be used by William (Paul) Reid to pay down his outstanding employee share plan loan (“Swoop Exit Bonuses”).

Key Conditions of the Proposed Transaction

- 3.11 Completion of the Proposed Transaction is subject to and conditional upon a number of conditions precedent, including:
- SF1 obtaining all necessary approvals to give effect to the Proposed Transaction including, without limitation, Shareholder approvals under the ASX Listing Rules and the Corporations Act and those resolutions deemed to be Essential Resolutions;
 - SF1 completing the Consolidation;
 - SF1 raising \$20.0 million under the Capital Raising;
 - Conditional listing approval being received from the ASX to reinstate SF1 Shares to trading and re-compliance with chapters 1 and 2 of the ASX listing rules;
 - Satisfaction or waiver of all conditions to completion of the Acquisition Agreements and the Fiwi Agreement; and
 - There being no material adverse changes to SF1, NodeOne or Swoop prior to completion of the acquisitions.

Rationale for the Proposed Transaction

3.12 The Directors of SF1 have been seeking business opportunities which display growth, are profitable and have a broader opportunity within the relevant market sector. The telecommunications sector has recently experienced growth, both organically and via acquisition opportunities, and has been largely resilient during COVID-19. The proposed acquisition of Swoop and NodeOne satisfies the criteria for opportunities sought by the Directors, as stated above.

Impact of the Proposed Transaction on SF1’s Capital Structure

- 3.13 The Notice of Meeting also contains resolutions for the approval of the following Shares and Options to be issued by SF1:
- Issue of 2,400,000 post-consolidation SF1 Shares to the current Directors of SF1 under the Public Offer (comprising 2,000,000 Shares to Mr Jonathan Pearce and 200,000 Shares to each of Mr Ryan Legudi and Mr Timothy Grice) – Resolutions 6 to 8; and
 - Issue of 1,500,000 unlisted SF1 options (on a post-consolidation basis) exercisable at \$0.75 each with an expiry date 3 years from the date of issue to Forrest Capital Pty Ltd – Resolution 9.
- 3.14 A number of the Vendors and associates of the Vendors also wish to subscribe for Shares in the Public Offer. The maximum number of Shares being subscribed for by these parties is 11,280,000 (post-consolidation).

3.15 The table below sets out a summary of the capital structure of SF1 prior to and post the Proposed Transaction.

Table 3 Share structure of SF1 pre and post the Proposed Transaction

	Prior to Proposed Transaction		Post Proposed Transaction	
Shares on issue:				
Pre-Consolidation SF1 Shareholders	156,972,435		156,972,435	
Post-Consolidation SF1 Shareholders (1 for 23)	6,825,035		6,825,035	
Non-Associated Shareholders	5,315,679	77.9%	5,315,679	3.1%
Existing shareholders who would receive a material benefit as a result of the Proposed Transaction	284,848	4.2%	284,848	0.2%
Existing Vendor shareholders and their associates	1,224,508	17.9%	1,224,508	0.7%
NodeOne Vendors - Consideration Shares	-	0.0%	33,368,003	19.7%
Swoop Vendors - Consideration Shares	-	0.0%	89,401,261	52.7%
Capital Raise - Vendors and associates	-	0.0%	11,280,000	6.7%
Capital Raise - Existing shareholders who would receive a material benefit from the Proposed Transaction	-	0.0%	2,000,000	1.2%
Capital Raise - Other	-	0.0%	26,720,000	15.8%
Total undiluted Shares on issue (Post-Consolidation)	6,825,035	100%	169,594,299	100%
<i>Total undiluted Vendor Shareholders (Post-Consolidation)</i>	<i>1,224,508</i>	<i>17.94%</i>	<i>135,273,772</i>	<i>79.76%</i>
Options:				
Pre-Consolidation Options on issue	75,277,782		75,277,782	
Post-Consolidation Options on issue (1 for 23)	3,272,951		3,272,951	
Non-Associated Shareholders	870,776	26.6%	870,776	18.2%
Existing shareholders who would receive a material benefit as a result of the Proposed Transaction	163,044	5.0%	163,044	3.4%
Vendor shareholders and their associates	2,239,131	68.4%	2,239,131	46.9%
Forrest Capital Options	-	0.0%	1,500,000	31.4%
Total Options on issue (Post-Consolidation)	3,272,951	100%	4,772,951	100%
Performance Rights:				
Vendor Directors	-	-	4,832,998	78.6%
Other Directors (being an existing shareholder who would receive a material benefit from the Proposed Transaction)	-	-	1,318,090	21.4%
Total Rights on issue (Post-Consolidation)	-	-	6,151,088	100%
Non-Associated Share / option holders	6,186,455	61.3%	6,186,455	3.4%
Existing shareholders who would receive a material benefit as a result of the Proposed Transaction	447,892	4.4%	3,765,982	2.1%
Vendor and associates Share / option holders	3,463,639	34.3%	143,845,901	79.7%
Other new Share / option holders	-	0.0%	26,720,000	14.8%
Total diluted Shares on issue (Post-Consolidation)	10,097,986	100%	180,518,338	100%

Source: Company estimates

- 3.16 The existing Non-Associated Shareholders of SF1 currently hold 77.9% of the voting interest, on completion of the Proposed Transaction their interest will reduce to 3.1% on an undiluted basis, and 3.4% on a fully diluted basis (assuming all Options and Performance Rights are converted into ordinary Shares).
- 3.17 The Vendors will collectively hold 79.76% of the issued capital of SF1 on completion of the Proposed Transaction, on an undiluted basis.
- 3.18 No individual shareholder will hold more than 20% of the issued capital of SF1 post the Proposed Transaction.
- 3.19 Resolutions 17 to 19 include provisions for a total of 6,151,088 performance rights (“Performance Rights”) to be issued to current and proposed Directors of SF1 as follows:
- Jonathan Pearce – 1,318,090
 - Anthony (Tony) Grist – 2,196,817
 - James Spenceley – 2,636,181
- 3.20 The Performance Rights will be issued in two tranches with an expiry date 3 years from issue, and the following vesting conditions attached to them:
- 50% will vest upon Swoop and NodeOne achieving aggregate sales revenue of \$30.0 million over two consecutive half-year periods; and
 - 50% will vest upon Swoop and NodeOne achieving aggregate sales revenue of \$35.0 million over two consecutive half year periods.

4. Scope of the Report

ASX Listing Rules

- 4.1 ASX Listing Rule 10.1 states that an entity must ensure that neither it, nor any of its child entities, acquires a substantial asset from, or disposes of a substantial asset to, a substantial shareholder, a related party or any of its associates without the approval of holders of the entity's ordinary securities.
- 4.2 An asset is considered substantial "if its value, or the value of the consideration for it, is 5% or more of the equity interests of the entity as set out in the latest financial statements given to the ASX". The value of Swoop and NodeOne exceeds 5% of the equity interests of SF1.
- 4.3 ASX Listing Rule 10.5.10 sets out the requirement for the inclusion of an independent expert's report opining on whether the transaction is fair and reasonable.
- 4.4 One of the Vendors, Oaktone Nominees Pty Ltd ("Oaktone") holds 19,420 SF1 Shares (on a post consolidation basis) and is an associate of Denlin Nominees Pty Ltd ("Denlin Nominees"), an entity controlled by Mr Anthony Grist, which holds 1,096,392 Shares (on a post-consolidation basis) in the Company. Prior to the Proposed Transaction, Denlin Nominees and Oaktone therefore collectively held an interest of 16.35% in the Company. In addition, Tisia Nominees Pty Ltd ("Tisia"), a NodeOne Vendor, holds 108,696 SF1 Shares (on a post-consolidation basis).
- 4.5 Upon signing of the Acquisition Agreements and the Fiwi Agreement, all Vendors were deemed to become associates of one another by virtue of acting in concert in relation to the Proposed Transaction. Each Vendor was therefore also considered to be an associate of Denlin Nominees. As a result of this association, the Vendors are deemed to have voting power of 17.94% in the Company prior to the Proposed Transaction.
- 4.6 Accordingly, for the purposes of Listing Rule 10.1, each Vendor is deemed to be a substantial shareholder in the Company and Shareholder approval for the Proposed Transaction is required.

Corporations Act

- 4.7 Section 606 of the Act prohibits a person from acquiring a relevant interest in the issued voting shares of a public company if the acquisition results in that person's voting interest in the company increasing from a starting point that is below 20% to an interest that is above 20%.
- 4.8 For the purpose of seeking Shareholder approval for the Proposed Transaction, upon signing of the Acquisition Agreements and Fiwi Agreement, each Vendor will be assumed to be an associate of the other Vendors and Denlin Nominees. As stated above, the Vendors are collectively deemed to have voting power of 17.94% in the Company prior to the Proposed Transaction.
- 4.9 The Company will issue 122,769,264 post-consolidation Consideration Shares and a number of the Vendors and associates also wish to subscribe for Shares in the Public Offer up to a maximum number of 11,280,000 Shares. At completion of the Proposed Transaction, the Vendors combined interest in the Company will therefore increase from 17.94% to a maximum of 79.76%.
- 4.10 Under Item 7 of Section 611 of the Act, the prohibition contained in Section 606 does not apply if the acquisition has been approved by the Shareholders of the company excluding the Vendors and their associates. Accordingly, the Company is seeking approval from the Shareholders for the Proposed Transaction under Item 7 of Section 611 of the Act.
- 4.11 Immediately following completion of the Proposed Transaction, the Vendors will cease to be associates of one another and Denlin Nominees, unless otherwise identified in the Notice of Meeting.
- 4.12 Section 611(7) of the Act states that shareholders must be given all information that is material to the decision on how to vote at the meeting. ASIC Regulatory Guide 111 ("RG 111") advises the requirement to commission an Independent Expert's Report in such circumstances and provides guidance on the content.

4.13 Accordingly, SF1 is to hold a meeting of its Shareholders where it will seek approval for the Proposed Transaction and the Company has engaged RSM, to prepare a report which sets out our opinion as to whether the Proposed Transaction is fair and reasonable to Shareholders.

Basis of evaluation

4.14 In determining whether the Proposed Transaction is “fair” and “reasonable” we have given regard to the views expressed by ASIC in RG 111.

4.15 RG 111 provides ASIC’s views on how an expert can help security holders make informed decisions about transactions. Specifically, it gives guidance to experts on how to evaluate whether or not a proposed transaction is fair and reasonable.

4.16 RG 111 states that the expert’s report should focus on:

- The issues facing the security holders for whom the report is being prepared; and
- The substance of the transaction rather than the legal mechanism used to achieve it.

4.17 Where an issue of shares by a company otherwise prohibited under section 606 is approved under item 7 of section 611 and the effect on the company’s shareholding is comparable to a takeover bid, RG 111 states that the transaction should be analysed as if it was a takeover bid.

4.18 RG 111 applies the fair and reasonable test as two distinct criteria in the circumstance of a takeover offer, stating:

- A takeover offer is considered “fair” if the value of the offer price or consideration is equal to or greater than the value of the securities that are the subject of the offer; and
- A takeover is considered “reasonable” if it is fair, or where the offer is “not fair” it may still be reasonable if the expert believes that there are sufficient reasons for security holders to accept the offer.

4.19 Consistent with the guidelines in RG 111, in determining whether the Proposed Transaction is fair and reasonable to the Non-Associated Shareholders, the analysis we have undertaken is as follows:

- A comparison of the fair value of an ordinary Share in SF1 prior to (on a control basis) and immediately following (on a non-control basis) the Proposed Transaction – fairness; and
- A review of other significant factors which Non-Associated Shareholders might consider prior to approving the Proposed Transaction – reasonableness.

4.20 The other significant factors to be considered include:

- the prospects of the Company if the Proposed Transaction does not proceed; and
- any other commercial advantages and disadvantages to the Non-Associated Shareholders as a consequence of the Proposed Transaction proceeding.

4.21 As noted previously, the Essential Resolutions are inter-conditional and therefore, we have considered all conditions and terms relating to the Essential Resolutions as part of the Proposed Transaction because, without them, the Proposed Transaction cannot complete.

4.22 Our assessment of the Proposed Transaction is based on economic, market and other conditions prevailing at the date of this Report.

5. Profile of STEMify Limited

Background

- 5.1 STEMify Limited is an Australian public company that listed on the ASX in 2016 as Robo 3D Limited, through a reverse takeover. The Company changed its name to STEMify Limited in December 2018.
- 5.2 Since 2016, SF1 was focused on developing and marketing STEM education curriculum in various countries and primarily the USA, utilising 3D printing project kits. In February 2020, the Company announced it was seeking to dispose of its main business undertakings, being the 3D printing hardware and the MyStemKits K-12 curriculum business, to Boxlight Corporation ("BOXL"). The disposal was completed on 21 April 2020 for consideration of US\$600,000 with the funds to be used for sourcing new business opportunities for SF1.
- 5.3 On 25 August 2020, the Company announced its net smelter royalty interest in the Saxby Gold Project had been extinguished by Strategic Energy Resources Limited paying \$110,000 in cash to SF1.
- 5.4 SF1 has been suspended from quotation on the ASX since 6 August 2020 pending announcement of the Proposed Transaction. As at the date of this report SF1 had a market capitalisation of approximately \$3.14 million, based on the last trading price before suspension.

Directors

- 5.5 The directors of SF1 at the date of this Report are summarised in the table below.

Table 4 SF1 Directors

Name	Title	Experience
Mr Tim Grice	Executive Chairman	Mr Tim Grice has over 30 years' experience as a business advisor and capital markets professional. He has held multiple senior advisor positions at stockbroking firms and was involved in capital raisings for companies in biotechnology, technology, and resources. He was previously a director of Eureka Energy and 4EDS Memory.
Mr Ryan Legudi	Managing Director	Mr Ryan Legudi has over 15 years' experience in a number of corporate finance and advisory roles within Australia and in the UK. Mr Legudi specialises in advising and structuring private equity buyouts and early stage investments, with a focus on software and technology. He holds a Bachelor of Commerce, Diploma of Information Systems and is a member of the Institute of Chartered Accountants of Australia.
Mr Jonathan Pearce	Non-Executive Director	Mr Jonathan Pearce has over 15 years of corporate finance experience with small and mid-cap companies listed on the ASX. He is currently a portfolio manager of the CVC Emerging Companies Fund. He holds a Bachelor of Finance from the Australian National University and a Graduate Diploma of Applied Finance from the Kaplan Institute.

Source: Company

Financial information of SF1

- 5.6 The information in the following section has been extracted from the audited financial statements of the Company.
- 5.7 The Auditor of SF1, BDO Audit Pty Ltd, issued an unmodified audit opinion on the financial statements for the year ended 30 June 2020. However, the audit report included an emphasis of matter relating to the Company's ability to continue as a going concern given the suspension from quotation, loss-making position and sale of main business undertaking during the year, stating:

"We draw attention to Note 1 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 opinion is not modified in respect of this matter".

Financial performance

5.8 The following table sets out a summary of the financial performance of SF1 for the years ended 30 June 2020 and 30 June 2019.

Table 5 SF1 historical financial performance

A\$000's	Ref	Year Ended 30-Jun-20 Audited	Year Ended 30-Jun-19 Audited
Revenue			
Other income	5.11	151	689
Total income		151	689
Expenses			
Finance costs		(9)	(113)
General and administrative		(529)	(377)
Foreign exchange expense		(9)	-
Employee benefit expense		(115)	(253)
Depreciation and amortisation expense		(5)	(2)
Share based payments write-back/(expense)		(160)	134
Profit/(Loss) before income tax expense from continuing operations		(676)	77
Income tax expense		-	-
Profit/(Loss) after income tax expense from continuing operations		(676)	77
Profit/(loss) after income tax expense from discontinued operations	5.12	412	(4,630)
Loss after income tax expense for the year	5.9	(264)	(4,552)

Source: Company Financials

- 5.9 SF1 recorded a net loss of \$4.55 million in the year ended 30 June 2019 (“FY19”) and \$0.26 million in the year ended 30 June 2020 (“FY20”) following the disposal of the MyStemKits business to BOXL.
- 5.10 SF1 historically generated revenue through the sale of 3D project kits for STEM education and the manufacture of consumer 3D printers. In June 2019 a strategic decision to pursue the STEM education market led to the decision to close down SF1’s former manufacturing subsidiary Robo 3D Inc. All assets of Robo 3D Inc. were sold and the proceeds used to settle existing creditors. Therefore, discontinued operations in FY20 comprise the results of the MyStemKits business and assets, and in FY19 also included the results of the Robo 3D Inc business.
- 5.11 Other income primarily relates to gains on the modification of financial liabilities and the conversion of debt into equity.
- 5.12 SF1 previously held \$2.33 million of goodwill on its balance sheet, which was recognised as part of the MyStemKits Inc acquisition in August 2018; this was fully impaired in FY19 and included in the loss from discontinued operations. In April 2020, the Company disposed of its 3D printing hardware and the MyStemKits K-12 curriculum business for consideration of US\$600,000 which resulted in a gain on disposal of \$0.6 million recorded in FY20 after working capital adjustments and included in the profit from discontinued operations.

Financial position

5.13 The table below sets out a summary of the financial position of SF1 as at 30 June 2020 and 30 June 2019.

Table 6 SF1 historical financial position

A\$000's	Ref	As at 30-Jun-20 Audited	As at 30-Jun-19 Audited
Current assets			
Cash and cash equivalents	5.14	1,008	12
Trade and other receivables	5.15	498	128
Inventories		-	216
Other current assets		37	69
Total current assets		1,543	425
Non-current assets			
Financial assets at fair value through other comprehensive income	5.16	192	-
Property, plant and equipment		1	38
Intangibles		-	3
Total non-current assets		193	42
Total assets		1,736	467
Current liabilities			
Trade and other payables		392	1,252
Contract liabilities		-	119
Borrowings	5.17	114	727
Employee benefits		-	69
Provisions		-	17
Contingent consideration		-	55
Total current liabilities		506	2,239
Total liabilities		506	2,239
Net assets/(liabilities)	5.14	1,230	(1,772)
Equity			
Issued capital		29,353	26,930
Reserves		1,415	1,619
Accumulated losses		(29,539)	(30,322)
Total equity		1,230	(1,772)

Source: Company

5.14 At 30 June 2020, SF1 had net assets of \$1.23 million, primarily comprising cash of \$1.0 million.

5.15 Trade and other receivables of \$0.50 million at 30 June 2020 includes a \$0.47 million receivable that relates to deferred consideration from BOXL in relation to the sale of the MyStemKits business, being US\$0.35 million payable in four quarterly cash payments from July 2020, accruing interest at 7% per annum. The December 2020 Quarterly Report noted that the performance conditions for the initial two instalments were not met and

therefore the Company only expects to receive the final two instalments of US\$87,500 each due in January and April 2021.

- 5.16 Financial assets at fair value as at 30 June 2020 relates to 142,857 shares in BOXL which were acquired by SF1 following the sale of MyStemKits, for a total equity investment of US\$100,000. BOXL is a NASDAQ-listed company. These shares were subsequently sold in the December 2020 quarter for net cash proceeds of US\$241,000.
- 5.17 Borrowings of \$0.11 million at 30 June 2020 relate to insurance premium funding of \$0.02 million and a \$0.09 million Paycheck Program loan designed to provide a direct incentive to companies to keep their workers on payroll. The loan is forgivable if all employee retention criteria are met and the funds are used for eligible expenses. Borrowings of \$0.72 million as at 30 June 2019 were primarily in relation to a trade finance loan of \$0.48 million and bridging loan of \$0.23 million provided to the Company by Denlin Nominees Pty Ltd, an entity associated with Mr Anthony Grist, which were settled in FY20 by way of conversion into equity.

Events after 30 June 2020

- 5.18 SF1 disclosed cash holdings of \$0.91 million in its quarterly report to 31 December 2020 and incurred operating costs of approximately \$260,000 in the quarter offset by net proceeds of \$314,000 from the sale of BOXL shares as noted above.
- 5.19 As at 30 November 2020, the Net Cash holdings of SF1 per the Acquisition Agreement definition was \$1.59 million.

Capital structure

5.20 SF1 had 156,972,435 ordinary shares on issue at the date of this Report. The top 20 shareholders of SF1 are set out below.

Table 7 SF1 Top 20 shareholders

Rank	Name	Total Units	% Issued Share Capital
1	DENLIN NOMINEES PTY LTD	25,181,452	16.04%
2	PARRY CAPITAL MANAGEMENT <PARRY SPEC SIT SP FUND A/C>	10,000,000	6.37%
3	MR ANTHONY DE NICOLA & MRS TANYA LOUISE DE NICOLA <DE NICOLA FAMILY S/F A/C>	8,750,000	5.57%
4	BNP PARIBAS NOMINEES PTY LTD <DRP A/C>	7,884,662	5.02%
5	BROOKAVA PTY LTD	6,500,000	4.14%
6	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	5,290,635	3.37%
7	143 PTY LTD	5,000,000	3.19%
8	MR MARK JOHN BAHEN & MRS MARGARET PATRICIA BAHEN <SUPERANNUATION A/C>	5,000,000	3.19%
9	LONGREACH 52 PTY LTD	5,000,000	3.19%
10	NATIONAL NOMINEES LIMITED <DB A/C>	4,728,017	3.01%
11	BT PORTFOLIO SERVICES LIMITED <KA & SMP GRIST S/F A/C>	4,602,588	2.93%
12	BT PORTFOLIO SERVICES LIMITED <WARELL HOLDINGS S/F A/C>	4,000,000	2.55%
13	ALUA CAPITAL PTY LTD	2,500,000	1.59%
14	HAMMERHEAD HOLDINGS PTY LTD <HHH S/F A/C>	2,500,000	1.59%
15	KOBIA HOLDINGS PTY LTD	2,500,000	1.59%
16	LONGRIDGE PARTNERS PTY LTD	2,500,000	1.59%
17	PETERLYN PTY LTD <RPC SALMON SUPER FUND A/C>	2,500,000	1.59%
18	TISIA NOMINEES PTY LTD <THE HENDERSON FAMILY A/C>	2,500,000	1.59%
19	BROWN BRICKS PTY LTD <HM A/C>	2,022,223	1.29%
20	KELVERLEY PTY <RERANI SUPER FUND A/C>	2,000,000	1.27%
Total Top 20 Shareholding		110,959,577	70.69%
Others		46,012,858	29.31%
Total issued capital		156,972,435	100.00%

Source: Company

5.21 SF1 had 75,277,782 unlisted options on issue at the date of this Report comprising the following (on a pre-consolidation basis):

- 11,112 exercisable at \$4.50 and expiring 27 June 2021;
- 111,112 exercisable at \$3.375 and expiring 30 June 2021;

- 11,112 exercisable at \$4.50 and expiring 8 August 2021;
- 11,112 exercisable at \$4.50 and expiring 23 August 2021;
- 133,334 exercisable at \$2.70 and expiring 28 August 2021;
- 30,000,000 advisor options exercisable at \$0.025 and expiring 31 December 2022;
- 37,500,000 conversion options exercisable at \$0.05 and expiring 30 June 2023; and
- 7,500,000 exercisable at \$0.05 and expiring 30 June 2023.

Share price performance

5.22 The figure below sets out a summary of SF1 closing share prices and traded volumes for the 12 months to 31 January 2021. The Company was officially placed into a trading halt on 4 August 2020 and subsequently suspended from official quotation on 6 August 2020 pending the release of an announcement regarding the Proposed Transaction.

Figure 2 SF1 daily closing share price and traded volumes



Source: S&P Capital IQ/ ASX

5.23 In the twelve-month period to the Company's trading halt on 4 August 2020, SF1 shares traded between \$0.011 and \$0.035 per share. The most significant trading day during this period was on 10 June 2020 when approximately 4.94% of SF1's total volume of shares was traded.

5.24 Key announcements during the period illustrated above are summarised below:

No.	Date	Comment
1	4-Feb-20	Trading Halt The ASX announced that the securities of STEMify were placed in trading halt at the request of the Company, pending the release of an announcement.
2	6-Feb-20	STEMify to dispose of main undertaking STEMify released announcement advising that it has entered into an asset purchase agreement with Boxlight Corporation ("BOXL") to dispose of the Company's 3D printing hardware and the MyStemKits K-12 curriculum business.
3	28-Feb-20	Half yearly report and accounts STEMify released half yearly report to shareholders indicating that it had a consolidated entity loss of \$550,123 (31 December 2018: \$3,639,496) after providing for income tax.
4	19-Mar-20	Results of meeting STEMify released the results of the General Meeting held on 19-Mar-20. A resolution was passed to approve the sale of the business.

5	6-Apr-20	<p>Update on BOXL agreement</p> <p>STEMify announced that it is working towards completion of the Company's 3D printing hardware and the MyStemKits K-12 curriculum business to BOXL. The date of satisfaction of the condition precedent was 31 March 2020, however some of the conditions remained unsatisfied and the parties were working towards completion of them.</p>
6	9-Apr-20	<p>Further update on BOXL agreement</p> <p>STEMify announced that although the parties had not formally agreed to an extension of the date of satisfaction of the conditions precedent, they are working on completion of the disposal of the Company's 3D printing hardware and the MyStemKits K-12 curriculum assets to BOL pursuant to the asset purchase agreement.</p>
7	21-Apr-20	<p>Completion of sale to BOXL and subscription for shares BOXL</p> <p>STEMify released an announcement expressing that it has completed the disposal of its 3D printing hardware and the MyStemKits K12 curriculum business to BOXL. Furthermore, STEMify advised that it had subscribed for 142,857 shares in BOXL in a US\$100,000 placement.</p>
8	16-Jun-20	<p>STEMify enters into Royalty Sale Agreement with Vox</p> <p>STEMify released an announcement indicating that it has entered into a Royalty Sale and Purchase agreement with Vox Royalty Australia Pty Ltd ("Vox") for the sale of its net smelter royalty interest in the Saxby gold project. The project is 100% owned by Strategic Energy Resources (ASX:SER). The consideration for the royalty interest is as follows:</p> <ul style="list-style-type: none"> • USD\$50,000 in cash; and • USD\$30,000 in Vox shares.
9	4-Aug-20	<p>Trading Halt</p> <p>The ASX announced that the securities of STEMify were placed in trading halt at the request of the Company, pending the release of an announcement.</p>
10	5-Aug-20	<p>Suspension of official quotation</p> <p>The ASX announced that STEMify was suspended from the commencement of normal trading on 6 August 2020, pending the release of an announcement regarding a material acquisition.</p>
11	25-Aug-20	<p>Completion of Sale of Saxby Royalty</p> <p>STEMify announced that the Royalty Sale Agreement with Vox, announced on 16-Jun-20 has been cancelled, however STEMify and SER have reached an agreement to extinguish its existing royalty interest agreement by SER paying a consideration of \$110,000 in cash, and the funds have been received by the Company.</p>
12	30-Sep-20	<p>Annual report to shareholders</p> <p>STEMify released its annual report to shareholders showing a consolidated entity loss of \$264,132 (30 June 2019: \$4,552,494) after providing for income tax.</p>
13	6-Oct-20	<p>Cancellation of unlisted options and performance rights</p> <p>STEMify released an announcement updating shareholders that a number of unlisted options and performance rights have lapsed and have been subsequently cancelled.</p>
14	30-Oct-20	<p>Appendix 4C and Commentary</p> <p>STEMify released its September 2020 quarterly report and provided an update to its shareholders in relation to outstanding receivables from Boxlight and requirements for re-compliance of Chapters 1 & 2 of the ASX Listing Rules.</p>
15	29-Jan-21	<p>Appendix 4C and Commentary</p> <p>STEMify released its December 2020 quarterly report and provided an update to its shareholders in relation to its disposal of Boxlight shares and outstanding receivables from Boxlight.</p>

6. Profile of Swoop

Background

- 6.1 Cirrus Communications Pty Ltd trading as Swoop is an Australian fixed wireless broadband service provider and wholesale network infrastructure carrier that was incorporated on 7 July 2004.
- 6.2 Since being founded over 15 years ago, Swoop has expanded from being a residential internet service provider (“ISP”) focused on the NSW Central Coast region, to also include a national wholesale offering. Swoop operates in the following three key markets:
- Swoop Wholesale – supply of fixed wireless access and wholesale transit services to other ISPs;
 - Swoop Business – supply of fixed wireless internet and telecommunication services to small and medium business (“SMB”); and
 - Swoop Broadband – supply of fixed wireless broadband services to residential customers predominantly in regional Victoria.
- 6.3 Swoop has three operating entities, Cirrus Communications, Anycast Holdings Pty Ltd and Bosley Holdings Pty Ltd. Its operations are based in regional New South Wales and Victoria.
- 6.4 The Company has diversified its core businesses to also provide internet over its own fixed wireless network and provide wholesale transit and other services to smaller ISPs. Swoop also provides services over the NBN fixed line and fixed wireless networks nationally to residential and SMB customers outside of the Swoop fixed wireless network.
- 6.5 Strategically Swoop is looking to develop speeds up to 1Gps for SMB and Wholesale customers in addition to expanding the residential footprint area. The next phase will include launching NBN services into the SMB market.

Impact of COVID-19

- 6.6 Swoop has experienced growth in its Wholesale Transit and ISP/Telco products, as well as its residential revenues as the demand for wireless internet increased as a result of working from home initiatives. However, the group also recorded a decline in its fixed wireless services from higher customer churn and a reduction in SMB sales with this market segment affected more noticeably by COVID-19. This led to the Swoop Group being eligible for JobKeeper assistance in the quarter to 30 September 2020; Management notes that the customer churn has slowed and therefore it does not expect to claim the assistance program for any future periods.

Share Purchase Agreements

- 6.7 In April 2020, Swoop executed an agreement to purchase 100% of the issued shares in wholesale transit provider Anycast Holdings Pty Ltd (“Anycast”) and fixed wireless internet provider Bosley Holdings Pty Ltd (“Bosley”) which traded as “DCSI”, for a combination of \$1.6 million cash and \$5.425 million scrip consideration. A director of Anycast and Bosley, Mr Thomas Berryman, commenced as a Director of Swoop following the completion of the acquisitions on 30 April 2020.
- 6.8 The aim of the acquisition was to diversify Swoop’s revenue stream by growing its wireless internet offerings and expanding the wholesale product offerings with additional network infrastructure constructed by Anycast.

Directors and management

- 6.9 The directors of Cirrus Communications are James Spenceley (Chairman), Tony Grist, Paul Reid, Eric Heyde, Matt Hollis and Tom Berryman.

6.10 The key management of Swoop are Alex West (Chief Executive Officer), Matt Hollis (Head of Sales) and Tom Berryman (Chief Technical Officer).

Capital Structure

6.11 Cirrus Communications had 456,177,180 shares on issue at the date of this Report. The expected shareholders of Swoop at completion of the Proposed Transaction are set out below.

Table 8 Swoop shareholders

Name	Total Units	% of issued capital	Consideration Shares
Tattarang Ventures Pty Ltd	142,857,142 (PRF1)	31.35%	28,025,852
Lygon Way Pty Ltd	76,332,649 (ORD)	16.75%	14,975,013
Todebe Pty Ltd as trustee for the TDB Trust	32,188,388 (ORD)	7.06%	6,314,749
FJ Chops Pty Ltd as trustee for the Rachel & Jacob Family Trust	32,188,388 (ORD)	7.06%	6,314,749
Spenceley Management Pty Ltd	28,571,429 (PRF2)	6.27%	5,605,170
Eric Christopher Heyde	22,363,900 (ORD)	4.91%	4,387,372
James Douglas Reid	19,509,371 (ORD)	4.28%	3,827,367
William Paul Reid	19,509,371 (ORD)	4.28%	3,827,367
Frilford Investments Pty Ltd	12,285,714 (ORD) 7,142,857 (PRF1)	4.26%	3,811,516
Matthew John Hollis	15,040,377 (ORD)	3.30%	2,950,636
Oaktone Nominees Pty Ltd	14,285,714 (PRF1)	3.13%	2,802,585
S. Marriott Pty Ltd as trustee for the Stuart Marriott Family Trust	8,105,357 (ORD)	1.78%	1,590,117
Alexander John West	7,897,520 (ORD)	1.73%	1,549,343
D & R Whitford Pty Ltd as trustee for the Whitford Family Trust	5,017,857 (ORD)	1.10%	984,408
Demand Investments Pty Ltd as trustee for the Hollis Family Trust	4,285,714 (PRF2)	0.94%	840,776
Paul McClean	3,571,429 (ORD)	0.78%	700,646
Cosamar Consulting Pty Ltd	1,348,123 (ORD)	0.30%	264,476
Christopher Edwin Howells	1,007,143 (ORD)	0.22%	197,582
VCF Capital Investments Pty Limited	968,063 (ORD)	0.21%	189,916
Karnang II Pty Ltd	467,379 (ORD)	0.10%	91,691
Graeme Smith	448,571 (ORD)	0.10%	88,001
Lightwave Solutions Pty Ltd atf Broadbury Discretionary Trust	95,000 (ORD)	0.02%	18,637
Andrew William Pink	66,667 (ORD)	0.01%	13,079
Almgren, John & Yvonne	60,000 (ORD)	0.01%	11,771
MicJay LLC	44,000 (ORD)	0.01%	8,632
Jeffrey, Lane	20,000 (ORD)	0.00%	3,924
Kench, Brian	10,000 (ORD)	0.00%	1,962
Jared Balkin atf Balkin Family Trust	5,000 (ORD)	0.00%	981
Kench, Janet	5,000 (ORD)	0.00%	981
Kench, Susan	5,000 (ORD)	0.00%	981
Robert Stuart Boyers as trustee for the Boyers Family Trust	5,000 (ORD)	0.00%	981
Total	455,708,123	100%	89,401,261

- 6.12 Oaktone Nominees Pty Ltd holds 14,285,714 Swoop preference shares and is an associate company of Denlin Nominees, an entity controlled by Mr Anthony Grist and the largest shareholder of SF1.
- 6.13 Swoop will undertake a selective capital reduction prior to Completion of the Proposed Transaction as the Directors have been unable to contact a shareholder who holds 469,047 shares. Under the terms of the Swoop Acquisition Agreement, any party that has not signed the Acquisition Agreement will have their shares cancelled at \$0.098 per share.

Financial performance

6.14 The following table sets out a summary of the audited, consolidated financial performance of Swoop Group for the years ended 30 June 2020 and 30 June 2019. The results of Anycast and Bosley are included from 30 April 2020 onwards, being the effective date of control.

Table 9 Swoop Group Consolidated Financial Performance

A\$000's	Ref	30-Jun-20 Audited	30-Jun-19 Audited
Revenue	6.17	9,224	6,795
Cost of sales	6.18	(2,869)	(2,096)
Gross Profit		6,355	4,700
GP%		69%	69%
Other income		24	8
Expenses			
Employee benefits expense		(2,841)	(1,613)
Share based payment expense	6.19	(2,704)	-
Administrative expenses		(836)	(352)
Other operating expenses		(1,253)	(851)
Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)		(1,255)	1,892
Depreciation and amortisation expense	6.20	(3,721)	(2,113)
Impairment of plant and equipment	6.21	(288)	-
Earnings before Interest and Tax (EBIT)		(5,264)	(221)
Finance costs		(304)	(28)
Profit/(loss) before income tax		(5,569)	(249)
Income tax benefit		461	-
Profit/(loss) for the year	6.15	(5,108)	(249)

Source: Company audited financial statements

- 6.15 Swoop recorded a loss of \$0.2 million for the year ended 30 June 2019 and a loss of \$5.1 million for the year ended 30 June 2020.
- 6.16 Swoop Wholesale and Swoop Business revenue is generated from monthly subscription for internet services, typically on a 24 or 36 month contract, with some legacy customers on month to month contracts. Residential customers are typically on monthly subscriptions with no fixed terms.
- 6.17 Sales increased from \$6.80 million in FY19 to \$9.22 million in FY20 following the acquisition of Anycast and Bosley in April 2020 which contributed revenue of \$2.64 million for the two months to 30 June 2020. Based on the May/June 2020 revenue run-rate, Swoop's annualised revenue would be in the region of \$22 million.
- 6.18 Cost of sales includes network service costs, licence fees, hardware purchases and site power costs.

- 6.19 In October 2019, the Company issued 71,206,099 shares to certain Executives and Directors as consideration for limited recourse loans at \$0.07 per share. For statutory reporting purposes, these shares have been treated as options as the loan agreements only provide a limited set of circumstances in which the loan amounts will be repaid and are recoverable only against the shares themselves. A share based payment reserve was created whereby the embedded option in the shares has been assessed at \$2.7 million as at 30 June 2020.
- 6.20 The Swoop Group has applied AASB 16 Accounting for Leases in FY20 in relation to network access agreements for the maintenance of network equipment and dark fibre agreements which give exclusive access to underground fibre cabling. The average length of lease has been determined as the identifiable useful life of the equipment or access to cabling of 7 years, and a total depreciation charge for network asset leases of \$0.85 million was recorded in FY20.
- 6.21 \$0.3 million of plant and equipment that was effectively made obsolete from the acquisition of Anycast and Bosley was written off in FY20.

Combined Financial Performance of Swoop Group Entities for the year ended 30 June 2020

- 6.22 In order to illustrate the trading performance of Swoop Group on a combined basis, the financial performance of Anycast, Bosley and Cirrus Communications for the full year ended 30 June 2020 has been extracted from their individual management reports and presented below on an aggregated basis.

Table 10 Swoop Group Combined Financial Performance

A\$000's	Year Ended 30-Jun-20
Anycast Sales	6,971
Bosley Sales	7,403
Cirrus Communications Sales	6,607
Total Sales	20,981
<i>Gross profit margin</i>	<i>44%</i>
EBITDA - excluding Share Based Payment expense	3,933

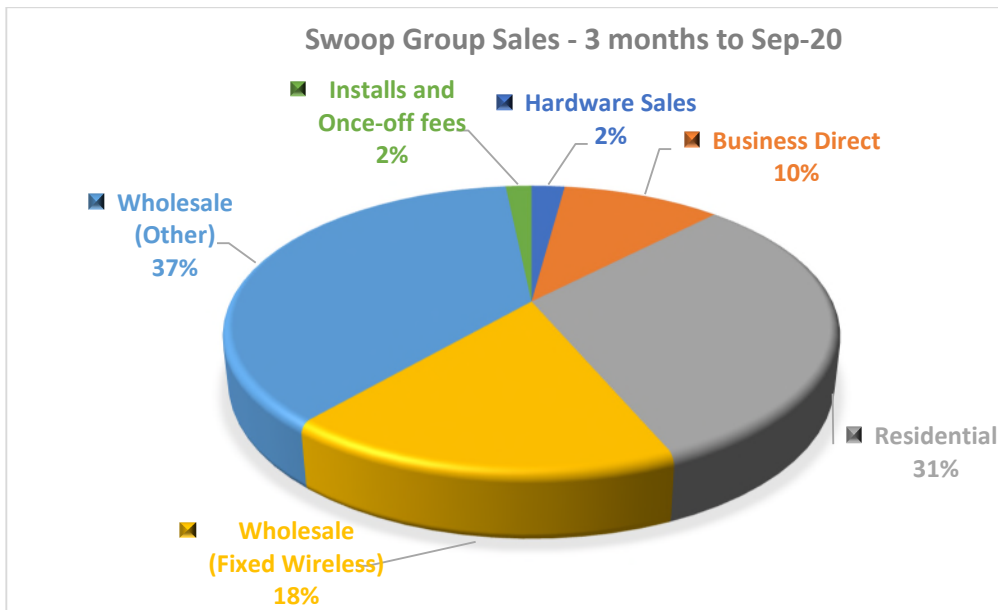
Source: Swoop Group Management Reports FY20

- 6.23 This analysis shows combined sales of \$21 million and EBITDA excluding share-based payment expenses of \$3.9 million, noting that includes \$0.15 million of Government grant income over the 12 months.

Financial Performance to 30 September 2020

- 6.24 The Swoop Group unaudited management accounts to 30 September 2020 show consolidated sales of \$5.6 million and a gross profit margin of 51%. EBITDA for the three months was \$1.7 million including \$0.5 million of JobKeeper payments and other Government grant income.
- 6.25 An analysis of sales composition for the three months to 30 September 2020 is shown below:

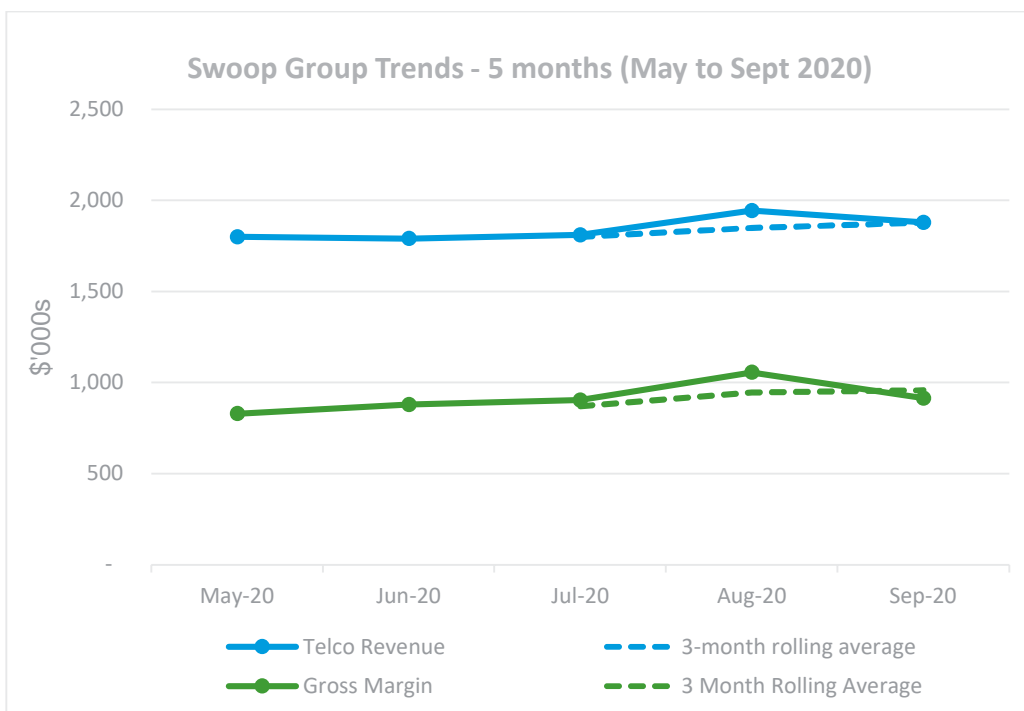
Figure 3 Swoop Group Sales Composition



Source: Swoop Group Management Accounts

- 6.26 Wholesale revenue accounted for 55% of total sales, with the other major revenue streams being Residential at 31% and Business Direct at 10%.
- 6.27 Monthly revenue grew by 4.4% from May 2020, being the first month of Anycast and Bosley being part of the Swoop Group, to September 2020 with \$1.88 million recorded in the month of September. The trend in monthly sales growth and gross margin is illustrated below:

Figure 4 Swoop Group Sales Trend



Source: Swoop Group Management Accounts

Financial position

6.28 The table below sets out a summary of the consolidated, audited financial position of Swoop Group as at 30 June 2020 and 30 June 2019.

Table 11 Swoop Group Consolidated Financial Position

A\$000's	Ref	30-Jun-20 Audited	30-Jun-19 Audited
Current Assets			
Cash and cash equivalents	6.29	2,627	144
Trade and other receivables		1,411	664
Inventories		151	-
Total current assets		4,189	808
Non-current assets			
Property, plant and equipment	6.30	7,685	5,949
Deferred tax assets		591	-
Intangible assets	6.32	6,203	-
Right-of-use assets	6.33	5,486	-
Total non-current assets		19,965	5,949
Total assets		24,154	6,757
Liabilities			
Current liabilities			
Trade and other payables		2,242	1,659
Finance lease liabilities		174	-
Lease liabilities	6.33	1,283	-
Short-term provisions	6.34	318	-
Employee benefits		577	227
Other liabilities	6.34	189	-
Total current liabilities		4,782	1,886
Non-current liabilities			
Finance lease liabilities		174	-
Deferred tax liabilities		288	-
Lease liabilities	6.33	4,310	-
Employee benefits		98	39
Total non-current liabilities		4,870	39
Total liabilities		9,652	1,926
Net Assets	6.29	14,502	4,832
Equity			
Issued capital		24,579	12,504
Reserves	6.35	2,704	-
Retained earnings		(12,781)	(7,672)
Total Equity		14,502	4,832

Source: Company audited financial statements

- 6.29 At 30 June 2020, Swoop had net assets of \$14.5 million, including cash of \$2.6 million.
- 6.30 Swoop recorded property, plant and equipment of \$7.7 million at 30 June 2020, which predominantly relates to network assets with a net book value of \$6.4 million as at 30 June 2020 and original cost of \$27.0 million. Network asset additions in the year ended 30 June 2020 totalled \$3.3 million.
- 6.31 To achieve the strategic goals for both growth and maintenance of existing network assets, the Swoop Group had identified future capex projects totalling approximately \$3.0 million for new sites, upgrades and other projects.
- 6.32 Intangible assets of \$6.2 million at 30 June 2020 includes \$2.7 million of goodwill, \$2.3 million relating to customer contracts, \$0.8 million of software assets and \$0.5 million of licence agreements recognised on the acquisition of Bosley and Anycast in April 2020.
- 6.33 After adopting the AASB 16 lease accounting standard, Swoop has recognised right-of-use assets and corresponding lease liabilities on its balance sheet as at 30 June 2020.
- 6.34 Short-term provisions related to site access payments and other current liabilities relate to credit cards payable.
- 6.35 As noted above, a share-based payment reserve was created in relation to limited recourse loans provided under an employee share plan in October 2019.

Events after 30 June 2020

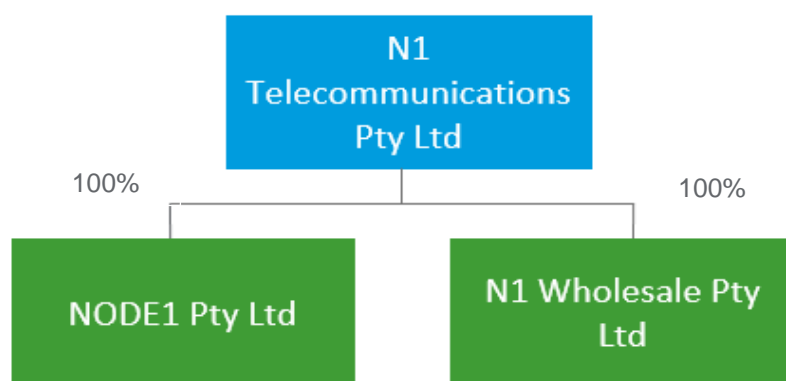
- 6.36 \$5.5 million of capital was issued in September and October 2020 following the exercise of previous options, and two executive managers were also issued with a further 7.9 million of shares each under the employee share loan plan at \$0.07 per share.
- 6.37 As at 30 November 2020, the Swoop Group held Net Cash of \$9.37 million in accordance with the Acquisition Agreements definition.

7. Profile of NodeOne

Background

- 7.1 N1 Telecommunications Pty Ltd trading as NodeOne is an Australian licensed telecommunications carrier and fixed wireless broadband provider. The business was originally established to provide fixed wireless services to customers in the Geraldton region of Western Australia (“WA”) approximately 10 years ago.
- 7.2 NodeOne’s core business is providing internet services over its own fixed wireless network across the Perth metropolitan area and broader WA regions. NodeOne also provides services over the NBN networks in WA for customers outside of its own fixed wireless network. Currently the NodeOne customer base is approximately 80% residential and 20% small to medium businesses.
- 7.3 NodeOne’s group structure prior to the Proposed Transaction is shown in the figure below:

Figure 5 NodeOne group structure prior to the proposed transaction



Source: Company

- 7.4 N1 Telecommunications Pty Ltd (“N1 Telecommunications”) was incorporated on 5 February 2020 with 100% of the ordinary shares in Node1 Pty Ltd (“Node1”) and N1 Wholesale Pty Ltd (“N1 Wholesale”) transferred to N1 Telecommunications in March 2020 by way of a share-for-share exchange.
- 7.5 The business of NodeOne was originally operated through a trust structure. The retail broadband operations of NodeOne were transferred to Node1 and the fixed wireless network assets sold into N1 Wholesale which now operates the wholesale operations for retail service providers including Node1.

Directors and management

- 7.6 The Directors of N1 Telecommunications are Richard Whiting (Chairman), Nick van Namen (Founder) and Jodee van Namen.
- 7.7 The key management of NodeOne are Richard Whiting (Chief Executive Officer), Nick van Namen (Chief Technology Officer) and Sean Clarke (Chief Sales Officer).

Capital Structure

7.8 NodeOne had 23,250,000 ordinary shares on issue as at the date of this Report. The expected shareholders of N1 Telecommunications at completion of the Proposed Transaction are set out below.

Table 12 NodeOne Shareholders

Name	Total Units	% Issued Share Capital	Consideration shares
N & J Enterprises Pty Ltd (WA) as trustee for the van Namen Family Trust	9,945,000	42.77%	14,272,894
Tattarang Ventures Pty Ltd	2,500,000	10.75%	3,587,957
E&P Investments Limited as trustee for the CVC Emerging Companies Fund	1,250,000	5.38%	1,793,979
NodeOne Beneficial Shareholders (indirectly through Fiwi):			
Oaktone Nominees Pty Ltd as trustee for the Grist Investment Trust	2,723,175	11.71%	3,908,255
Tisia Nominees Pty Ltd as trustee for the Henderson Family Trust	2,699,287.5	11.61%	3,873,971
JK Nominees Pty as trustee for the JK Trust	2,699,287.5	11.61%	3,873,971
Stella Equity Pty Ltd as trustee for the Stella Trust	955,500	4.11%	1,371,317
Wallcliffe Holdings Pty Ltd as trustee for The Whiting Trust	477,750	2.05%	685,659
Sub-Total (to be issued Consideration Shares pursuant to the Fiwi Agreement)	9,555,000	41.10%	13,713,173
Total issued capital	23,250,000	100%	33,368,003

Source: Company

7.9 N & J Enterprises Pty Ltd (WA) has entered into agreements to sell 1,200,000 of its Shares after Completion and before the Company's re-admission to the Official List at a sale price of \$0.50 per Shares ("Sell Down Agreements") including:

- Up to 400,000 Shares to Anthony Grist, a proposed Director and associate of a Vendor; and
- Up to 200,000 Shares to Tom Henderson, an associate of a Vendor.

Financial performance

7.10 The following table sets out a summary of the consolidated, audited financial performance of NodeOne for the year ended 30 June 2020, being the first year of operations under the current structure.

Table 13 NodeOne Consolidated Financial Performance

A\$000	Ref	Year Ended 30-Jun-20 Audited
Revenue		
Services rendered	7.12	5,929
Other income	7.14	488
Total Revenue		6,417
Cost of goods sold	7.16	(3,184)
Gross Profit		3,233
GP %		50%
Expenses		
Employee benefits expense		(1,491)
Other expenses	7.17	(836)
Earnings before Interest, Tax and Depreciation (EBITDA)		906
Depreciation and amortisation expense		(253)
Earnings before Interest and Tax (EBIT)		653
Finance costs		(52)
Profit before income tax expense		601
Income tax expense		(125)
Profit for the year	7.11	476

Source: Company audited financial statements

- 7.11 NodeOne recorded a net profit after income tax of \$0.48 million in the year ended 30 June 2020.
- 7.12 NodeOne's sales were \$5.93 million for the year ended 30 June 2020 which represents an increase of 27.5% on FY19 third party sales by Node1 and N1 Wholesale of \$4.65 million. The split of revenue in FY20 comprised approximately 60% fixed wireless and 40% NBN, with a total of 2,500 new services connected in the year.
- 7.13 Revenue is generated from monthly subscription services for internet services, typically over 12 or 24 month contracts, converting to month to month contracts, after their initial fixed term.
- 7.14 Other income included \$0.14 million of government grants including COVID-19 stimulus payments and \$0.3 million of revenue relating to the use of NodeOne's carrier licence by a third party.
- 7.15 As at 1 July 2020, NodeOne had 6,290 services in operation with approximately 2,800 on fixed wireless, 2,690 on NBN and a further 800 across other services. This had increased from approximately 4,200 services in use as at June 2019, representing almost 50% growth during the year.

- 7.16 Cost of goods sold relates to network access fees. Scale benefits and more favourable backhaul contracts have driven improved margins in NodeOne, with FY20 achieving 50% gross margin, which is expected to further increase in FY21 as shown in the three months to 30 September 2020 below.
- 7.17 Other expenses predominantly relate to marketing and administration costs.
- 7.18 NodeOne expects revenue and earnings to increase in FY21 due to a number of factors, including growth in fixed wireless services following additional investment in sales and marketing expenditure, an expanded tower network footprint in metro Perth and a decrease in customer acquisition costs. The demand for higher bandwidth is driving new sales and upgrades, particularly from workers at home.

Financial Performance to 30 September 2020

7.19 The NodeOne unaudited management accounts to 30 September 2020 show total sales of \$1.8 million and a gross margin of 54%. Sales on an annualised basis are \$7.1 million which represents 20% growth on FY20. Reported EBITDA for the three months was \$0.1 million including \$0.1 million of expensed transaction costs.

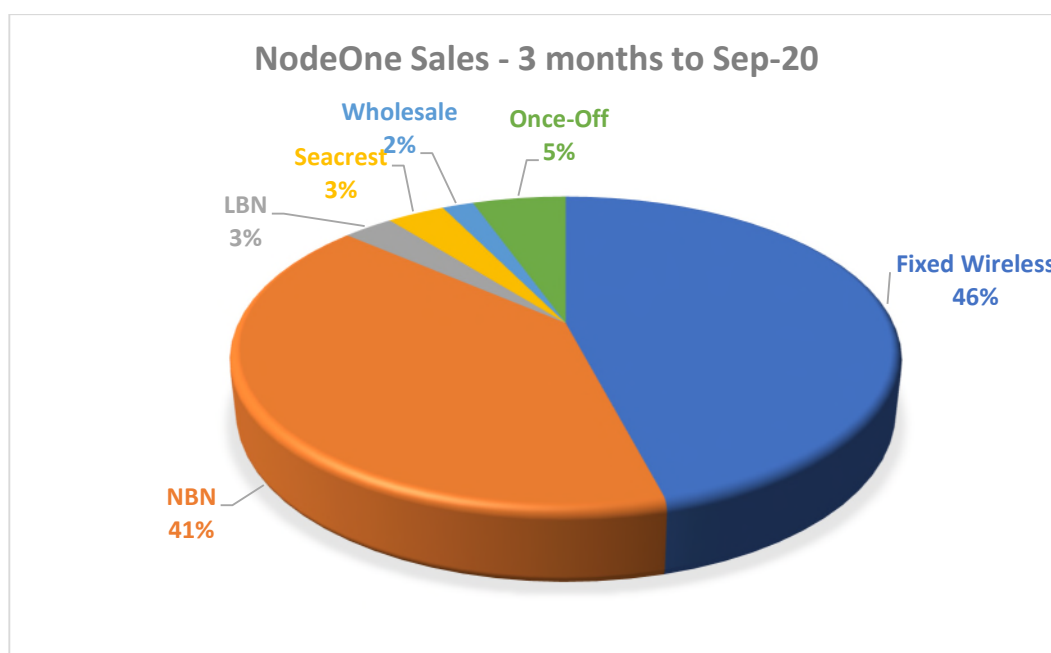
Table 14 NodeOne Financial Performance

A\$000's	Year to 30-Jun-20	3 Months to 30-Sep-20
Total Sales	5,929	1,783
<i>Gross profit margin</i>	<i>50%</i>	<i>54%</i>
EBITDA	906	132

Source: NodeOne Management Reports

7.20 An analysis of sales composition for the three months to 30 September 2020 is shown below:

Figure 6 NodeOne Sales Composition



Source: NodeOne Management Accounts

Financial position

7.22 The table below sets out a summary of the consolidated, audited financial position of NodeOne as at 30 June 2020.

Table 15 NodeOne Consolidated Financial Position

A\$000's	Ref	30-Jun-20 Audited
Current assets		
Cash and cash equivalents	7.23	619
Accounts receivable		678
Inventory		109
Other current assets	7.24	335
Total current assets		1,741
Non-current assets		
Property, plant and equipment	7.25	1,398
Right-of-use assets	7.27	304
Intangibles	7.28	252
Other non-current assets		28
Total non-current assets		1,982
Total assets		3,723
Current liabilities		
Accounts payable		1,220
Contract liabilities		217
Borrowings	7.29	59
Employee benefits		86
Provisions		44
Other current liabilities		16
Total current liabilities		1,642
Non-current liabilities		
Borrowings	7.29	147
Lease liabilities	7.27	382
Deferred tax liability		125
Total non-current liabilities		654
Total liabilities		2,296
Net assets	7.23	1,427

Source: Company audited financial statements

7.23 As at 30 June 2020, NodeOne had net assets of \$1.43 million, including cash of \$0.62 million.

7.24 Other current assets comprise prepayments, accrued income and provisions for taxation.

7.25 Property, plant and equipment of \$1.40 million as at 30 June 2020 is comprised of motor vehicles, plant and equipment, network installations and networks.

- 7.26 NodeOne has identified future capex requirements of \$3.2 million relating to new towers in key metropolitan areas to bring the total number of towers to 65, installation costs and site leases, upgrades and IT projects to support the existing network and continuing growth.
- 7.27 NodeOne has adopted the AASB 16 lease accounting standard, with right-of-use assets and corresponding lease liabilities for leases of plant and equipment recognised on its balance sheet as at 30 June 2020.
- 7.28 Intangible assets amounting to \$0.25 million as at 30 June 2020 primarily comprise IP addresses, IT systems / upgrades and website development costs.
- 7.29 Borrowings include \$181,000 of bank loans and \$24,000 of hire purchase liabilities.

Events after 30 June 2020

- 7.30 In July 2020, N1 Telecommunications issued 2.5 million shares at \$0.40 each to raise \$1.0 million.
- 7.31 As at 30 November 2020, NodeOne held Net Cash of \$0.56 million in accordance with the Acquisition Agreements definition.

8. Industry Overview

- 8.1 NodeOne and Swoop provide fixed wireless and wholesale broadband services in Australia. If the Proposed Transaction is approved, SF1 will enter into the telecommunications and internet service provider industry.
- 8.2 The combined group will provide broadband services to residential and business customers primarily through its own fixed wireless network and by acquiring wholesale capacity from fixed line network operators including the NBN Co Limited. The group will sell wholesale capacity on its fixed wireless networks to other retail service providers (“RSP”).

Overview of the Telecommunications Industry in Australia

- 8.3 Since deregulation of the telecommunications industry in the early 1990’s, the sector has grown from a single vertically integrated provider, Telstra, to a variety of providers offering retail and wholesale services delivered over owned or leased fixed line and wireless networks. This has led to a highly competitive industry with improved consumer choice.
- 8.4 In 2009, NBN Co Limited (“NBN Co”) was established to design, build and operate Australia’s wholesale broadband access network. The NBN is structured as a wholesale-only, open-access broadband network; services are provided on its local access network to RSPs using a variety of technologies including fibre, existing cable networks, wireless networks and satellite.
- 8.5 NBN Co has substantially completed its national roll-out and there were an estimated 190 RSP’s selling broadband access via the NBN network as at 30 June 2020.
- 8.6 In addition to the NBN, there are other network operators providing broadband services to RSPs through open access fibre networks, such as Opticomm, and fixed wireless networks. Fixed wireless network operators typically offer broadband services direct to customers in their local area and may also provide wholesale access to other RSPs but are not required to do so, unlike NBN Co.

Key Industry Trends

- 8.7 Consumers expect high speed connectivity with broadband internet access now being seen as an essential service for individuals and businesses. The volume of data being downloaded is increasing rapidly with consumers seeking faster speeds and more reliable services, a trend which has been exacerbated by COVID-19 and the increased take-up of working from home.
- 8.8 The ACCC Internet Activity Record Keeping Report published in December 2019 noted that in the 3 months to 31 December 2019, the volume of data downloaded was 6.9 million TB, an increase from 5.98 million TB over the three months to 30 June 2019.
- 8.9 In 2018 it was estimated that the average Australian household owned 17 internet connected devices and this number was expected to double within 5 years, according to a report by Telsyte.

Overview of Internet Service Providers Industry in Australia

- 8.10 In its December 2020 report IBISWorld, a provider of industry reports in Australia, expected that the internet service provider industry revenue would grow at an annualised 4.2% over the five years through 2019-20, including growth of 0.8% in the current year. The continued NBN rollout is anticipated to underpin industry growth in the future.
- 8.11 The historic growth can be attributed to an increased number of businesses and government entities making their services available to households through the internet, in addition to consumer use of streaming services such as Stan, Netflix and Amazon which are anticipated to account for over 80% of internet traffic in 2020.
- 8.12 It is anticipated that there will be mixed effects on the industry from the COVID-19 pandemic as, although there is growing demand and reliance on internet services due to increased remote working, the pricing model of providers typically have unlimited data allowances. The NBN wholesale contracts also limit total speeds

and volumes which can negatively impact industry profitability; in response to the pandemic, NBN Co provided some concessions until November 2020 to reduce the risk of overage charges for the industry.

- 8.13 Internet services in Australia are provided through a range of fixed line or wireless networks. The ACCC Report noted that there were 7.6 million fixed line subscribers and 8.4 million wireless internet subscribers in Australia at 30 June 2019.
- 8.14 Service providers compete on network coverage and speed, pricing and customer service quality. The growth of wireless services has been driven by improving speeds and data allowances, competitive pricing and availability.
- 8.15 IBISWorld identified the key external drivers for this industry to be:
- Internet subscribers;
 - Number of businesses;
 - Mobile internet connections; and
 - Real household disposable income.
- 8.16 IBISWorld identifies key success factors in the industry as:
- Access to required utility infrastructure;
 - Economies of scale;
 - Having a loyal customer base; and
 - Effective product promotion.

Outlook

- 8.17 IBISWorld showing a forecast annualised 3.6% revenue growth over the five years through 2024-25 for RSPs, driven by:
- Increased data volumes – the level of data downloaded in Australia has doubled on average every two and a half years over the last 10 years. This trend is underpinned by increasing use of streaming services including online gaming, the rise of Internet of Things (“IoT”) devices, innovation in online shopping and the rising acceptance of work from home arrangements.
 - Greater data requirements from the corporate sector with SMBs also moving to cloud based applications and services.
- 8.18 There is significant potential for demand growth from businesses that currently lack online distribution channels as only 54.5% of Australian businesses had a website or business online representation in 2019.
- 8.19 The internet services provider industry faces external competition as improvements in smartphone technology and lower mobile broadband pricing have promoted mass adoption over the past five years. The industry’s profitability over the past five years has reduced, with industry participants transitioning from DSL to NBN connections. However, the restructuring of the industry has allowed smaller industry operators to compete in the market by selling NBN services which has subsequently led to increased industry enterprise numbers.

9. Valuation approach

Basis of evaluation

- 9.1 The valuation of SF1 prior to and post the Proposed Transaction has been prepared on the basis of Fair Value being the value that should be agreed in a hypothetical transaction between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller, acting at arm's length.

Valuation methodologies

- 9.2 In assessing the Fair Value of an ordinary SF1 Share prior to and immediately following the Proposed Transaction, we have considered a range of valuation methodologies. RG 111 proposes that it is generally appropriate for an expert to consider using the following methodologies:

- the discounted cash flow ("DCF") method and the estimated realisable value of any surplus assets;
- the application of earnings multiples to the estimated future maintainable earnings or cash flows added to the estimated realisable value of any surplus assets;
- the amount which would be available for distribution on an orderly realisation of assets;
- the quoted price for listed securities; and
- any recent genuine offers received.

- 9.3 We consider that the valuation methodologies proposed by RG 111 can be split into three valuation methodology categories, as follows.

Market based methods

- 9.4 Market based methods estimate the Fair Value by considering the market value of a company's securities or the market value of comparable companies. Market based methods include;

- the quoted price for listed securities; and
- industry specific methods.

- 9.5 The recent quoted price for listed securities method provides evidence of the Fair Value of a company's securities where they are publicly traded in an informed and liquid market.

- 9.6 Industry specific methods usually involve the use of industry rules of thumb to estimate the Fair Value of a company and its securities. Generally, rules of thumb provide less persuasive evidence of the Fair Value of a company than other market based valuation methods because they may not account for company specific risks and factors.

Income based methods

- 9.7 Income based methods estimate value by calculating the present value of a company's estimated future stream of earnings or cash flows. Income based methods include:

- discounted cash flow;
- capitalisation of future maintainable earnings.

- 9.8 The DCF technique has a strong theoretical basis, valuing a business on the net present value of its future cash flows. It requires an analysis of future cash flows, the capital structure and costs of capital and an assessment of the residual value or the terminal value of the company's cash flows at the end of the forecast

period. This method of valuation is appropriate when valuing companies where future cash flow projections can be made with a reasonable degree of confidence.

- 9.9 The capitalisation of future maintainable earnings is generally considered a short form DCF, where an estimation of the Future Maintainable Earnings (“FME”) of the business, rather than a stream of cash flows is capitalised based on an appropriate capitalisation multiple. Multiples are derived from the analysis of transactions involving comparable companies and the trading multiples of comparable companies.

Asset based methods

- 9.10 Asset based methodologies estimate the Fair Value of a company’s securities based on the realisable value of its identifiable net assets. Asset based methods include:
- orderly realisation of assets method;
 - liquidation of assets method; and
 - net assets on a going concern basis.
- 9.11 The value achievable in an orderly realisation of assets is estimated by determining the net realisable value of the assets of a company which would be distributed to security holders after payment of all liabilities, including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner. This technique is particularly appropriate for businesses with relatively high asset values compared to earnings and cash flows.
- 9.12 The liquidation of assets method is similar to the orderly realisation of assets method except the liquidation method assumes that the assets are sold in a shorter time frame. The liquidation of assets method will result in a value that is lower than the orderly realisation of assets method and is appropriate for companies in financial distress or where a company is not valued on a going concern basis.
- 9.13 The net assets on a going concern method estimates the market values of the net assets of a company but unlike the orderly realisation of assets method it does not take into account realisation costs. Asset based methods are appropriate when companies are not profitable, a significant proportion of the company’s assets are liquid, or for asset holding companies.

Selection of valuation methodologies

Valuation of a SF1 Share pre the Proposed Transaction (control basis)

- 9.14 In assessing the value of a SF1 Share prior to the Proposed Transaction we have utilised the net assets on a going concern valuation methodology. We have taken into consideration:
- The investment in shares of BOXL at the recorded sale value in the December 2020 quarter; and
 - Consideration receivable related to the disposal of the Company's 3D printing hardware and the MyStemKits K-12 curriculum business, noting that the Company disclosed in the December 2020 Quarterly Report that the performance conditions for the first two instalments were not met.
- 9.15 We have also utilised the quoted market price methodology as a secondary valuation methodology.
- 9.16 Our valuation methodologies were selected on the following basis:
- The FME and DCF approaches are not considered as appropriate as the SF1 main business has recently been disposed of, therefore there is no expectation of future trading income.
 - We consider the net assets on a going concern methodology to be a suitable valuation approach given the nature of assets held.

- As SF1's shares are listed and traded on the ASX, we have considered the quoted market price methodology as a secondary valuation methodology. We note that for the quoted market price methodology to be considered a suitable approach, the market should be informed of SF1's activities and its shares should be liquid.

Valuation of a SF1 Share post the Proposed Transaction (non-control basis)

9.17 In assessing the value of SF1 post the Proposed Transaction, we have utilised the sum of parts approach, adopting the pre Proposed Transaction value of SF1 and including the impact of the Proposed Transaction assuming it proceeds. In particular, we have made the following adjustments:

- Include the assessed value of Swoop;
- Include the assessed value of NodeOne;
- Include cash raised from the Capital Raising;
- Include pre-completion Net Cash adjustments under the terms of the Acquisition Agreements;
- Include exit bonuses paid to Swoop Vendors prior to completion of the Proposed Transaction under the terms of the Acquisition Agreements;
- Include the dilution effect from the issue of shares; and
- Include specific costs associated with the Proposed Transaction.

9.18 We have then assessed the value of a SF1 Share post the Proposed Transaction on a non-controlling basis by adjusting for a minority discount.

Valuation of Swoop and NodeOne

9.19 In assessing the Fair Value of Swoop and NodeOne, we have utilised the capitalisation of FME as our primary methodology. In our opinion, it is the most appropriate methodology for the following reasons:

- Swoop and NodeOne have historically generated reasonably consistent earnings; and
- There are adequate publicly listed companies and comparable transactions with sufficiently similar operations to provide meaningful analysis.

9.20 Whilst we have been provided with financial forecasts prepared by Swoop for the year ending 30 June 2021 and NodeOne for the three years ending 30 June 2023, RG 111 states that an expert should not include prospective information (including forecasts and projections) or any other statements or assumptions about future matters (together, 'forward-looking information') in its report unless there are reasonable grounds for the forward-looking information. We have therefore not adopted the DCF methodology.

9.21 We have also cross-checked our assessed values of Swoop and NodeOne using our primary method against comparable transactions by analysing implied multiples of annual revenue.

10. Valuation of SF1 prior to the Proposed Transaction

10.1 As stated at paragraph 9.14 we have assessed the value of a SF1 Share prior to the Proposed Transaction using the net assets on a going concern approach and have also considered the quoted price of its listed securities.

Net assets on a going concern valuation

10.2 We have assessed the value of a SF1 Share on a control basis to be in the range of \$0.175 to \$0.248 per Share (undiluted) on a post-consolidation basis prior to the Proposed Transaction, based on the net assets on a going concern valuation methodology, as summarised in the table below.

Table 16 Assessed Fair Value of a SF1 Share

A\$000s	Ref.	30-Jun-20	Low	High
Cash and cash equivalents	10.5	1,008	911	911
Investment shares - BOXL	10.6	192	-	-
Accounts receivable	10.7	498	252	252
Other assets / (liabilities)		(468)	(468)	(468)
Net asset value		1,230	694	694
Listed shell value	10.8		500	1,000
Equity Value			1,194	1,694
Number of Shares on issue (pre-consolidation)	Table 3		156,972	156,972
Value per share (pre-consolidation)			0.008	0.011
Number of Shares on issue (post-consolidation)	Table 3		6,825	6,825
Value per share (post-consolidation)	10.2		0.175	0.248

Source: RSM Analysis

10.3 Our assessment has been based on the net assets of the Company as at 30 June 2020 of approximately \$1.23 million as set out in the Company's audited financial statements.

10.4 In order to calculate the current market value of SF1's Shares, we have made a number of adjustments to the carrying values of the assets included in the Statement of Financial Position. These adjustments are set out below.

Cash

10.5 We have adjusted the cash balance to \$0.91 million as disclosed in the Company's Appendix 4C for the quarter ended 31 December 2020. The change in cash position is primarily due to ongoing operating expenses and transaction costs incurred by the Company. These expenses were partially offset by funds received in relation to the sale of SF1's net smelter royalty interest in the Saxby gold project to Strategic Energy Resources Limited for \$0.11 million and the BOXL shares for \$0.31 million.

Investment shares – BOXL

10.6 In April 2020, the Company subscribed for 142,857 Shares ("Investment Shares") in Boxlight Corporation ("BOXL") at US\$0.70 per share in a US\$0.1 million placement. The Company disclosed in the December 2020 Quarterly Report that it had disposed of the Investment Shares for net proceeds of \$0.31 million, which

is incorporated into the cash balance as at 31 December 2020 as stated above. Therefore, we have not attributed a value for the BOXL Shares in our analysis.

Accounts receivable – BOXL

10.7 In the December 2020 Quarterly Report, SF1 disclosed that the initial two instalments were not paid due to BOXL not achieving the performance conditions, therefore only two instalments of US\$87,500 each remain due and payable. We have adjusted the remaining US\$0.175 million cash consideration receivable from BOXL into Australian dollars using the AUD:USD exchange rate of 0.774:1 at 4 February 2021. This has resulted in a net adjustment to the assessed value of \$0.25 million. The receivable relates to the disposal of the Company's 3D printing hardware and the MyStemKits K-12 curriculum business as announced to the market on 21 April 2020.

Listed Shell Value

10.8 Whilst SF1 does not operate an ongoing business, we consider that it is effectively a listed shell and therefore has additional value beyond its recorded net assets. Whilst the transaction expense savings from undertaking a reverse takeover compared to IPO listing have narrowed in recent years, we consider there to be value in a company such as SF1 with a wide shareholder base and lack of a controlling shareholder, which would make SF1 attractive as a reverse takeover entity. It is our view that a listed entity such as SF1 would have an attributed value of between \$0.5 million and \$1.0 million recognising that significant expenses have been incurred by SF1 to date on the Proposed Transaction.

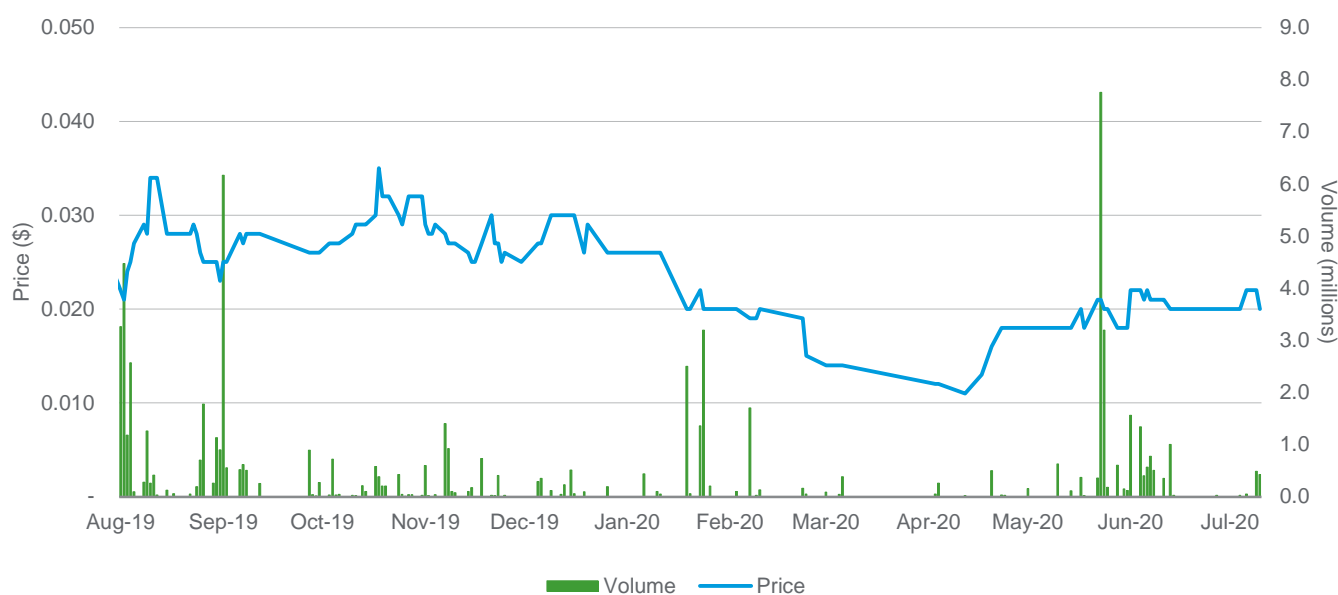
Quoted price of listed securities (secondary method)

10.9 In order to provide a comparison and cross check to our sum of parts valuation of SF1, we have considered the recent quoted market price for SF1 shares on the ASX prior to the announcement of the Proposed Transaction.

Analysis of recent trading in SF1 Shares

10.10 The figure below sets out a summary of the closing Share price and volume of SF1 Shares traded in the 12 months to the Company's trading halt on the ASX on 28 July 2020.

Figure 7 SF1 daily closing Share price and traded volumes



Source: S&P Capital IQ/ ASX

- 10.11 During the 12-month period prior to the trading halt, SF1's Shares traded between \$0.011 and \$0.035 per Share.
- 10.12 The All Ordinaries Index fell by over 35% in the period from 21 February 2020 to 23 March 2020, reflecting the global impact on stock markets of the COVID-19 pandemic. By June 2020, the Index had recovered the majority of those losses, trading at around 10% below the highs recorded in February 2020. The analysis for SF1 Shares includes this period and generally mirrors this trend of the overall market. As the date of this report, the Index is trading at similar levels to February 2020 after a period of sustained growth since November 2020.
- 10.13 To provide further analysis of the quoted market prices for SF1's Shares, we have considered the VWAP over a number of trading day periods ending 28 July 2020. An analysis of the volume in trading in SF1's Shares for the 1, 5, 10, 30, 60, 90, 120 and 180 day trading periods is set out in the table below:

Table 17 Traded volumes of SF1 Shares to 28 July 2020

# of Days	1 Day	5 Day	10 Day	30 Day	60 Day	90 Day	120 Day	180 Day
VWAP	0.020	0.022	0.022	0.021	0.021	0.021	0.020	0.022
Total volume (000's)	426.31	991	1,016	8,577	22,494	23,248	30,313	40,476
Total volume as a % of total shares	0.27%	0.63%	0.65%	5.46%	14.33%	14.81%	19.31%	25.79%
Low price	0.020	0.020	0.020	0.018	0.013	0.010	0.010	0.010
High price	0.022	0.024	0.024	0.024	0.024	0.024	0.024	0.033

Source: S&P Capital IQ/ ASX

Value of SF1 Share on a non-control minority basis

- 10.14 In our opinion, the weighted average share price of SF1 over the 30 days prior to the trading halt is most reflective of the underlying value of a SF1 Share. As such, we consider a range of values of between \$0.020 and \$0.022 (1 – 30 day VWAP) reflects the quoted market price valuation of a SF1 Share on a minority basis prior to the Proposed Transaction.

Value of SF1 Share on a control basis

- 10.15 Our valuation of a SF1 Share, on the basis of the recent quoted market price including a premium for control is between \$0.022 and \$0.025 on a pre-consolidation basis and between \$0.508 and \$0.582 on a post-consolidation basis, as summarised in the table below.

Table 18 Assessed value of an SF1 Share – quoted price of listed securities

A\$	Low	High
Quoted market price - minority basis (pre-consolidation)	0.020	0.022
Implied quoted market price - minority basis (post-consolidation - 1 for 23)	0.461	0.506
Control premium	10%	15%
Quoted market price (control basis pre-consolidation)	0.022	0.025
Implied quoted market price (control basis post-consolidation)	0.508	0.582

Source: RSM Analysis

Key assumptions

Control Premium

- 10.16 The value derived at paragraph 10.14 is indicative of the value of a marketable parcel of shares assuming the Shareholder does not have control of SF1. RG 111.11 states that when considering the value of a company's Shares the expert should consider a premium for control. If the Proposed Transaction is successful, the Vendors combined interest in the Company will increase from 17.94% to 79.76%. Therefore, our assessment of the Fair Value of a SF1 Share should include a premium for control prior to the Proposed Transaction.
- 10.17 RSM has conducted a study on 463 takeovers and schemes of arrangements involving companies listed on the ASX over the 11 years ended 30 June 2016¹. In determining the control premium, we compared the offer price to the closing trading price of the target company 20, 5 and 2 trading days pre the date of the announcement of the offer. Where the consideration included shares in the acquiring company, we used the closing share price of the acquiring company on the date prior to the date of the offer.
- 10.18 This study shows that companies with high asset backing values averaged a control premium of 15%. We consider that this premium is appropriate for the application of SF1 given it has no existing business operations and predominantly holds assets.
- 10.19 In valuing an ordinary SF1 Share prior to the Proposed Transaction using the quoted price of listed securities methodology we have reflected a premium for control in the range of 10% to 15%.

Valuation summary and conclusion

- 10.20 A summary of our assessed values of an ordinary SF1 Share on a control basis prior to the Proposed Transaction, derived under the two methodologies, is set out in the table below.

Table 19 SF1 Share valuation summary

A\$	Ref	Low	High
Net assets on a going concern	Table 16	0.175	0.248
Quoted market price	Table 18	0.508	0.582
Preferred valuation		0.175	0.248

Source: RSM Analysis

- 10.21 We consider that the characteristics of a liquid market for shares includes the following indicators:
- Regular trading in securities;
 - Average of 1% of total shares traded on a weekly basis; and
 - Spread of ownership, i.e. Top 10 shareholders do not control more than 50%.
- 10.22 SF1 does not meet any of the above listed characteristics, as trading of the Company's securities does not occur regularly, the average total Shares traded falls below 1% on a weekly basis and the top 10 Shareholders hold a combined 53.1% interest in the Company. Therefore, we consider that the market is not deep enough to rely on the quoted price of listed securities for valuation purposes.

¹ RSM Control Premium Study 2017

- 10.23 In our opinion, we consider that the net assets on a going concern valuation methodology provides a better indicator of the Fair Value of a SF1 Share as it reflects the value of a listed shell, asset-backed company with no existing business operations.
- 10.24 Therefore, in our opinion, the Fair Value of a SF1 Share prior to the Proposed Transaction is between \$0.175 and \$0.248 on a controlling, post-consolidation and undiluted basis.

11. Valuation of SF1 after the Proposed Transaction

- 11.1 We summarise our valuation of a SF1 Share after the Proposed Transaction on a sum of parts basis in the table below.
- 11.2 We consider that the minority value of a SF1 Share post the Proposed Transaction is between \$0.299 and \$0.355 on a post-consolidation, undiluted basis.

Table 20 Assessed value of SF1 post the Proposed Transaction

A\$000's	Ref	Low Value \$	High Value \$
Assessed value of SF1 share pre Proposed Transaction	10.2	0.175	0.248
Number of SF1 shares (post-consolidation) (000's)	Table 3	6,825	6,825
Implied value of SF1 pre Proposed Transaction		1,194	1,694
Cash Raised from Capital Raising	11.5	20,000	20,000
Less: Capital raising and management fee (6%)	11.6	(1,200)	(1,200)
Less: Other Transaction costs	11.6	(500)	(500)
Assessed value of Swoop	11.40	36,388	44,888
Assessed value of NodeOne	11.55	7,656	10,656
Less: Cash retained by Swoop Vendors	11.68	(204)	(204)
Value of SF1 post Proposed Transaction		63,335	75,335
Number of shares on issue (post-consolidation) (000's)	Table 3	169,594	169,594
Assessed value per Share on a controlling basis (post-consolidation)		0.373	0.444
Discount for minority interest (20%)	11.71	(0.075)	(0.089)
Minority value per share (undiluted)	11.2	0.299	0.355

Source: RSM Analysis

- 11.3 The methodology adopted in assessing the value of SF1 post the Proposed Transaction is based on the assessed Fair Value of each entity independently of each other, adjusted for specific transaction related receipts and payments. This approach therefore does not consider any potential operational synergies from operating the combined group.
- 11.4 We have adjusted the assessed value and Shares on issue of SF1 prior to the Proposed Transaction for the following:

Capital Raising

- 11.5 We have included the condition precedent capital raising which requires the Company to allot and issue 40,000,000 Shares (on a post-consolidation basis) at an issue price of \$0.50 per Share to raise AU\$20.0 million.
- 11.6 We have deducted total transaction costs of \$1.7 million in relation to the Capital Raising and Proposed Transaction, based on the agreed 6% capital raising fee and management fee for the Lead Manager and SF1's estimated remaining transaction costs of \$0.5 million.

Valuation of Swoop

- 11.7 We have assessed the value of Swoop using the capitalisation of future maintainable earnings methodology as our primary method and implied multiples of annual revenue as a cross-check.
- 11.8 The capitalisation of future maintainable earnings methodology requires the determination of the following variables:
- Future maintainable earnings;
 - a capitalisation multiple;
 - current level of net debt (Cash less interest-bearing debt); and
 - the value of any surplus assets and liabilities.

Determination of Future Maintainable Earnings

- 11.9 Earnings are normalised to determine the underlying profitability expected to be maintained by Swoop. We have adopted the Earnings before interest, tax, depreciation and amortisation (“EBITDA”) as an appropriate measure of FME as multiples based on EBITDA are less sensitive to finance structures, effective tax rates and capital structures.
- 11.10 We note that the businesses are in a capital intensive industry, with continual investment required in the network assets and expansion of service capacity to drive growth. Swoop has identified capital expenditure projects totalling \$3.0 million compared to an annual depreciation expense of \$3.7 million in FY20, with the majority of the planned expenditure relating to growth projects. As the comparable companies we have identified have similar operating structures as Swoop, we consider EBITDA to be an appropriate earnings basis, notwithstanding the capital intensity of the industry. We also note that both Swoop, NodeOne and the comparable companies selected have adopted AASB 16 Lease Accounting for FY20.
- 11.11 We have made adjustments to EBITDA for the following material items:
- Non-recurring or one-off items;
 - Non-operating revenues and expenses;
 - Abnormal or non-commercial transactions; and
 - Permanent changes in operations.

EBITDA normalisation adjustments - Swoop

11.12 Our EBITDA normalisation adjustments of Swoop are outlined in the table below:

Table 21 Normalised EBITDA of Swoop

\$000s	Ref.	Merged entity Quarter to 30-Sep-20	Year ended 30-Jun-20 Audited
EBITDA - Cirrus		504	(1,760)
EBITDA - Bosley Holdings Pty Ltd		465	1,247
EBITDA - Anycast Holdings Pty Ltd		724	1,741
Unadjusted EBITDA		1,694	1,229
Normalisation Adjustments			
Share based payment expense	1	-	2,704
Government grants	2	(581)	(147)
Other income	3	-	(718)
Profit from sale of assets	4	-	9
Legal and Professional fees	5	135	83
Normalised EBITDA		1,247	3,160
Normalised EBITDA - Annualised		4,989	3,160

Source: RSM Analysis

11.13 Adjustments to historical earnings are set out below.

- 1) *Share based payment expense* – Share based payment expenses of \$2.70 million have been added back as these relate to the issue of shares to certain Executives and Directors under a limited resource loan plan, not the ordinary trading operations of Swoop.
- 2) *Government grants and reliefs* – Government grants and reliefs received by Swoop have been deducted as this relates to various cashflow boosts, payroll tax and PAYG incentives provided as COVID-19 stimulus packages and have not been derived from the ordinary operations of Swoop.
- 3) *Other income* – Other income of \$0.11 million received in FY20 by Bosley has been deducted as it relates to a one-off transaction with a telecommunications company that resulted in a surrender of certain ACMA licence bandwidth frequencies. Furthermore, other income of \$0.61 million has been deducted as it relates to a receivable to correct errors from incorrect charges between Anycast and three of its major suppliers over a number of previous years.
- 4) *Loss from sale of assets* – Loss from sale of assets has been added back as this is considered to be a one-off transaction that occurs outside Swoop's ordinary course of operations.
- 5) *Legal expenses and professional fees* – Legal expenses and professional fees incurred that relate to the Anycast/Bosley acquisition and the Proposed Transaction have been added back as they are considered to be one-off expenses.

11.14 In assessing the FME of Swoop, we have considered the following:

- The management prepared financial performance of Swoop for the 3 months to 30 September 2020;
- The unaudited financial performance of Cirrus as a standalone entity for FY20;
- The audited financial performance of Anycast and Bosley for FY20;
- Our review of abnormal or non-recurring P&L items and other normalisation adjustments;

- Our review of the historical trend of the revenue and earnings of Swoop;
- The trading expectations and environment for FY21; and
- Our discussions with Management.

11.15 On the above basis, we have assessed the future maintainable earnings of Swoop to be in the range of \$4.5 million to \$5.0 million, being the current run rate of the business annualised.

11.16 We consider that the current run rate is most reflective of the business' current and future financial performance. A large percentage of Swoop's revenue is generated through recurring revenue, derived from customers paying a monthly subscription fee for broadband and wireless internet services. Furthermore, the current run rate is likely to demonstrate any economies of scales and synergies as a result of the acquisition of Bosley and Anycast in April 2020.

Assessment of Earnings Multiple

11.17 The earnings multiple applied in a valuation based on maintainable earnings must reflect, as a minimum, the risks of the business, the future growth prospects of the business and the time value of money. Different multiples are used for application to different measures of earnings.

11.18 In selecting the appropriate capitalisation multiple to value Swoop we have:

- reviewed trading multiples of equities of comparable companies which are listed on the Australian Securities Exchange ("ASX"); and
- researched comparable market transactions of companies operating in the same or similar industries as Swoop.

Comparable Companies – Trading Multiples

11.19 A total of five comparable companies were identified, a summary of their business descriptions is included in Appendix G. The companies identified had market capitalisations ranging from \$213 million to \$2,558 million which is significantly larger than Swoop. All of the companies reported positive FY20 EBITDA earnings in the range of \$2.38 million to \$335.41 million, after reflecting lease accounting under AASB 16. We have included forecast EBITDA for comparison purposes which have been provided by brokers, however these numbers may be subject to lease accounting adjustments.

11.20 The table below sets out the implied EV/EBITDA multiples of the comparable companies, which is based on the EV of the companies at 31 January 2021 and historical EBITDA for the year ended 30 June 2020 and forecast EBITDA for the year ending 30 June 2021.

Table 22 Comparable companies

Company	Market Cap \$m	EV (\$m)	FY20		FY21	
			EBITDA (\$m)	EV/EBITDA	EBITDA (\$m)	EV/EBITDA
Spirit Technology Solutions Ltd.	213	212	2.38	89.04	12.01	17.65
Uniti Group Limited	1,236	1,052	21.73	48.43	83.93	12.54
Vocus Group Limited	2,558	3,698	335.41	11.02	390.05	9.48
Over the Wire Holdings Limited	220	226	16.79	13.43	26.15	8.63
Superloop Limited	348	389	8.95	43.47	18.22	21.34
Average	915	1,115	77.05	41.08	106.07	13.93
Median				43.47		12.54
Average - most comparable *	1,338	1,659	125	24.29	167	10.21
Median - most comparable *				13.43		9.48

* Excluding Spirit Technology and Superloop

Source: S&P Capital IQ

- 11.21 All of the comparable companies are predicted to increase their reported EBITDA during the year ending 30 June 2021, with expected recovery in economic and business conditions as the COVID-19 pandemic eases and continued growth in the sector.
- 11.22 The average historic EV/EBITDA multiple for the five comparable companies above is 41.08 times and the average forecast multiple is 13.93 times. The historic median for these companies is 43.47 times and the median forecast is 12.54 times.
- 11.23 We have placed less emphasis on the EV/EBITDA multiple of Spirit Technology Solutions Limited (“Spirit Technology”) and Superloop Limited (“Superloop”). We note that Spirit Technology has recently completed multiple acquisitions resulting in an inflated EV/EBITDA multiple which reflects the future earnings expectations once the acquisitions have been fully integrated, not its reported historic earnings. Although Superloop has been involved in the acquisition of a wireless service provider, its service offerings are more diversified and less comparable to the operations of Swoop.
- 11.24 Excluding Spirit Technology and Superloop from the analysis results in an average historic multiple of 24.29 times and forecast multiple of 10.21 times.
- 11.25 Whilst not included in our analysis above, we note that Aussie Broadband listed on the ASX in October 2020 with a published forecast EV/EBITDA multiple of 11.80 times. Pentanet, a WA-based fixed wireless operator, listed on the ASX in January 2021 at an IPO price of \$0.25, implying an EV of \$42 million, but has not recorded a positive EBITDA to date and therefore does not provide any comparable data at the earnings level.
- 11.26 Although the comparable companies in Table 22 above operate within a similar industry to Swoop, they are all of a much larger scale and have more diverse operations. When assessing an appropriate EV/EBITDA multiple, adjustments are required to reflect the key differences between major public companies and private businesses such as Swoop.
- 11.27 We note that the share prices of listed companies represent the market value of a non-controlling interest in those companies. Therefore, the earnings multiple derived from those share prices are non-controlling multiples and are required to be adjusted to reflect a premium for control.
- 11.28 Although an acquirer would be expected to pay a premium of control to acquire Swoop, we consider that any discounts applied would marginally outweigh the premium, due to the size of Swoop and additional business specific risks they would be subject to when compared to the comparable listed companies.
- 11.29 On this basis, we consider that the appropriate multiple to be applied to the valuation of Swoop would be lower than the comparable company traded multiples.
- 11.30 As stated above, the comparable companies are all significantly larger than Swoop and the industry has been consolidating in recent years, with small private operators being acquired by listed companies such as Spirit Technology or other larger industry players. Therefore, we have also considered comparable market transactions of similar sizes to Swoop that have occurred within Australia, when assessing an appropriate EV/EBITDA multiple.

Comparable market transactions

- 11.31 We have identified comparable market transactions within the telecommunications sector that have occurred within Australia and completed over the past four years. The deal values for these transactions are between \$4.53 million and \$11.16 million and the implied EV/EBITDA multiples range from 3.15 times to 6.18 times, with a mean multiple of 4.33 times and a median multiple of 4.01 times as summarised in the table below:

Table 23 Comparable Transactions

Date	Target Company	Buyer/Acquirer	Interest	Deal value (\$m)	Implied EV/EBITDA
20-Aug-20	Reliance IT/Beachhead Group/Altitude IT	Spirit Technology Solutions Ltd	100%	10.40	3.32
3-Apr-19	Anttel Communications/ LinkOne/ Ignite Broadband/ Wells Research	Spirit Technology Solutions Ltd	100%	5.70	5.00
7-Dec-18	FuzeNet Pty Ltd	Uniti Group Ltd	100%	11.16	3.15
11-Sep-17	NuSkope Pty Ltd	Superloop Ltd	100%	9.88	6.18
25-Aug-17	World Without Wires Pty Ltd	Spirit Technology Solutions Ltd	100%	4.53	4.01
Mean					4.33
Median					4.01

Source: S&P Capital IQ

- 11.32 We note that the acquisition of Reliance IT, Beachhead Group and Altitude IT by Spirit Technology which was announced on 20 August 2020, is least comparable to the Proposed Transaction as the target companies offer IT managed services, including cloud and infrastructure deployment.
- 11.33 The other listed transactions are of Australian based fixed wireless internet providers. The acquisition of Fuzenet Pty Ltd (“Fuzenet”) was at an implied EV/EBITDA multiple of 3.15 times, being the lowest of the comparable transactions. We note that Fuzenet utilises a shared network to provide its wireless internet and broadband services.
- 11.34 The acquisition of Nuskope Pty Ltd (“Nuskope”) by Superloop was completed at an implied EV/EBITDA multiple of 6.18, the highest of the comparable transactions. This higher multiple is supported by Nuskope owning its own infrastructure to provide its wireless and broadband services to customers. As Swoop owns its own wireless network, and is planning to further invest in their infrastructure, the multiple associated with the acquisition of NuSkope is seemingly more comparable.
- 11.35 As the comparable transactions typically relate to private companies, it is unlikely that they reflect reported earnings under AASB 16 Lease Accounting, therefore allowance needs to be taken in assessing an appropriate multiple for the purposes of valuing Swoop who has reported earnings after adoption of AASB 16. However conversely the comparable transactions are all of significantly smaller businesses than Swoop. Further details are provided in Appendix G.
- 11.36 We note that the implied EV/EBITDA multiple from Cirrus Communications’ \$7.025 million acquisition of Bosley and Anycast in April 2020 is 9.66 times based on FY19 results (EBITDA of \$0.73 million) and 2.35 times based on FY20 results (EBITDA of \$2.99 million).

Conclusion on Adopted Multiple

- 11.37 After consideration of the above and placing most reliance on the traded EV/EBITDA multiples of the most comparable companies, we have concluded that an appropriate EBITDA multiple for the capitalisation of maintainable earnings of Swoop is in the range of 7.0 to 8.0 times.

Valuation of Swoop based on Capitalisation of FME

- 11.38 On the basis of the above, we have valued the enterprise of Swoop in the range of \$31.5 million and \$40.0 million with a mid-point value of \$35.6 million, as illustrated in the table below:

Table 24 Enterprise Value - Swoop

\$000's	Ref	Low	High	Mid-point
Maintainable Earnings	11.15	4,500	5,000	4,500
Assessed Multiple	11.37	7.00	8.00	7.50
Enterprise value		31,500	40,000	35,625

Source: RSM Analysis

11.39 To convert the enterprise value of Swoop into an equity value, the following must also be considered:

- Deduct net debt (total borrowing less cash) / add net cash; and
- Add any surplus assets or deduct liabilities which are not considered to be core to the ordinary business activities.

Table 25 Equity Value - Swoop

\$000's	Ref	Low	High	Mid-point
Enterprise value	11.38	31,500	40,000	35,625
Net cash	11.42	4,888	4,888	4,888
Equity value		36,388	44,888	40,513

Source: RSM Analysis

11.40 Based on the table above, we have valued the equity of Swoop in the range of \$36.4 million and \$44.9 million with a mid-point value of \$40.5 million.

11.41 Our assessed mid-point value equates to a value of \$0.089 per Swoop share on issue at the date of this Report, which compares to the \$0.07 per share value attributed to employee shares issued in mid-2020 and the implied scrip value of consideration relating to the acquisition of Anycast and Bosley.

11.42 We have calculated net cash to be \$4.89 million, as follows:

Table 26 Net Cash - Swoop

\$000's	Ref	
Cash - 30 November 2020	11.43	7,362
Less: Exit Bonus to be paid in cash	11.43	(2,270)
Total cash		5,092
Finance lease liabilities	11.44	(204)
Total debt		(204)
Net cash		4,888

Source: RSM Analysis

11.43 We have included cash on hand of \$7.36 million as at 30 November 2020 as advised in the Estimated Net Cash Workings for Swoop. The cash balance includes \$5.5 million received in connection with the issue of shares in September and October 2020. We have then deducted the \$2.27 million Swoop Exit Bonus to be paid in cash prior to Completion, in accordance with the terms of the Acquisition Agreements.

11.44 We have included \$0.20 million of financial lease liabilities outstanding as per the 30 September 2020 management accounts.

11.45 We have not identified any surplus assets or liabilities of Swoop.

Valuation of NodeOne

11.46 We have also assessed the value of NodeOne using the capitalisation of future maintainable earnings methodology as our primary method and implied multiples of annual revenue as a cross-check.

Determination of Future Maintainable Earnings

11.47 Our EBITDA normalisation adjustments of NodeOne are outlined in the table below:

Table 27 Normalised EBITDA of NodeOne

\$000s	Ref	Quarter to 30-Sept-20	Year ended 30-Jun-20
EBITDA		132	906
Unadjusted EBITDA		132	906
Normalisation Adjustments			
Government grants	1	-	(144)
Transaction costs	2	112	-
Normalised EBITDA		244	762
Normalised EBITDA – Annualised		975	762

Source: RSM Analysis

11.48 Adjustments to historical earnings are set out below:

- 1) *Government grants*– Government grants and reliefs received by NodeOne have been deducted as these relate to various ATO cashflow boosts and payroll tax waivers due to COVID-19 stimulus packages and have therefore not been derived from the ordinary operations of NodeOne.
- 2) *Transaction costs* – Transaction costs incurred by NodeOne have been added back as they relate to the Proposed Transaction and are considered to be one-off expenses.

11.49 In assessing the FME of NodeOne, we have considered the following:

- The management prepared financial performance of NodeOne for the three months to 30 September 2020;
- The audited financial performance of NodeOne for FY20;
- Our review of abnormal or non-recurring income statement items and other normalisation adjustments;
- Our review of the historical trend of the revenue and earnings of NodeOne;
- Expectations on trading and the environment for FY21; and
- Our discussions with Management.

11.50 On the above basis, we have assessed the future maintainable earnings of NodeOne to between \$1.0 million and \$1.25 million, being the current run rate of the business annualised.

11.51 As stated in paragraph 11.16, we consider that the current run rate is most reflective of the business' current and future financial performance as a large percentage of the business' revenue is generated through recurring revenue, derived from customers paying a monthly subscription fee for broadband and wireless internet services.

Assessment of Earnings Multiple

11.52 In assessing the appropriate earnings multiple for NodeOne, we have had regard to the analysis set out in paragraphs 11.17 to 11.37 for Swoop, and adopted a multiple in the range of 7.0 to 8.0 times. Although NodeOne is smaller in size and has higher geographic concentration when compared to the Swoop business, it is experiencing high growth in revenue which we consider supports a comparable multiple range.

Valuation of NodeOne based on Capitalisation of FME

11.53 On the basis of the above, we have valued the enterprise of NodeOne in the range of \$7.0 million and \$10.0 million with a mid-point value of \$8.4 million, as illustrated in the table below:

Table 28 Enterprise Value – NodeOne

\$000's	Ref	Low	High	Mid-point
Maintainable Earnings	11.50	1,000	1,250	1,125
Assessed Multiple	11.52	7.00	8.00	7.50
Enterprise value		7,000	10,000	8,438

Source: RSM Analysis

11.54 To convert the enterprise value of NodeOne into an equity value, the following must also be considered:

- Deduct net debt (total borrowing less cash) / add net cash; and
- Add any surplus assets or deduct liabilities which are not considered to be core to the ordinary business activities.

Table 29 Equity Value - NodeOne

\$000's	Ref	Low	High	Mid-point
Enterprise value	11.53	7,000	10,000	8,438
Surplus assets/(excess liabilities)	11.57	-	-	-
Net cash	11.58	656	656	656
Equity value		7,656	10,656	9,094

Source: RSM Analysis

11.55 Based on the table above, we have valued the equity of NodeOne in the range of \$7.7 million and \$10.7 million with a mid-point value of \$9.0 million.

11.56 Our assessed mid-point value equates to a value of \$0.39 per NodeOne share on issue at the date of this Report, which compares to the \$0.40 value of shares issued in mid-2020 to raise additional capital.

11.57 We have not identified any surplus assets or excess liabilities that require adjustment.

11.58 We have calculated net cash to be \$0.66 million, as follows:

Table 30 Net Cash - NodeOne

\$000's	Ref	
Cash - 30 Sept 2020	11.59	928
Less: Borrowings	11.60	(271)
Net cash		656

Source: RSM Analysis

11.59 We have included cash of \$0.92 million as stated in the 30 September 2020 management accounts.

11.60 We have included borrowings of \$0.27 million as set out in the 30 September 2020 management accounts. Borrowings relate to ANZ and CBA business loans and hire purchase liabilities.

Cross check – Revenue Multiple

11.61 As a cross-check to the Enterprise Value calculated for Swoop and NodeOne through the capitalisation of future maintainable earnings methodology, we have compared it against comparable transactions by analysing the implied multiples of annual revenue.

11.62 Whilst this approach provides some indication of the market value inherent in internet service providers based on actual transactions, it is generally considered to be a less persuasive valuation methodology as the multiple of revenue analysis ignores:

- The operating cost base required to generate those revenues and that this may vary significantly between the companies being observed;
- Whether those companies are currently profitable or making losses as at acquisition date; and
- Their future growth prospects.

11.63 The tables below set out the EV of Swoop and Node One based on the capitalisation of future maintainable earnings methodology and the implied multiple of annual revenue (“AR”). The AR of Swoop and NodeOne is based on the current run-rate of revenue generated in the September 2020 quarter.

11.64 The implied EV/AR of Swoop is between 1.40 times and 1.78 times with a mid-point of 1.58 times, as shown in the table below:

Table 31 Cross-Check – Swoop Implied Multiple of Revenue

\$000's	Low	High	Mid-point
Enterprise value of Swoop	31,500	40,000	35,625
Annual Revenue	22,500	22,500	22,500
Implied Multiple of Annual Revenue (x)	1.40	1.78	1.58

Source: RSM Analysis

11.65 The implied EV/AR of NodeOne is between 0.99 times and 1.41 times with a mid-point of 1.19 times, as shown in the table below:

Table 32 Cross-Check – NodeOne Implied Multiple of Revenue

\$000's	Low	High	Mid-point
Enterprise value of NodeOne	7,000	10,000	8,438
Annual Revenue	7,100	7,100	7,100
Implied Multiple of Annual Revenue (x)	0.99	1.41	1.19

Source: RSM Analysis

11.66 Based on the comparable control transactions identified in the sector, the observed EV/AR multiples are in the range of 0.76 and 1.78 times with an average of 1.30, as set out in the table below.

Table 33 Comparable transactions - Implied Multiple of Revenue

Announcement date	Target Company	Buyer/Acquirer	Deal value (\$m)	Revenue (\$m)	AR multiple
20-Aug-20	Reliance IT/Beachhead Group/Altitude IT	Spirit Technology Solutions Ltd	8.30	12.00	0.87
3-Apr-19	Anttel Communications/ LinkOne/ Ignite Broadband/ Wells Research	Spirit Technology Solutions Ltd	5.70	3.20	1.78
7-Dec-18	FuzeNet Pty Ltd	Uniti Group Ltd	11.16	14.67	0.76
11-Sep-17	NuSkope Pty Ltd	Superloop Ltd	9.88	7.10	1.39
25-Aug-17	World Without Wires Pty Ltd	Spirit Technology Solutions Ltd	4.53	2.65	1.71
Average					1.30

Source: RSM Analysis and S&P Capital IQ

11.67 The implied EV/AR multiples of Swoop and NodeOne are therefore consistent with the comparable transactions range. We have provided further information on these comparable companies in Appendix G.

Estimated Net Cash Amount Adjustment

11.68 We have made an adjustment of \$0.2 million cash to be retained by Swoop Vendors as per the terms of the Acquisition Agreements and advised by SF1 management based on a reconciliation of the Net Cash position as at 30 November 2020 for each group.

11.69 This adjustment is a result of shortfalls in the Estimated Net Cash positions against the target net cash balances as set out in the Acquisition Agreements and summarised in Appendix E. The overall shortfall is allocated between the Swoop Vendors and SF1 Shareholders for distribution. We have deducted the value of the allocation to Swoop Vendors as the SF1 Shareholders would not receive this cash, and the value would effectively be lost from the SF1 consolidated group post completion. We understand that the cash adjustment payable to the Swoop Vendors is likely to be used as a capital reduction or paid out as dividends.

Minority interest discount

11.70 If the Proposed Transaction is successful, the Non-Associated Shareholders interest in the Company will decrease from 77.9% to 3.1%. Therefore, our assessment of the Fair Value of a SF1 Share after the Proposed Transaction should be on a minority interest basis.

11.71 A minority interest discount is the inverse of a control premium. Based on our Control Premium Study 2017, the average control premium for companies in the telecommunication sector is between 20% and 25%. Given the nature of this transaction, we consider that the higher end of the control premium range should be applied. The resulting corresponding minority discount based on said control premium is 20%.

Company Options and Performance Rights on issue

- 11.72 We have not considered the impact of the existing Company Options on issue following completion of the Proposed Transaction because their exercise prices are in excess of our assessed values of a SF1 Share and therefore they would be out of the money.
- 11.73 We have considered the dilutive effect of the 1,500,000 options (on a post-consolidation basis) to be issued to Forrest Capital Pty Ltd in our assessment of the fair value of a SF1 Share post the Proposed Transaction.
- 11.74 We have also considered the dilutive effect of the proposed Performance Rights as set out in Resolutions 17 to 19, for a total of 5,788,394 Performance Rights.
- 11.75 Our analysis is set out in the table below and results in an assessed value of \$0.291 to 0.345 per Share.

Table 34 Assessed value of SF1 post the Proposed Transaction - Diluted

A\$000's	Ref	Low Value \$	High Value \$
Value of SF1 post Proposed Transaction (undiluted)	Table 20	63,335	75,335
Add: Cash received from exercise of Lead Manager Options	11.76	1,125	1,125
Value of SF1 post Proposed Transaction (diluted)		64,460	76,460
Number of shares on issue (Post consolidation)	Table 3	169,594	169,594
Add: Exercise of Lead Manager Options	11.76	1,500	1,500
Add: Exercise of performance rights	11.77	6,151	6,151
Number of shares on issue (diluted)		177,245	177,245
Assessed value per Share on a controlling basis (diluted)		0.364	0.431
Discount for minority interest (20%)	11.7	(0.073)	(0.086)
Minority value per share (diluted)	11.75	0.291	0.345
<i>Dilutive effect (compared to undiluted value per Share)</i>		2.62%	2.89%

- 11.76 The Forrest Capital Options to be issued amount to 1,500,000 on a post-consolidation basis. The cash to be raised from exercise of these options at \$0.75 would be \$1.125 million.
- 11.77 The Performance Rights to be issued amount to 6,151,088 on a post-consolidation basis. There is no exercise attached to the performance rights, and they are to be issued to current and proposed Directors on the achievement of revenue target milestones and service conditions.
- 11.78 The dilutive effect of the Existing Options, Forrest Capital Options and Performance Rights is between 2.62% and 2.89%, and the assessed values do not affect our overall assessment of fairness.

12. Is the Proposed Transaction Fair to SF1 Shareholders?

12.1 Our assessed values of a SF1 Share prior to and immediately after the Proposed Transaction, on a post-consolidated basis, are summarised in the table and figure below.

Table 35 Assessed values of an SF1 Share pre and post the Proposed Transaction (post-consolidation basis)

Assessment of fairness	Ref	Value per Share		
		Low \$	High \$	Mid-Point \$
Fair value of an SIH Share pre the Proposed Transaction - Control basis	10.2	0.175	0.248	0.212
Fair value of an SIH Share post the Proposed Transaction - Minority basis	11.2	0.299	0.355	0.327

Source: RSM Analysis

Table 36 SF1 Share valuation graphical representation (post-consolidation basis)



Source: RSM Analysis

- 12.2 The range of values of a SF1 Share post the Proposed Transaction is greater than the range of values of a SF1 Share prior to the Proposed Transaction.
- 12.3 In accordance with the guidance set out in ASIC RG 111, and in the absence of any other relevant information, for the purposes of complying with Section 611, Item 7 of the Act and ASX Listing Rule 10.1, we consider the Proposed Transaction to be **fair** to the Non-Associated Shareholders of SF1. We have reached this conclusion, as the value of a SF1 Share post the Proposed Transaction sits above than the range of SF1 Share pre the Proposed Transaction.

13. Is the Proposed Transaction Reasonable to Shareholders?

13.1 RG111 establishes that an offer is reasonable if it is fair. If an offer is not fair it may still be reasonable after considering the specific circumstances applicable to the offer. In our assessment of the reasonableness of the Proposed Transaction, we have given consideration to:

- The future prospects of SF1 if the Proposed Transaction does not proceed; and
- Other commercial advantages and disadvantages to the Non-Associated Shareholders as a consequence of the Proposed Transaction proceeding.

Future prospects of SF1 if the Proposed Transaction does not proceed

13.2 If the Proposed Transaction does not proceed then the Company will continue to seek alternative opportunities to improve shareholder value. The Company has no current business operations and its Shares are suspended from trading on the ASX.

13.3 Consequently, the Company would be required to seek alternative investments to re-list on the ASX and add value to shareholders. This would likely require additional capital funding to be raised and would dilute existing Shareholders if they do not participate.

Advantages and disadvantages

13.4 In assessing whether the Non-Associated Shareholders are likely to be better off if the Proposed Transaction proceed, than if it does not, we have also considered various advantages and disadvantages that are likely to accrue to the Non-Associated Shareholders.

Advantages of approving the Proposed Transaction

Advantage	Details
The Proposed Transaction is fair	The Proposed Transaction is fair to the Non-Associated Shareholders.
Ability to maintain ASX Listing	The Proposed Transaction and associated capital raising will provide the Company with the ability to seek approval from the ASX for re-admission, thereby providing a market for existing Shareholders. SF1 Shares have been suspended from trading since August 2020 leaving shareholders no opportunity to realise their investment.
Improvement in cash position from Public Offer	If the Proposed Transaction is approved, it will increase the cash position of the Company through the Capital Raising. However, it is noted that these funds will be primarily used to invest in further network infrastructure and other development projects.
Future growth prospects of Swoop and NodeOne	If the Proposed Transaction is approved, the Company will own the businesses and infrastructure of Swoop and NodeOne, giving Shareholders the opportunity to benefit from future growth prospects of these businesses and the broader wireless broadband and telecommunications sector.

Disadvantages of approving the Proposed Transaction

Disadvantage	Details
Change in nature of activities and investment profile	If the Proposed Transaction is approved, the Company will be changing the nature of its activities to operate as a wireless and wholesale broadband services company, which will expose the Company to new risks and may not be consistent with the investment objectives of all Shareholders.
Dilution of Shareholders' interests	If the Proposed Transaction is approved, the issue of Consideration Shares to the Vendors and issue of the Public Offer shares will dilute the shareholding of existing Non-Associated Shareholders from 77.9% to 3.1% on an undiluted basis.
Vendors will have a majority shareholding in SF1	If the Proposed Transaction is approved, the Vendors will collectively hold an interest of 79.76% in SF1 on an undiluted basis.
Future outlay of funds for the Company	If the Proposed Transaction is approved, it will result in the Company entering an industry which requires significant capital expenditure for maintenance and growth of infrastructure and networks. Initial expenditure is intended to be funded from the Capital Raising, however, the Company may be required to raise additional equity funding to fund the Group's business activities which could be dilutive to existing Shareholders.

Alternative proposal

13.5 We are not aware of any alternative proposal at the current time which might offer the Non-Associated Shareholders of SF1 a greater benefit than the Proposed Transaction.

Conclusion on Reasonableness

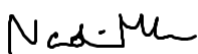
13.6 In our opinion, the position of the Non-Associated Shareholders if the Proposed Transaction is approved is more advantageous than the position if it is not approved. Therefore, in the absence of any other relevant information and/or a superior offer, we consider that the Proposed Transaction is **reasonable** for the Non-Associated Shareholders of SF1.

13.7 An individual Shareholder's decision in relation to the Proposed Transaction may be influenced by his or her individual circumstances. If in doubt, Shareholders should consult an independent advisor.

Yours faithfully

RSM CORPORATE AUSTRALIA PTY LTD

N MARKE



Director

J AUDCENT



Director



APPENDICES

A. DECLARATIONS AND DISCLAIMERS

Declarations and Disclosures

RSM Corporate Australia Pty Ltd holds Australian Financial Services Licence 255847 issued by ASIC pursuant to which they are licensed to prepare reports for the purpose of advising clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate reconstructions or share issues.

Qualifications

Our report has been prepared in accordance with professional standard APES 225 “Valuation Services” issued by the Accounting Professional & Ethical Standards Board.

RSM Corporate Australia Pty Ltd is beneficially owned by the partners of RSM Australia Pty Ltd (RSM) a large national firm of chartered accountants and business advisors.

Ms Nadine Marke and Mr Justin Audcent are directors of RSM Corporate Australia Pty Ltd. Both Ms Marke and Mr Audcent are Chartered Accountants with extensive experience in the field of corporate valuations and the provision of independent expert’s reports for transactions involving publicly listed and unlisted companies in Australia.

Reliance on this Report

This report has been prepared solely for the purpose of assisting Shareholders of the Company in considering the Proposed Transaction. We do not assume any responsibility or liability to any party as a result of reliance on this report for any other purpose.

Reliance on Information

Statements and opinions contained in this report are given in good faith. In the preparation of this report, we have relied upon information provided by the Directors and management of STEMify Limited and we have no reason to believe that this information was inaccurate, misleading or incomplete. RSM Corporate Australia Pty Ltd does not imply, nor should it be construed that it has carried out any form of audit or verification on the information and records supplied to us.

The opinion of RSM Corporate Australia Pty Ltd is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

In addition, we have considered publicly available information which we believe to be reliable. We have not, however, sought to independently verify any of the publicly available information which we have utilised for the purposes of this report.

We assume no responsibility or liability for any loss suffered by any party as a result of our reliance on information supplied to us.

Disclosure of Interest

At the date of this report, none of RSM Corporate Australia Pty Ltd, RSM, Nadine Marke, Justin Audcent, nor any other member, director, partner or employee of RSM Corporate Australia Pty Ltd and RSM has any interest in the outcome of the Proposed Transaction, except that RSM Corporate Australia Pty Ltd are expected to receive a fee of approximately \$45,000 based on time occupied at normal professional rates for the preparation of this report. The fees are payable regardless of STEMify Limited receives Shareholder approval for the Proposed Transaction, or otherwise.

Consents

RSM Corporate Australia Pty Ltd consents to the inclusion of this report in the form and context in which it is included with the Notice of Extraordinary General Meeting and Explanatory Memorandum to be issued to Shareholders. Other than this report, none of RSM Corporate Australia Pty Ltd or RSM Australia Pty Ltd or has been involved in the preparation of the Notice of Extraordinary General Meeting and Explanatory Memorandum. Accordingly, we take no responsibility for the content of the Notice of General Meeting and Explanatory Statement.

B. SOURCES OF INFORMATION

In preparing this Report we have relied upon the following principal sources of information:

- Drafts and final copies of the Notice of Meeting;
- Audited annual reports for STEMify Limited for the years ended 30 June 2019 and 30 June 2020;
- SF1 Share registry as at 31 October 2020;
- ASX announcements of STEMify Limited;
- Audited financial statements for Anycast Holdings Pty Ltd for the years ended 30 June 2019 and 30 June 2020;
- Audited financial statements for Bosley Holdings Pty Ltd for the years ended 30 June 2019 and 30 June 2020;
- Audited financial statements for Cirrus Communications Pty Ltd for the years ended 30 June 2019 and 30 June 2020;
- Draft management reports for Anycast Holdings Pty Ltd, Bosley Holdings Pty Ltd, and Cirrus Communications Pty Ltd for the year ended 30 June 2020;
- Swoop Group management report for the year ended 30 June 2020;
- Swoop Group management report for the quarter ended September 2020;
- Budget pack for Swoop for the year ending 30 June 2021;
- Overall budget report for Swoop Group for the year ending 30 June 2021;
- Share purchase agreement for the 100% acquisition of Anycast Holdings Pty Ltd and Bosley Holdings Pty Ltd;
- Tax due diligence report for the proposed acquisition of Bosley and Anycast released March 2020;
- Audited consolidated financial report for N1 Telecommunications Pty Ltd for the year ended 30 June 2020;
- Audited financial report for N1 Wholesale Pty Ltd for the year ended 30 June 2020;
- Audited financial reports for Node 1 Pty Ltd for the years ended 30 June 2019 and 30 June 2020;
- Management accounts for NodeOne for YTD September 2020;
- Final NodeOne budget for year ending 30 June 2021;
- NodeOne Investment recommendation released in June 2020 by CVC Emerging Companies Fund;
- Pro forma shareholder register as at 23 February 2021;
- Final offer letters from STEMify Limited to NodeOne and Swoop;
- Share sale deed relating to the acquisition of shares in Cirrus Communications Pty Ltd;
- Share sale deed relating to the acquisition of shares in N1 Telecommunications Pty Ltd;
- Share sale deed relating to the acquisition of shares in Fiwi Pty Ltd;
- Analysis of Estimated Net Cash Amount adjustment as at 30 November 2020;
- IBIS World Reports;
- ACCC Internet Activity Record Keeping Report - December 2019;
- S&P Capital IQ database; and
- Discussions with Directors, Management and staff of STEMify Limited.

C. GLOSSARY OF TERMS

Term or Abbreviation	Definition
\$	Australian dollar
Acquisition Agreements	Share purchase deeds to acquire 100% of issued capital of Cirrus Communications Pty Ltd, 58.90% of issued capital of N1 Telecommunications Pty Ltd and 100% of issued capital of Fiwi Pty Ltd
Act	Corporations Act 2001 (Cth)
AFCA	Australian Financial Complaints Authority
Anycast	Anycast Holdings Pty Ltd
APES	Accounting Professional & Ethical Standards Board
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
ASX Listing Rules	The listing rules of ASX as amended from time to time
Bosley	Bosley Holdings Pty Ltd
BOXL	Boxlight Corporation
Capital Raising	Public Offer to raise \$20.0 million through the issue of 40,000,000 SF1 post-consolidation shares
Company	STEMify Limited
Consideration Shares	Shares issued to the Vendors
Consolidation	Share consolidation on the basis of 1 for every 23 shares held
Control basis	As assessment of the Fair Value on an equity interest, which assumes the holder or holders have control of the entity in which the equity is held
Directors	Directors of the Company
EBITDA	Earnings before interest, tax and depreciation.
Explanatory Statement	The explanatory statement accompanying the Notice
Fair Value	The amount at which an asset could be exchanged between a knowledgeable and willing but not anxious seller and a knowledgeable and willing but not anxious buyer, both acting at arm's length
Fiwi	Fiwi Pty Ltd
FME	Future Maintainable Earnings
FSG	Financial Services Guide
FY19	Year ended 30 June 2019
FY20	Year ended 30 June 2020
IER	This Independent Expert Report
IoT	Internet of Things
N1 Telecommunications	N1 Telecommunications Pty Ltd
N1 Wholesale	N1 Wholesale Pty Ltd
NBN	National Broadband Network
NBN Co	NBN Co Limited
Node1	Node1 Pty Ltd
NodeOne	The consolidated group of N1 Telecommunications, Node1 and N1 Wholesale trading as NodeOne
NodeOne Beneficial Shareholders	The beneficial shareholders of Fiwi Pty Ltd who will be issued Consideration Shares pursuant to the Fiwi Agreement
NodeOne Consideration	33,368,003 fully paid ordinary SF1 shares (on a post-consolidation basis) issued to NodeOne Vendors at a deemed issue price of \$0.50 per Share
NodeOne Vendors	Vendors of NodeOne including the NodeOne Beneficial Shareholders
Non-Associated Shareholders	Shareholders who are not a party, or associated to a party, to the Proposed Transaction or who would receive a material benefit as a result of the Proposed Transaction

Notice	The notice of meeting to vote on, inter alia, the Proposed Transaction
Oaktone	Oaktone Nominees Pty Ltd
Option or Options	Unlisted options and other convertible securities to acquire SF1 Shares
Proposed Transaction	Direct and indirect acquisition of 100% of the issued capital of N1 Telecommunications Pty Ltd and 100% of the issued capital of Cirrus Communications Pty Ltd
Report	This Independent Expert's Report prepared by RSM dated 26 February 2021
Resolution	The resolutions set out in the Notice
RG 111	ASIC Regulatory Guide 111 Content of Expert Reports
RSM	RSM Corporate Australia Pty Ltd
RSP	Retail service provider
S&P Capital IQ	An entity of Standard and Poors which is a third party provider of company and other financial information
SF1	STEMify Limited
Share or SF1 Share	Ordinary fully paid share in the capital of the Company
Shareholder	A holder of Share
STEM	Science, technology, engineering and mathematics
Swoop	Consolidated group of Cirrus Communications, Anycast and Bosley trading as Swoop
Swoop Consideration	89,401,261 fully paid ordinary SF1 shares (on a post-consolidation basis) issued to Swoop Vendors at a deemed issue price of \$0.50 per Share
Swoop Vendors	Vendors of Swoop
Tattarang	Tattarang Ventures Pty Ltd
Tisia	Tisia Nominees Pty Ltd
Vendors	Swoop Vendors and NodeOne Vendors together
VWAP	Volume weighted average share price
WA	Western Australia

D. ESSENTIAL RESOLUTIONS

RESOLUTION 1 – CHANGE TO NATURE AND SCALE OF ACTIVITIES

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, subject to and conditional upon the passing of all Essential Resolutions, for the purpose of ASX Listing Rule 11.1.2 and for all other purposes, approval is given for the Company to make a significant change to the nature and scale of its activities resulting from completion of the Proposed Acquisitions, as described in the Explanatory Statement.”

RESOLUTION 2 – CONSOLIDATION OF CAPITAL

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to and conditional upon the passing of all Essential Resolutions, pursuant to section 254H of the Corporations Act and for all other purposes, the issued capital of the Company be consolidated on the basis that:

- a) every twenty-three (23) Shares be consolidated into one (1) Share; and*
- b) every twenty-three (23) Options be consolidated into one (1) Option,*

and, where this Consolidation results in a fraction of a Share or Option being held, the Company be authorised to round that fraction up to the nearest whole security.”

RESOLUTION 3 – ACQUISITION OF A SUBSTANTIAL ASSET FROM SUBSTANTIAL (10%+) HOLDERS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to and conditional upon the passing of all Essential Resolutions, for the purpose of ASX Listing Rule 10.1 and for all other purposes, approval is given for the Company acquire:

- a) 100% of the issued capital of N1 Telecommunications Pty Ltd (ACN 638 547 476) (directly and indirectly via the acquisition of 100% of the issued capital of Fiwi, a shareholder of NodeOne);*
- b) 100% of the issued capital of Cirrus Communications Pty Ltd (ACN 109 931 731); and*
- c) 100% of the issued capital of Fiwi Pty Ltd (ACN 627 923 577)*

from the Vendors, each of whom is a Substantial (10%+) Holder for the purpose of ASX Listing Rule 10.1, on the terms and conditions set out in the Explanatory Statement.”

RESOLUTION 4 – ACQUISITION OF A RELEVANT INTEREST IN SHARES BY THE VENDORS AND THEIR ASSOCIATES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to and conditional upon the passing of all Essential Resolutions, for the purpose of Section 611 item 7 of the Corporations Act and for all other purposes, approval is given for:

- a) the Vendors to acquire a relevant interest in 122,769,264 Shares (on a post-consolidation basis) as a result of the Company issuing 122,769,264 Shares to the Vendors as consideration for the Proposed Acquisitions;*
- b) certain Vendors and associates of the Vendors to acquire a relevant interest in up to 11,280,000 Shares (on a post-consolidation basis) as a result of certain Vendors and associates of the Vendors subscribing for up to 11,280,000 Shares pursuant to the Public Offer; and*
- c) two associates of the Vendors acquiring a relevant interest in 600,000 Shares as a result of entering into a relevant agreement to acquire 600,000 Shares from a Vendor after completion of the Proposed Acquisitions,*

and which, in addition to the Shares already held by the Vendors and their associates, will result in the voting power in the Company of the Vendors and their associates increasing to the maximum amounts as set out in the Explanatory Statement and otherwise on the terms and conditions set out in the Explanatory Statement.”

RESOLUTION 5 – ISSUE OF PUBLIC OFFER SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 40,000,000 Shares (on a post-Consolidation basis) on the terms and conditions set out in the Explanatory Statement.”

RESOLUTION 10 – APPOINTMENT OF DIRECTOR – MR JAMES SPENCELEY

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to Completion occurring and conditional upon the passing of all Essential Resolutions, pursuant to and in accordance with the Company’s Constitution and for all other purposes, Mr James Spenceley, having consented to act as a director of the Company, be appointed as a director of the Company with effect on and from Completion.”

RESOLUTION 11 – APPOINTMENT OF DIRECTOR – MR WILLIAM (PAUL) REID

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to Completion occurring and conditional upon the passing of all Essential Resolutions, pursuant to and in accordance with the Company’s Constitution and for all other purposes, Mr William (Paul) Reid, having consented to act as a director of the Company, be appointed as a director of the Company with effect on and from Completion.”

RESOLUTION 12 – APPOINTMENT OF DIRECTOR – MR MATTHEW HOLLIS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to Completion occurring and conditional upon the passing of all Essential Resolutions, pursuant to and in accordance with the Company’s Constitution and for all other purposes, Mr Matthew Hollis, having consented to act as a director of the Company, be appointed as a director of the Company with effect on and from Completion.”

RESOLUTION 13 – APPOINTMENT OF DIRECTOR – MR ANTHONY GRIST

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to Completion occurring and conditional upon the passing of all Essential Resolutions, pursuant to and in accordance with the Company’s Constitution and for all other purposes, Mr Anthony Grist, having consented to act as a director of the Company, be appointed as a director of the Company with effect on and from Completion.”

E. DEFINITION OF ESTIMATED NET CASH AMOUNTS

Net Cash Amounts per Acquisition Agreements

The Purchase Price has been calculated on the basis that:

- a. the net cash position of NodeOne at 30 November 2020 is the **NodeOne Estimated Net Cash Amount**, being the sum of:
 - i. all cash on hand; plus
 - ii. the amount of any cash payment made prior to the date of the NodeOne Net Cash Amount Statement for a Permitted Acquisition; plus
 - iii. costs and expenses relating to the Capital Raising and the Proposed Transaction, including any legal, accounting and other professional fees, which have been paid by NodeOne (for clarity, this does not include the financial audit of NodeOne group companies, but does include financial advice specifically relating to the Proposed Transaction); less
 - iv. any long term business loans (liabilities) within a NodeOne company (excluding any equipment leases).

- a. the net cash position of the Company at 30 November 2020 is at least the **SF1 Estimated Net Cash Amount**, being the sum of:
 - i. all cash on hand (excluding the net proceeds of the Capital Raising); plus
 - ii. all costs and expenses relating to the Capital Raising and the Proposed Transaction, including any underwriting fees, legal, audit, accounting and other professional fees, which have been paid by the Company; plus
 - iii. the net amounts payable to MyStemKits, Inc by BOXL under the BOXL Agreement (being those instalment payments which fall due after the date of the Buyer Net Cash Amount Statement, less any amounts set off or subject to a bona fide Claim by BOXL in respect of such amounts and any other amounts payable to BOXL by a Buyer Group Company including under Section 3.2 of the BOXL Agreement); less
 - iv. the amounts owing or payable to Ryan Legudi and/or his associated entities by the Company, including pursuant to the Letter of Agreement dated 13 July 2020 (unless released in accordance with Condition 2.1.8) or pursuant to a consulting agreement entered into in accordance with clause 4.5.1; less
 - v. any other current liabilities of the Company (other than liabilities relating to costs and expenses of the Capital Raising and the Proposed Transaction, including any underwriting fees, legal, audit, accounting and other professional fees).

- b. the net cash position of Swoop at 30 November 2020 is the **Swoop Estimated Net Cash Amount**, being the sum of:
 - i. all cash on hand; plus
 - ii. the receivables from Swoop's loan funded shares; plus

- iii. costs and expenses relating to the Capital Raising and the Proposed Transaction, including any legal, accounting and other professional fees, which have been paid by Swoop (for clarity, this does not include the financial audit of Swoop companies, but does include financial advice specifically relating to the Proposed Transaction); less
- iv. the sum of the exit bonuses agreed to be paid to certain executives of Swoop prior to Completion, namely \$2,268,623 to James Spenceley.

F. LISTED COMPARABLE COMPANIES

Company	Description
Spirit Technology Solutions Limited ASX:ST1	Spirit Technology Solutions Ltd. provides information technology (IT) and telecommunications services to small and medium size businesses in Australia. It offers managed IT services, including enterprise grade managed Wi-Fi, cyber security, networking, disaster recovery, online backup, and desktop/laptop maintenance services, as well as infrastructure as a service; and Internet services for apartments, green fields, students, and connected communities, as well as for business. The company also provides unified communications; Smart ISDN solution for cloud transition; and phone name solutions. The company was formerly known as Spirit Telecom Limited and changed its name to Spirit Technology Solutions Ltd. in October 2020. Spirit Technology Solutions Ltd. is based in South Melbourne, Australia.
Uniti Group Limited ASX:UWL	Uniti Group Limited provides Internet, and associated telecommunications products and services in Australia. It operates through three segments: Consumer & Business Enablement, Wholesale & Infrastructure, and Specialty Services. The Consumer & Business Enablement segment retails telecommunications products and services, including broadband and voice services across fibre access networks. The Wholesale & Infrastructure segment designs, installs, operates, and maintenance fibre-to-the-premises open access wholesale telecommunication 'last mile' network infrastructure. The Specialty Services segment offers premium voice services to approximately 13, 1300, 1800 calling services. This segment also offers value-added software as a service data analytics and call tracking application, as well as the leasing of phone words on the numbers. The company was formerly known as Uniti Wireless Limited and changed its name to Uniti Group Limited in August 2019. Uniti Group Limited was incorporated in 2012 and is based in Adelaide, Australia.
Vocus Group Limited ASX:VOC	Vocus Group Limited provides fibre and network solutions to enterprise, government, wholesale, small business, and residential customers in Australia and New Zealand. The company operates through Vocus Network Services, Retail, and New Zealand segments. It offers telecommunications products and services, such as networks and connectivity, data centres, cloud platforms and security, and workplace collaboration under the Vocus, Slingshot, Flip, and Orcon brands. The company also provides broadband, voice, and mobile services under the Dodo, iPrimus, Commander, and Engin brands, as well as Fetch TV services. In addition, it supplies, retails, and markets gas and electricity services; and offers insurance products. The company was formerly known as Vocus Communications Limited and changed its name to Vocus Group Limited in December 2016. Vocus Group Limited was founded in 2007 and is headquartered in Melbourne, Australia.
Over the Wire Holdings Limited ASX:OTW	Over the Wire Holdings Limited provides data network and Internet, voice, cloud and managed, and data centre co-location services in Australia and New Zealand. The company offers Internet connectivity services to enable Internet services, video conferencing, Software as a Service applications, and online collaboration for various businesses. It also provides Session Initiation Protocol based Internet voice solutions; and operates a platform that supports various client usage scenarios, from Private Branch exchanges (PBX) to call centre diallers, for inbound and outbound calling. In addition, the company offers a range of private cloud-based services consisting of Infrastructure as a Service, hosted PBX, and managed services. Further, it allows customers to house their equipment, such as servers and network equipment. The company was founded in 2005 and is headquartered in Brisbane, Australia.

Superloop Limited

ASX:SLC

Superloop Limited engages in the design, development, construction, and operation of independent telecommunications infrastructure in the Asia Pacific region. It offers network solutions for wholesale, enterprise, and channel customers. The company is also involved in the operation of a fixed wireless network; and provision of outsourced cloud and managed services, and cyber security and cyber safety services. In addition, it manages and delivers broadband solutions for campus environments, including student accommodations, hotels, and schools; and offers residential and small business broadband services through fixed wireless or fixed line NBN services. The company was founded in 2014 and is headquartered in Brisbane, Australia.

G. COMPARABLE TRANSACTIONS

We have identified the following transactions involving control transactions of Australian companies in the fixed wireless and wholesale broadband services industry.

Announcement date	Target Company	Buyer/Acquirer	Interest	Deal value (\$m)	Implied EV/EBITDA
20-Aug-20	Reliance IT/Beachhead Group/Altitude IT	Spirit Telecom Ltd	100%	10.40	3.32
3-Apr-19	Anttel Communications/ LinkOne/ Ignite Broadband/ Wells Research	Spirit Telecom Ltd	100%	5.70	5.00
7-Dec-18	FuzeNet Pty Ltd	Uniti Group Ltd	100%	11.16	3.15
11-Sep-17	NuSkope Pty Ltd	Superloop Ltd	100%	9.88	6.18
25-Aug-17	World Without Wires Pty Ltd	Spirit Telecom Ltd	100%	4.53	4.01
Mean					4.33
Median					4.01

Announcement date	Target Company	Buyer/Acquirer	Deal value (\$m)	Revenue (\$m)	AR multiple
20-Aug-20	Reliance IT/Beachhead Group/Altitude IT	Spirit Telecom Ltd	10.40	12.00	0.87
3-Apr-19	Anttel Communications/ LinkOne/ Ignite Broadband/ Wells Research	Spirit Telecom Ltd	5.70	3.20	1.78
7-Dec-18	FuzeNet Pty Ltd	Uniti Group Ltd	11.16	14.67	0.76
11-Sep-17	NuSkope Pty Ltd	Superloop Ltd	9.88	7.10	1.39
25-Aug-17	World Without Wires Pty Ltd	Spirit Telecom Ltd	4.53	2.65	1.71
Average					1.30

- On 20 August 2020, Spirit Technology Limited announced that it had acquired three IT Manager service providers across Sydney and New South Wales. The three businesses generated a combined revenue of \$12 million prior to the acquisition.
- On 3 April 2019, Spirit Technology Limited announced that it had acquired 100% of the LinkOne Group ("LinkOne") of companies, including Anttel Communications Group Pty Ltd, LinkOne Pty Ltd, Ignite Broadband Pty Ltd and Wells Research Pty Ltd, for \$5.7 million. LinkOne is a wholesale licensed telecommunications carrier operating a predominantly fixed wireless network. At the time of acquisition, the business had 570 customers, 44 points-of-presence, and network infrastructure that utilises complimentary hardware and co-located Australian data centres.
- On 7 December 2018, Uniti Group Limited entered into a share sale and purchase agreement to acquire 100% interest in FuzeNet Pty Ltd, a retail telecommunication services company for \$11.2 million. FuzeNet Pty Ltd offers both broadband internet and phone services working with a number of fibre providers across Australia.
- Superloop Limited signed an agreement to acquire Nuscope Pty Ltd on 11 September 2017 for a total consideration of \$9.88 million. Prior to the acquisition, Nuscope Pty Ltd was a South Australia-based fixed wireless internet service provider that had ownership of existing wireless network infrastructure, a network coverage qualification tool and a CRM database.
- Spirit Technology Limited entered into an agreement to acquire World Without Wires Pty Ltd on 24 August 2017 for \$4.6 million. Prior to the acquisition, World without Wires had 2,200 existing customers and owned 12,000 square kilometres of fixed wireless network and serviced residential, small medium enterprises and corporate customers in Northern New South Wales and South East Queensland.

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(TO BE RENAMED 'SWOOP HOLDINGS LIMITED')

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2021 GENERAL MEETING PROXY FORM
I/We being shareholder(s) of Stemify Limited and entitled to attend and vote hereby:

STEP 1

APPOINT A PROXY

The Chair of the Meeting **OR** **PLEASE NOTE:** If you leave the section blank, the Chair of the Meeting will be your proxy.

or failing the individual(s) or body corporate(s) named, or if no individual(s) or body corporate(s) named, the Chair of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf, including to vote in accordance with the following directions (or, if no directions have been given, and to the extent permitted by law, as the proxy sees fit), at the General Meeting of the Company to be held at [VENUS] on [DATE] at [TME] and at any adjournment or postponement of that Meeting.

Chair's voting intentions in relation to undirected proxies: The Chair intends to vote all undirected proxies in favour of all Resolutions. In exceptional circumstances, the Chair may change his/her voting intentions on any Resolution. In the event this occurs, an ASX announcement will be made immediately disclosing the reasons for the change.

Chair authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chair of the Meeting as my/our proxy (or the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 16, 17, 18, 19 & 20 (except where I/we have indicated a different voting intention below) even though these resolutions are connected directly or indirectly with the remuneration of a member(s) of key management personnel, which includes the Chair.

STEP 2

VOTING DIRECTIONS

Resolutions	For	Against	Abstain*
1 Change to nature and scale of activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Consolidation of capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Acquisition of a substantial asset from substantial (10%+) holders	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Acquisition of a relevant interest in Shares by the Vendors and their associates	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Issue of Public Offer Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Related party participation in Public Offer – Mr Jonathan Pearce	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 Related party participation in Public Offer – Mr Ryan Legudi	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8 Related party participation in Public Offer – Mr Timothy Grice	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9 Issue of Options to Forrest Capital Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10 Appointment of Director – Mr James Spenceley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11 Appointment of Director – Mr William (Paul) Reid	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12 Appointment of Director – Mr Matthew Hollis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13 Appointment of Director – Mr Anthony Grist	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14 Change of Company name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15 Replacement of Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16 Adoption of Long Term Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17 Issue of Performance Rights to Director – Mr Jonathan Pearce	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18 Issue of Performance Rights to Director – Mr Tony Grist	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19 Issue of Performance Rights to Director – Mr James Spenceley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20 Increase in total aggregate remuneration for Non-Executive Directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21 Removal of auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22 Appointment of auditor to replace auditor removed from office	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
23 Approval of sale of STEM Business	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

* If you mark the Abstain box for a particular Resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual) Joint Shareholder 2 (Individual) Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary Director/Company Secretary (Delete one) Director

This form should be signed by the shareholder. If a joint holding, all the shareholder should sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the Corporations Act 2001 (Cth).

Email Address

Please tick here to agree to receive communications sent by the Company via email. This may include meeting notifications, dividend remittance, and selected announcements.

HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**

CHANGE OF ADDRESS

This form shows your address as it appears on Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes.

APPOINTMENT OF A PROXY

If you wish to appoint the Chair as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chair, please write that person's name in the box in Step 1. A proxy need not be a shareholder of the Company. A proxy may be an individual or a body corporate.

DEFAULT TO THE CHAIR OF THE MEETING

If you leave Step 1 blank, or if your appointed proxy does not attend the Meeting, then the proxy appointment will automatically default to the Chair of the Meeting.

VOTING DIRECTIONS – PROXY APPOINTMENT

You may direct your proxy on how to vote by placing a mark in one of the boxes opposite each resolution of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any resolution by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given resolution, your proxy may vote as they choose to the extent they are permitted by law. If you mark more than one box on a resolution, your vote on that resolution will be invalid.

PROXY VOTING BY KEY MANAGEMENT PERSONNEL

If you wish to appoint a Director (other than the Chair) or other member of the Company's key management personnel, or their closely related parties, as your proxy, you must specify how they should vote on 16, 17, 18, 19 & 20, by marking the appropriate box. If you do not, your proxy will not be able to exercise your vote for 16, 17, 18, 19 & 20.

PLEASE NOTE: If you appoint the Chair as your proxy (or if they are appointed by default) but do not direct them how to vote on a resolution (that is, you do not complete any of the boxes "For", "Against" or "Abstain" opposite that resolution), the Chair may vote as they see fit on that resolution.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning Advanced Share Registry Limited or you may copy this form and return them both together.

To appoint a second proxy you must:

- On each Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- Return both forms together.

COMPLIANCE WITH LISTING RULE 14.11

In accordance with Listing Rule 14.11, if you hold shares on behalf of another person(s) or entity/entities or you are a trustee, nominee, custodian or other fiduciary holder of the shares, you are required to ensure that the person(s) or entity/entities for which you hold the shares are not excluded from voting on resolutions where there is a voting exclusion. Listing Rule 14.11 requires you to receive written confirmation from the person or entity providing the voting instruction to you and you must vote in accordance with the instruction provided.

By lodging your proxy votes, you confirm to the company you are in compliance with Listing Rule 14.11.

CORPORATE REPRESENTATIVES

If a representative of a nominated corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A Corporate Representative Form may be obtained from Advanced Share Registry.

SIGNING INSTRUCTIONS ON THE PROXY FORM

Individual:

Where the holding is in one name, the security holder must sign.

Joint Holding:

Where the holding is in more than one name, all of the security holders should sign.

Power of Attorney:

If you have not already lodged the Power of Attorney with Advanced Share Registry, please attach the original or a certified photocopy of the Power of Attorney to this form when you return it.

Companies:

Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

LODGE YOUR PROXY FORM

This Proxy Form (and any power of attorney under which it is signed) must be received at an address given below by [TIME] on [DATE], being not later than 48 hours before the commencement of the Meeting. Proxy Forms received after that time will not be valid for the scheduled Meeting.



ONLINE PROXY APPOINTMENT

www.advancedshare.com.au/investor-login



BY MAIL

Advanced Share Registry Limited
110 Stirling Hwy, Nedlands WA 6009; or
PO Box 1156, Nedlands WA 6909



BY FAX

+61 8 6370 4203



BY EMAIL

admin@advancedshare.com.au



IN PERSON

Advanced Share Registry Limited
110 Stirling Hwy, Nedlands WA 6009



ALL ENQUIRIES TO

Telephone: +61 8 9389 8033