



ASX ANNOUNCEMENT
STEMify Limited (ASX: SF1)

16 April 2021

LODGEMENT OF PROSPECTUS FOR UNDERWRITTEN CAPITAL RAISING AND RE-LISTING

STEMify Limited ACN 009 256 535 (“SF1” or the “Company”) to be renamed “Swoop Holdings Limited” is pleased to advise that it has today lodged a prospectus with ASIC with respect to its underwritten public offer to raise \$20 million in conjunction with its acquisition of the Swoop and NodeOne telecommunications businesses and re-listing on ASX, to be approved by SF1 shareholders at a general meeting to be held on 3 May 2021.

A copy of the prospectus is attached.

This announcement has been authorised for release by the Board.

For any questions, please contact the undersigned on +61 2 8072 1400.

Sincerely,

Maggie Niewidok
Company Secretary

**STEMIFY LIMITED
(TO BE RENAMED 'SWOOP HOLDINGS LIMITED')
ACN 009 256 535**

PROSPECTUS

For an offer of 40,000,000 Shares at an issue price of \$0.50 per Share to raise \$20,000,000 (**Offer**).

The Offer is conditional upon satisfaction of the Conditions, which are detailed further in Section 4.5. No Securities will be issued pursuant to this Prospectus until those Conditions are met.

The Offer is fully underwritten by Morgans Corporate Limited (ACN 010 539 607) AFSL 235407.

This Prospectus is a re-compliance prospectus for the purposes of satisfying Chapters 1 and 2 of the ASX Listing Rules and to satisfy ASX requirements for re-listing following a change to the nature and scale of the Company's activities.

IMPORTANT NOTICE

This document is important and should be read in its entirety. If, after reading this Prospectus you have any questions about the Securities being offered under this Prospectus or any other matter, then you should consult your professional advisers without delay.

The Securities offered by this Prospectus should be considered as speculative in nature.

IMPORTANT NOTICE

This Prospectus is dated 16 April 2021 and was lodged with the ASIC on that date. The ASIC, the ASX and their officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Securities may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that you read this Prospectus in its entirety and seek professional advice where necessary. The Securities the subject of this Prospectus should be considered as highly speculative.

Exposure Period

This Prospectus will be circulated during the Exposure Period. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. You should be aware that this examination may result in the identification of deficiencies in this Prospectus and, in those circumstances, any application that has been received may need to be dealt with in accordance with section 724 of the Corporations Act. Applications for Securities under this Prospectus will not be accepted by the Company until after the expiry of the Exposure Period. No preference will be conferred on applications lodged prior to the expiry of the Exposure Period.

No offering where offering would be illegal

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than

Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. It is important that investors read this Prospectus in its entirety and seek professional advice where necessary.

No action has been taken to register or qualify the Securities or the offer, or to otherwise permit a public offering of the Securities in any jurisdiction outside Australia. This Prospectus has been prepared for publication in Australia and may not be released or distributed in the United States of America.

US securities law matters

This Prospectus may not be distributed to, or relied upon by, persons in the US. This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the US. In particular, the Securities have not been, and will not be, registered under the United States Shares Act of 1933, as amended (the **US Securities Act**), and may not be offered or sold in the US or to, or for the account or benefit of, US Persons (as defined in Regulation S under the US Securities Act) unless an exemption is available from the registration requirements of the US Securities Act.

Each applicant will be taken to have represented, warranted and agreed as follows:

- (a) it understands that the Securities have not been, and will not be, registered under the US Securities Act and may not be offered, sold or resold in the US, except in a transaction exempt from, or not subject to, registration under the US Securities Act and any other applicable securities laws;
- (b) it is not in the US;
- (c) it has not and will not send this Prospectus or any other material relating to the

Offer to any person in the US; and

- (d) it will not offer or sell the Securities in the US or in any other jurisdiction outside Australia except in transactions exempt from, or not subject to, registration under the US Securities Act and in compliance with all applicable laws in the jurisdiction in which the Securities are offered and sold.

Each applicant under the Institutional Offer will be required to make certain representations, warranties and covenants set out in the confirmation of allocation letter distributed to it.

Electronic Prospectus

A copy of this Prospectus can be downloaded from the website of the Company at www.swoop.com.au. If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must be an Australian resident and must only access this Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. You may obtain a hard copy of this Prospectus free of charge by contacting the Company by phone on +61 8 6500 2107 during office hours or by emailing the Share Registry at admin@advancedshare.com.au.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

Company Website

No document or other information available on the Company's website is

incorporated into this Prospectus by reference.

No cooling-off rights

Cooling-off rights do not apply to an investment in Securities issued under the Prospectus. This means that, in most circumstances, you cannot withdraw your application once it has been accepted.

No Investment Advice

The information contained in this Prospectus is not financial product advice or investment advice and does not take into account your financial or investment objectives, financial situation or particular needs (including financial or taxation issues). You should seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding to subscribe for Securities under this Prospectus to determine whether it meets your objectives, financial situation and needs.

Risks

You should read this document in its entirety and, if in any doubt, consult your professional advisers before deciding whether to apply for Securities. There are risks associated with an investment in the Company. The Securities offered under this Prospectus carry no guarantee with respect to return on capital investment, payment of dividends or the future value of the Securities. Refer to Section D of the Investment Overview as well as Section 8 for details relating to some of the key risk factors that should be considered by prospective investors. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

Suspension and re-admission to ASX

The Acquisitions, if successfully completed, will represent a significant change in the nature and scale of the Company's main activities from a 3D printing hardware and the MyStemKits K12 curriculum business to a telecommunications company providing fixed wireless broadband and other network services.

The change in the nature and scale of the Company's activities requires:

- (a) the approval of Shareholders (which will be sought at the General Meeting); and
- (b) the Company to re-comply with the admission requirements set out in Chapters 1 and 2 of the ASX Listing Rules.

This Prospectus is a re-compliance prospectus for the purposes of satisfying Chapters 1 and 2 of the ASX Listing Rules and to satisfy the ASX requirements for re-admission to the Official List following a change in nature and scale of the Company's activities.

It is expected that the conduct of the Offer pursuant to this Prospectus will enable the Company to satisfy the above requirements.

The Company's Shares have been suspended from trading since 6 August 2020 and will remain suspended from trading on ASX until ASX approves the Company's re-compliance with the admission requirements of Chapters 1 and 2 of the ASX Listing Rules.

There is a risk that the Company may not be able to meet the requirements of ASX for re-admission to the Official List. In the event the Conditions are not satisfied or the Company does not receive conditional approval for re-admission to the Official List then the Company will not proceed with the Offer and will repay all application monies received without interest and otherwise in accordance with the Corporations Act.

Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and the Company's management.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 8.

Financial Forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings beyond expected listing date on the basis that the operations of the Company are inherently uncertain. Any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

Continuous disclosure obligations

Following re-admission of the Company to the Official List, the Company will continue to be a "disclosing entity" (as defined in section 111AC of the Corporations Act) and, as such, will be subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company will be required to continuously disclose any information it has to

the market which a reasonable person would expect to have a material effect on the price or the value of the Shares.

Price sensitive information will be publicly released through ASX before it is disclosed to Shareholders and market participants. Distribution of other information to Shareholders and market participants will also be managed through disclosure to the ASX. In addition, the Company will post this information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will apply to participate in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company.

Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with statements (similar to a bank account statement) that set out the number of Securities issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Electronic sub-registers also mean ownership of securities can be transferred without having to rely upon paper documentation. Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

Photographs and Diagrams

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorses the Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus

are illustrative only and may not be drawn to scale.

Disclaimer

Morgans Corporate Limited (**Lead Manager**) is managing and underwriting the Offer. The Lead Manager has not authorised, permitted or caused the issue or lodgement, submission, dispatch or provision of this Prospectus and there is no statement in this Prospectus which is based on any statement made by it or by any of its respective affiliates, officers or employees. To the maximum extent permitted by law, the Lead Manager and each of its affiliates, officers, employees and advisors expressly disclaim all liabilities in respect of, make no representations regarding, and take no responsibility for, any part of this Prospectus other than references to their respective names and make no representation or warranty as to the currency, accuracy, reliability or completeness of this Prospectus.

Third Party Reports

Any statements, data or other contents referenced or attributed to reports by a third party (each a **Third Party Report**) in this Prospectus represent research opinions or viewpoints only of that third party, and are in no way to be construed as statements of fact. While the views, opinions, forecasts and information contained in a Third Party Report are based on information believed by the third party author in good faith to be reliable, that third party author is not able to make any representation or guarantee as to the accuracy or completeness of any information upon which a view, opinion or forecast or information contained in any Third Party Report is based. Any views, opinions or predictions contained in a Third Party Report are subject to inherent risks and uncertainties, and third parties do not accept responsibility for actual results or future events.

Any statement made in a Third Party Report is made as at the date of that Third Party Report and any forecasts or expressions of opinion are subject to future change without notice by any respective third party author of such reports. As such, investors are cautioned not to place undue reliance on such

information. A third party is not obliged to, and will not, update or revise any content of a Third Party Report, other than where required by law, irrespective of any changes, events, conditions, availability of new information or other factors which may occur subsequent to the date of that Third Party Report. The Third Party Reports do not represent investment advice nor do they provide an opinion regarding the merits of the Offer.

Consent not sought for certain statements

Unless specifically noted in Section 11.13, statements made by, attributed to or based on statements by third parties have not been consented to for the purpose of section 729 of the Corporations Act and are included in this Prospectus on the basis of ASIC Corporations (Consents to Statements) Instrument 2016/72 relief from the Corporations Act for statements used from books, journals or comparable publications.

Definitions and Time

Unless the contrary intention appears or the context otherwise requires, words and phrases contained in this Prospectus have the same meaning and interpretation as given in the Corporations Act and capitalised terms have the meaning given in the Glossary in Section 13.

All references to time in this Prospectus are references to Australian Eastern Standard Time.

Privacy statement

If you complete an Application Form, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your Securities in the context of takeovers, regulatory bodies including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the share registry.

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the share registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (as amended), the

Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Securities, the Company may not be able to accept or process your application.

Enquiries

If you are in any doubt as to how to deal with any of the matters

raised in this Prospectus, you should consult with your broker or legal, financial or other professional adviser without delay. Should you have any questions about the Offer or how to accept the Offer please call the Company Secretary on (02) 8072 1400.

CORPORATE DIRECTORY

Current Directors

Ryan Legudi¹
Managing Director

Timothy Grice¹
Executive Chairperson

Jonathan Pearce
Non-Executive Director

Proposed Directors

James Spenceley²
Non-Executive Chairperson

Tony Grist²
Non-Executive Deputy Chairperson

Paul Reid²
Non-Executive Director

Matt Hollis²
Executive Director

Company Secretary

Maggie Niewidok

Current ASX Code

SF1

Proposed ASX Code

SWP

Registered Office

Level 5
126-130 Phillip Street
SYDNEY NSW 2000

Telephone: + 61 2 8072 1400
Facsimile: +61 2 8583 3040
Website: www.swoop.com.au

¹. To resign on Settlement.

². To be appointed with effect from Settlement.

³. The Company will seek Shareholder approval at the General Meeting to appoint PKF(NS) Audit & Assurance Limited Partnership as its auditor.

Legal advisers

Steinepreis Paganin
Level 4
The Read Buildings
16 Milligan Street
PERTH WA 6000

Investigating Accountant

BDO Corporate Finance (WA) Pty Ltd
38 Station Street
SUBIACO WA 6008

Current Company Auditor^{3*}

BDO Audit Pty Ltd
Tower 4, Level 18, 727 Collins Street
MELBOURNE VIC 3008

Proposed Auditor and Cirrus Communications Auditor^{3*}

PKF(NS) Audit & Assurance Limited
Partnership
Level 8, 1 O'Connell Street
SYDNEY NSW 2000

N1 Telecommunications Auditor*

PKF Perth
Level 4, 35 Havelock Street
WEST PERTH WA 6005

Lead Manager and Underwriter

Morgans Corporate Limited
Level 29, 123 Eagle Street
BRISBANE QLD 4000

Share Registry*

Advanced Share Registry Services Ltd
110 Stirling Highway
NEDLANDS WA 6009

Phone: +61 8 9389 8033 (international)

Fax: +61 8 6370 4203

Email: admin@advancedshare.com.au

* This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus.

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1. CHAIRPERSON'S LETTER

Dear Investor

On behalf of the directors of Stemify Limited (to be renamed "Swoop Holdings Limited") (**Stemify** or the **Company**), it gives me great pleasure to present the Offer to you.

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

This Prospectus is seeking to raise \$20,000,000 via the issue of Shares at an issue price of \$0.50 per Share under the Offer. The purpose of the Offer is to provide funds to implement the Company's business strategies (explained in Section 6).

The Proposed Directors have significant expertise and experience in the telecommunications sector and will aim to ensure that funds raised through the Offer will be utilised in a cost-effective manner to advance the Company's business.

This Prospectus is issued for the purpose of supporting an application to seek re-quotations of the Company on the ASX. This Prospectus contains detailed information about the Company, Cirrus Communications and N1 Telecommunications and their businesses and the Offer, as well as the risks of investing in the Company, and I encourage you to read it carefully. The Securities offered by this Prospectus should be considered speculative in nature.

The Board is excited about the new direction offered by the Acquisitions and sharing in what we believe are exciting and prospective times ahead for the Company. Before you make your investment decision, I urge you to read this Prospectus in its entirety and seek professional advice if required.

Yours sincerely



James Spenceley

Proposed Non-Executive Chairperson
Stemify Limited (to be renamed "Swoop Holdings Limited")

2. KEY OFFER INFORMATION

INDICATIVE TIMETABLE¹

Lodgement of Prospectus with the ASIC	16 April 2021
Exposure Period begins	16 April 2021
Opening Date	23 April 2021
General Meeting to approve the Acquisitions, Consolidation and Offer	3 May 2021
Consolidation effective date	3 May 2021
Record date for Consolidation	6 May 2021
Closing Date	13 May 2021
Settlement of Acquisitions and the Offer	19 May 2021
Issue of Shares under the Offer	20 May 2021
Despatch of holding statements	21 May 2021
Expected date for quotation on ASX	27 May 2021

- The above dates are indicative only and may change without notice. Unless otherwise indicated, all times given are AEST. The Exposure Period may be extended by the ASIC by not more than 7 days pursuant to section 727(3) of the Corporations Act. The Company, in consultation with the Lead Manager, reserves the right to vary any of the dates and times indicated above including to extend the Closing Date or close the Offer early without prior notice. The Company also reserves the right not to proceed with the Offer at any time before the issue of Shares to applicants.*
- If the Offer is cancelled or withdrawn before completion of the Offer, then all application monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act. Investors are encouraged to submit their applications as soon as possible after the Offers open.*

KEY STATISTICS OF THE OFFER

	Full Subscription (\$20,000,000)
Offer Price per Share	\$0.50
Shares currently on issue (pre-Consolidation)	156,972,435
Shares on issue (post-Consolidation)	6,825,035
Options currently on issue (pre-Consolidation)	75,277,782
Options on issue (post-Consolidation)	3,272,951
Shares to be issued under the Offer ^{1,2}	40,000,000
Gross Proceeds of the Offer	\$20,000,000
Shares to be issued pursuant to the Swoop Acquisition ¹	89,401,261
Shares to be issued pursuant to the NodeOne Acquisition ^{1,3}	33,368,003
Options to be issued to Forrest Capital ^{1,4}	1,500,000
Performance Rights to be issued to Director and Proposed Directors ^{1,5,8}	6,151,088
Shares on issue Post-Listing (undiluted)⁶	169,594,299
Market Capitalisation Post-Listing (undiluted)⁷	\$84,797,150

	Full Subscription (\$20,000,000)
Shares on issue Post-Listing (fully diluted) ⁶	180,518,338
Market Capitalisation Post-Listing (fully diluted) ⁷	\$90,259,169

Notes:

1. Subject to Shareholder approval at the General Meeting.
2. Assumes that no Shares are issued pursuant to the Cleansing Offer.
3. Includes the Consideration Shares to be issued pursuant to the NodeOne Agreement and the Fiwi Agreement.
4. Refer to Section 11.3 for the terms of these Options.
5. Refer to Section 11.5 for the terms of these Performance Rights.
6. Certain Securities on issue post-listing will be subject to ASX-imposed escrow. Refer to Section 6.15 for further information regarding the anticipated escrow position.
7. Assuming a Share price of \$0.50, however the Company notes that the Shares may trade above or below this price.
8. The Company has also agreed to issue 1,500,000 Performance Rights to certain senior management of the Group. It is expected that these Performance Rights will be issued in August 2021 and they are therefore not included in the table above.

3. INVESTMENT OVERVIEW

This Section is a summary only and is not intended to provide full information for investors intending to apply for Securities offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety.

Item	Summary	Further information
A. Company		
Who is the issuer of this Prospectus?	Stemify Limited (ACN 009 256 535) (Company or Stemify).	Section 6.1
Who is the Company?	<p>The Company is an Australian listed public company, incorporated on 3 July 1987.</p> <p>From incorporation, the Company initially focused on mineral sands exploration activities.</p> <p>In 2016, the Company changed its focus to 3D printing with the acquisition of the Robo 3D business.</p> <p>In February 2020, the Company announced the intention to dispose of its main undertaking and seek a suitable new business.</p>	Section 6.1
What are the Acquisitions?	<p>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:</p> <p>(a) 58.90% of the issued capital in N1 Telecommunications Pty Ltd (ACN 638 547 476) (NodeOne) (NodeOne Agreement);</p> <p>(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</p> <p>(c) 100% of the issued capital in Cirrus Communications Pty Ltd (ACN 109 931 731) (Swoop) (Swoop Agreement),</p> <p>(together the Acquisitions).</p>	Sections 6.2 and 10.2
Who is Cirrus Communications?	<p>Cirrus Communication Pty Limited (ACN 109 931 731) trading as "Swoop" is an Australian proprietary company operating within the telecommunications industry. Swoop provides:</p> <p>(a) fixed wireless access as well as wholesale transit services to other ISPs and Telcos;</p> <p>(b) internet and telecommunication services to small and medium sized enterprises; and</p> <p>(c) fixed wireless broadband services to residential customers currently in the West Gippsland (Warragul) region in Victoria.</p>	Section 6.5

Item	Summary	Further information
Who is N1 Telecommunications?	<p>N1 Telecommunications Pty Ltd (ACN 638 547 476) trading as "NodeOne" is an Australian proprietary company operating within the telecommunications industry. NodeOne provides:</p> <p>(a) 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; and</p> <p>(b) services over the NBN fixed line and fixed wireless networks in Western Australia to customers who cannot connect to the NodeOne fixed wireless network.</p>	Section 6.6
Who is Fiwi?	Fiwi is a shell company that holds 41.10% of the issued capital of NodeOne.	Section 6.7
What industries do Cirrus Communications and N1 Telecommunications operate in?	<p>Cirrus Communications and N1 Telecommunications operate within the telecommunications industry providing fixed wireless and broadband services to residential and business customers.</p> <p>Please refer to Section 5 for a summary of information on this industry.</p>	Section 5
What are the key terms of the Acquisitions?	<p>The consideration to be paid by the Company to the Swoop Vendors is 89,401,261 Shares.</p> <p>The consideration to be paid by the Company to the NodeOne Vendors is 33,368,003 Shares.</p> <p>The key terms of the Acquisition Agreements are set out in Section 10.2.</p>	Section 10.2
How will the Acquisitions be implemented?	The Company will seek Shareholder approval for the resolutions required to implement the Acquisitions at the General Meeting.	Section 4.5
What is the effect of the Acquisitions?	<p>The effect of the Acquisitions is that the nature and scale of the activities of the Company will change as the Company proposes to focus on fixed wireless and broadband services following Settlement. The Acquisitions are an event which requires the Company to re-comply with the requirements of Chapters 1 and 2 of the ASX Listing Rules.</p> <p>Following Settlement and completion of the Offer, the Company will have 169,594,299 Shares on issue.</p> <p>The effect of the Acquisitions on the Company's capital structure is set out in Section 6.12 and the financial effect of the Offer and the Acquisitions is contained in Section 7 and the Investigating Accountant's Report included at Annexure A.</p>	Sections 6.13, 7 and Annexure A
B. Business Model		
What is the Company's business model?	Following Settlement, the Company's proposed business model will be to build its	Section 6.8

Item	Summary	Further information
	<p>business to become Australia's best challenger Internet and telecommunications provider.</p> <p>A detailed explanation of the Company's business model is provided at Section 6.8.</p>	
<p>What are the key business objectives of the Company?</p>	<p>The Company's main objective on completion of the Offer is to continue to grow organically and by acquisition to become Australia's best challenger Internet and telecommunications provider.</p>	<p>Section 6.8</p>
<p>Post-Settlement, what will be the key dependencies of the Company's business model?</p>	<p>Following Settlement, the key dependencies of the Company's business model will include the ability to maintain the Group's carrier licences under the Telecommunications Act 1997 (Cth) which permit it to provide carrier services, and continued access to:</p> <ul style="list-style-type: none"> (a) class licence spectrum as allocated by ACMA at no cost; (b) licenced spectrum services for backhaul links between fixed wireless towers and their core network; (c) NBN wholesale services; (d) fibre optic networks for backhaul links; and (e) fixed wireless tower sites and international cable system operators network services. 	<p>Sections 6.5 and 6.6</p>
<p>What is the Company's growth strategy?</p>	<p>The Company's growth strategy is to:</p> <ul style="list-style-type: none"> (a) continue to grow its residential, business and wholesale fixed wireless infrastructure by expanding the fixed wireless footprint into new areas; (b) concentrate its sales and marketing efforts to grow customers organically by focusing on digital acquisition of customers; (c) expand its strong wholesale offering into new products; that address the needs of other market segments such as business and residential; (d) expand into new geographic areas to increase the reach of its fixed wireless infrastructure; (e) continue to innovate and deliver superior customer service to minimise customer churn and increase the recurring revenue base; and (f) seek to participate in ongoing industry consolidation as opportunities arise. 	<p>Section 6.8</p>
<p>C. Key Advantages</p>		
<p>What are the key advantages of an</p>	<p>The Directors and Proposed Directors are of the view that an investment in the Company</p>	<p>Section 6.8</p>

Item	Summary	Further information
investment in the Company?	<p>provides the following non-exhaustive list of advantages:</p> <ul style="list-style-type: none"> (a) the Group will have sufficient funds to implement its strategy; (b) the Group will have an exceptional Board and management team; (c) the Company will own an 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; (d) the Group will be able to operate largely independently of NBN and is able to operate, and acquire access to, network services at lower cost; (e) the Group's fixed wireless infrastructure predominantly services locations with lower speed fixed line services, and is therefore more easily able to offer a compelling superior product; (f) 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 fixed wireless; and (g) established, well regarded brands in its core fixed wireless network areas. 	
D. Key Risks		
What are the key risks of an investment in the Company?	<p>The business, assets and operations of the Company are subject to certain risk factors that have the potential to influence the operating and financial performance of the Company in the future. These risks can impact on the value of an investment in the Securities of the Company.</p> <p>A number of the specific risks are summarised below. Further information on these and other potentially applicable risks is set out in Section 8.</p>	Section 8
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.	Section 8.2
Network performance risks	The Group depends on the performance, reliability and availability of its own and third party technology platforms. There is a risk that	Section 8.2

Item	Summary	Further information
	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.	
Supplier risks	<p>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.</p> <p>Any loss of access to, disruption to, or performance failures of these services could cause harm to the Group's business operations and reputation.</p>	Section 8.2
Customer contract risks	<p>Many customers, particularly residential customers of Cirrus Communications, are typically on short term or no contracts.</p> <p>Further, the industry is subject to price sensitivity and competition that can lead to regular 'churn' of customers.</p> <p>The Group will have one customer which represents approximately 10% of the Group's revenue. A loss of this customer would be likely to adversely affect the Group's financial performance.</p>	Section 8.2
Key people risks	<p>The Group's success will be dependent upon its ability to retain and attract key employees.</p> <p>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.</p>	Section 8.2
Brands and reputation risks	<p>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.</p>	Section 8.2
Data usage risks	<p>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.</p>	Section 8.2
Data security risks	<p>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</p>	Section 8.2

Item	Summary	Further information
	obligations under applicable laws or customer agreements.	
COVID-19 risks	<p>The coronavirus disease (COVID-19) is impacting global economic markets. 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.</p> <p>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 during the COVID-19 outbreak, and the extension of future procurement process lead times.</p> <p>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.</p>	Section 8.2
Future acquisitions risks	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, and retaining key staff.	Section 8.2
Competition risks	<p>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.</p> <p>The Group's fixed wireless operations are in direct competition with the NBN based services and would be directly impacted by</p>	Section 8.3

Item	Summary	Further information
	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.	
Changes in government policy and regulation risks	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.	Section 8.3
Regulatory and licensing compliance risks	<p>In conducting its operations, the Group is required to comply with a range of laws and regulations applicable to the telecommunications, consumer protection, privacy, competition, employment and workplace safety.</p> <p>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.</p>	Section 8.3
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.	Section 8.3
Liquidity risk	<p>Upon the Company's readmission to the Official List, approximately 72% of the Company's Shares are expected to 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 could have an adverse impact on the Share price.</p> <p>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.</p>	Section 8.4
Other risks	For additional specific risks please refer to Section 8.2. For other risks with respect to the industry in which the Company operates and general investment risks, many of which are largely beyond the control of the Company and its Directors, please refer to Sections 8.3 and 8.4.	Sections 8.2, 8.3 and 8.4

Item	Summary	Further information
E. Directors and Key Management Personnel		
Who are the Directors and Proposed Directors?	<p>The Board currently consists of:</p> <ul style="list-style-type: none"> (a) Ryan Legudi – Managing Director; (b) Timothy Grice – Executive Chairperson; and (c) Jonathan Pearce – Non-Executive Director. <p>It is intended that Ryan Legudi and Tim Grice will resign as Directors upon Settlement and Jonathan Pearce will remain on the Board.</p> <p>At Settlement, the Board will be comprised of:</p> <ul style="list-style-type: none"> (a) James Spenceley – Non-Executive Chairperson; (b) Tony Grist – Non-Executive Deputy Chairperson; (c) Paul Reid – Non-Executive Director; (d) Matt Hollis – Executive Director; and (e) Jonathan Pearce – Non-Executive Director. <p>The profiles of the proposed Board members are set out in Section 9.1.</p>	Section 9.1, 9.4
What are the significant interests of Directors in the Company?	Details of the remuneration and interests in securities of each of the Directors and the Proposed Directors are set out in Section 9.4.	Section 9.4
What are the significant interests of the advisors to the Company?	None of the advisors to the Company in respect of the Offer have any significant interests in the Company.	N/A
Does the Company have an Incentive Plan?	<p>The Company has adopted an Incentive Plan to allow eligible participants to be granted equity interests in the Company.</p> <p>The Company will issue an aggregate of 6,151,088 Performance Rights to James Spenceley, Tony Grist and Jonathan Pearce, at or around Settlement, under the Incentive Plan.</p> <p>The Company has also agreed to issue 1,500,000 Performance Rights to members of senior management, which are expected to be issued in August 2021.</p>	Sections 11.4 and 11.5
What related party agreements is the Company party to?	<p>Conditional upon Settlement, the Company has entered into an executive services agreement with Matt Hollis (Executive Director Sales and Marketing).</p> <p>The Company has entered into letters of appointment with James Spenceley, Tony Grist, William (Paul) Reid and Jonathan Pearce.</p> <p>The Company has also entered into Deeds of Indemnity and Access with each of these persons.</p> <p>A summary of these agreements is at out in Section 9.6.</p> <p>Matt Hollis, William (Paul) Reid, Tony Grist (via his controlled entity, Oaktone) and James</p>	Section 9.6 and Section 10.2

Item	Summary	Further information																									
	<p>Spenceley (via his controlled entity, Spenceley Management Pty Ltd), each of whom is a Proposed Director, are also parties to the Acquisition Agreements, a summary of which is at Section 10.2.</p> <p>NodeOne has entered into a short term loan agreement with certain shareholders of NodeOne including Oaktone, an entity controlled by Proposed Director Tony Grist. The outstanding loan amount will be repaid to these lenders from the proceeds of the Offer, with the anticipated repayment to Oaktone being approximately \$80,000.</p>																										
F. Financial Information																											
How has the Company been performing?	<p>The audited historical financial information of the Company (including its subsidiaries) for the years ended 30 June 2019 and 30 June 2020, and the half years ended 31 December 2020 and 31 December 2019, is set out in Section 7.</p> <p>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 are not representative of the Group post Settlement and therefore no summary financial information is provided here.</p>	Section 7																									
How have Swoop and NodeOne been performing?	<p>The consolidated financial performance of Cirrus Communications for the years ended 30 June 2019 and 30 June 2020, and the half years ended 31 December 2020 and 31 December 2019, is set out in Section 7. A summary is set out below:</p> <table border="1" data-bbox="646 1301 1174 1883"> <thead> <tr> <th data-bbox="646 1301 783 1377">\$'millions</th> <th data-bbox="783 1301 874 1377">1H 2021</th> <th data-bbox="874 1301 965 1377">1H 2020</th> <th data-bbox="965 1301 1056 1377">2020</th> <th data-bbox="1056 1301 1174 1377">2019</th> </tr> </thead> <tbody> <tr> <td data-bbox="646 1377 783 1435">Revenue</td> <td data-bbox="783 1377 874 1435">11.3</td> <td data-bbox="874 1377 965 1435">3.4</td> <td data-bbox="965 1377 1056 1435">9.2</td> <td data-bbox="1056 1377 1174 1435">6.8</td> </tr> <tr> <td data-bbox="646 1435 783 1630">EBITDA before share based payment expense</td> <td data-bbox="783 1435 874 1630">1.9</td> <td data-bbox="874 1435 965 1630">0.0</td> <td data-bbox="965 1435 1056 1630">1.4</td> <td data-bbox="1056 1435 1174 1630">1.8</td> </tr> <tr> <td data-bbox="646 1630 783 1688">EBIT</td> <td data-bbox="783 1630 874 1688">(2.4)</td> <td data-bbox="874 1630 965 1688">(4.4)</td> <td data-bbox="965 1630 1056 1688">(5.3)</td> <td data-bbox="1056 1630 1174 1688">(0.3)</td> </tr> <tr> <td data-bbox="646 1688 783 1883">Total comprehensive income/ (loss) for the year</td> <td data-bbox="783 1688 874 1883">(2.6)</td> <td data-bbox="874 1688 965 1883">(4.5)</td> <td data-bbox="965 1688 1056 1883">(5.1)</td> <td data-bbox="1056 1688 1174 1883">(0.3)</td> </tr> </tbody> </table> <p>The consolidated financial performance of N1 Telecommunications for the period ended 30 June 2020, and the half year ended 31 December 2020, is set out in Section 7. A summary is as follows:</p>	\$'millions	1H 2021	1H 2020	2020	2019	Revenue	11.3	3.4	9.2	6.8	EBITDA before share based payment expense	1.9	0.0	1.4	1.8	EBIT	(2.4)	(4.4)	(5.3)	(0.3)	Total comprehensive income/ (loss) for the year	(2.6)	(4.5)	(5.1)	(0.3)	Section 7
\$'millions	1H 2021	1H 2020	2020	2019																							
Revenue	11.3	3.4	9.2	6.8																							
EBITDA before share based payment expense	1.9	0.0	1.4	1.8																							
EBIT	(2.4)	(4.4)	(5.3)	(0.3)																							
Total comprehensive income/ (loss) for the year	(2.6)	(4.5)	(5.1)	(0.3)																							

Item	Summary	Further information																		
	<table border="1" data-bbox="641 241 1177 667"> <thead> <tr> <th data-bbox="641 241 895 293">\$'millions</th> <th data-bbox="895 241 1042 293">1H 2021</th> <th data-bbox="1042 241 1177 293">2020</th> </tr> </thead> <tbody> <tr> <td data-bbox="641 293 895 369">Revenue from services rendered</td> <td data-bbox="895 293 1042 369">3.7</td> <td data-bbox="1042 293 1177 369">5.9</td> </tr> <tr> <td data-bbox="641 369 895 425">EBITDA</td> <td data-bbox="895 369 1042 425">0.1</td> <td data-bbox="1042 369 1177 425">0.9</td> </tr> <tr> <td data-bbox="641 425 895 481">EBIT</td> <td data-bbox="895 425 1042 481">(0.5)</td> <td data-bbox="1042 425 1177 481">0.6</td> </tr> <tr> <td data-bbox="641 481 895 616">Total comprehensive income for the year</td> <td data-bbox="895 481 1042 616">(0.5)</td> <td data-bbox="1042 481 1177 616">0.5</td> </tr> <tr> <td data-bbox="641 616 895 667"></td> <td data-bbox="895 616 1042 667"></td> <td data-bbox="1042 616 1177 667"></td> </tr> </tbody> </table> <p data-bbox="641 678 1185 913">Note 1 - The consolidated financial accounts for N1 Telecommunications are only given with respect for the period ended 30 June 2020, and the half year ended 31 December 2020 as N1 Telecommunications was only incorporated in February 2020 for the purpose of acquiring Node1 Pty Ltd and N1 Wholesale Pty Ltd.</p>	\$'millions	1H 2021	2020	Revenue from services rendered	3.7	5.9	EBITDA	0.1	0.9	EBIT	(0.5)	0.6	Total comprehensive income for the year	(0.5)	0.5				
\$'millions	1H 2021	2020																		
Revenue from services rendered	3.7	5.9																		
EBITDA	0.1	0.9																		
EBIT	(0.5)	0.6																		
Total comprehensive income for the year	(0.5)	0.5																		
What is the financial outlook for the Company?	<p data-bbox="641 931 1185 1021">Upon Settlement, the Company's business will consist of providing fixed wireless and broadband services.</p> <p data-bbox="641 1032 1185 1234">Both Swoop and NodeOne will benefit from the contribution of significant growth capital to be raised under the Offer, which neither has previously had the benefit of. Accordingly, neither has an established track record with which to rely on in preparation of prospective financial information.</p> <p data-bbox="641 1245 1185 1301">Any strategies for investing these new funds for growth will be quite speculative.</p> <p data-bbox="641 1312 1185 1570">Given the above, the predictability of the Company's business following Settlement and re-admission to the Official List will be too unreliable for forecasts to be provided, and accordingly, the Board considers that any prospective financial information could be misleading. Past performance of the Group as presented in this Prospectus is not a guide to future performance of the Group.</p>	Section 7																		
G. Details of the Offer																				
What is being offered?	The Offer is an offer of 40,000,000 Shares at an issue price of \$0.50 per Share to raise \$20,000,000 (before costs).	Section 4.1																		
Is there a minimum subscription under the Offer?	No, the Offer is fully underwritten to \$20,000,000.	Section 4.4																		
What are the purposes of the Offer?	<p data-bbox="641 1861 1185 1917">The purposes of the Offer are to assist the Company to:</p> <p data-bbox="641 1928 1185 2040">(a) meet the re-admission requirements of the ASX Listing Rules under Chapters 1 and 2 of the ASX Listing Rules;</p>	Section 4.6																		

Item	Summary	Further information
	<ul style="list-style-type: none"> (b) meet the conditions for the Acquisition Agreements; (c) expand the Swoop and NodeOne fixed wireless networks; (d) conduct marketing and customer acquisition initiatives; (e) develop software, products and customer experience platforms; (f) acquire complementary businesses; (g) enhance the Company's public profile; (h) provide Shareholders and Vendors with access to a liquid market for Shares; (i) provide the Company with access to equity capital markets for potential future capital raising; and (j) provide working capital for the Company. 	
Is the Offer underwritten?	The Offer is fully underwritten by Morgans Corporate Limited (Lead Manager or Morgans). Refer to Section 10.1 for a summary of the material terms and conditions of the Underwriting Agreement.	Sections 4.4 and 10.1
Who is the lead manager to the Offer?	The Company has also appointed Morgans as lead manager to the Offer.	Sections 4.4 and 10.1
How is the Offer structured?	<p>The Offer comprises:</p> <ul style="list-style-type: none"> (a) the Broker Firm Offer, which is open to Australian retail clients of Brokers who have received a firm allocation from their Broker; (b) the Priority Offer, which is an offer to those persons in Australia nominated by the Company to receive a personalised invitation to acquire Shares under the Prospectus; and (c) the Institutional Offer, which consists of an offer to Institutional Investors in Australia. 	Sections 4.1, 4.7, 4.8 and 4.9
Who is eligible to participate in the Offer?	<p>The Broker Firm Offer is open to persons who have received a firm allocation of Shares from their Broker and who have a registered address in Australia. You should contact your Broker to determine whether you can receive a firm allocation from them under the Broker Firm Offer.</p> <p>The Institutional Offer consists of an invitation to certain Institutional Investors in Australia to apply for Shares under the Offer.</p> <p>The Priority Offer is open to Australian investors who have received an invitation to participate in the Priority Offer from the Company.</p> <p>This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction, or to any person to whom, it would</p>	Section 4.7, 4.8, 4.9 and 4.12

Item	Summary	Further information
	<p>not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in Jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.</p>	
<p>How do I apply for Shares under the Offer?</p>	<p>Applications for Shares under the Broker Firm Offer may be made on a Broker Firm Offer Application Form in accordance with the instructions given to you by your Broker.</p> <p>If you have received an invitation from the Company to participate in the Priority Offer, you will be separately advised of the application procedures under the Priority Offer.</p> <p>If you have received an invitation from the Lead Manager to participate in the Institutional Offer, you will be separately advised of the application procedures under the Institutional Offer.</p>	<p>Sections 4.7.2, 4.8.2 and 4.9.1</p>
<p>What is the allocation policy?</p>	<p>The allocation of Shares between the Institutional Offer, the Broker Firm Offer and the Priority Offer will be determined by the Company and the Lead Manager having regard to the allocation policies outlined in this Prospectus.</p> <p>For Broker Firm Offer applicants, the relevant Broker will decide how they allocate Shares among their retail clients.</p> <p>The Lead Manager and the Company have absolute discretion regarding the allocation of Shares to applicants under the Offer and may reject an Application or allocate a lesser number of Shares than applied for.</p> <p>The Lead Manager and the Company also reserve the right to aggregate any Applications that they believe may be multiple Applications from the same person.</p>	<p>Sections 4.7.6, 4.8.6 and 4.9.2</p>
<p>What other offers will be made under the Prospectus?</p>	<p>In addition to the Offer, this Prospectus includes:</p> <ul style="list-style-type: none"> (a) a 'cleansing' offer of 1,000 Shares which shall remain open until after Settlement for the purpose of removing any secondary sale restrictions attaching to the Consideration Shares; (b) an offer of 6,151,088 Performance Rights to James Spenceley, Tony Grist and Jonathan Pearce, for the purpose of removing any secondary sale restrictions attaching to the Shares issued upon the conversion of these Performance Rights. The terms of the Performance Rights to be issued to these persons are set out in Section 11.5; and 	<p>Sections 4.2, 11.3 and 11.5</p>

Item	Summary	Further information
	(c) an offer of 1,500,000 Options to Forrest Capital, for the purpose of removing any secondary sale restrictions attaching to the Shares issued upon the exercise of these Options. The terms of the Options to be issued to Forrest Capital are set out in Section 11.3.	
What will the Company's capital structure look like on completion of the Offer and the Acquisitions?	The Company's capital structure on a post-Offer basis is set out in Section 6.13.	Section 6.13
What are the terms of the Shares offered under the Offer?	A summary of the material rights and liabilities attaching to the Shares offered under the Offer are set out in Section 11.2. All Shares issued under the Offer and pursuant to the Acquisitions will rank equally with all other Shares on issue.	Section 11.2
Will any Shares be subject to escrow?	<p>None of the Shares issued under the Offer will be subject to escrow.</p> <p>However, subject to the Company re-complying with Chapters 1 and 2 of the ASX Listing Rules and completing the Offer, it is anticipated that up to:</p> <ul style="list-style-type: none"> (a) 89,401,261 Shares issued to the Swoop Vendors; (b) 33,368,003 Shares issued to the NodeOne Vendors; (c) 1,500,000 Options issued to Forrest Capital; and (d) 6,151,088 Performance Rights issued to James Spenceley, Tony Grist and Jonathan Pearce, <p>will be classified by ASX as restricted securities and shall be escrowed for up to 24 months after the re-admission of the Company to the Official List.</p> <p>The application of escrow to the Consideration Shares is subject to the availability of cash formula relief, at the discretion of ASX.</p> <p>During the period in which restricted Shares are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner.</p> <p>The Company will announce to ASX full details (quantity and duration) of the Securities required to be held in escrow prior to the Shares commencing trading on ASX.</p> <p>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) is expected to be approximately 20% comprising:</p>	Section 6.15

Item	Summary	Further information
	<p>(a) all existing Shares on issue other than Shares held by Directors or their associates; and</p> <p>(b) all Shares issued pursuant to the Offer, other than Shares subscribed for by the Directors, Proposed Directors or Tattarang Ventures and any of their associates.</p>	
Will the Shares be quoted?	<p>Application for quotation of all Shares to be issued under the Offer will be made to ASX no later than 7 days after the date of this Prospectus.</p> <p>The Options issued to Forrest Capital and the Performance Rights will not be quoted.</p>	Section 4.10
What are the key dates of the Offer?	The key dates of the Offer are set out in the indicative timetable in the Key Offer Information Section.	Key Offer Information
What is the minimum investment size under the Offer?	Applications under the Offer must be for a minimum of \$2,000 worth of Shares (4,000 Shares) and thereafter, in multiples of \$500 worth of Shares (1,000 Shares).	Section 4.7.2
Are there any conditions to the Offer?	<p>The Offer is conditional on:</p> <p>(a) Shareholder approval being obtained for resolutions required to complete the Acquisitions at the General Meeting;</p> <p>(b) ASX granting conditional approval for the Company to be re-admitted to the Official List; and</p> <p>(c) the Acquisition Agreements having completed,</p> <p>(together, the Conditions).</p> <p>The Offer will only proceed if all Conditions are satisfied. Further details are set out in Section 4.5.</p>	Section 4.5
H. Use of funds		
How will the proceeds of the Offer be used?	<p>The Offer proceeds and the Company's existing cash reserves are intended to be used for:</p> <p>(a) implementing the Company's business objectives as set out in Part B of the Investment Overview;</p> <p>(b) fixed wireless and core network expenditure;</p> <p>(c) marketing and customer acquisition;</p> <p>(d) acquisition of complementary businesses;</p> <p>(e) implementation of enhanced operating systems;</p> <p>(f) customer experience platforms;</p> <p>(g) expenses of the Offer and the Acquisitions;</p>	Section 6.12

Item	Summary	Further information
	<p>(h) cash incentives payable by Swoop on Settlement;</p> <p>(i) repayment of loan to NodeOne Vendors;</p> <p>(j) working capital and administration costs; and</p> <p>(k) product development, further details of which are set out in Section 6.12.</p>	
Will the Company be adequately funded after completion of the Offer?	The Directors are satisfied that on completion of the Offer, the Company will have sufficient working capital to carry out its objectives as stated in this Prospectus.	Section 6.12
I. Additional information		
Is there any brokerage, commission or duty payable by applicants?	<p>No brokerage, commission or duty is payable by applicants on the acquisition of Shares under the Offer.</p> <p>However, the Company will pay certain fees to the Lead Manager. Refer to Section 10.1 for a summary of these fees.</p>	Sections 4.14 and 10.1
Can the Offer be withdrawn?	<p>The Company reserves the right not to proceed with the Offer at any time before the issue or transfer of Shares to successful applicants.</p> <p>If the Offer does not proceed, application monies will be refunded (without interest).</p>	Section 4.15
What are the tax implications of investing in Shares?	<p>Holders of Shares may be subject to Australian tax on dividends and possibly capital gains tax on a future disposal of Shares subscribed for under this Prospectus.</p> <p>The tax consequences of any investment in Shares will depend upon an investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to subscribe for Shares offered under this Prospectus.</p> <p>A summary of the general tax implications of participating in the Offer for Australian resident investors is set out in Section 11.8.</p>	Sections 4.13 and 11.8
What is the Company's Dividend Policy?	<p>The Directors and Proposed 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.</p> <p>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.</p> <p>The Directors can give no assurance as to the amount, timing, franking or payment of any future dividends by the Group. The capacity to</p>	Section 6.16

Item	Summary	Further information
	pay dividends will depend on a number of factors including future earnings, capital expenditure requirements and the financial position of the Group.	
What are the corporate governance principles and policies of the Company?	<p>To the extent considered practical, in light of the Company's size and nature, the Company has adopted the Corporate Governance Principles and Recommendations (4th Edition) as published by ASX Corporate Governance Council (Recommendations).</p> <p>The Company's main corporate governance policies and practices and the Company's compliance and departures from the Recommendations as at the date of this Prospectus are outlined in Section 9.8.</p> <p>In addition, the Company's full Corporate Governance Plan is available from the Company's website www.swoop.com.au.</p>	Section 9.8
Where can I find more information?	<p>(a) By speaking to your sharebroker, solicitor, accountant or other independent professional adviser;</p> <p>(b) By contacting the Company Secretary, on +61 2 8072 1400; or</p> <p>(c) By contacting the Share Registry on 1300 288 664.</p>	

This Section is a summary only and is not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety.

4. DETAILS OF THE OFFER

4.1 The Offer

The Offer is a public offering of 40,000,000 Shares at an issue price of \$0.50 per Share to raise \$20,000,000. The issue of Shares under the Offer will occur following a 23:1 consolidation of capital, approval for which is being sought at the General Meeting.

The Offer comprises:

- (a) the Institutional Offer, which consists of an offer to Institutional Investors in Australia;
- (b) the Broker Firm Offer, which is open to Australian retail clients of Brokers who have received a firm allocation from their Broker; and
- (c) the Priority Offer, which is an offer of up to 20,000,000 Shares in aggregate to those persons in Australia nominated by the Company to receive a personalised invitation to acquire Shares under the Prospectus.

The allocation of Shares between the Institutional Offer, the Broker Firm Offer and the Priority Offer will be determined by the Company and the Lead Manager having regard to the allocation policies outlined in Section 4.7.6, 4.8.6 and 4.9.2 below.

The Shares offered under the Offer will rank equally with the existing Shares on issue from the date of allotment. A summary of the material rights and liabilities attaching to the Shares offered under the Offer is set out in Section 11.2.

4.2 Other offers made pursuant to this Prospectus

This Prospectus also includes:

- (a) a 'cleansing' offer of 1,000 Shares which shall remain open until after Settlement for the purpose of removing any secondary sale restrictions attaching to the Consideration Shares. This offer will remain open past the Closing Date of the Offer to ensure that the cleansing offer is open when the Consideration Shares are issued;
- (b) an offer of 6,151,088 Performance Rights to James Spenceley, Tony Grist and Jonathan Pearce, for the purpose of removing any secondary sale restrictions attaching to the Shares issued upon the conversion of the Performance Rights; and
- (c) an offer of 1,500,000 Options to Forrest Capital, for the purpose of removing any secondary sale restrictions attaching to the Shares issued upon the exercise of these Options.

The issue of Options to Forrest Capital is being made in consideration for the termination of a lead manager mandate between the Company and Forrest Capital on 14 September 2020.

4.3 Oversubscriptions

No oversubscriptions above \$20,000,000 will be accepted by the Company under the Offer.

4.4 Underwriter

The Offer is fully underwritten by Morgans Corporate Limited (**Lead Manager** or **Morgans**). The Company and the Lead Manager have entered into the Underwriting Agreement pursuant to which the Lead Manager has agreed, subject to certain conditions and termination events, to lead manage and underwrite the Offer. The Underwriting Agreement is subject to a number of conditions precedent and sets out a number of circumstances under which the Lead Manager may terminate the Underwriting Agreement and its underwriting obligations.

The material terms of the Underwriting Agreement with Morgans are summarised in Section 10.1.

4.5 Conditions of the Offer

Completion of the Offer is conditional upon the following events occurring:

- (a) Shareholder approval being obtained for resolutions required to complete the Acquisitions at the General Meeting;
- (b) ASX granting conditional approval for the Company to be re-admitted to the Official List; and
- (c) the Acquisition Agreements having completed,

(together the **Conditions**).

The Company has convened the General Meeting for the purpose of seeking the approval of Shareholders to a number of resolutions relevant to implementing the Acquisitions, including the approval for the following:

- (a) the Company changing the nature and scale of its activities pursuant to ASX Listing Rule 11.1.2;
- (b) the Company consolidating its issued capital on the basis of every 23 Shares being consolidated into 1 Share;
- (c) the acquisitions of a substantial asset from substantial (10%+) holders, pursuant to ASX Listing Rule 10.1;
- (d) the acquisition of a relevant interest in the Consideration Shares and Shares subscribed in the Offer by the Vendors and their associates for the purpose of Section 611 item 7 of the Corporations Act;
- (e) the issue of the Shares the subject of the Offer for the purposes of ASX Listing Rule 7.1;
- (f) participation in the Offer by Related Parties for the purposes of Listing Rule 10.11;
- (g) appointment of the Proposed Directors with effect from Settlement and the increase in total aggregate remuneration for non-executive directors;
- (h) the Company changing its name to Swoop Holdings Limited; and

- (i) the adoption of a Long Term Incentive Plan and issue of Performance Rights to Directors under that Plan.

If the Conditions are not satisfied then the Offer will not proceed and the Company will repay all application monies received under the Offer within the time prescribed under the Corporations Act, without interest.

4.6 Purpose of the Offer

The primary purposes of the Offer are to:

- (a) assist the Company to meet the admission requirements of ASX under Chapters 1 and 2 of the ASX Listing Rules;
- (b) meet the conditions of the Acquisition Agreements;
- (c) provide the Company with additional funding for:
 - (i) expansion of the Swoop and NodeOne fixed wireless networks;
 - (ii) marketing and customer acquisition initiatives;
 - (iii) development of software, products and customer experience platforms;
 - (iv) acquisitions of complementary businesses;
 - (v) enhance the Company's public profile;
 - (vi) provide Shareholders and Vendors with access to a liquid market for Shares;
 - (vii) provide the Company with access to equity capital markets for potential future capital raising; and
 - (viii) the Company's working capital requirements; and
- (d) remove the need for an additional disclosure document to be issued upon the sale of any Shares that are to be issued under the Offer.

The Company intends on applying the funds raised under the Offer together with its existing cash reserves in the manner detailed in Section 6.12.

4.7 Broker Firm Offer

4.7.1 Who can apply

The Broker Firm Offer is open to Australian resident retail clients of participating Brokers who have a registered address in Australia, received an invitation from a Broker to acquire Shares under this Prospectus and are not in the US, a US Person or acting for the account or benefit of a US Person. You should contact your Broker to determine whether you can receive an allocation of Shares from them under the Broker Firm Offer.

4.7.2 How to apply

Applications for Shares may only be made on a Broker Firm Offer application form attached to or accompanying this Prospectus which may be downloaded in its entirety from www.swoop.com.au. If you are an investor applying under the Broker Firm Offer, you should complete and lodge your Broker Firm Offer application form with the Broker from whom you received your firm allocation. Broker Firm Offer application forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the Broker Firm Offer application form.

By making an application, you declare that you were given access to this Prospectus (or any replacement or supplementary Prospectus), together with a Broker Firm Offer application form. The Corporations Act prohibits any person from passing an application form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

The minimum application under the Broker Firm Offer is 4,000 Shares (\$2,000), and thereafter must be in multiples of \$500 worth of Shares (1,000 Shares). There is no maximum value of Shares that may be applied for under the Broker Firm Offer. However, the Company and the Lead Manager reserve the right to aggregate any applications which they believe may be multiple applications from the same person or reject or scale back any applications in the Broker Firm Offer. The Company may determine a person to be eligible to participate in the Broker Firm Offer, and may amend or waive the Broker Firm Offer application procedures or requirements, at its discretion in compliance with applicable laws.

Applicants under the Broker Firm Offer must lodge their Broker Firm Offer application form and application monies with the relevant Broker in accordance with the relevant Broker's directions in order to receive their firm allocation. Applicants under the Broker Firm Offer must not send their Broker Firm Offer application forms to the Registry.

The Broker Firm Offer opens at 9:00 am (Sydney time) on 22 April 2021 and is expected to close at 5:00 pm (Sydney time) on 13 May 2021. The Company and the Lead Manager may elect to extend the Offer or any part of it, or accept late applications either generally or in particular cases. The Offer, or any part of it, may be closed at any earlier date and time, without further notice. Your Broker may also impose an earlier closing date. Applicants are therefore encouraged to submit their applications as early as possible. Please contact your Broker for instructions.

The Company, the Lead Manager and the Registry take no responsibility for any acts or omissions committed by your Broker in connection with your application.

4.7.3 How to pay

Applicants under the Broker Firm Offer must pay their application monies in accordance with instructions received from their Broker.

4.7.4 Acceptance of applications

An application in the Broker Firm Offer is an offer by an applicant to subscribe for Shares in the amount specified on the Broker Firm Offer application form at the Offer Price on the terms and conditions set out in this Prospectus (including any

supplementary or replacement prospectus) and the Broker Firm Offer application form. To the extent permitted by law, an application by an applicant under the Offer is irrevocable.

An application may be accepted by the Company in respect of the full number of Shares specified on the Broker Firm Offer application form, or any lesser number of Shares, without further notice to the applicant. Acceptance of an application will give rise to a binding contract.

4.7.5 Application monies

The Company reserves the right to decline any application in whole or in part, without giving any reason. Applicants under the Broker Firm Offer whose applications are not accepted, or who are allocated a lesser number of Shares than the amount applied for, will receive a refund of all or part of their application monies, as applicable. Interest will not be paid on any monies refunded.

Applicants whose applications are accepted in full will receive the whole number of Shares calculated by dividing the application amount by the Offer Price. Where the Offer Price does not divide evenly into the application amount, the number of Shares to be allocated will be determined by the applicant's Broker.

4.7.6 Broker Firm Offer allocation policy

The allocation of Shares to Brokers has been determined by the Lead Manager and the Company. Shares that have been allocated to Brokers for allocation to their clients will be issued to the applicants nominated by those Brokers (subject to the right of Company and the Lead Manager to reject, aggregate or scale back applications). It will be a matter for each Broker as to how they allocate Shares among their retail clients, and they (and not the Company or the Lead Manager) will be responsible for ensuring that retail clients who have received an allocation from them receive the relevant Shares.

The Company expects to announce the final allocation policy under the Offer on or about completion of the Offer. Applicants under the Broker Firm Offer will also be able to confirm their allocation through the Broker from whom they received their allocation.

4.8 Priority Offer

4.8.1 Who can apply

The Priority Offer is open to investors who have received an invitation to participate in the Priority Offer from the Company. If you have been invited by the Company to participate in the Priority Offer, you will be treated as an applicant under the Priority Offer in respect of those Shares that are allocated to you.

4.8.2 How to apply

If you have received an invitation from the Company to participate in the Priority Offer, you will be separately advised of the application procedures under the Priority Offer. The Priority Offer opens at 9.00 am (Sydney time) on 22 April 2021 and is expected to close at 5.00 pm (Sydney time) on 13 May 2021. The Company and the Lead Manager may elect to extend the Offer or any part of it, or accept late applications either generally or in particular cases. The Offer, or any part of it, may be closed at any earlier date and time, without further notice (subject to ASX

Listing Rules and the Corporations Act). Applicants are therefore encouraged to submit their applications as early as possible.

4.8.3 How to pay

Applicants under the Priority Offer must pay their application monies in accordance with instructions received from the Company.

4.8.4 Acceptance of applications

An application in the Priority Offer is an offer by an applicant to the Company to subscribe for Shares in the amount specified on the Priority Offer application form at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement prospectus) and the Priority Offer application form. To the extent permitted by law, an application is irrevocable.

An application may be accepted by the Company and the Lead Manager in respect of the full number of Shares specified on the Priority Offer application form, or any lesser number of Shares, without further notice to the applicant. Acceptance of an application will give rise to a binding contract.

4.8.5 Application monies

The Company reserves the right to decline any application in whole or in part, without giving any reason. Applicants under the Priority Offer whose applications are not accepted, or who are allocated a lesser number of Shares than the amount applied for will receive a refund of all or part of their application monies, as applicable. Interest will not be paid on any monies refunded.

Applicants whose applications are accepted in full will receive the whole number of Shares calculated by dividing the application amount by the Offer Price. Where the Offer Price does not divide evenly into the application amount, the number of Shares to be allocated will be rounded down to the nearest whole number. You should ensure that sufficient funds are held in the relevant account to cover the amount of your BPAY® or electronic funds transfer payment. You may also pay by cheque or bank draft, ensuring that sufficient funds are held in the relevant account to cover the amount of your cheque or bank draft payment.

If payment for application monies (or the amount for which the cheque or bank draft clear in time for allocation) is less than the amount specified on the application form, you may be taken to have applied for such lower dollar amount of Shares or your application may be rejected. All payments must be made in Australian dollars.

4.8.6 Priority Offer allocation policy

The Company will determine the allocation of Shares to applicants under the Priority Offer and may reject an application or allocate fewer Shares than applied for.

The Company will seek Shareholder approval at the General Meeting to issue up to 13,680,000 Shares in the Priority Offer to the following Directors, Proposed Directors, Vendors, and their associates:

Name	Shares
Jonathan Pearce (a Director)	Up to 2,000,000 Shares
Ryan Legudi (a Director)	Up to 200,000 Shares
Timothy Grice (a Director)	Up to 200,000 Shares
Oaktone (a NodeOne Vendor and associate of Proposed Director, Tony Grist)	Up to 3,000,000 Shares
James Spenceley (an associate of a Swoop Vendor and a Proposed Director)	Up to 4,000,000 Shares
William (Paul) Reid (a Vendor and a Proposed Director)	Up to 60,000 Shares
E&P Investments Limited (a NodeOne Vendor)	Up to 800,000 Shares
Tattarang Ventures (a NodeOne Vendor and Swoop Vendor)	Up to 2,000,000 Shares
Other NodeOne Vendors	Up to 720,000 Shares
Other Swoop Vendors	Up to 700,000 Shares

The number of Shares allocated to the above parties may be scaled back to the extent required to ensure that the Company has free float of at least 20% upon its readmission to the Official List, as required by the Listing Rules. If no scale back is required for the purposes of the Listing Rules, it is anticipated that these allocations will be made in full.

4.9 Institutional Offer

4.9.1 Invitation to bid

The Institutional Offer consists of an invitation to certain Institutional Investors in Australia and a number of other eligible jurisdictions to apply for Shares. The Lead Manager has separately advised Institutional Investors of the application procedures for the Institutional Offer. Offers and acceptances in the Institutional Offer are made with disclosure, under this Prospectus, and are at the Offer Price.

4.9.2 Institutional Offer allocation policy

The allocation of Shares among applicants in the Institutional Offer is determined by the Lead Manager and the Company. The Lead Manager and the Company have absolute discretion regarding the basis of allocation of Shares among Institutional Investors and there is no assurance that any Institutional Investor will be allocated any Shares, or the number of Shares for which it had bid.

The allocation policy is influenced by, but not constrained by, the following factors:

- (a) the price and number of Shares bid for by particular bidders;
- (b) the Company's desire for an informed and active trading market following listing on the ASX;
- (c) the overall level of demand under the Broker Firm Offer, Priority Offer, and Institutional Offer;
- (d) the timeliness of the bid by particular bidders; and

- (e) any other factors that the Company and the Lead Manager consider appropriate.

4.10 ASX listing

Application for Official Quotation by ASX of the Shares offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus. However, applicants should be aware that ASX will not commence Official Quotation of any Shares until the Company has complied with Chapters 1 and 2 of the ASX Listing Rules and has received the approval of ASX to be admitted to the Official List. As such, the Shares may not be able to be traded for some time after the close of the Offer.

If the Shares are not admitted to Official Quotation by ASX before the expiration of 3 months after the date of issue of this Prospectus, or such period as varied by the ASIC, the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Securities now offered for subscription.

The Company will not apply for quotation of the Forrest Capital Options.

4.11 Issue

Subject to the Conditions set out in Section 4.5 being met, the passing of the essential resolutions at the Meeting, the completion of the Consolidation, the Settlement of the Acquisitions, and ASX granting conditional approval for the Company to be admitted to the Official List, the issue of Securities offered by this Prospectus will take place as soon as practicable after the Closing Date.

Pending the issue of the Securities or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each applicant waives the right to claim interest.

The Directors reserve the right to reject any application or to allocate any applicant fewer Securities than the number applied for. Where the number of Securities issued is less than the number applied for, or where no issue is made, surplus application monies will be refunded without any interest to the applicant as soon as practicable after the Closing Date.

Holding statements for Securities issued to the issuer sponsored subregister and confirmation of issue for Clearing House Electronic Subregister System (CHES) holders will be mailed to applicants being issued Securities pursuant to the Offer as soon as practicable after their issue.

4.12 Applicants outside Australia

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions.

Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the Shares or otherwise permit a public offering of the Shares the subject of this Prospectus in any jurisdiction outside Australia. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

If you are outside Australia it is your responsibility to obtain all necessary approvals for the acquisition of the Shares pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by you that all relevant approvals have been obtained.

4.13 Taxation

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor.

It is not possible to provide a comprehensive summary of the possible taxation positions of all potential applicants. As such, all potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

A summary of the general tax implications of participating in the Offer for Australian resident investors is set out in Section 11.8.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

4.14 Brokerage and commissions

No brokerage, commission or duty is payable by applicants on the acquisition of Shares under the Offer.

4.15 Withdrawal of Offer

The Offer may be withdrawn at any time. In this event, the Company will return all application monies (without interest) in accordance with applicable laws.

5. INDUSTRY OVERVIEW

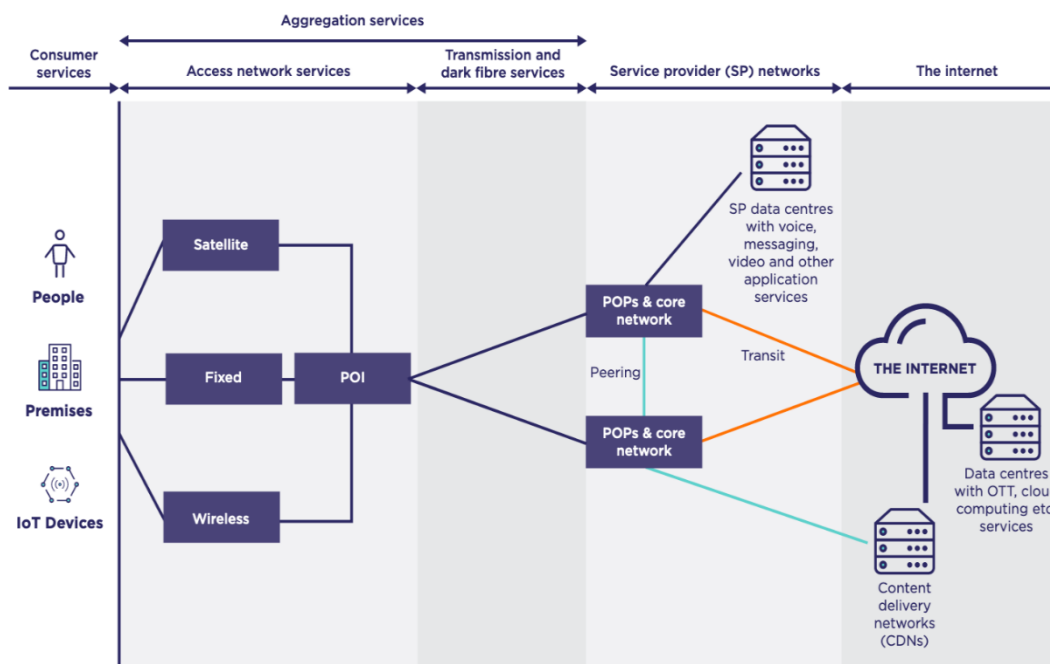
5.1 Description of the industry in which the Group will operate

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 LBN and OptiComm (both part of the Uniti Group) 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.

The 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 copper 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 Prospectus, NBN has substantially completed its targeted reach and delivers ready to connect broadband across Australia to over 11.8 million premises with over 7.9 million connected. The NBN network accounts for approximately 76% of all data downloaded (as at June 2020).

The mix of technology used to deliver services by NBN includes: Fibre to the Premise, 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. Based on the 2021 NBN Corporate plan, approximately 17% of the existing NBN roll out is Fibre to the Premise.

In addition to NBN, there are other network operators providing broadband services to RSPs through open access non-NBN fibre networks, such as LBN, OptiComm and OPENetworks (all part of the Uniti Group), legacy cable and DSL, and non-NBN fixed wireless networks. These broadband services cover approximately 24% of all broadband services in Australia, with 87% of these services being ageing infrastructure such as legacy cable and DSL.

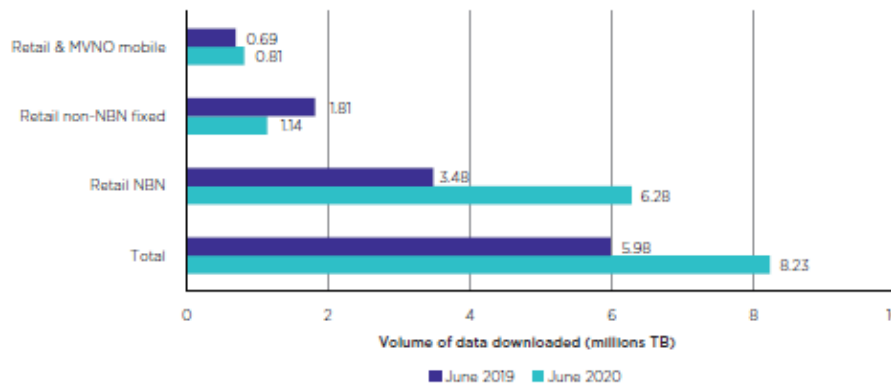
Non-NBN fixed wireless network operators typically offer broadband services direct to their own customers in specific areas and may also provide wholesale access to other RSPs, but are not required to do so.

Non-NBN fixed wireless network operators can compete on:

- (a) network quality, speed and service coverage, especially in areas with lower performing NBN technology;
- (b) 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
- (c) customer service quality and reputation, especially from maintaining and being in control of substantially their own network infrastructure.

In the three months to 30 June 2020, according to the ACCC report noted below, 8.2m TB of data was downloaded by retail NBN, retail non-NBN and mobile service customers, split as follows:

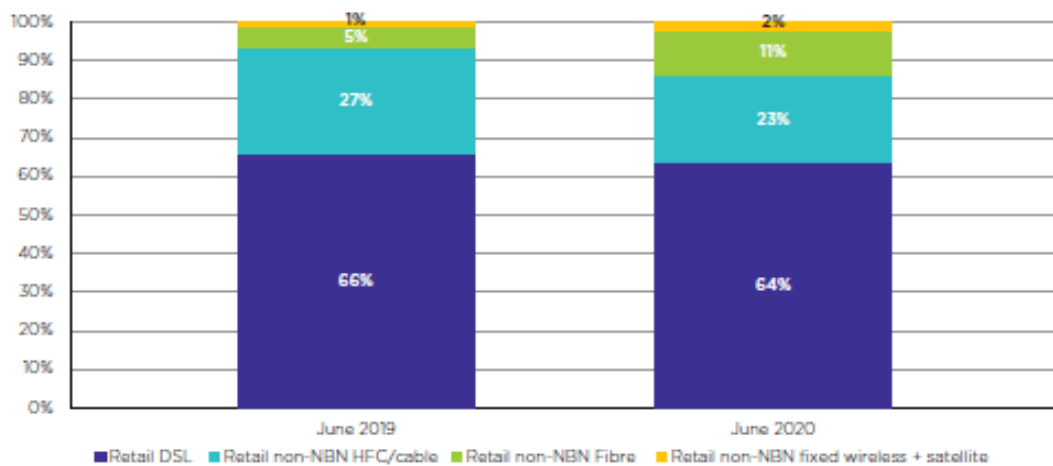
Total volume of data downloaded for retail NBN, retail non-NBN fixed and mobile services:



Note: See <https://www.accc.gov.au/regulated-infrastructure/communications/monitoring-reporting/internet-activity-record-keeping-rule-rkr/june-2020-report>; figure 1 on page 2.

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

Proportion of retail non-NBN fixed services by operation by access technology:



Note: See <https://www.accc.gov.au/regulated-infrastructure/communications/monitoring-reporting/internet-activity-record-keeping-rule-rkr/june-2020-report>; figure 6 on page 5.

In addition to this market sector, the Group also targets areas under-utilised by existing fixed line infrastructure providers, in particular, those areas serviced by FTTN, FTTC, HFC, as well as areas only serviced by wireless or satellite. According to the NBN Corporate Plan 2021, 83% of the current NBN roll out is technology other than fibre to the premise (FTTP). These areas, in the absence of a significant upgrade, present a large opportunity for Swoop to capture as they are more susceptible to limited speed. In particular, this existing infrastructure may not meet anticipated consumer and business demand.

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 Technology Solutions.

5.2 Demand for data in Australia

Demand in Australia for data and hence effective and efficient connectivity continues to grow. The ACCC Internet Activity Report June 2020 indicated that:

- (a) overall data consumption in Australia was up 36% from the 3 months ending June 2019 to the 3 months ending June 2020;
- (b) the average volume of data downloaded for retail non-NBN fixed services in the three months to 30 June 2020 was up 23% over the prior corresponding period being the 3 months to June 2019; and
- (c) drivers for greater data consumption include increasing popularity of video streaming, a greater number of internet-connected devices and the increased importance of home internet due to the ongoing impact of the COVID-19 pandemic.

The Company considers that the ever-increasing business and consumer demand for high speed and affordable connectivity within residential, commercial and retail market segments will drive growth in the Group's business. Key drivers of demand include:

- (a) working from home;
- (b) streaming and gaming;
- (c) more connected devices in the home;
- (d) 4K and 8K television;
- (e) underserviced areas seeking NBN alternatives;
- (f) NBN wholesale charges impacting fixed line competitiveness;
- (g) the "Internet of Things"; and
- (h) growing number of Retail Service Providers.

5.3 Where will the Group's key markets be located?

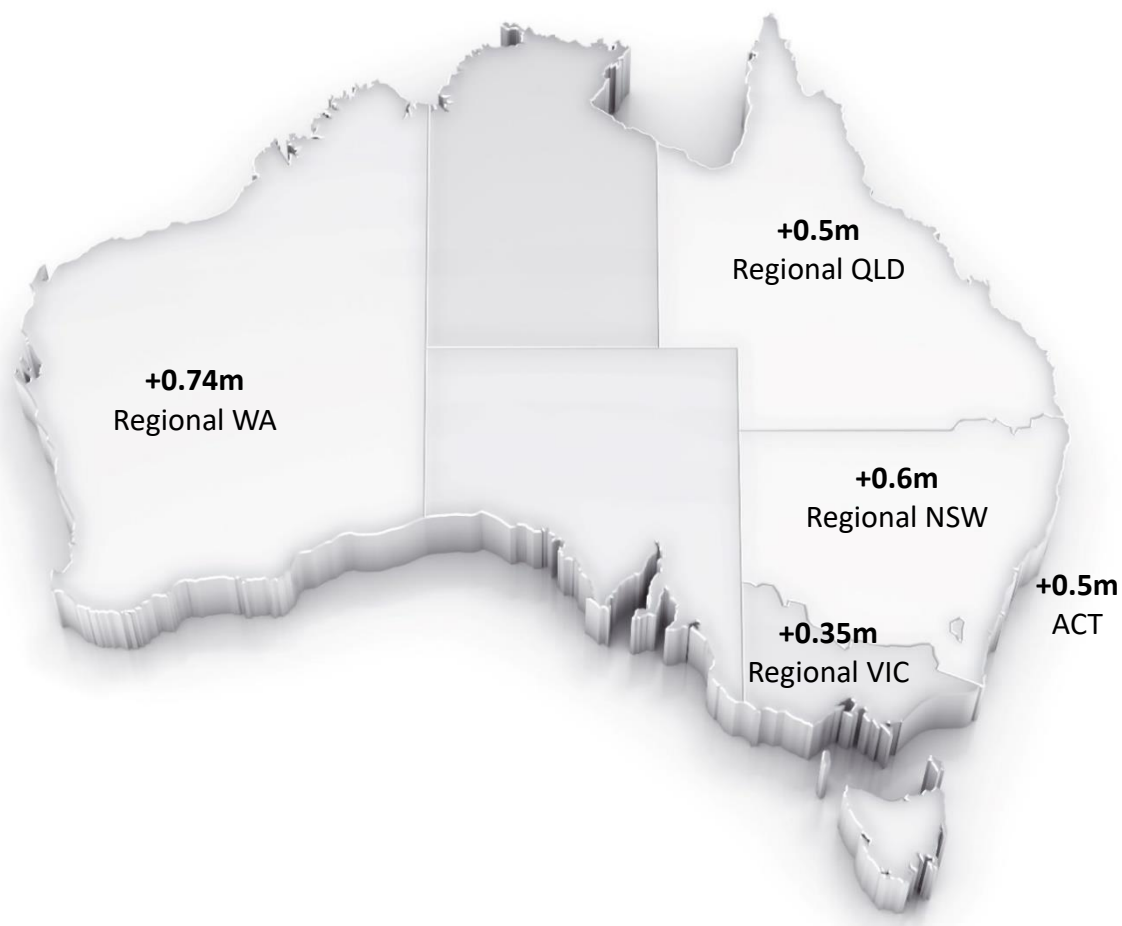
NodeOne is based in Western Australia and provides internet services across the Perth metropolitan area, Geraldton and the mid-west regions and Bunbury in the south of the state.

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 fixed line 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.

Near term (12 - 24 months) expansion opportunities are set out below with the expected additional population reach for each region:



5.4 Who will be the Group's key competitors?

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

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

5.5 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 for all RSPs.

Barriers to entry into the fixed wireless broadband market include:

- (a) obtaining site access and approvals,
- (b) accessing spectrum, and
- (c) the substantial capital cost of setting up own infrastructure.

5.6 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:

- (a) the *Telecommunications Act 1997 (Cth)* (**TA**), which provides a regulatory framework and requires owners of a telecommunications network that supplies services to the public to hold a carrier licence;
- (b) the *Competition and Consumer Act 2010 (Cth)* (**CCA**) which regulates market conduct, consumer protection and access to telecommunications infrastructure and services; and
- (c) the *Telecommunications (Consumer Protection and Service Standards) Act 1999 (Cth)* (**TCPSSA**).

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 TA requires that owners of high speed fixed line networks only sell wholesale services or operate as functionally separated businesses. This does not impact the Group's fixed wireless networks or because of their date of installation, its existing fixed line networks. The TA is part of a legislative scheme that authorises carriers to install and maintain networks on a third party's land. This facilitates efficient roll out of new networks.

The TCPSSA includes obligations for carriers to contribute to the cost of providing telecommunications services across Australia, known as a universal service, and regarding operators of fixed line networks to contribute to the cost of NBN's non-economic networks in regional Australia, known as the Regional Broadband Scheme Levy (**RBS Levy**). The RBS levy does not apply to the Group's fixed wireless networks.

The telecommunications sector is also subject to a range of industry specific standards and codes such as the Telecommunications Consumer Protections Code (**TCP Code**) and Australian Consumer Law. In particular, the TCP Code protects customers who use telecommunications services, including services on the NBN or supplied over the Group's networks, by ensuring providers follow rules including around customer communications, advertising, accounts and payments, complaints, credit management and transfers of services.

The TA 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 TA or any similar regulations introduced in future may impact potential suppliers available to the Company.

6. COMPANY AND BUSINESS OVERVIEW

6.1 The Company

Stemify was incorporated on 3 July 1987 as Yardarino Mining NL and listed on the ASX in September 1988, with its principal activity being mineral sands exploration. Over the next decade the Company was involved in a number of small mineral sands discoveries that were subsequently sold for cash.

In 2016, Stemify acquired 100% of Robo 3D Inc, a San Diego based company that designs and sells 3D printers, and changed its name to Robo 3D Limited.

The Company expanded its business to include the sale of the MyStemKits K-12 curriculum into the STEM education sector, and changed its name from Robo 3D Limited to Stemify Limited in December 2018.

On 6 February 2020, Stemify announced an intention to dispose of its main undertaking (**STEM Business**), and at a 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.

Due to a variation of the terms of the sale, the Company is seeking renewed Shareholder approval of the terms of the sale (as varied) at the General Meeting.

As at the date of this Prospectus, a payment by Boxlight Corporation of \$87,500 that was due in January 2021 remains outstanding and is being pursued by the Company.

6.2 The 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 **Acquisitions**).

The Acquisitions are conditional on the Company obtaining all necessary regulatory and Shareholder approvals to effect the Acquisitions and satisfying all other requirements of ASX for the reinstatement to Official Quotation.

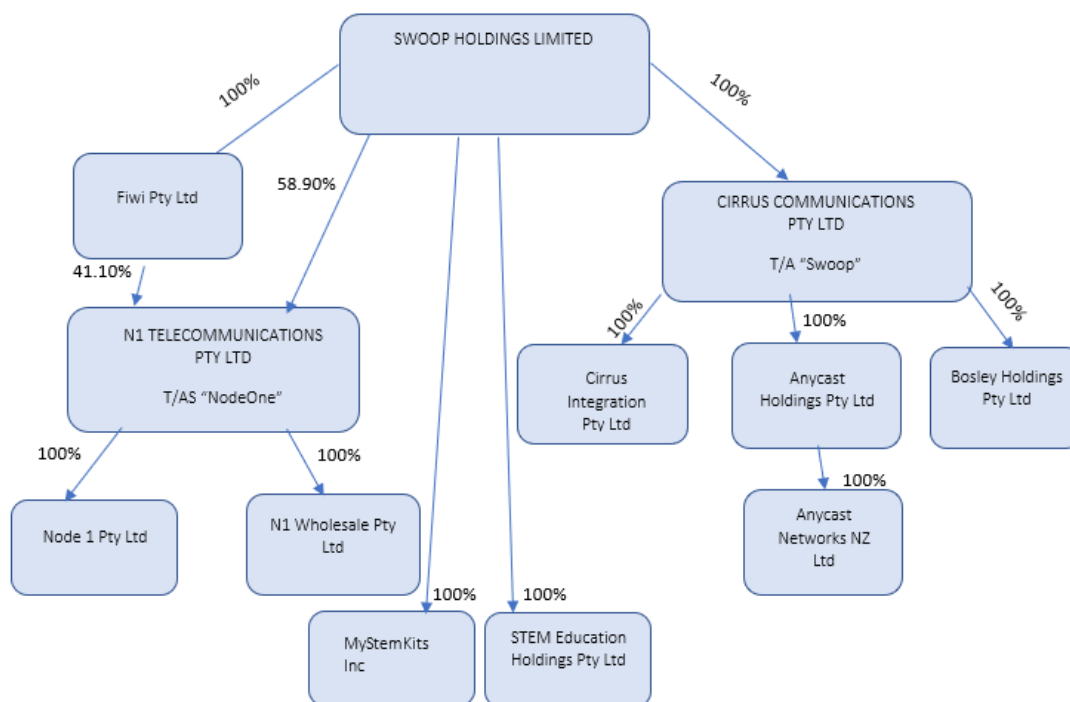
The Acquisitions will change the nature of the Company's main activities from a 3D printing hardware and the MyStemKits K-12 curriculum business to a telecommunications company providing fixed wireless broadband and other network services.

Pursuant to the Acquisition Agreements, the Company has agreed to issue 89,401,261 shares to the Swoop Vendors and issue 33,368,003 shares to the NodeOne Vendors.

Further key terms of the Acquisition Agreements are set out in Section 10.2.

6.3 Group Structure

After Settlement of the Acquisitions, the corporate structure of the Group will be as follows:



6.4 Description of Group entities

The material child entities of the Group following Settlement will be:

- Cirrus Communications Pty Ltd (ACN 109 931 731) – maintains and operates part of Swoop's fixed wireless and fibre network across Australia;
- Cirrus Integration Pty Ltd (ACN 111 818 896) – owns some small parts of Swoop's network infrastructure within regional Victoria and New South Wales. This entity no longer trades;
- Anycast Holdings Pty Ltd (ACN 128 650 635) – maintains and operates part of Swoop's fixed wireless and fibre network, across Australia;
- Bosley Holdings Pty Ltd (ACN 613 948 575) – maintains and operates Swoop's residential fixed wireless network within regional Victoria;
- N1 Telecommunications Pty Ltd (ACN 638 547 476) – manages the NodeOne business within Western Australia;
- Node1 Pty Ltd (ACN 620 671 374) – provides retail broadband services within Western Australia; and

- (g) N1 Wholesale Pty Ltd (ACN 628 474 260) – provides fixed wireless services on a wholesale basis within Western Australia.

All Group companies are registered in Australia, other than two non-material subsidiaries, being Anycast Networks NZ Ltd, and MyStemKits Inc.

6.5 Cirrus Communications

(a) Background and Business Activities

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, Anycast Holdings Pty Ltd and Bosley Holdings Pty Ltd. Swoop was originally established to provide fixed wireless services to customers in the NSW 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.

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 NSW and Victoria, with offices in Sydney, 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.

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 that will initially have Group wide responsibilities are Alex West (Chief Executive Officer), John Phillips (Chief Financial Officer), and Matt Hollis (Executive Director, Sales and Marketing). Other members of the Swoop management team are Tom Berryman (Chief Technology Officer), Julian Breen (Chief Operating Officer) and Alison Newton (Head of People and Culture). See Section 9.2 for further details of the key management team.

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 Settlement as an 'exit bonus' in connection with the Acquisitions.

(b) **Key dependencies of Swoop's business model**

- (i) Swoop is dependent on continued access to class licence spectrum as allocated by ACMA at no cost. The company is also dependent on ACMA for access to licenced spectrum;
- (ii) Swoop is dependent on maintaining its carrier licences under the Telecommunications Act 1997 (Cth) which permit it to provide carrier services;
- (ii) Swoop is dependent on a variety of licenced spectrum services for backhaul links between fixed wireless towers and their core network;
- (iii) Swoop is dependent on continued access to NBN wholesale services;
- (iv) Swoop is 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.

6.6 N1 Telecommunications

(a) **Background and Business Activities**

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.

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.

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 employees and sub-contractors of NodeOne.

The management team of NodeOne comprises Richard Whiting (Chief Executive Officer), Nick van Namen (Chief Technology Officer), Rob Ebdon (Chief Operating Officer) and Sean Clarke (Chief Sales Officer).

(b) **Key dependencies of NodeOne's business model**

- (i) NodeOne is dependent on continued access to class licence spectrum as allocated by ACMA at no cost. The company is also dependent on ACMA for access to licenced spectrum;
- (ii) NodeOne is dependent on maintaining its carrier licences under the Telecommunications Act 1997 (Cth) which permit it to provide carrier services;
- (iii) NodeOne is dependent on a variety of licenced spectrum services for backhaul links between fixed wireless towers and their core network;
- (iv) NodeOne is dependent on continued access to NBN wholesale services; and
- (v) NodeOne is dependent on continued access to fibre optic networks for backhaul links.

6.7 Fiwi

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

6.8 Business Model

(a) General

Following completion of the Offer and the 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 and CFO of Swoop (Alex West and John Phillips) will be appointed as the Company's Group CEO and CFO 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 combined Group (as at 31 December 2020) had approximately 120 staff Australia-wide.

(b) Growth strategy

The Company's key strategies on completion of the Offer are to:

- (i) continue to grow its residential and wholesale fixed wireless infrastructure by expanding the fixed wireless footprint into new areas;
- (ii) concentrate its sales and marketing efforts to grow customers organically by focusing on digital acquisition of customers;
- (iii) expand its strong wholesale offering into new products that address the needs of other market segments such as business and residential;
- (iv) expand into new geographic areas to increase the reach of its fixed wireless infrastructure;
- (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; and
- (vii) seek to participate in ongoing industry consolidation as opportunities arise.

Swoop is considering a range of potential acquisition targets which may assist in achieving its growth objectives. Swoop is currently in discussions with the owners of a number of target companies and expects to undertake preliminary due diligence on these companies over the coming months. Areas of consideration in assessing potential acquisitions include:

- (i) expanding the Group's products to complementary offerings to its customers such as Voice and Security;

- (ii) expand the Group's products and skills into technologies that allow for fast customer acquisition, such as NBN Resell;
- (iii) infrastructure companies that operate in targeted regional locations to accelerate go to market and provide early entry;
- (iv) acquiring customers in the Group's target markets, with a focus on small to medium business Telco's, to improve the Group's capabilities and reach; and
- (v) expand the Group's infrastructure reach as well as technology mix, focusing on fibre to pair with the Group's existing fixed wireless footprint to reduce backhaul costs whilst increasing speed.

(c) **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 customers on month to month contracts.

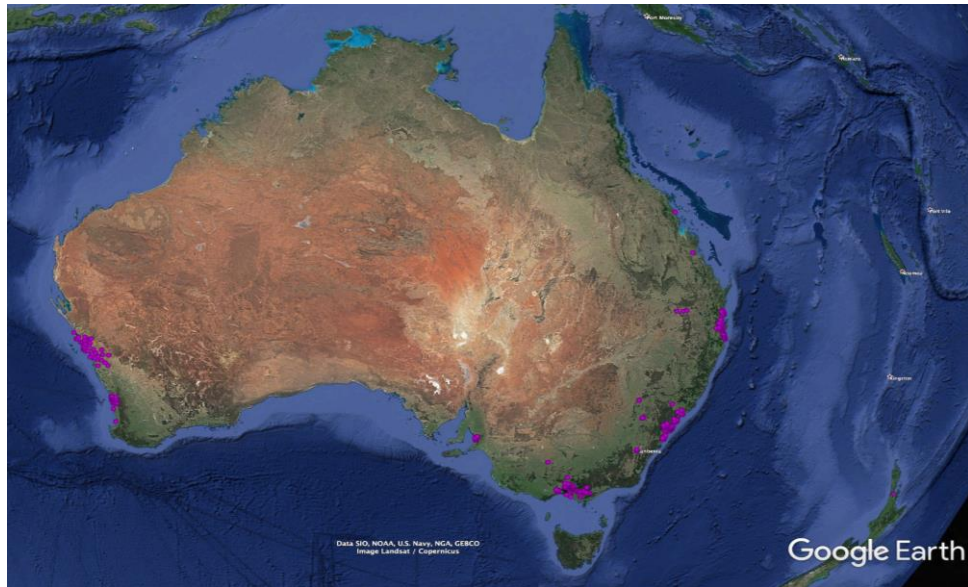
(d) **Funding**

To date the Swoop and NodeOne businesses have been funded by a combination of debt and equity financing from existing shareholders together with some external debt equipment financing. Loans provided (or to be provided) by certain NodeOne Vendors during the period February 2021 to May 2021 to NodeOne of approximately \$720,000 will be repaid at Settlement from the proceeds of the Offer.

Following Settlement, in addition to existing cash reserves, revenue generated by the business and the net proceeds of the Offer, the Group may consider obtaining additional debt financing and/ or issuing new Shares to fund acquisition opportunities or accelerate growth of the Group.

(e) **Network distribution and services**

As at 31 December 2020, NodeOne and Cirrus Communications (including Anycast and Bosley) and NodeOne had infrastructure and services across Australia as shown in the in the diagram below:



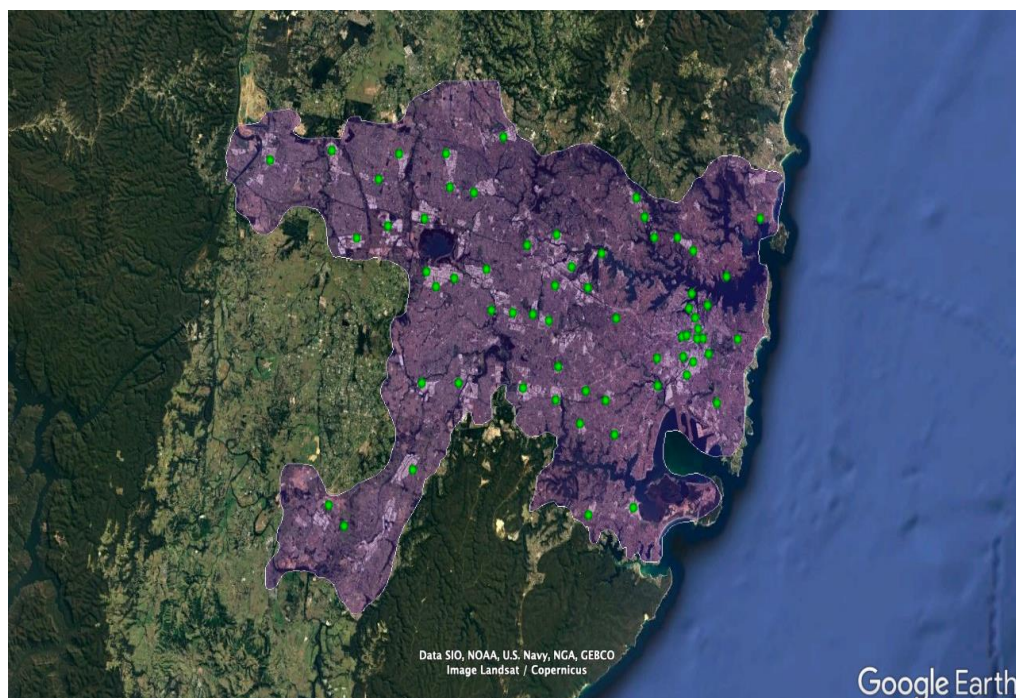
Distribution of infrastructure, population coverage and services in operation for both Cirrus (including Anycast and Bosley) and NodeOne (as at 31 December 2020) is set out in the table below:

Region	Services in Operation	Masts/Towers	Population coverage
QLD	703	49	56%
NSW/ACT	1,567	75	69%
VIC	15,305	43	68%
SA	250	3	48%
WA	7,629	76	84%
NT	11	0	0%
TAS	24	0	0%
Australia-wide	25,849	246	~64%

Network expansion plans over the next 12-24 months would see Swoop add a further 2.64m people to its existing population coverage.

Fixed wireless can provide an optimum coverage for up to a 10km radius and is a cost-effective technology relative to fibre and other cable. Towers can be built in 40 days, with customers connected within a week of that. Swoop currently has a team of 15 employees largely dedicated to this activity.

Below is the existing coverage Swoop has in metropolitan Sydney, with the green dots representing a mast or tower.



(f) **Key strengths of the Group**

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 reliable fixed line services, such as Satellite, Fixed Wireless and Fibre to the Node areas, and is therefore more easily able to offer a compelling superior product. In addition, the network has a lower cost and faster upgrade timeline as new technologies emerge;
- (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

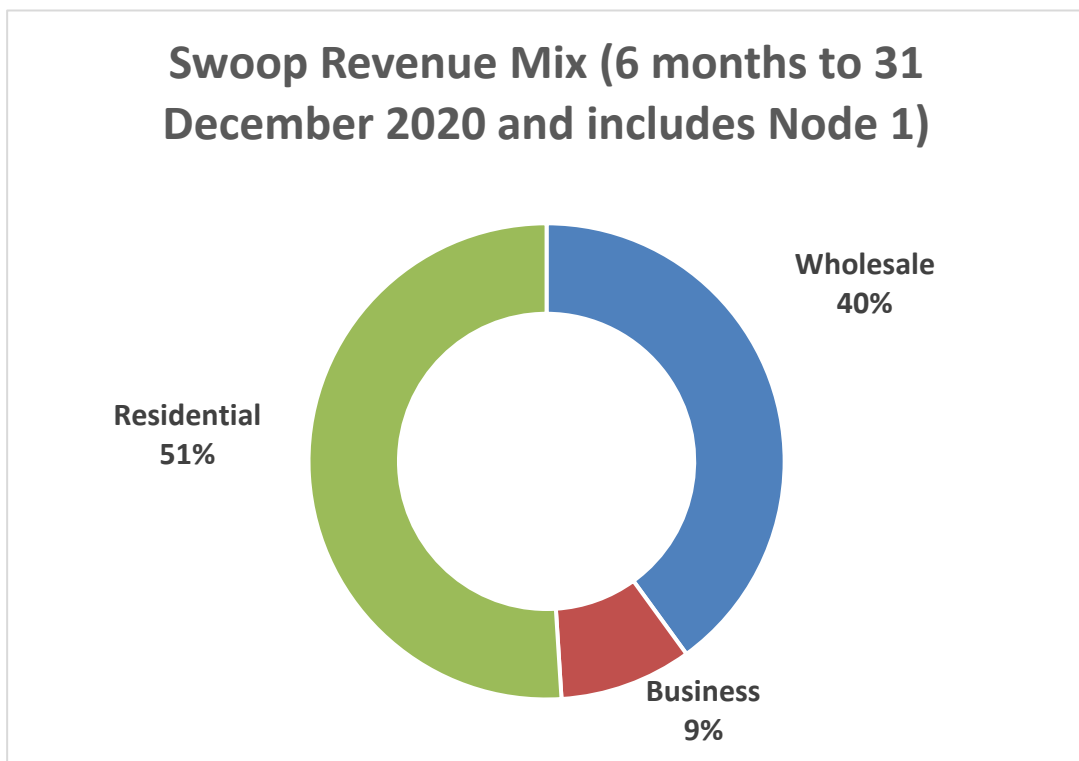
(vi) established, well regarded brands in its core fixed wireless network areas.

(g) **Key business highlights of the Group**

The following key business highlights of the Group (comprising Cirrus and NodeOne) have been prepared on an aggregated basis using information from Cirrus (including Anycast and Bosley) and NodeOne:

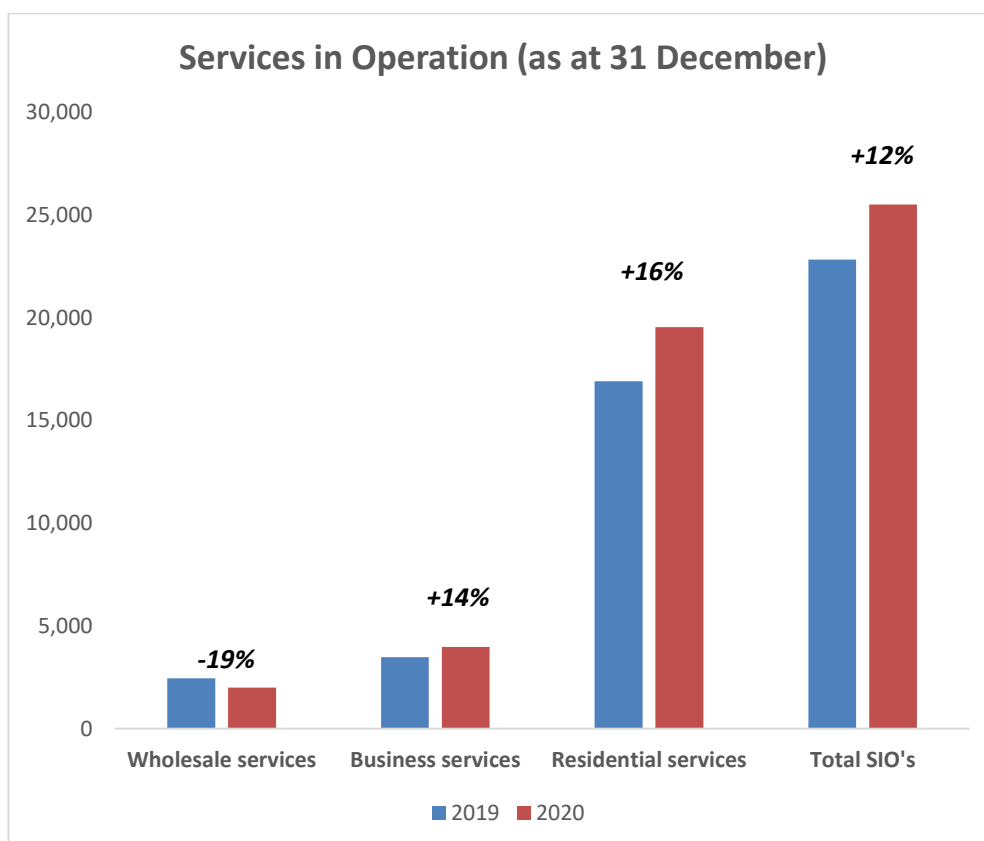
- (i) over 25,000 services in operation as at 31 December 2020;
- (ii) operating revenue of \$14.7m for the 6 months to 31 December 2020; and
- (iii) Australia wide fixed wireless infrastructure, including 246 masts and towers across Australia as at 31 December 2020.

Revenue split by market segment for the Group (6 months to 31 December 2020) is as follows:



6.9 Growth in services

The combined Group has shown growth in services as shown in the chart below (note this assumes Anycast and Bosley were part of the Group as at 31 December 2019):



6.10 Financial highlights of Swoop (comprising Cirrus and NodeOne)

The following tables contain:

- (a) an aggregated summary of financial performance of Cirrus Communications and N1 Telecommunications for the 6 months to 31 December 2020; and
- (b) an aggregated summary of cash flows of Cirrus Communications and N1 Telecommunications for the 6 months to 31 December 2020.

These figures are not intended to be a full pro forma representation of a consolidation of Cirrus Communications and N1 Telecommunications with the Company. The figures represented in the table below for each of Cirrus Communications and N1 Telecommunications has been extracted from the reviewed financial statements for Cirrus Communications and N1 Telecommunications for the six months to 31 December 2020. The aggregated figures have not been audited or reviewed and no adjustments have been made for any differences in accounting policies applied by Cirrus Communications and N1 Telecommunications.

The Directors include this information to assist potential investors understand the financial performance of the two groups (Cirrus Communications and N1 Telecommunications) that will represent the business going forward.

Financial Performance

\$'millions	1H 2021	1H 2021	1H 2021
	NodeOne	Cirrus	TOTAL
Statutory revenue	3.8	11.3	15.1
Operating revenue¹	3.8	10.9	14.7
EBITDA	0.1	1.3	1.4
Underlying EBITDA²	0.1	2.2	2.3

Notes:

1. Operating revenue excludes one-off government COVID-19 funding for the period.
2. Underlying EBITDA excludes share based payment expenses and transaction costs for the period.

Cash Flows

\$'millions	1H 2021	1H 2021	1H 2021
	NodeOne	Cirrus	TOTAL
Net cash from operating activities	0.4	3.1	3.5
Net cash used in investing activities	(1.3)	(3.4)	(4.7)
Net cash from financing activities	0.8	4.7	5.4
Net increase/ (decrease) in cash and cash equivalents	(0.2)	4.4	4.2
Cash & cash equivalents at the start of the financial year	0.6	2.6	3.2
Cash and cash equivalents at the end of the financial year	0.4	7.0	7.4

6.11 Impact of COVID-19 on the business

The coronavirus disease (**COVID-19**) has impacted and will continue to impact some of the Swoop and NodeOne operations.

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 has been mitigated to an extent by procuring higher than average stock levels at the start of the COVID-19 outbreak, and the extension of future procurement process lead times.

There has also been 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.

The impact of COVID-19 on the NodeOne business was minimal in 2020 as the lockdown in Western Australia drove the requirement for more Internet connectivity. NodeOne continued to connect customers throughout 2020 with COVID-19 having very little impact on connection rates. NodeOne did not qualify for JobKeeper and only received PAYG cashflow relief. The lockdown in February 2021 in Western Australia for 5 days slightly impacted NodeOne's connection rates as workers were unable to attend customer sites during the lockdown.

6.12 Use of Funds

The Company intends to apply funds raised from the Offer, together with existing cash reserves post-readmission, as follows:

Funds available¹	\$	Percentage of Funds (%)
Funds raised from the Offer	\$20,000,000	76%
Cash reserves of Swoop ²	\$5,300,000	20%
Cash reserves of the Company ²	\$740,000	3%
Cash reserves of NodeOne ²	\$ 289,000	1%
Total	\$26,329,000	100.0%
Allocation of funds		
Fixed wireless and core network expenditure and deployment across Sydney, Melbourne, key regional areas and Perth	\$8,500,000	32%
Acquisition of complementary businesses	\$4,000,000	15%
Cash incentives payable by Swoop on Settlement	\$3,200,000	12%
Marketing and Customer Acquisition	\$2,600,000	10%
Implementation of enhanced operating systems	\$1,500,000	6%
Customer Experience Platforms	\$1,600,000	6%
Repayment of loan to NodeOne Vendors	\$720,000	3%
Product Development	\$600,000	2%
Expenses of the Offer and the Acquisitions ³	\$1,500,000	6%
Working capital	\$2,109,000	8%
Total	\$26,329,000	100.0%

Notes:

1. Refer to the Financial Information set out in Section 7 for further details. The Company intends to apply these funds towards the purposes set out in this table, including the payment of the expenses of the Offer of which various amounts will be payable prior to completion of the Offer. Since 31 December 2020, the Company has expended \$95,113.70 in progressing the Acquisitions and preparing the Prospectus.
2. Includes cash reserves at 31 March 2021. Refer to the Financial Information set out in Section 7 for further details. Note cash reserves as at 31 March 2021 are \$2m less than as at 31 December 2020.
3. Including legal fees, ASX fees, advisor fees, Investigating Accountant fees, Independent Expert Fees, Share Registry Fees and brokerage costs. Refer to Section 11.14 for further details.

The above table is a statement of current intentions as of the date of this Prospectus. 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 consider that following completion of the Offer, the Company will have sufficient working capital to carry out its stated objectives. It should, however, be noted that the Company may not be fully self-funding through its own operational cash flow at the end of this period. Accordingly, the Company may require additional capital beyond this point, which will likely involve the use of additional debt or equity funding. Future capital needs will also depend on the success or failure of the Company's business endeavours.

It should be noted that an investment in the Company is speculative and investors are encouraged to read the risk factors outlined in Section 8.

6.13 Capital Structure

The capital structure of the Company as at the date of this Prospectus and following completion of the Offer is summarised below:

Shares¹

Shares currently on issue ²	<u>156,972,435</u>
Shares on issue following completion of Consolidation ²	6,825,035
Issue of Shares in consideration for the acquisition of Swoop	89,401,261
Issue of Shares in consideration for the acquisition of NodeOne ³	33,368,003
Shares to be issued pursuant to the Offer ⁴	40,000,000
Total Shares on completion of the Offer	169,594,299

Notes:

1. The rights attaching to the Shares are summarised in Section 11.2.
2. Based on the consolidation of securities on a 23 for 1 basis 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.
4. Shares to be issued at an issue price of \$0.50 per Share to raise \$20,000,000 under the Offer.

Options

Details of Options on issue are as follows:

Options currently on issue	<u>75,277,782</u>
Options on issue following completion of Consolidation ¹	3,272,951
Options to be issued to Forrest Capital ¹	1,500,000
Total Options on completion of the Offer	4,772,951

Notes:

1. Refer to Section 11.3 for a summary of the terms and conditions of these Options.

The Exercise Prices and Expiry Dates of all Options that will be on issue upon the Company's readmission to the Official List are as follows:

Terms	Number
Exercisable at \$103.50 on or before 27 June 2021	484
Exercisable at \$77.625 on or before 30 June 2021	4,831
Exercisable at \$103.50 on or before 8 August 2021	484
Exercisable at \$103.50 on or before 23 August 2021	484
Exercisable at \$62.10 on or before 13 August 2021	5,798
Exercisable at \$0.575 on or before 31 December 2022	1,304,348
Exercisable at \$1.15 on or before 30 June 2023	1,956,522
Exercisable at \$0.75 on or before the date which is 3 years from their issue ¹	1,500,000
Total	4,772,951

Notes:

1. Proposed to be issued after Settlement and prior to the readmission of the Company to the Official List.

Performance Rights

Performance Rights currently on issue	<u>Nil</u>
Performance Rights on issue following completion of Consolidation	Nil
Performance Rights to be issued to James Spenceley, Tony Grist and Jonathan Pearce ^{1,2}	6,151,088
Total Performance Rights on issue after completion of the Offer	6,151,088

Notes:

1. Refer to Section 11.5 for a summary of the terms and conditions of the Performance Rights.
2. The Company has also agreed to issue 1,500,000 Performance Rights to senior management. The Performance Rights will be granted under the Incentive Plan and are expected to be issued in August 2021; accordingly these Performance Rights are not included in this table.

6.14 Substantial Shareholders

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

As at the date of the Prospectus (on a post-consolidation basis)

Shareholder	Shares	Options	Percentage (%) (undiluted)	Percentage (%) (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 ⁴ , Oaktone ⁴ and all other Vendors	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 Tony Grist, who will be appointed as a Director at Settlement.
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 Acquisitions and the Offer, completion of the Sell Down Agreement and assuming that no existing substantial Shareholder or Vendor subscribes and receives additional Shares pursuant to the Offer other than as contemplated in this Prospectus (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 as trustee for the van Namen Family Trust	13,072,894 ⁵	Nil	Nil	7.71%	7.24%
Tony Grist, Denlin Nominees and Oaktone ⁶	10,926,652 ⁷	1,630,435 ⁸	2,196,817 ⁹	6.44%	8.17%
James Spenceley and Spenceley Management Pty Ltd ¹⁰	9,605,170 ¹¹	Nil	2,636,181 ¹²	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 Settlement in consideration for the acquisition of its Swoop shares and NodeOne shares and up to 2,000,000 Shares to be subscribed for by Tattarang Ventures in the Offer.
3. William (Paul) Reid is a Proposed Director and controls Lygon Way Pty Ltd and Frilford Investments Pty Ltd.
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 Settlement in consideration for the acquisition of their Swoop shares and up to 60,000 Shares to be subscribed for by William (Paul) Reid in the Offer.
5. 14,272,894 Shares are to be issued to N & J Enterprises (WA) Pty Ltd at Settlement in consideration for the acquisition of its NodeOne shares. N & J Enterprises (WA) Pty Ltd has agreed to sell 1,200,000 of its Shares after Settlement but prior to the readmission of the Company to the Official List to the following parties pursuant to a sell down agreement (**Sell Down Agreement**):
 - (a) 143 Pty Ltd (an entity controlled by Jonathan Pearce) – 200,000 Shares;
 - (b) Tisia Nominees Pty Ltd – 200,000 Shares;
 - (c) Brookava Pty Ltd – 400,000 Shares;
 - (d) Oaktone (an entity controlled by Tony Grist) – 100,000 Shares;
 - (e) Cabletime Pty Ltd – 100,000 Shares;
 - (f) Russell Edward Waterman and Debra Ann Waterman – 70,000 Shares;
 - (g) Evan Michael Kakulas and Fiona Florence Kakulas – 130,000 Shares.
6. Denlin Nominees and Oaktone are controlled by Tony Grist, a Proposed Director.
7. Comprising: 1,096,392 Shares held by Denlin Nominees at the date of this Prospectus; 19,420 Shares held by Oaktone at the date of this Prospectus; 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; up to 3,000,000 Shares to be subscribed for by Oaktone in the Offer; and 100,000 Shares to be purchased by Oaktone from N & J Enterprises (WA) Pty Ltd after Settlement pursuant to the Sell Down Agreement.
8. Held by Denlin Nominees.
9. To be issued to Tony Grist subject to Settlement and Shareholder approval.
10. James Spenceley is a Proposed Director and controls Spenceley Management Pty Ltd.
11. Comprising 5,605,170 shares to be issued to Spenceley Management Pty Ltd in consideration for its Swoop shares and up to 4,000,000 shares to be subscribed for by James Spenceley in the Offer.
12. To be issued to James Spenceley subject to Settlement and Shareholder approval.

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

6.15 Restricted Securities

Subject to the Company being admitted to the Official List and completing the Offer, certain Shares will 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. During the period in which these Shares are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner.

While the ASX has not yet confirmed the final escrow position applicable to the Company's Shareholders, 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 Forrest Capital Options and the Performance Rights issued to James Spenceley, Tony Grist and Jonathan Pearce will be subject to escrow for 24 months from the date of the Company's readmission to Official Quotation.

A summary of the anticipated escrow position is set out in the following table¹:

Escrowed Persons	Escrow Period	Number of Escrowed Securities	% (undiluted) after completion of the Acquisitions and the Offer
Vendors who are Proposed Directors or promoters of the Group, or their associates	24 months from the date of the Company's readmission to the Official List	94,412,938 Shares ¹	55.67%
Vendors who are not Proposed Directors or promoters of the Group or their associates	12 months from the date of issue of the Consideration Shares	28,356,326 Shares ¹	16.72%
James Spenceley	24 months from the date of the Company's readmission to the Official List	2,636,181 Performance Rights (and any Shares issued upon their conversion)	-
Tony Grist	24 months from the date of the Company's readmission to the Official List	2,196,817 Performance Rights (and any Shares issued upon their conversion)	-
Jonathan Pearce	24 months from the date of the Company's readmission to the Official List	1,318,090 Performance Rights (and any Shares issued upon their conversion)	-
Forrest Capital	24 months from the date of the Company's readmission to the Official List	1,500,000 Options (and any Shares issued upon their exercise)	-

Notes:

1. The number of escrowed Shares may be reduced as a result of ASX granting look through relief, the outcome of which is not known at the date of this Prospectus.

The number of Securities that are subject to ASX imposed escrow are at ASX's discretion in accordance with the ASX Listing Rules and underlying policy. The above is a good faith estimate of the Securities that are expected to be subject to ASX imposed escrow.

The Company will announce to the ASX full details (quantity and duration) of the Securities required to be held in escrow prior to the Securities commencing trading on ASX (which admission is subject to ASX's discretion and approval).

6.16 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 it's 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.

7. FINANCIAL INFORMATION

7.1 Introduction

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 of the Company are not representative of the Group post Settlement.

Historical financial information on the businesses that will constitute the Group (comprising Cirrus Communications, including Anycast and Bosley, and NodeOne) post Settlement is reflected in the pro forma statement of financial position in section 7.6; and the audited/reviewed statutory historical information of the Swoop and N1 Telecommunications groups in sections 7.7 and 7.8.

Accordingly, this section sets out the financial information for:

- (a) the Company and its controlled entities;
- (b) Cirrus Communications and its controlled entities;
- (c) Anycast and Bosley for the periods prior to their acquisition by Cirrus Communications and their controlled entities;
- (d) N1 Telecommunications and its controlled entities; and
- (e) N1 Wholesale Pty Ltd and Node 1 Pty Ltd for the periods prior to their incorporation into the N1 Telecommunications corporate structure.

The financial information contained in this Section includes:

- (f) Statutory historical financial information, which are audited, being the:
 - (i) Statutory Historical Consolidated Statements of Financial Performance for the years ended 30 June 2019 and 30 June 2020 for the Company and Cirrus Communications;
 - (ii) Statutory Historical Consolidated Statements of Financial Performance for the years ended 30 June 2018, 30 June 2019 and 30 June 2020 for Anycast;
 - (iii) Statutory Historical Consolidated Statements of Cash Flows for the years ended 30 June 2019 and 30 June 2020 for the Company and Cirrus Communications;
 - (iv) Statutory Historical Consolidated Statements of Cash Flows for the years ended 30 June 2018, 30 June 2019 and 30 June 2020 for Anycast;
 - (v) Statutory Historical Consolidated Statement of Financial Performance for the period to June 2020 for N1 Telecommunications;
 - (vi) Statutory Historical Consolidated Statements of Cash Flows for the period to June 2020 and for the half year ended 31 December 2020 for N1 Telecommunications;

- (vii) Statutory Historical Statements of Financial Performance for the years ended 30 June 2018, 30 June 2019 and 30 June 2020 for Node1 Pty Ltd and Bosley;
 - (viii) Statutory Historical Statement of Financial Performance for the year ended 30 June 2020 for N1 Wholesale Pty Ltd;
 - (ix) Statutory Historical Statements of Cash Flows for the years ended 30 June 2018, 30 June 2019 and 30 June 2020 for Node1 Pty Ltd and Bosley; and
 - (x) Statutory Historical Statement of Cash Flows for the year ended 30 June 2020 for N1 Wholesale Pty Ltd,
- (g) Statutory historical financial information, which are reviewed, being the:
- (i) Statutory Historical Consolidated Statements of Financial Performance for the half years ended 31 December 2020 and 31 December 2019 for the Company and Cirrus Communications;
 - (ii) Statutory Historical Consolidated Statements of Cash Flows for the half years ended 31 December 2020 and 31 December 2019 for the Company and Cirrus Communications;
 - (iii) Statutory Historical Consolidated Statement of Financial Performance for the half year ended 31 December 2020 for N1 Telecommunications
 - (iv) Statutory Historical Consolidated Statements of Cash Flows for the half year ended 31 December 2020 for N1 Telecommunications
- (the reviewed and audited information together the “**Statutory Historical Financial Information**”); and
- (h) Pro forma historical financial information of the Group, being the: Pro forma Historical Consolidated Statement of Financial Position as at 31 December 2020.
- the “**Pro forma Historical Financial Information**”).

The Statutory Historical Financial Information and Pro forma Historical Financial Information together form the **Financial Information**.

Also summarised in this Section are:

- (a) the basis of preparation and presentation of Financial Information (Section 7.2);
- (b) changes in accounting standards (Section 7.3);
- (c) explanation of certain non-IFRS financial measures (Section 7.4);
- (d) explanation of critical accounting estimates and judgements (Section 7.5);

- (e) the pro forma adjustments to the reviewed Statutory Historical Financial Information (Section 7.6);
- (f) management's discussion and analysis of the Financial Information (Sections 7.7 and 7.8); and
- (g) significant accounting policies (refer Investigating Accountants Report in Annexure A for an outline of all significant accounting policies).

7.2 Basis of preparation and presentation of Financial Information

The directors are responsible for the preparation and presentation of the Financial Information. The directors of each respective company outlined in this section were responsible for the preparation and presentation of the respective Financial Reports from which the Financial information was derived.

The Financial Information has been prepared and presented in accordance with the recognition and measurement principles prescribed in the Australian Accounting Standards, including the Australian Accounting Interpretations (**AAS**) issued by the Australian Accounting Standards Board (**AASB**), which are consistent with the International Financial Reporting Standards (**IFRS**) and interpretations issued by the International Accounting Standards Board. The Financial Information is presented in an abbreviated form and does not contain all of the disclosure provided in an annual financial report prepared in accordance with the Australian Accounting Standards and the Corporations Act. The Financial Information has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

All items are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The Financial Information is presented in Australian dollars (A\$) which is the Company's functional and presentation currency. Some numerical figures included in this Section have been subject to rounding adjustments. Any discrepancies between totals and sums of components in tables contained in this Section are due to rounding.

Certain significant accounting policies relevant to the Financial Information are set out in the Investigating Accountants Report in Annexure A.

Each company disclosed in this section has one reportable segment under AASB 8: Operating Segments.

The Statutory Historical Financial Information has been derived from:

- (a) the audited consolidated financial statements of the Company and Cirrus Communications, for FY2019 and FY2020;
- (b) the audited consolidated financial statements of Anycast for FY2018, FY2019 and FY2020;
- (c) the reviewed consolidated financial statements of the Company, Cirrus Communications and NodeOne for the half years ending 31 December 2020 (N1 Telecommunications does not have comparative financial information for the half year 31 December 2019);
- (d) the audited consolidated financial statements of N1 Telecommunications for FY2020;

- (e) the audited financial statements of Bosley and Node1 Pty Ltd for FY2018, FY2019 and FY2020; and
- (f) the audited financial statements of N1 Wholesale for FY2020.

The historical financial statements for FY2018 (where applicable), FY2019 and FY2020 and HY2021 have been audited/reviewed (as applicable) by BDO Audit Pty Ltd (the Company), PKF (NS) Audit and Assurance Ltd (Cirrus Communications, Anycast, Bosley) and PKF Perth (N1 Telecommunications Group). Unmodified audit/review opinions were issued in respect of all these entities and reporting periods, except as disclosed in the investigating Accountants Report.

The Pro forma Historical Financial Information has been prepared solely for the purpose of inclusion in this Prospectus and has been derived from the Statutory Historical Financial Information with pro forma adjustments made as set out in the relevant section.

7.3 Changes in accounting standards

AASB 16: Leases

The Cirrus Group (including Cirrus Communications, Anycast and Bosley) adopted AASB 16 Leases using the modified retrospective (cumulative catch-up) method from 1 July 2019 and therefore the comparative information for the year ended 30 June 2019, prepared in accordance with AASB 117 Leases and associated Accounting Interpretations was not restated.

The impact of adopting AASB 16 is described in the Investigating Accountant's Report.

7.4 Explanation of certain non-IFRS financial measures

The Company, Cirrus Communications, Anycast, Bosley and N1 Telecommunications use certain measures to manage and report on its businesses that are not recognised under AAS or IFRS. These measures are collectively referred to in this section as 'non-IFRS financial information' under Regulatory Guide 230 'Disclosing non-IFRS financial information' published by ASIC. The Companies believes that this non-IFRS financial information provides useful information to readers in measuring the performance and position of the respective companies' results disclosed in this section. However, investors are cautioned not to place undue reliance on any non-IFRS measures and should consider the measures as supplemental to, as opposed to replacement for, financial information presented in accordance with AAS.

As non-IFRS measures are not defined by recognised standard setting bodies, they do not have a prescribed meaning and may differ to the way other companies calculate similar measures.

The non-IFRS financial measures that are referred to in this Prospectus are as follows:

- (a) EBITDA is earnings before interest, taxation, depreciation, amortisation and impairment charges; and
- (b) EBIT is earnings before interest and taxation.

7.5 Critical Accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results.

The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Income tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax obligations based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Business combinations

Business combinations are accounted for by applying the acquisition method which requires an acquiring entity to be identified in all cases. The acquisition date under this method is the date that the acquiring entity obtains control over the acquired entity.

The fair value of identifiable assets and liabilities acquired are recognised in the consolidated financial statements at the acquisition date.

Goodwill or a gain on bargain purchase may arise on the acquisition date, this is calculated by comparing the consideration transferred and the amount of non-controlling interest in the acquiree with the fair value of the net identifiable assets acquired. Where consideration is greater than the net assets acquired, the excess is recorded as goodwill. Where the net assets acquired are greater than the

consideration, the measurement basis of the net assets are reassessed and then a gain from bargain purchase recognised in profit or loss.

All acquisition related costs are recognised as expenses in the periods in which the costs are incurred except for costs to issue debt or equity securities.

Any contingent consideration which forms part of the combination is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity then it is not remeasured and the settlement is accounted for within equity. Otherwise subsequent changes in the value of the contingent consideration liability are measured through profit or loss.

Leases

The group has made certain estimates and assumptions concerning the inputs applied in its adoption of AASB 16 – Leases. The lease period terms of certain leases that are occupied, but with agreements that had expired or rolled over, were estimated by management based on their best estimate at reporting date on the likelihood of lease duration taking into consideration their assessment of the useful life of the assets held at the location. Management has deemed the assumption is appropriate based on substance that they expect to occupy the various locations into the foreseeable future as the locations are essential in providing services and deriving revenue for the Group.

Intangibles

Customer contracts, relationships and license agreements were acquired as part of a business combination. They are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight line based on management's estimates over the timing of projected cash flows of the intangible assets over their estimated useful lives. Management's assessment of the fair value and estimated useful life is deemed appropriate based on independent valuations obtained at acquisition date.

Property, plant and equipment

Capitalised labour costs incurred has been recognised as an asset when it is deemed probable that future economic benefit associated with the item will flow to the entity and the cost can be measured reliably. Management have made estimates when applying percentages of certain employee costs that are attributable in bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Management have deemed the allocated percentage of certain staff costs applied is appropriate based on their assessment of staff roles, responsibilities and divisions.

7.6 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 two years ending 30 June 2020 and 30 June 2019, and reviewed statutory historical consolidated statements of profit and loss and other comprehensive income for the Company for the 6 months ending 31 December 2020 and 31 December 2019

Over the historical two-years and a half 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 to make them more comparable.

Statement of Profit or Loss and Other Comprehensive Income	Reviewed for	Audited for	Reviewed for	Audited for
	the period ended	the year ended	the period ended	the year ended
	31-Dec-20	30-Jun-20	31-Dec-19	30-Jun-19
	\$000,000	\$000,000	\$000,000	\$000,000
Revenue				
Other income	0.2	0.2	0.1	0.7
Expenses				
Finances costs	-	-	-	(0.1)
General and administrative	(0.5)	(0.5)	(0.3)	(0.4)
Foreign exchange expense	-	-	-	-
Impairment of goodwill	-	-	-	-
Impairment of assets	(0.2)	-	-	-
Employee benefits expense	(0.1)	(0.1)	(0.1)	(0.3)
Depreciation and amortisation expense	-	-	-	-
Share based payments write-back (expense)	-	(0.2)	(0.1)	0.1
Profit/(Loss) before income tax from continuing operations	(0.6)	(0.6)	(0.4)	-
Income tax benefit/(expense)	-	-	-	-
Profit/(loss) after income tax from continuing operations	(0.6)	(0.6)	(0.4)	-
Profit/(loss) after income tax expense from discontinued operations	-	0.4	(0.2)	(4.6)
Profit/(loss) for the year attributable to the owners of Stemify Limited	(0.6)	(0.2)	(0.6)	(4.6)
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Gain on revaluation of financial assets at fair value through other	0.2	-	-	-

Statement of Profit or Loss and Other Comprehensive Income	Reviewed for	Audited for	Reviewed for	Audited for
	the period ended	the year ended	the period ended	the year ended
	31-Dec-20	30-Jun-20	31-Dec-19	30-Jun-19
	\$000,000	\$000,000	\$000,000	\$000,000
comprehensive income, net of tax				
Foreign currency translation	-	-	-	-
Other comprehensive income for the year, net of tax	0.2	-	-	-
Total comprehensive profit/(loss) for the year attributable to the owners of Stemify Limited	(0.4)	(0.2)	(0.6)	(4.6)
Total comprehensive income for the year is attributable to:				
Continuing operations	(0.4)	(0.6)	(0.4)	(1.3)
Discontinued operations	-	0.4	(0.2)	(3.3)

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 and 30 June 2019, and reviewed statutory historical consolidated statements of cash flows for the Company for the 6 months ending 31 December 2020 and 31 December 2019:

Statement of Cash Flows	Reviewed for	Audited for	Reviewed for	Audited for
	the period ended	the year ended	the period ended	the year ended
	31-Dec-20	30-Jun-20	31-Dec-19	30-Jun-19
	\$000,000	\$000,000	\$000,000	\$000,000
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers (inclusive of GST)	-	1.4	0.9	2.9
Payments to suppliers and employees (inclusive of GST)	(0.5)	(2.6)	(1.8)	(5.2)
Interest received	-	-	-	-
Interest and other finance costs paid	-	-	-	-
Net cash generated/(used in) operating activities	(0.5)	(1.2)	(0.9)	(2.3)
CASH FLOW FROM INVESTING ACTIVITIES				
Payment for purchase of business, net of cash acquired	-	-	-	(1.3)
Proceeds/(payments)for investments	0.3	(0.1)	-	-
Payments for property, plant and equipment	-	-	-	-
Loss of cash on the lost of control of subsidiary	-	-	-	-
Proceeds from sales of subsidiary's assets	-	0.1	-	-
Proceeds from Royalty Sale and Purchase Agreement	0.1	-	-	-
Proceeds from disposal of investments	-	-	-	-

Statement of Cash Flows	Reviewed for	Audited for	Reviewed for	Audited for
	the period ended	the year ended	the period ended	the year ended
	31-Dec-20	30-Jun-20	31-Dec-19	30-Jun-19
	\$000,000	\$000,000	\$000,000	\$000,000
Net cash generated/(used in) investing activities	0.4	-	-	(1.3)
CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of shares	-	2.3	2.4	3.3
Proceeds from borrowings	-	0.2	0.1	0.3
Share issue transaction costs	-	(0.2)	(0.2)	(0.3)
Repayment of borrowings	-	(0.1)	-	-
Net cash from financing activities	-	2.2	2.3	3.3
	-	-	-	-
<i>Net increase/(decrease) in cash and cash equivalents</i>	(0.1)	1.0	1.4	(0.3)
Cash and cash equivalents at the beginning of the period	1.0	-	-	0.4
Effects of exchange rate changes on cash and cash equivalents	-	-	-	(0.1)
Cash and cash equivalents at the end of the financial period	0.9	1.0	1.4	-

As explained above, the historical statutory statements of cash flows above and statements of financial performance are not representative of the Group (including Cirrus Communications, Anycast, Bosley and N1 Telecommunications) post Settlement. Historical financial information on the businesses that will constitute the Group post Settlement is reflected in the pro forma financial information in the following section; and the audited/reviewed statutory historical information of the Cirrus Group and N1 Telecommunications Group in sections 7.7 and 7.8. Accordingly, no further management commentary on the historical financial performance is being provided for the Company.

The above Historical Financial information is to be read in conjunction with the notes to and forming part of the Historical Financial Information set out in set out in Appendix 1 of the Investigating Accountant's Report included in Annexure A.

Statutory Historical and Pro Forma Balance Sheet

The following table shows the reviewed historical and unaudited pro forma consolidated statements of financial position of the Company and the Group (including Cirrus Communications, Anycast, Bosley and N1 Telecommunications) as at 31 December 2020.

The pro-forma statement of financial position after the Offer is as per the statement of financial position before the Offer adjusted for any subsequent events and the transactions relating to the issue of shares pursuant to this Prospectus. The statement of financial position is to be read in conjunction with the notes to and forming part of the historical financial information set out in the Investigating Accountant's Report at Annexure A.

The reviewed historical consolidated statement of financial position of the Company as at 31 December 2020, prior to Settlement and the Offer, is shown in the first column. The pro forma adjustments are shown in the second 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:

- (a) the Company had completed the Offer,
- (b) Settlement had occurred, and
- (c) certain other post 31 December 2020 transactions had occurred,

each as at 31 December 2020. The pro forma consolidated statement of financial position is not represented as being necessarily indicative of the Group's future financial position.

Statement of financial position	Notes	Stemify		
		Reviewed for	Pro-forma	Pro-forma
		the period ended	adjustments	after issue
		31-Dec-20	Max	Max
		\$000,000	\$000,000	\$000,000
CURRENT ASSETS				
Cash and cash equivalents	1	0.9	22.5	23.4
Trade and other receivables	2	0.2	1.8	2.0
Inventories	3	-	0.5	0.5
Other current assets	4	0.1	0.6	0.7
TOTAL CURRENT ASSETS		1.2	25.4	26.6
NON CURRENT ASSETS				

Stemify				
Statement of financial position		Reviewed for	Pro-forma	Pro-forma
		the period ended	adjustments	after issue
		31-Dec-20	Max	Max
	Notes	\$000,000	\$000,000	\$000,000
Property, plant and equipment	5	-	10.7	10.7
Deferred tax assets	6	-	0.6	0.6
Intangibles	7	-	21.1	21.1
Right-of-use assets	8	-	5.9	5.9
Other non-current assets	9	-	0.1	0.1
TOTAL NON CURRENT ASSETS		-	38.4	38.4
TOTAL ASSETS		1.2	63.8	65.0
CURRENT LIABILITIES		-	-	-
Trade and other payables	10	0.3	4.8	5.1
Lease liabilities	11	-	1.8	1.8
Provisions	12	-	0.6	0.6
Employee benefits	13	-	1.4	1.4
Borrowings	14	0.1	0.1	0.2
Other liabilities	15	-	0.1	0.1
TOTAL CURRENT LIABILITIES		0.4	8.8	9.2
NON CURRENT LIABILITIES		-	-	-
Lease liabilities	16	-	4.2	4.2
Deferred tax liabilities	17	-	0.5	0.5
Employee benefits	18	-	0.3	0.3
Borrowings	19	-	0.2	0.2
TOTAL NON CURRENT LIABILITIES		-	5.2	5.2

		Stemify		
Statement of financial position	Notes	Reviewed for	Pro-forma	Pro-forma
		the period ended	adjustments	after issue
		31-Dec-20	Max	Max
		\$000,000	\$000,000	\$000,000
TOTAL LIABILITIES		0.4	14.0	14.4
NET ASSETS/(LIABILITIES)		0.8	49.8	50.6
EQUITY				
Issued capital	20	29.4	40.3	69.7
Reserves	21	1.4	2.1	3.5
Accumulated losses	22	(30.0)	7.4	(22.6)
TOTAL EQUITY		0.8	49.8	50.6

Notes:

The transactions and events taken into account in determining the pro forma consolidated statement of financial position set out in the Investigating Accountant's Report included in Annexure A.

7.7 Historical financial information of Swoop Group (encompassing Cirrus Communications, Anycast, Bosley and N1 Telecommunications)

Cirrus Communications Pty Ltd

Statement of Significant Accounting Policies

A statement of all significant accounting policies for the Company and Swoop Group can be found in the Investigating Accountants Report in Annexure A (refer Appendix 4 to this Annexure) .

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 two years ending 30 June 2020 and 30 June 2019, and the reviewed historical consolidated statement of profit and loss and other comprehensive income for Cirrus Communications Pty Ltd and its controlled entities for the 6 months ending 31 December 2020 and 31 December 2019:

\$'millions	Note	1H 2021	1H 2020	2020	2019
Revenue		11.3	3.4	9.2	6.8
Cost of sales		(4.9)	(0.9)	(2.9)	(2.1)
Employee benefit expense		(2.9)	(1.0)	(2.8)	(1.6)

\$'millions	Note	1H 2021	1H 2020	2020	2019
Administrative expenses		(0.7)	(0.7)	(0.8)	(0.4)
Other operating expenses		(0.9)	(0.8)	(1.3)	(0.9)
EBITDA before share based payment expense		1.9	0.0	1.4	1.8
Depreciation & amortisation expense		(3.7)	(1.7)	(3.7)	(2.1)
Impairment of property, plant & equipment (*1)	1	-	-	(0.3)	-
Share based payment expense (*2)	2	(0.6)	(2.7)	(2.7)	-
EBIT		(2.4)	(4.4)	(5.3)	(0.3)
Finance costs		(0.2)	(0.1)	(0.3)	-
Profit/ (loss) before income tax		(2.6)	(4.5)	(5.6)	(0.3)
Income tax expense		-	-	0.5	-
Profit/ (loss) for the year		(2.6)	(4.5)	(5.1)	(0.3)
Total comprehensive income/ (loss) for the year		(2.6)	(4.5)	(5.1)	(0.3)

Notes:

- *1 In the year ended 30 June 2020, Cirrus Communications 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 Communications issued shares and limited recourse loans to key management personnel with an associated share based payment expense of \$2.7m; in the 6 months ending 31 December 2020, Cirrus Communications issued shares and limited recourse loans to key management personnel with an associated share based payment expense of \$0.6m.

The following table shows the audited historical consolidated statements of cash flows for Cirrus Communications and its controlled entities for the years ending 30 June 2020 and 30 June 2019, and the reviewed historical consolidated statements of cash flows for Cirrus Communications and its controlled entities for the 6 months ending 31 December 2020 and 31 December 2019:

\$'millions	Note	1H 2021	1H 2020	2020	2019
Receipts from customers		11.6	4.3	10.6	7.5
Payments to suppliers and employees		(8.2)	(3.6)	(8.7)	(5.2)
Finance costs		(0.3)	(0.1)	(0.3)	-
Income taxes paid		-	-	(0.4)	-
Net cash from operating activities		3.1	0.6	1.2	2.3
Net of cash paid on acquisition of subsidiaries		-	-	(0.9)	-

\$'millions	Note	1H 2021	1H 2020	2020	2019
Purchase of property, plant and equipment		(3.4)	(1.8)	(3.6)	(2.7)
Net cash used in investing activities		(3.4)	(1.8)	(4.4)	(2.7)
Proceeds from issue of shares	1	5.5	6.6	6.7	-
Repayment of lease liabilities		(0.6)	(0.4)	(0.8)	-
Proceeds from/ (repayment of) borrowings		(0.2)	0.1	(0.2)	0.2
Net cash from financing activities		4.7	6.3	5.7	0.2
Net increase/ (decrease) in cash and cash equivalents		4.4	5.1	2.5	(0.2)
Cash & cash equivalents at the start of the financial year		2.6	0.1	0.1	0.3
Cash and cash equivalents at the end of the financial year		7.0	5.2	2.6	0.1

Notes:

*1 In the year ended 30 June 2020, Cirrus Communications undertook a capital raise of \$7.15m. In October 2020, an additional \$5.5m was received via the exercise of options and the issuing of preference shares.

The above Historical Financial information is to be read in conjunction with the notes to and forming part of the Historical Financial Information set out in set out in Appendix 1 of the Investigating Accountant's Report included in Annexure A.

Background and Management Discussion on Financial Performance

Background

Cirrus Communications acquired Anycast and Bosley with effect from 30 April 2020. Accordingly, the historical consolidated results and cash flows for Cirrus Communications above exclude any contributions from Anycast and Bosley in the financial year ending 30 June 2019, and for the 6 months ending 31 December 2019, 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 and Bosley on a standalone basis are shown below.

Revenue

Revenue covers services provided to wholesale, business and residential customers. Wholesale and business customers are charged an agreed contracted monthly fee. Residential customers are charged monthly based on their data plan. The majority of customers in the residential segment are uncontracted. Any one-off hardware and installation fees are amortised over the customers contract life.

Increases in revenue between FY2019 and FY2020 and 1H2020 and 1H2021 primarily reflect the acquisition of Anycast and Bosley, which became part of Cirrus Communications from 30 April 2020. Services in operation for Anycast and Bosley have also grown organically since becoming part of the Group.

Cost of Sales

Cost of sales includes the cost of operating and maintaining network infrastructure, 3rd party backhaul and fixed line charges, regulatory licensing, and rental costs where wireless towers/masts are occupying private land.

Movements in cost of sales between years reflects an increase in activity levels, together with the incorporation of Anycast and Bosley operations from 30 April 2020.

Employee Benefit Expense

Employee benefit expense includes salaries and wages, related on costs, commissions/bonuses and training.

Movement in employee benefit expense reflects an increase in headcount in anticipation of customer growth, network expansion and proposed ASX listing. It also reflects the incorporation of Anycast and Bosley operations from 30 April 2020.

Administrative expenses

Administrative expenses include audit and accounting fees, corporate charges, and legal costs. Increases in these charges reflect costs incurred in FY2021 for the proposed ASX listing including prior year audit fees and legal advice.

Other Operating expenses

Other operating expenses covers general operating expenses including advertising and marketing, insurance, rent and storage, motor vehicle and travel costs, subscriptions, and other miscellaneous charges. Movement in these expenses reflect increases in activity levels, in addition to the inclusion of Anycast and Bosley operations from 30 April 2020.

Intangibles and Right of Use Assets

Right of use assets mostly represents site leases where network infrastructure resides plus dark fibre leases. Intangibles represents goodwill on acquisitions, customer contracts and software.

Post Balance Date events

No other matters or circumstances have arisen since 31 December 2020 which significantly affected or could significantly affect the operations of the Cirrus Group, the results of those operations or the state of affairs of the Cirrus Group in future financial years, other than those matters set out in the pro forma consolidated statement of financial position in section 7.6 above.

Share based payment plan

At 31 December 2020 Cirrus Communications had the following loan funded share plans in place.

In October 2019, Cirrus Communications issued 71,206,099 shares to a number of executives and directors for limited recourse loan consideration of \$0.07 per share, totalling \$4,984,427. For statutory reporting purposes, these shares have been treated as options as the loan agreements only provide for a limited set of circumstances in which the loan amounts will be repaid and are recourse only

against the shares themselves. In accordance with AASB2, the value of the embedded option in the shares has been assessed and a Share Based Payment expense and reserve created for \$2,703,779 as at 30 June 2020.

In July 2020, Cirrus Communications issued 15,795,040 shares to the Chief Executive Officer and an executive director of Cirrus Communications for a limited recourse loan consideration of \$0.07 per share, totalling \$1,105,653. For statutory reporting purposes, these shares have been treated as options as the loan agreements only provide for a limited set of circumstances in which the loan amounts will be repaid and are recoverable only against the shares themselves. In accordance with AASB2, the value of the embedded option in the shares has been assessed and a Share Based Payment expense and reserve created for \$631,802 as at 31 December 2020.

As at 31 December 2020, the limited recourse loans owing to Cirrus Communications (which due to their nature are not recorded in the Company's balance sheet) totalled \$6,090,080. These loans are repayable under certain circumstances as set out in the respective loan agreements, with \$1.1m being repayable on the forthcoming sale of the business. See Section 11.7 for further details regarding these loans.

Anycast and Bosley Financial Performance

The following outlines the historical financial performance of Anycast and Bosley. These companies were acquired by Cirrus Communications with effect from 30 April 2020. As such their financial performance is included in Cirrus Communications financial performance from that date. Commentary on their financial performance (as it related to the Cirrus Group) is included in the management discussion on Cirrus Communications. A statement of significant accounting policies is not provided separately for these companies as the accounting policies governing Cirrus Communications will cover all Group operations.

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	-

\$'millions	2020	2019	2018
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	-

\$'millions	2020	2019	2018
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

7.8 Historical financial information of N1 Telecommunications Group

N1 Telecommunications

The following table shows the audited historical consolidated statement of profit and loss and other comprehensive income for N1 Telecommunications and controlled entities (being Node1 Pty Ltd and N1 Wholesale Pty Ltd) for the period to 30 June 2020 and the reviewed historical consolidated statement of profit and loss and other comprehensive income for N1 Telecommunications and controlled entities for the 6 months ending 31 December 2020 (note there are no comparatives shown as the entity was only incorporated on 5 February 2020):

\$'millions	1H 2021	2020
Revenue from services rendered	3.7	5.9

\$'millions	1H 2021	2020
Other income	0.1	0.5
Network access fees	(1.7)	(3.2)
Employee benefit expense	(1.1)	(1.5)
Other expenses	(0.9)	(0.8)
EBITDA	0.1	0.9
Depreciation & amortisation expense	(0.6)	(0.3)
EBIT	(0.5)	0.6
Finance costs	-	-
Profit before income tax	(0.5)	0.6
Income tax expense	-	(0.1)
Profit for the year	(0.5)	0.5
Total comprehensive income for the year	(0.5)	0.5

The following table shows the audited historical consolidated statement of cash flows for N1 Telecommunications and controlled entities for the period to 30 June 2020 and the reviewed historical consolidated statement of cash flows for the 6 months ending 31 December 2020 (note there are no comparatives shown as the entity was only incorporated as at 5 February 2020):

\$'millions	1H 2021	2020
Receipts from customers	4.0	6.0
Payments to suppliers and employees	(3.6)	(4.5)
Net cash from operating activities	0.4	1.5
Purchase of property, plant and equipment	(1.0)	(1.5)
Purchase of intangible assets	(0.3)	(0.2)
Net cash used in investing activities	(1.3)	(1.7)
Proceeds from issue of shares	1.0	1.0
Share issue transaction costs	-	(0.1)
Lease payments	(0.2)	(0.1)
Net cash from financing activities	0.8	0.8
Net increase in cash and cash equivalents	(0.2)	0.6
Cash & cash equivalents at the start of the financial year	0.6	-
Cash and cash equivalents at the end of the financial year	0.4	0.6

N1 Telecommunications is an interposed holding company which was set-up to become the holding company of Node1 Pty Ltd and N1 Wholesale Pty Ltd (that were under common control). N1 Telecommunications was incorporated on 5 February 2020 and became the parent of these two companies on 6 March 2020 through an exchange of interests transaction. The historical consolidated results and cash flows for the N1 Telecommunications Group shown above include Node1 Pty Ltd and N1 Wholesale Pty Ltd for the full financial year ending 30 June

2020 and the 6 months ending 31 December 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.

The above Historical Financial information is to be read in conjunction with the notes to and forming part of the Historical Financial Information set out in set out in Appendix 1 of the Investigating Accountant's Report included in Annexure A.

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)

\$'millions	2020	2019	2018
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

Notes:

*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

\$'millions	2020
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 N1 Telecommunications 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.

Background and Management Discussion on Financial Performance

Revenue

Revenue covers services provided to wholesale, business and residential customers. Wholesale, business and residential customers are charged an agreed contracted monthly fee. The majority of fixed wireless customers in the residential segment are for 12 or 24 months and NBN customers are on month to month plans. Any one-off hardware and installation fees are charged to the customer when the service is connected – this applies to wholesale, business and residential.

Increases in revenue between FY2019 and FY2020 and 1H2020 and 1H2021 reflect the organic growth of the business.

Cost of Sales

Cost of sales includes the cost of operating and maintaining network infrastructure, 3rd party backhaul and fixed line charges, regulatory licensing, and IP transit costs.

Movements in cost of sales between years reflects an increase in activity levels.

Employee Benefit Expense

Employee benefit expense includes salaries and wages, related on costs, commissions/bonuses and training.

Movement in employee benefit expense reflects an increase in headcount to cater for the customer growth achieved and network expansion.

Administrative expenses

Administrative expenses include audit and accounting fees, corporate charges, and legal costs. Increases in these charges reflect costs incurred in FY2021 for the proposed ASX listing including prior year audit fees and legal advice.

Other Operating expenses

Other operating expenses covers general operating expenses including advertising and marketing, insurance, rent and storage, motor vehicle and travel costs, subscriptions, and other miscellaneous charges. Movement in these expenses reflect increases in activity levels.

Intangibles and Right of Use Assets

Right of use assets mostly represents site leases where network infrastructure resides plus dark fibre leases. Intangibles represents goodwill on acquisitions, customer contracts and software.

Post Balance Date events

No other matters or circumstances have arisen since 31 December 2020 which significantly affected or could significantly affect the operations of the N1 Telecommunications Group, the results of those operations or the state of affairs of the N1 Telecommunications Group in future financial years, other than those matters set out in the pro forma consolidated statement of financial position in section 7.6 above.

8. RISK FACTORS

8.1 Introduction

The Securities offered under this Prospectus should be considered as speculative and an investment in the Company is not risk free.

The future performance of the Company and the value of the Securities may be influenced by a range of factors, many of which are largely beyond the control of the Company and the Directors. Some of the key risks that have a direct influence on the Company, its business and activities are set out in Section 3. Those key risks as well as other risks associated with the Company's business, the industry in which it operates and general risks applicable to all investments in listed securities and financial markets generally are described further below.

The risks factors set out in this Section 8, or other risk factors not specifically referred to, may have a materially adverse impact on the performance of the Company and the value of the Securities. This Section 8 is not intended to provide an exhaustive list of the risk factors to which the Company is exposed.

The Directors strongly recommend that prospective investors consider the risk factors set out in this Section 8, together with all other information contained in this Prospectus.

Before determining whether to invest in the Company you should ensure that you have a sufficient understanding of the risks described in this Section 8 and all of the other information set out in this Prospectus and consider whether an investment in the Company is suitable for you, taking into account your objectives, financial situation and needs.

If you do not understand any matters contained in this Prospectus or have any queries about whether to invest in the Company, you should consult your accountant, financial adviser, stockbroker, lawyer or other professional adviser.

8.2 Risks in respect of Swoop and NodeOne and their operations

Risk Category	Risk
Integration and growth risks	<p>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.</p> <p>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.</p>
Network performance	<p>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.</p> <p>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.</p>

Risk Category	Risk
Supplier risks	<p>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.</p> <p>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). Increases in fees charged by suppliers could have an adverse impact on the Group's financial performance.</p> <p>Further, a majority of the contracts with key suppliers are able to be terminated by the supplier upon short notice (such as 30 days), or may be terminated by the third party if the third party does not consent to the change of control of the relevant Swoop or NodeOne entity. 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.</p>
Customer contract risks	<p>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 Settlement.</p> <p>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.</p> <p>The Group will have one customer which represents in excess of 10% of the Group's revenue. A loss of this customer would be likely to adversely affect the Group's financial performance. This customer has notified Swoop that one of its end clients will be terminating their services in mid FY22, which would as a result decrease the services and revenue earned by Swoop under this contract. However the customer has also confirmed that it has won contracts with new end clients which may compensate for some of the lost services and revenue to Swoop. Management estimates if the new services from new clients are not brought on at the same rate (or for the same volume) as the old services are terminated that the maximum impact to FY22 underlying EBITDA of the Group would be under \$100,000.</p>
Key people	<p>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.</p> <p>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.</p>
Brands and reputation	<p>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.</p>
Data usage	<p>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</p>

Risk Category	Risk
	reputation could be adversely affected and it may incur additional charges which may not be able to be recouped in full from its customers.
Data security risks	<p>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.</p> <p>The collection, use, storage and disclosure of personal and sensitive information in Australia is governed by the <i>Privacy Act 1988</i> (Cth) (Privacy Act) and the Australian Privacy Principles contained at Schedule 1 of the Privacy Act (Australian Privacy Principles). Failures or breaches of data protection systems can result in reputational damage, regulatory impositions (such as for breaches of the Privacy Act or Australian Privacy Principles) and financial loss, including claims for compensation by customers or penalties by telecommunications regulators or other authorities.</p>
COVID-19	<p>The coronavirus disease (COVID-19) is impacting global economic markets. 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.</p> <p>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.</p> <p>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.</p>
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, and retaining key staff.

8.3 Industry Specific Risks

Category of Risk	Risk
Competition risk	<p>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.</p> <p>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.</p>
Changes in government policy and regulation	<p>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.</p> <p>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.</p> <p>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.</p> <p>The Government has introduced a Regional Broadband tax on non-NBN operated fixed line services, which came into effect on January 2021 and seeks to establish NBN Co as the new default fixed-line operator in Australia. This change will see residential and business users of "NBN-equivalent" fixed line services charged 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.</p>
Regulatory and licensing compliance risk	<p>The Group holds a number of carrier licences under the Telecommunications Act 1997 (Cth) which permit the Group to provide carrier services.</p> <p>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.</p> <p>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.</p> <p>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.</p>
Technology risks	<p>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. The</p>

Category of Risk	Risk
	introduction of new practices and technology may have significant implications for the Company's current infrastructure and business model. As such, the Company's success will be dependent upon its ability to develop, adopt and integrate the latest technologies into its existing infrastructure.

8.4 General Risks

Category of Risk	Risk
Restricted securities and liquidity risk	<p>Upon the Company's readmission to the Official List, approximately 72% of the Company's Shares are likely to be subject to mandatory escrow in accordance with the ASX Listing Rules (subject to the availability of any cash formula relief, at the discretion of ASX). 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 could increase the volatility of the price of the Company's Shares and have an adverse impact on the Share price.</p> <p>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.</p> <p>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.</p>
Suspension	<p>As the Company's Shares have been suspended from trading since 6 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.</p>
Additional requirements for capital	<p>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 may be required.</p> <p>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</p>
Economic	<p>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's</p>

Category of Risk	Risk
	exploration, development and production activities, as well as on its ability to fund those activities.
Market conditions	<p>Share market conditions may affect the value of the Company's Shares regardless of the Company's operating performance. Share market conditions are affected by many factors such as:</p> <ul style="list-style-type: none"> (a) general economic outlook; (b) introduction of tax reform or other new legislation; (c) interest rates and inflation rates; (d) changes in investor sentiment toward particular market sectors; (e) the demand for, and supply of, capital; and (f) terrorism or other hostilities. <p>The market price of Shares 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 nor the Directors warrant the future performance of the Company or any return on an investment in the Company.</p> <p>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.</p>
Litigation risks	<p>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.</p>
Insurance	<p>The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances the Company's insurance may not be of a nature or level to provide adequate insurance cover, or the Company may not be able to obtain insurance (either at all, or on commercially acceptable terms). The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.</p>
Force Majeure	<p>The Company's operations now or in the future may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.</p>
Taxation	<p>The acquisition and disposal of Securities will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Securities from a taxation viewpoint and generally.</p> <p>To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Securities under this Prospectus.</p>

8.5 Investment speculative

The risk factors described above, and other risks factors not specifically referred to, may have a materially adverse impact on the performance of the Company and the value of the Securities.

Prospective investors should consider that an investment in the Company is highly speculative.

There is no guarantee that the Securities offered under this Prospectus will provide a return on capital, payment of dividends or increases in the market value of those Securities.

Before deciding whether to subscribe for Securities under this Prospectus you should read this Prospectus in its entirety and consider all factors, taking into account your objectives, financial situation and needs.

9. BOARD, MANAGEMENT AND CORPORATE GOVERNANCE

9.1 Directors

The Board of the Company at Settlement will consist of:

(a) **James Spenceley**

Proposed Non-Executive Chairperson

James is the Chairperson of Swoop and joined Swoop in mid-2019. Prior to joining Swoop, James was the founder and former CEO of Vocus Communications (now Vocus Group ASX:VOC), one of Australia's largest telecommunications companies. James 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.

James 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 Chairperson of ASX listed online job marketplace Airtasker (ASX:ART), 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 James will not be an independent Director.

(b) **Anthony (Tony) Grist** – B.Comm., Post Grad Dip-FINSIA, Fellow of AICD

Proposed Non-Executive Deputy Chairperson

Tony 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. Tony 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.

Tony 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.

Tony 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 Tony will not be an independent Director.

(c) **William (Paul) Reid**

Proposed Non-Executive Director

Paul has spearheaded Swoop's strategic direction model over the past 5 years. Prior to joining Swoop in 2008, Paul 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.

Paul 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 Paul will not be an independent Director.

(d) **Matthew Hollis**

Proposed Executive Director

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

Matt commenced his career in sales at PIPE Networks as their ninth employee, prior to PIPE Networks being acquired by TPG. Matt 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 sales people, 10+ acquisitions and a market capitalisation at peak of \$5 billion.

Matt 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 Matt will not be an independent Director.

(e) **Jonathan Pearce** - Bachelor of Finance, Graduate Diploma of Applied Finance

Existing Non-Executive Director

Jonathan 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, Jonathan held senior roles at Blue Ocean Equities and Canaccord Genuity. Jonathan 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 has assessed the independence of its Directors having regard to the requirements for independence which are set out in Principle 2 of the ASX Corporate Governance Principles. Notwithstanding the proposed issue of Performance Rights to Jonathan Pearce, the Company considers Jonathan Pearce to be independent because

Jonathan's interest in the Performance Rights is not expected to interfere with his capacity to use independent judgement in relation to Board matters.

Each Proposed Director and Jonathan Pearce has confirmed to the Company that they anticipate being available to perform their duties as Non-Executive or Executive Directors, as the case may be, without constraints from other commitments.

9.2 Senior Management

It is proposed that, upon reinstatement to trading of the Company's securities on ASX after completing the acquisitions of Swoop and NodeOne, the CEO and senior management of the Group will be:

Alex West – *Group Chief Executive Officer*

Alex joined Swoop in early 2020 and has been leading and integrating highly efficient teams for the better part of the last 10 years. His career in telecommunications started 20 years ago as a graduate engineer at NDC (Telstra's construction group), where he had several engineering, design and project management roles before moving to the national commercial team. He then joined PIPE Networks as an early member of Fibre Team, and eventually held the position of Operations Manager and Major Projects Director before the acquisition of PIPE Networks by TPG. Alex then moved to Vocus to lead and build their Infrastructure team; which eventually grew, both organically and through acquisition, into one of the largest fibre infrastructure providers where he managed and integrated a team of over 500 staff across Australia with a focus on delivering amazing customer experiences to the Wholesale and Business segments. His most recent role was at Superloop as Head of Integration, and then Group chief operating officer where he continued his focus on integrating teams post acquisition, and delivering key infrastructure outcomes both in Australia as well as internationally.

Alex holds a Bachelor of Computer Engineering from Newcastle University, and a Masters of Engineering Management from University of Technology Sydney.

John Phillips – *Group Chief Financial Officer*

John joined Swoop in March 2021 and is responsible for overall financial performance, growing the business organically and through acquisition and assisting with the Group's transition to an ASX-listed entity.

Prior to joining Swoop, John was chief financial officer and company secretary at OptiComm Ltd, a telecommunications fibre infrastructure provider, where he played a pivotal role in taking the company through an IPO and on to the ASX. He has also held senior roles at Oakton, an ASX listed full service digital advisory and technology solutions organisation where he was Group chief financial officer and Acumen Alliance, an IT services and business consultancy, where he was chief executive officer.

John brings extensive experience both within the telecommunications industry and in advising ASX-listed entities.

John holds a Bachelor of Accounting and is a member of the Institute of Chartered Accountants in Australia.

Richard Whiting – *Chief Executive Officer of NodeOne*

Richard joined NodeOne in January 2020 as CEO. He was formerly at ASX-listed DXN Limited in the role of CEO (joint acting) and was also responsible for the establishment of front-of-house systems, documentation and processes, as well as managing wholesale relationships with major telecommunications providers. Prior to this, Richard was a senior member of the Enterprise & Wholesale team at Vocus managing Sales Operations, Revenue Assurance, Special Projects and 3rd party carriers. Before joining Vocus, Richard was CTO of ASX-listed Amcom Telecommunications Limited (prior to its merger with Vocus) and part of a team of four key executives overseeing the business operations of Amcom. Richard has a degree in Computer Science from the University of Western Australia and a post graduate qualification in finance. Richard has been involved in the IT and telecommunications industry for more than 40 years and has successfully participated in the inception and growth of a number of start-ups.

Richard is a member of the Board of Governors of Hale School.

(a) **Matt Hollis** – *Executive Director Sales & Marketing*

Refer to Section 9.1(d) above.

(b) **Alison Newton** – *Head of People and Culture*

Alison joined Swoop in early 2021 and is a strong People and Culture Leader bringing over 20 years' experience from several industries in SME including IT, Healthcare, Medical Devices, Insurance, and the not-for-profit industry.

Focused on driving strategic outcomes through strategy, employee development, leadership, managing talent, supporting cultural change, and creating an employee experience that attracts, retains, and develops top talent.

Prior to joining Swoop, Alison has successfully established HR functions for multiple mid-sized Australian organisations or global organisations with a newly established Australian branch.

(c) **Tom Berryman** – *Chief Technology Officer, Swoop*

Tom is the founder and Chairman of Anycast Networks, which was acquired by Swoop in April 2020.

Divisions of Anycast have integrated to become Swoop Wholesale and Swoop Business as key drivers of new business growth.

Tom has 15 years' experience in IT&T building networks and operations in Australia and overseas.

Tom currently sits on the Executive Council of Victorian Chamber of Commerce and Industry, and was previously a Chairman and Non-Executive Board Member of the Internet Association of Australia.

(d) **Julian Breen** – *Chief Operating Officer, Swoop*

Julian recently joined Swoop and has over 20 years in the telecommunications industry that has gained him experience in Engineering, Service Delivery, Customer Support, Field Operations and Customer Experience roles.

This experience has provided him with a deep understanding of how to build and deliver high quality wide-area networks with customer experience outcomes underpinning everything he does.

Julian has proven his ability in previous senior roles at organisations including Superloop, Vocus and COMindico/TPG. Julian oversees the national operations teams that build and support Swoop's expanding network footprint.

The Company is aware of the need to have sufficient management to properly supervise its operations and the Board will continually monitor the management roles in the Company. As the Group's business requires an increased level of involvement the Board will look to appoint additional management and/or consultants when and where appropriate to ensure proper management of the Group's business post-Settlement.

9.3 Director and key executive disclosures

No Director or Proposed Director, or member of the Group's senior management team, has been the subject of any legal or disciplinary action, criminal conviction, personal bankruptcy or disqualification in Australia or elsewhere in the last 10 years which is relevant or material to the performance of their duties as a director or member of the senior management team of the Group or which is relevant to an investor's decision as to whether to subscribe for Shares.

James Spenceley was a non-executive director of Silver Heritage Group Limited which was placed into voluntary administration in May 2018, seven months after he departed from the board of that company. At the second meeting of creditors of Silver Heritage Group Limited held on 25 August 2020, creditors resolved that the company execute a deed of company arrangement.

Matthew Hollis was a director of Demand Broadband Pty Ltd which was placed into external administration on 9 September 2008 whilst Matthew Hollis was a director.

Other than as noted above, no Director or Proposed Director has been an officer of a company that has entered into any form of external administration as a result of insolvency during the time that they were an officer or within a 12 month period after which they ceased to be an officer.

9.4 Disclosure of Interests

Remuneration

Details of the existing Directors' remuneration for the previous two completed and the current financial year (on an annualised basis) are set out in the table below:

Director	Remuneration for the year ended 30 June 2019	Remuneration for the year ended 30 June 2020	Proposed remuneration for year ended 30 June 2021
Directors			
Ryan Legudi ¹	\$467,289	\$271,063	\$120,286 ^{2,3}
Timothy Grice ¹	\$124,477	\$167,546	\$61,000 ²
Jonathan Pearce	n/a	\$65,746	\$577,236 ⁴

Notes:

1. It is proposed that Ryan Legudi and Timothy Grice will resign from the board of the Company upon completion of the Acquisitions.
2. Each of these amounts includes a payment of \$25,000 to be paid to each of Messrs Legudi and Grice for the additional services provided to the Company during the Acquisitions process.
3. The Company paid Ryan Legudi an amount of \$65,286.42 pursuant to a letter agreement dated 16 November 2020 in settlement of all outstanding amounts owed by the Company to Ryan Legudi in his capacity as an executive of the Company.
4. This figure comprises post Settlement Directors' fees of \$50,000 (including superannuation) per annum and the valuation of the 1,318,090 Performance Rights to be issued to Jonathan Pearce, of \$527,236.

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

Director/Proposed Director	Remuneration package	Employment Agreement
Jonathan Pearce	\$577,236 ¹	The Company has entered into a revised non-executive letter of appointment with Jonathan Pearce conditional upon Settlement.
Tony Grist	\$928,727 ²	The Company has entered into a non-executive letter of appointment with Tony Grist conditional upon Settlement.
James Spenceley	\$1,214,472 ³	The Company has entered into a non-executive letter of appointment with James Spenceley conditional upon Settlement.
William (Paul) Reid	\$50,000 ⁴	The Company has entered into a non-executive letter of appointment with William (Paul) Reid conditional upon Settlement.
Matthew Hollis	\$190,000 ⁵	The Company has entered into an Executive Services Agreement with Matthew Hollis conditional upon Settlement for his role as Executive Director and Head of Sales.

Notes:

1. Comprising Directors' fees of \$50,000 (including superannuation) and the valuation of the Performance Rights to be issued to Jonathan Pearce, being \$527,236.
2. Comprising Directors' fees of \$50,000 (including superannuation) and the valuation of the Performance Rights to be issued to Tony Grist, being \$878,727.
3. Comprising Directors' fees of \$160,000 (including superannuation) and the valuation of the Performance Rights to be issued to James Spenceley, being \$1,054,472. James Spenceley

will also be paid an exit bonus in connection with the Company's acquisition of Swoop. Refer to Section 6.5(a) for further details.

4. Comprising Directors' fees of \$50,000 (including superannuation). William (Paul) Reid will also be paid an exit bonus in connection with the Company's acquisition of Swoop. Refer to Section 6.5(a) for further details.
5. Comprising annual remuneration of \$160,000 and a short term incentive of \$30,000 (both including superannuation).

The terms and conditions of the Performance Rights are described further at Section 11.5

Interests in Securities

As at the date of this Prospectus (on a post Consolidation basis)

Directors are not required under the Company's Constitution to hold any Shares to be eligible to act as a director. As at the date of this Prospectus, the Existing Directors and the Proposed Directors have relevant interests in securities (on a post-consolidation basis) as follows:

Director	Shares	Options & Convertible Securities	Performance Rights	Percentage (%) (Undiluted)	Percentage (%) (Fully Diluted)
Timothy Grice	48,463	163,044	Nil	0.71%	2.09%
Ryan Legudi	16,144 ¹	Nil	Nil	0.24%	0.16%
Jonathan Pearce	284,848 ²	163,044	Nil	4.17%	4.44%
James Spenceley	Nil	Nil	Nil	Nil	Nil
Paul Reid	Nil	Nil	Nil	Nil	Nil
Matt Hollis	Nil	Nil	Nil	Nil	Nil
Tony Grist	1,115,812 ³	1,630,435 ⁴	Nil	16.35%	27.20%

Notes:

1. Comprising 16,144 Shares indirectly held by RFL Capital Pty Ltd.
2. Comprising 282,609 Shares indirectly held by 143 Pty Ltd and 2,239 Shares directly held by Jonathan Pearce.
3. Comprising 1,096,392 Shares indirectly held by Denlin Nominees and 19,420 Shares indirectly held by Oaktone.
4. Indirectly held by Denlin Nominees.

Post-completion of the Offer (on a post-consolidation basis)

Director	Shares	Options & Convertible Securities	Performance Rights	Percentage (%) (Undiluted)	Percentage (%) (Fully Diluted)
Ryan Legudi	216,144 ³	Nil	Nil	0.13%	0.12%
Timothy Grice	248,463 ¹	163,044 ²	Nil	0.15%	0.23%
Jonathan Pearce	2,484,848 ⁴	163,044 ²	1,318,090	1.47%	2.20%
James Spenceley	9,605,170 ⁵	Nil	2,636,181	5.66%	6.78%
William (Paul) Reid	22,673,895 ⁶	Nil	Nil	13.37%	12.56%
Matthew Hollis	3,791,412 ⁷	Nil	Nil	2.24%	2.10%
Tony Grist	10,926,652 ⁸	1,630,435 ^{2,9}	2,196,817	6.44%	8.17%

Notes:

1. Comprising 48,463 Shares held as at the date of this Prospectus and up to 200,000 Shares to be subscribed for by Timothy Grice (or his nominee) in the 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 at the date of this Prospectus and up to 200,000 Shares to be subscribed for by Ryan Legudi (or his nominee) in the 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 Jonathan Pearce at the date of this Prospectus (which had an average issue price of \$0.46 per Share on a post Consolidation basis); up to 2,000,000 Shares which may be subscribed for by Jonathan Pearce (or his nominee) in the Offer at an issue price of \$0.50 per Share, and 200,000 Shares which 143 Pty Ltd has agreed to purchase from N & J Enterprises (WA) Pty Ltd after Settlement pursuant to the Sell Down Agreement.
5. Comprising 5,605,170 Shares to be issued to Spenceley Management Pty Ltd in consideration for its Swoop shares and up to 4,000,000 Shares to be subscribed for by James Spenceley in the 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 William (Paul) Reid and 3,811,516 Shares to be issued to Frilford Investments Pty Ltd in consideration for their Swoop shares, and up to 60,000 Shares to be subscribed for by William (Paul) Reid in the Offer at an issue price of \$0.50 per Share. The 3,827,367 Shares to be issued to William (Paul) Reid, and 2,410,223 of the Shares to be issued to Frilford Investments Pty Ltd will be subject to a non-recourse loan of \$1,365,655.99, further details of which are set out in Section 11.7. William (Paul) Reid proposes to use his exit bonus of \$1,300,000 (net of applicable tax) to repay a portion of this loan.
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. The Shares to be issued to Matthew Hollis will be subject to a non-recourse loan of \$1,052,826, further details of which are set out in Section 11.7.
8. Comprising 1,096,392 Shares held by Denlin Nominees at the date of this Prospectus (which had an average issue price of \$0.91 per Share on a post Consolidation basis); 19,420 Shares held by Oaktone at the date of this Prospectus (which had an average issue price of \$17.31 per Share on a post Consolidation basis); 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; up to 3,000,000 Shares to be subscribed for by Oaktone in the Offer at an issue price of \$0.50 per Share, and 100,000 Shares which Oaktone has agreed to purchase from N & J Enterprises (WA) Pty Ltd after Settlement pursuant to the Sell Down Agreement.

9. Indirectly held by Denlin Nominees.

The Company's constitution provides that the remuneration of non-executive directors will be not more than the aggregate fixed sum determined by a general meeting. The aggregate remuneration for non-executive Directors is proposed to be \$500,000 per annum (subject to obtaining Shareholder approval at the General Meeting). This maximum amount does not include the value of 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.

The remuneration of any executive director that may be appointed to the Board will be fixed by the Board and may be paid by way of fixed salary or consultancy fee.

9.5 Specific disclosure regarding Performance Rights to be issued to directors

The following information is provided with respect to the Performance Rights proposed to be issued to James Spenceley, Tony Grist and Jonathan Pearce (subject to Shareholder approval at the General Meeting):

- (a) the Performance Rights are being issued in connection with the Company's application for re-admission to the Official List to incentivise the recipient Directors and are not ordinary course of business remuneration securities;
- (b) a summary of the agreements between the Company and each recipient Director is set out in Section 9.6;
- (c) the Company considers that each of the recipient Directors will play a significant role in meeting the milestone attaching to the Performance Rights. Each of the recipient Directors will be responsible for:
 - (i) establishing and implementing the business strategy for organic and inorganic growth of the Company;
 - (ii) identifying and assisting the sales team with new opportunities;
 - (iii) subscribing new clients to the company's services;
 - (iv) expanding subscribed services to existing customers; and
 - (v) 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.
- (d) details of the recipient Directors' current total proposed remuneration package are disclosed in Section 9.4;
- (e) details of the recipient Directors' relevant interest in the securities of the Company after Settlement and completion of the Offer are disclosed in Section 9.4;

- (f) the Company has chosen to grant the Performance Rights to the recipient Directors 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 recipient Directors will align the interests of the recipient Directors 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 recipient Directors; 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 recipient Directors 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 recipient Directors; and
 - (iii) incentives to attract and retain the service of the recipient Directors who have appropriate knowledge and expertise, while maintaining the Company's cash reserves;
- (h) the terms of Performance Rights are consistent with the base requirements for performance securities which are detailed in section 6 of ASX Guidance Note 19;
- (i) the Board considers the number of Performance Rights issued and the number of Shares into which they will convert if the relevant milestones are achieved is appropriate and equitable for the following reasons:
- (i) the number of Shares into which the Performance Rights will convert if the milestone is achieved (being 6,151,088 Shares) is significantly less than the number of Shares which the Company proposes to have on issue at the date of its re-listing (being 169,594,299 Shares); and
 - (ii) the number of Shares that would be issued upon the exercise or conversion of all options, convertible securities and Performance Rights that the Company anticipates being on issue at the date of its re-listing (being 10,924,039) is significantly less than the number of Shares which the Company proposes to have on issue at the date of its re-listing (being 169,594,299 Shares);
- (j) the Board considers that the milestones attaching to the Performance Rights are appropriate and equitable as:

- (i) the milestones are connected to the performance of the assets being vended to the Company in connection with the Company's application for readmission to Official Quotation;
 - (ii) the Performance Rights are being issued to the recipient Directors to incentivise the recipient Directors to act in accordance with the Company's strategy following Settlement. Accordingly, the milestone is appropriately linked to a revenue milestone which aligns with the Company's growth strategy;
 - (iii) the milestones expressly exclude one-off or extraordinary items, revenue received in the form of government grants, allowances, rebates or other hand-outs, and revenue that has been "manufactured" to achieve the performance milestone, as required by ASX Guidance Note 19;
 - (iv) the milestone is clearly articulated by reference to objective criteria which allows investors and analysts to readily understand and have reasonable certainty as to the circumstances in which the milestone will be taken to have been met;
 - (v) the number of Shares into which the Performance Rights will convert if the milestones are achieved is fixed (one for one) which allows investors and analysts to readily understand and have reasonable certainty as to the impact on the Company's capital structure if the milestones are achieved; and
 - (vi) the Performance Rights have an expiry date by which the milestone is to be achieved and, if the milestone is not achieved by that date, the Performance Rights will lapse; and
- (k) the Company confirms that it is seeking Shareholder approval for the issue of the Performance Rights at the General Meeting.

9.6 Agreements with Directors and Key Executives

9.6.1 Key executive's remuneration

Remuneration and other employment arrangements for each of the Group's key management team are set out below:

Executive	Base Remuneration (incl SGC)	Short term incentives ¹	Long term incentives ²
Matt Hollis ⁴ Executive Director Sales and Marketing	\$160,000	\$30,000	-
Alex West ⁴ Group CEO	\$306,600	\$100,000	-
John Phillips Group CFO	\$301,125	\$100,000	750,000 performance rights ³

Notes:

1. Payable on achievement of certain Group financial hurdles

2. Performance rights to be granted in accordance with the Group's long term incentive plan and subject to compliance with any ASX requirements.
3. The Company has agreed to issue 750,000 performance rights to John Phillips. These are expected to be issued in or around August 2021 and the performance hurdles will be determined by the Board prior to the date of grant. A further 750,000 has been agreed to be issued to other members of senior management on the same basis.
4. In October 2019, Swoop issued 7,142,857 shares for limited recourse loan consideration of \$0.07 per share, totalling \$500,000 to Matt Hollis; In July 2020, Swoop issued 7,897,520 shares for limited recourse loan consideration of \$0.07 per share, totalling \$552,826, to each of Matt Hollis and Alex West.

9.6.2 Key executive's employment contracts

(a) Matt Hollis – Executive Director Sales and Marketing

The Company has entered into an executive services agreement with Matt Hollis which provides for his part time employment with the Group, and which is conditional upon Settlement. In addition to the provisions referred to in Section 9.6.1, this agreement:

- (i) allows Matt Hollis' employment to be terminated on three months' notice by either party;
- (ii) allows the Company to terminate Matt Hollis' employment with immediate effect if Matt Hollis engages in serious misconduct;
- (iii) imposes confidentiality obligations on Matt Hollis, which survive termination of his employment with the Company;
- (iv) provides for Matt Hollis to assign to the Company all of his intellectual property rights arising out of his employment with the Company or the performance of his duties; and
- (v) restricts Matt Hollis from soliciting employees of the Group, for up to 1 year after termination of his employment.

(b) Alex West – Group Chief Executive Officer

The Company has entered into an executive services agreement with Alex West which is conditional upon Settlement. In addition to the provisions referred to in Section 9.6.1, this agreement:

- (i) allows Alex West's employment to be terminated on three months' notice by either party;
- (ii) allows the Company to terminate Alex West's employment with immediate effect if Alex West engages in serious misconduct;
- (iii) imposes confidentiality obligations on Alex West, which survive termination of his employment with the Company;
- (iv) provides for Alex West to assign to the Company all of his intellectual property rights arising out of his employment with the Company or the performance of his duties; and

- (v) restricts Alex West from directly or indirectly competing with Group, or soliciting customers, employees or suppliers of the Group, for up to 2 years after termination of his employment.
- (c) John Phillips – Group Chief Financial Officer

The Company has entered into an executive services agreement with John Phillips which is conditional upon Settlement. In addition to the provisions referred to in Section 9.6.1, this agreement:

- (i) allows John Phillips' employment to be terminated on three months' notice by either party;
- (ii) allows the Company to terminate John Phillips' employment with immediate effect if John Phillips engages in serious misconduct;
- (iii) imposes confidentiality obligations on John Phillips, which survive termination of his employment with the Company;
- (iv) provides for John Phillips to assign to the Company all of his intellectual property rights arising out of his employment with the Company or the performance of his duties; and
- (v) restricts John Phillips from directly or indirectly competing with Group, or soliciting customers, employees or suppliers of the Group, for up to 2 years after termination of his employment.

9.6.3 Non-executive director appointments

Subject to Settlement, James Spenceley, Tony Grist and William (Paul) Reid have entered into appointment letters with the Company to act in the capacity of Non-Executive Chairperson, Non-Executive Deputy Chairperson and Non-Executive Director respectively.

9.6.4 Deeds of indemnity, insurance and access

The Company has entered into a deed of indemnity, insurance and access with each of its Directors. Under these deeds, the Company will agree to indemnify each officer to the extent permitted by the Corporations Act against any liability arising as a result of the officer acting as an officer of the Company. The Company will also be required to maintain insurance policies for the benefit of the relevant officer and allow the officers to inspect board papers in certain circumstances.

9.7 Agreements with Directors and Related Parties

The Company's policy in respect of related party arrangements is:

- (a) a Director with a material personal interest in a matter is required to give notice to the other Directors before such a matter is considered by the Board; and
- (b) for the Board to consider such a matter, the Director who has a material personal interest is not present while the matter is being considered at the meeting and does not vote on the matter.

9.8 Corporate Governance

(a) **ASX Corporate Governance Council Principles and Recommendations**

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. To implement these systems, the Company has adopted a set of policies and procedures. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent considered practical, the Company has adopted *The Corporate Governance Principles and Recommendations (4th Edition)* as published by ASX Corporate Governance Council (**Recommendations**).

In light of the Company's size and nature, the Board considers that the proposed board is appropriate for directing and managing the Company. As the Company's activities develop in size, nature and scope, the size of the Board, recruitment of additional independent directors and the implementation of additional corporate governance policies and structures will be reviewed.

The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined below and the Company's full Corporate Governance Plan is available in a dedicated corporate governance information section of the Company's website www.swoop.com.au.

(b) **Board of directors**

The Board is responsible for corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. The goals of the corporate governance processes are to:

- (i) maintain and increase Shareholder value;
- (ii) ensure a prudential and ethical basis for the Company's conduct and activities consistent with the Company's stated values; and
- (iii) ensure compliance with the Company's legal and regulatory objectives.

Consistent with these goals, the Board assumes the following responsibilities:

- (i) leading and setting the strategic direction, values and objectives of the Company;
- (ii) appointing the Chairperson of the Board, Managing Director or Chief Executive Officer and approving the appointment of senior executives and the Company Secretary;
- (iii) overseeing the implementation of the Company's strategic objectives, values, code of conduct and performance generally;

- (iv) approving operating budgets, major capital expenditure and significant acquisitions and divestitures;
- (v) overseeing the integrity of the Company's accounting and corporate reporting systems, including any external audit (satisfying itself financial statements released to the market fairly and accurately reflect the Company's financial position and performance);
- (vi) establishing procedures for verifying the integrity of those periodic reports which are not audited or reviewed by an external auditor, to ensure that each periodic report is materially accurate, balanced and provides investors with appropriate information to make informed investment decisions;
- (vii) overseeing the Company's procedures and processes for making timely and balanced disclosure of all material information that a reasonable person would expect to have a material effect on the price or value of the Company's securities;
- (viii) reviewing, ratifying and monitoring the effectiveness of the Company's risk management framework, corporate governance policies and systems designed to ensure legal compliance; and
- (ix) approving the Company's remuneration framework.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in the Board discussions on a fully-informed basis.

(c) **Board committees**

Audit and Risk Committee

The Company is committed to a transparent system for auditing and reporting the Group's financial performance. The Company will establish an Audit and Risk Committee whose principal functions are to:

- (i) assist the Board and ensure that appropriate accounting policies and internal controls are established and followed;
- (ii) assist the Board to produce accurate financial statements in compliance with all applicable legal requirements and accounting standards; and
- (iii) ensure the efficient and effective management of business risks.

The Company has established a system of risk oversight and management. The Company's senior management will maintain a risk register and this will be reviewed at each meeting of the Audit and Risk Committee.

The Audit and Risk Committee charter outlines: the composition of the audit and risk committee; its authority and responsibilities; meeting requirements; reporting procedures; and oversight of the risk management system.

Jonathan Pearce, James Spenceley and Tony Grist are proposed to be the members of the Company's Audit and Risk Committee, with Tony Grist proposed to be appointed as the chair.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee's role is to:

- (i) assist the Board and make recommendations to it about the appointment of new directors, executives and certain staff at other levels of the Company; and
- (ii) advise on remuneration and issues relevant to remuneration policies and practices, including for directors and senior management.

The Remuneration and Nomination Committee charter outlines the composition of the committee; its responsibilities (including in relation to the selection of and making recommendations about new Board candidates and ongoing responsibilities for Board member performance reviews, assessments and remuneration policies) and its meeting requirements.

William (Paul) Reid, Jonathan Pearce and James Spenceley are proposed to be the members of the Company's Remuneration and Nomination Committee, with Jonathan Pearce proposed to be appointed as the chair.

(d) **Composition of the Board and diversity**

Election of Board members is substantially the responsibility of the Shareholders in general meeting, subject to the following:

- (i) membership of the Board of Directors will be reviewed regularly to ensure the mix of skills and expertise is appropriate; and
- (ii) the composition of the Board has been structured so as to provide the Company with an adequate mix of directors with industry knowledge, technical, commercial and financial skills together with integrity and judgment considered necessary to represent shareholders and fulfil the business objectives and values of the Company as well as to deal with new and emerging business and governance issues.

The proposed Board, following Settlement, consists of five Directors (one executive Director and four non-executive Directors) of whom Jonathan Pearce is considered to be independent. The proposed Board considers the balance of skills and expertise of the proposed Board to be appropriate given the Company's currently level of development and planned activity.

The Company, the Company's stated values and all the Company's related bodies corporate are committed to workplace diversity. The Company is committed to inclusion at all levels of the organisation, regardless of gender, marital or family status, sexual orientation, gender identity, age, disabilities, ethnicity, religious beliefs, cultural background, socio-economic background, perspective and experience.

To assist in evaluating the appropriateness of the Board's mix of qualifications, experience and expertise, the Board intends to maintain a Board Skills Matrix to ensure that the Board has the skills to discharge its obligations effectively and to add value.

The Board undertakes appropriate checks before appointing a person as a Director or putting forward to Shareholders a candidate for election as a Director or senior executive.

The Board ensures that Shareholders are provided with all material information in the Board's possession relevant to a decision on whether or not to elect or re-elect a Director.

The Company shall develop and implement a formal induction program for Directors, which is tailored to their existing skills, knowledge and experience. The purpose of this program is to allow new directors to participate fully and actively in Board decision-making at the earliest opportunity, and to enable new directors to gain an understanding of the Company's policies and procedures.

The Board maintains oversight and responsibility for the Company's continual monitoring of its diversity practices. The Company's Diversity Policy provides a framework for the Company to achieve enhanced recruitment practices whereby the best person for the job is employed, which requires the consideration of a broad and diverse pool of talent.

(e) **Identification and management of risk**

The Board's collective experience will enable accurate identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

(f) **Ethical standards**

The Board is committed to the establishment and maintenance of appropriate ethical standards and to conducting all of the Company's business activities fairly, honestly with integrity, and in compliance with all applicable laws, rules and regulations. In particular, the Company and the Board are committed to preventing any form of bribery or corruption and to upholding all laws relevant to these issues as set out in the Company's Anti-Bribery and Anti-Corruption Policy. In addition, the Company encourages reporting of actual and suspected violations of the Company's Code of Conduct or other instances of illegal, unethical or improper conduct. The Company and the Board provide effective protection from victimisation or dismissal to those reporting such conduct as set out in its Whistleblower Protection Policy.

(g) **Independent professional advice**

Subject to the Chairperson's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

(h) **Remuneration arrangements**

The remuneration of an executive Director will be decided by the Board, without the affected executive Director participating in that decision-making process.

The total maximum remuneration of non-executive Directors is initially set by the Constitution. Subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum cap will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. Upon the readmission of the Company to Official Quotation, it is proposed that this amount shall be \$500,000 per annum (subject to the Company obtaining Shareholder approval at the General Meeting).

In addition, a Director may be paid fees or other amounts (i.e. subject to any necessary Shareholder approval, non-cash performance incentives such as Options) as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in the performance of their duties as Directors.

The Board reviews and approves the remuneration policy to enable the Company to attract and retain executives and Directors who will create value for Shareholders having consideration to the amount considered to be commensurate for a company of its size and level of activity as well as the relevant Directors' time, commitment and responsibility. The Board is also responsible for reviewing any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

(i) **Trading policy**

The Board has adopted a trading policy that sets out the guidelines on the sale and purchase of securities in the Company by its directors, officers, employees and contractors. The trading policy generally provides that for directors, the written acknowledgement of the Chairperson (or the Board in the case of the Chairperson) must be obtained prior to trading.

(j) **External audit**

The Company in general meetings is responsible for the appointment of the external auditors of the Company. From time to time, the Board will review the scope, performance and fees of those external auditors.

(k) **Departures from Recommendations**

Under the ASX Listing Rules the Company will be required to provide a statement in its annual financial report or on its website disclosing the

extent to which it has followed the Recommendations during each reporting period. Where the Company has not followed a Recommendation, it must identify the Recommendation that has not been followed and give reasons for not following it.

Except as set out below, the Company does not anticipate that it will depart from the recommendations of the Recommendations; however, it may do so in the future if it considers that such a departure would be reasonable or appropriate:

Recommendation	Reason for departure
<p>Recommendation 1.5 A listed entity should:</p> <ul style="list-style-type: none"> (a) have and disclose a diversity policy; (b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally. 	<p>Whilst the Company, the Company's stated values and all the Company's related bodies corporate are committed to workplace diversity, it has not yet set measurable objectives for achieving gender diversity.</p>
<p>Recommendation 2.1 The Board of a listed entity should:</p> <ul style="list-style-type: none"> (a) have a nomination committee which: <ul style="list-style-type: none"> (i) has at least three members, a majority of whom are independent Directors; and (ii) is chaired by an independent Director, and disclose: <ul style="list-style-type: none"> (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address Board succession issues and to ensure that the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to 	<p>A majority of the remuneration and nomination committee will not be independent.</p>

Recommendation	Reason for departure
discharge its duties and responsibilities effectively.	
<p>Recommendation 2.2</p> <p>A listed entity should have and disclose a Board skills matrix setting out the mix of skills that the Board currently has or is looking to achieve in its membership.</p>	<p>Whilst the Board intends to maintain a formal Board Skills Matrix to ensure that the Board has the skills to discharge its obligations effectively and to add value, it has not yet adopted and disclosed such a matrix.</p>
<p>Recommendation 2.4</p> <p>A majority of the Board of a listed entity should be independent Directors.</p>	<p>Post Settlement the Board will consist of five Directors of which only one will be independent. However, the composition of the proposed Board is considered appropriate for the Company given its stage of development and currently planned level of activity and over time, the Company will look to recruit additional independent directors.</p>
<p>Recommendation 2.5</p> <p>The Chair of the Board of a listed entity should be an independent Director and, in particular, should not be the same person as the CEO of the entity.</p>	<p>Post Settlement the Chairperson of the Board will not be independent. However, the selection of the proposed Chairperson is considered appropriate for the Company given Mr Spenceley's experience in the role of chairperson of ASX listed companies.</p>
<p>Recommendation 4.1</p> <p>The Board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <ul style="list-style-type: none"> (i) has at least three members, all of whom are non-executive Directors and a majority of whom are independent Directors; and (ii) is chaired by an independent Director, who is not the Chair of the Board, <p>and disclose:</p> <ul style="list-style-type: none"> (iii) the charter of the committee; (iv) the relevant qualifications and experience of the members of the committee; and (v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or 	<p>A majority of the audit and risk committee will not be independent and the Chair will not be independent.</p>

Recommendation	Reason for departure
<p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	
<p>Recommendation 7.1 The Board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(i) has at least three members, a majority of whom are independent Directors; and</p> <p>(ii) is chaired by an independent Director, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework.</p>	<p>A majority of the audit and risk committee will not be independent and the Chair is not independent.</p>
<p>Recommendation 8.1 The Board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(i) has at least three members, a majority of whom are independent Directors; and</p> <p>(ii) is chaired by an independent Director, and disclose:</p>	<p>A majority of the remuneration and nomination committee will not be independent.</p>

Recommendation	Reason for departure
<p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	

10. MATERIAL CONTRACTS

Set out below is a brief summary of the certain contracts to which the Company is a party and which the Directors have identified as material to the Company or are of such a nature that an investor may wish to have details of particulars of them when making an assessment of whether to apply for Shares.

To fully understand all rights and obligations of a material contract, it would be necessary to review it in full and these summaries should be read in this light.

10.1 Underwriting Agreement

The Company has entered into an underwriting agreement (**Underwriting Agreement**) with Morgans pursuant to which Morgans has agreed to underwrite the Offer, the material terms and conditions of which are summarised below:

Fees	<p>On completion of the Offer, the Company must pay to Morgans:</p> <ul style="list-style-type: none">(a) a management fee equal to 1% of the Offer Proceeds; and(b) subject to the fee charged for the Priority Offer Proceeds, an underwriting fee equal to 5% of the Offer Proceeds, <p>payable to Morgans as a deduction from the Offer Proceeds.</p> <p>For any Offer proceeds relating to Shares subscribed for pursuant to the Priority Offer (Priority Offer Proceeds), the underwriting fee payable by the Company in respect of the Priority Offer Proceeds (up to a maximum amount of \$10 million) will be reduced to 2.0%. To the extent the Priority Offer Proceeds exceed \$10 million, the underwriting fee of 5% will be payable on the excess.</p>
Termination Rights Subject to Materiality	<p>The Lead Manager may terminate the Underwriting Agreement without cost or liability by notice to the Company if any of the following events has occurred or occurs at any time before completion of the Offer:</p> <ul style="list-style-type: none">(a) (disclosures in Prospectus) in the reasonable opinion of the Lead Manager a statement in the Prospectus is misleading or deceptive or likely to mislead or deceive, or there is an omission from the Prospectus of a material matter required to be included in it (including, without limitation, having regard to the provisions of Part 6D.2 of the Corporations Act);(b) (Supplementary Prospectus) the Company:<ul style="list-style-type: none">(i) issues or, in the reasonable opinion of the Lead Manager, is required to issue, a Supplementary Prospectus because of the operation of section 719(1) of the Corporations Act; or(ii) lodges a Supplementary Prospectus with ASIC in a form and substance that has not been approved by the Lead Manager in circumstances where the Company is notified or otherwise reasonably forms the view or becomes aware of any matter that would require them to lodge a supplementary prospectus with ASIC;(c) (market fall) the S&P/ASX Small Ordinaries Index published by ASX is at any time more than 10% below its level as at 5.00pm on the Business Day immediately preceding the execution date of the Underwriting Agreement and remains at that level for at least 2 business days;(d) (Restriction Agreements) any of the restriction agreements or restriction notices is withdrawn, varied, terminated, rescinded, altered or amended, breached or fail to be complied with;

- (e) **(Acquisition Agreements)** any of the Acquisition Agreements is withdrawn, terminated or rescinded;
- (f) **(fraud)** the Company or any of its directors or officers (as those terms are defined in the Corporations Act) engage, or have been alleged by a Governmental Agency to have engaged since the date of this agreement, in any fraudulent conduct or activity whether or not in connection with the Offer;
- (g) **(notifications)** any of the following notifications are made in respect of the Offer:
 - (i) ASIC issues an order (including an interim order) under section 739 of the Corporations Act and any such inquiry or hearing is not withdrawn within 3 Business Days or if it is made within 3 Business Days of the date after the settlement date under the Underwriting Agreement **(Settlement Date)**, it has not been withdrawn by the Business Day before the Settlement Date;
 - (ii) ASIC holds a hearing under section 739(2) of the Corporations Act;
 - (iii) an application is made by ASIC for an order under Part 9.4B or Part 9.5 in relation to the Offer or the Prospectus or ASIC commences any investigation or hearing under Part 3 of the ASIC Act in relation to the Offer or an Offer Document, and any such application, inquiry or hearing is not withdrawn within 3 Business Days or if it is made within 3 Business Days of the Settlement Date it has not been withdrawn by the Business Day before the Settlement Date;
 - (iv) any person who has previously consented to the inclusion of its name in the Prospectus (other than the Lead Manager) withdraws that consent; or
 - (v) any person gives a notice under section 730 of the Corporations Act in relation to the Prospectus (other than the Lead Manager, co-lead manager or co-manager);
- (h) **(certificate)** the Company does not provide a closing certificate as and when required by the Underwriting Agreement;
- (i) **(withdrawal)** the Company withdraws the Prospectus or the Offer;
- (j) **(Timetable)** an event specified in the timetable up to and including the Settlement Date is delayed, other than any delay allowed under the Underwriting Agreement or consented to by the Lead Manager in writing;
- (k) **(unable to issue)** the Company is prevented from issuing and delivering the Shares under the Offer by applicable laws, an order of a court of competent jurisdiction or a Governmental Agency, within the time required by the timetable, Prospectus, Listing Rules and the Corporations Act;
- (l) **(force majeure)** there is an event or occurrence, including any statute, order, rule, regulation, directive or request of any Governmental Agency which makes it illegal for the Lead Manager to satisfy a material obligation of this agreement, or to market, promote or settle the Offer;
- (m) **(change to Company)** the Company:
 - (i) alters the issued capital of the Company or a member of the Group; or

	<ul style="list-style-type: none"> (ii) disposes or attempts to dispose of a substantial part of the business or property of the Group, without the prior written approval of the Lead Manager, other than: <ul style="list-style-type: none"> (iii) to the extent disclosed; or (iv) in relation to STEM Education Holdings Pty Ltd (ACN 608 650 317) or MyStemKits, Inc (incorporated in the State of Delaware, USA); or (v) to the extent otherwise permitted under the Underwriting Agreement; (n) (constitution) the Company varies the Constitution, without the prior written consent of the Lead Manager or as contemplated by the resolutions in the Notice of Meeting (such consent not to be unreasonably withheld or delayed); (o) (insolvency events) any member of the Group becomes Insolvent, or there is an act or omission which is likely to result in a member of the Group becoming Insolvent; (p) (regulatory approvals) if a Governmental Agency withdraws, revokes or amends any regulatory approvals required for the Company to perform its obligations under this agreement, including an ASX waiver or ASIC modification, such that the Company is rendered unable to perform its obligations under this agreement; (q) (change in management) any of Mr Alex West or Mr John Phillips are not appointed as senior management of the Company, or Mr James Spenceley, Mr Tony Grist and Mr William Reid are not appointed to the board of directors of Company, in each case on or before completion of the transactions contemplated under the Acquisition Agreements and as disclosed in the Prospectus; (r) (vacancy in office) Mr Jonathan Pearce, or any of the persons referred to in paragraph (q) above, vacates his office (or announces an intention to do so); or (s) (prosecution) any of the following occurs: <ul style="list-style-type: none"> (i) any of the persons referred to in paragraphs (q) and (r) is charged with a criminal offence; or (ii) any of Mr Jonathan Pearce, Mr James Spenceley, Mr Tony Grist or Mr William Reid is disqualified from managing a corporation under Part 2D.6 of the Corporations Act or under any applicable law.
Termination Rights Subject to Materiality	<p>The Lead Manager may terminate the Underwriting Agreement without cost or liability by notice to the Company if any of the following events has occurred or occurs at any time before completion of the Offer and the Lead Manager has reasonable grounds to believe and does believe that the event:</p> <ul style="list-style-type: none"> (a) has, or is likely to have, a materially adverse effect on the success, settlement or outcome or marketing of the Offer, or the ability of the Lead Manager to market, promote or settle the Offer at the Offer Price, or the willingness of investors to subscribe for the Shares offered under the Offer (Offer Shares); or (b) will, or is likely to, give rise to a material liability of the Lead Manager or its affiliates under, or a contravention by the Lead Manager or its affiliates of, any applicable law. <p>These events are:</p>

- (a) **(compliance with law)** any of the Prospectus or any aspect of the Offer does not comply with the Corporations Act, the Listing Rules, or any other applicable law or regulation;
- (b) **(new circumstances)** there occurs a new circumstance that arises after the Prospectus is lodged, that would have been required to be included in the Prospectus if it had arisen before lodgement;
- (c) **(Acquisition Agreements amended)** any of the Acquisitions Agreements is varied, altered, amended, breached or failed to be complied with;
- (d) **(other disclosures)** a statement in any document related to the Offer (other than the Prospectus) is or becomes misleading or deceptive or is likely to mislead or deceive;
- (e) **(disclosures in the DDC Report)** the due diligence committee report is, or becomes, false, misleading or deceptive, including by way of omission;
- (f) **(information supplied)** any information supplied (including any information supplied prior to the date of this agreement) by or on behalf of a member of the Group to the Lead Manager in connection with the Offer is, or is found to be, misleading or deceptive or likely to mislead or deceive (including by omission);
- (g) **(legal proceedings)** any of the following occurs:
 - (i) the commencement of legal proceedings against any member of the Group or against any director of any of them in that capacity; or
 - (ii) any Governmental Agency commences any inquiry or investigation against any member of the Group;
- (h) **(material contracts)** any contract, deed or other agreement which is material to the making of an informed investment decision in relation to the Shares under the Offer is:
 - (i) terminated, rescinded, materially altered or amended without the prior written consent of the Lead Manager (such consent not to be unreasonably withheld);
 - (ii) found to be void or voidable;
 - (iii) is breached, or there is a failure by a party to comply;
 - (iv) ceases to have effect, otherwise than in accordance with its terms; or
 - (v) is or becomes void, voidable, illegal, invalid or unenforceable (other than by reason only of a party waiving any of its rights) or capable of being terminated, withdrawn, rescinded, avoided or withdrawn or of limited force and effect, or its performance is or becomes illegal;
- (i) **(adverse change)** an event occurs which is, or is likely to give rise to an adverse change in the assets, liabilities, financial position or performance, profits, losses or prospects of the Group from those disclosed in the Prospectus lodged with ASIC on the Lodgement Date;
- (j) **(future matters)** there are not, or there ceases to be, reasonable grounds in the opinion of the Lead Manager (acting reasonably) for any statement or estimate in the Offer Documents which relate to a future matter or any statement or estimate in the Prospectus which relate to a future matter is, in the opinion of the Lead Manager (acting reasonably), unlikely to be met in the projected timeframe (including in each case financial forecasts);

	<p>(k) (breach of laws) there is a contravention by any entity in the Group of the Corporations Act, the <i>Competition and Consumer Act 2010</i> (Cth), the ASIC Act, the Constitution, the Listing Rules or any other applicable law;</p> <p>(l) (representations and warranties) a representation or warranty contained in this agreement on the part of the Company is breached, becomes not true or correct or is not performed;</p> <p>(m) (certificate) a closing certificate provided under the Underwriting Agreement is false, misleading or deceptive (including by way of omission);</p> <p>(n) (breach) the Company defaults on one or more of its obligations or undertakings under this agreement;</p> <p>(o) (change of law) there is introduced, or there is a public announcement of a proposal to introduce a new law or regulation, government policy or governmental agency policy (including ASIC) in Australia (including the Parliament of Australia or any State or Territory of Australia);</p> <p>(p) (hostilities) in respect of any one or more of the Key Jurisdictions:</p> <ul style="list-style-type: none"> (i) hostilities not presently existing commence; (ii) a major escalation in existing hostilities occurs (whether war is declared or not); (iii) a declaration is made of a national emergency or war; or (iv) a major terrorist act is perpetrated; <p>(q) (pandemic):</p> <ul style="list-style-type: none"> (i) a pandemic, epidemic or large-scale outbreak of a disease (including without limitation SARS, swine or avian flu, H5N1, H7N9, COVID-19 or a related or mutated form of these) not presently existing, occurs in Australia; or (ii) for any existing epidemic or large-scale outbreak of a disease in Australia, there is major escalation in the severity of the outbreak and the restrictions imposed from the date of the Underwriting Agreement; <p>(r) (disruption in financial markets) any of the following occurs:</p> <ul style="list-style-type: none"> (i) a general moratorium on commercial banking activities in any one or more of the key jurisdictions (being Australia, New Zealand, USA, Japan, UK, China, Hong Kong, South Korea and Singapore) (Key Jurisdictions) is declared by the relevant central banking authority in those countries, or there is a disruption in commercial banking or security settlement or clearance services in any of those countries; (ii) any adverse effect on the financial markets in any one or more of the Key Jurisdictions, or in foreign exchange rates or any development involving an actual or prospective change in political, financial or economic conditions in any of those countries; or (iii) trading in all securities quoted or listed on ASX, the London Stock Exchange, the New York Stock Exchange, the Shanghai Stock Exchange or the Tokyo Stock Exchange is suspended for at least 1 day on which that exchange is ordinarily open for trading.
<p>Conditions Precedent to continue</p>	<p>The obligations on Morgans to continue to manage the offer are conditional on the satisfaction of the following conditions precedent:</p>

<p>managing the Offer</p>	<p>(a) (Restricted securities) Before the Settlement Date, the Company and, to the extent required by ASX, each escrowed securityholder entering into a restriction agreement and the restriction agreements not having been breached, amended, rescinded or terminated and not otherwise becoming void, voidable or otherwise non-binding. If ASX has agreed that the requirement in Listing Rule 9.1(b) should not apply to one or more escrowed persons and that the Company may instead give a Restriction Notice to those escrowed persons, the Company providing to such escrowed persons a restriction notice in accordance with Listing Rule 9.1(c) and the restriction notices not having been breached, amended, rescinded or terminated and not otherwise becoming void, voidable or otherwise non-binding before the Settlement Date.</p> <p>(b) (Due Diligence) Before 2.00 pm on the lodgement date of the Prospectus, Morgans must receive of a copy of the final and signed due diligence committee report, addressed to, and expressed to be for the benefit of, each of the due diligence committee members and their representatives, and signed by each member of the due diligence committee, and accompanied by:</p> <ul style="list-style-type: none"> (i) a legal opinion on the due diligence procedures and the Prospectus from Steinepreis Paganin; (ii) each formal report and sign-off of the Investigating Accountant; (iii) a copy of the verification documentation; and (iv) each of the management sign-offs referred to in the due diligence planning memorandum. <p>(c) (Lodgement of Prospectus) The Company lodging a copy of the Prospectus with ASIC in a form and substance acceptable to Morgans on the date of lodgement agreed in the timetable and providing a copy of the lodged Prospectus to Morgans as soon as practicable after lodgement.</p> <p>(d) (ASX Waivers and ASIC Modifications) The Company obtaining before the date of lodgement all ASX waivers and ASIC modifications necessary to enable the Offer to proceed in accordance with the Corporations Act, the Listing Rules, the timetable, the Prospectus and the terms and conditions of the Underwriting Agreement.</p> <p>(e) (Other regulatory approvals) The Company obtaining before the date of lodgement all consents and all other regulatory approvals, relief and modifications necessary to enable the Offer to proceed in accordance with the Corporations Act, the timetable, the Prospectus and the terms and conditions of this agreement.</p> <p>If any of the conditions precedent are not satisfied by their respective deadlines, the Lead Manager may terminate its obligations under this agreement at any time by written notice to the Company.</p>
<p>Conditions Precedent to the Offer</p>	<p>The obligations on Morgans to underwrite the offer are conditional on the satisfaction of the following conditions precedent:</p> <ul style="list-style-type: none"> (a) (Other conditions precedent) The satisfaction, or waiver by Morgans of the conditions set out above. (b) (Shareholder approvals) The Shareholders approving the essential resolutions (as such term is defined in the Notice of Meeting) by the requisite majorities in accordance with the Corporations Act and ASX Listing Rules. (c) (Consolidation) Completion of the Consolidation on or before the Settlement Date.

	<p>(d) (Acquisition Agreements) Completion of the transactions contemplated under the Acquisition Agreements occurring on or before completion under the Underwriting Agreement, each in accordance with their terms.</p> <p>(e) (Applications) The Company being entitled to accept applications in accordance with section 727(3) of the Corporations Act by 9.00am on the Opening Date.</p> <p>(f) (Closing certificates) Morgans receiving duly executed Closing Certificates from the Company dated as at the Shortfall Notification Date and the Settlement Date by 9.00am on each of those dates.</p> <p>(g) (Consents and regulatory approvals) None of the consents, regulatory approvals, relief and modifications referred to in clause (d) and (e) above being withdrawn, or modified without the consent of Morgans on or before the Settlement Date.</p> <p>(h) (New circumstances) Morgans receiving copies of all new circumstances certificates, by 9.00am on the Settlement Date.</p> <p>(i) (ASX) ASX indicating in writing that it will grant permission for the re-admission of the Company to the official list of ASX and the quotation of the Offer Shares on ASX on the Quotation Date, subject only to customary pre-quotation listing conditions, on or before 5.00pm on the Quotation Approval Date.</p> <p>If any of the conditions precedent in are not satisfied by their respective deadlines, the Lead Manager may terminate its obligations under this agreement at any time by written notice to the Company.</p>
<p>Indemnity</p>	<p>Subject to certain exclusions relating to, amongst other things, the fraud, wilful misconduct or gross negligence of the Lead Manager or certain representatives (as finally judicially determined), the Company agrees to keep the Lead Manager and certain representatives of the Lead Manager indemnified from and against all losses suffered or incurred in connection with the Offer and the appointment of the Lead Manager pursuant to the Underwriting Agreement.</p>
<p>Potential Control Effects</p>	<p>As at the date of this Prospectus Date, the Lead Manager is not a Shareholder of the Company. The Lead Manager is also not a related party of the Company for the purpose of the Corporations Act. However, if the Lead Manager (and/or any one or more sub-underwriters appointed by it) are required to subscribe for shortfall Shares under the Underwriting Agreement, this will result in it becoming a Shareholder of the Company. The Shares available under the Offer will represent approximately 23.59% of the total Shares on issue at completion of the Offer and the Acquisitions. As such, the maximum voting power that the Lead Manager (or a sub-underwriter) may acquire pursuant to the underwriting arrangements (assuming no insubstantial investors subscribe for Shares under the Offer and all shortfall Shares are allocated to one person) is 23.59%. As noted in Section 6.14, following completion Offer and the Acquisitions, the Directors do not expect any Shareholder to control (as defined by section 50AA of the Corporations Act) the Company.</p>

The Underwriting Agreement otherwise contains provisions considered standard for an agreement of its nature (including representations and warranties and confidentiality provisions).

10.2 Acquisition Agreements

10.2.1 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:

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.
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 roundings) to the Swoop Vendors.
Conditions	<p>Settlement of the Swoop Agreement is conditional upon:</p> <ul style="list-style-type: none">(a) 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:<ul style="list-style-type: none">(i) acquire the Swoop shares;(ii) issue the Consideration Shares;(iii) issue Shares under the Offer;(iv) complete the Consolidation;(v) change the Company's name to 'Swoop Holdings Limited';(vi) adopt the Incentive Plan;(vii) issue securities to James Spenceley, Tony Grist and Jonathan Pearce under the Incentive Plan;(viii) appoint the Proposed Directors as directors of the Company; and(ix) complete the acquisition of NodeOne and Fiwi;(b) the Company completing the Consolidation;(c) the Company raising an amount under the Offer sufficient to achieve ASX's minimum spread and free float requirements;(d) the Company having received conditional approval from ASX to reinstate the securities of the Company to trading on terms reasonably acceptable to Swoop;(e) the satisfaction or waiver of all conditions to completion of the NodeOne Agreement and Fiwi Agreement;(f) Swoop completing a selective capital reduction of the shares of any Swoop shareholder who does not sign a formal acquisition agreement in respect of its Swoop shares (provided that the number of Swoop shares to be cancelled is no more than 5% of the issued capital of Swoop); and(g) there being no material adverse changes to the Company or Swoop between the signing and completion of the Swoop Agreement. <p>The conditions may be waived by the party having the benefit of the condition by giving notice to the other parties.</p> <p>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.</p>
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:

	<p>(a) 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</p> <p>(b) the Company or its subsidiaries acquiring any business or material assets from a third party; or</p> <p>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.</p>
<p>Net adjustment Settlement cash pre-</p>	<p>(a) If the net cash of Swoop (as defined in the Acquisition Agreements) at 30 November 2020 is greater than \$9,940,000, Swoop may pay a dividend to its shareholders, or conduct an equal capital reduction, of an amount equal to the excess.</p> <p>(b) If the net cash of NodeOne (as defined in the Acquisition Agreements) at 30 November 2020 is greater than \$1,380,000, NodeOne may pay a dividend to its shareholders of an amount equal to the excess.</p> <p>(c) If the net cash of the Company (as defined in the Acquisition Agreements) at 30 November 2020 is greater than \$1,600,000, the Company may pay a dividend to its shareholders of an amount equal to the excess.</p> <p>(d) 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 (or in the case of Swoop, equal capital reduction) that may be paid by the other parties may be increased by a specified proportion of the shortfall.</p> <p>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.</p>
<p>Swoop warranties and indemnity</p>	<p>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 Settlement.</p> <p>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.</p>
<p>Swoop Vendor warranties and indemnities</p>	<p>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 Settlement.</p> <p>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:</p> <p>(a) the aggregate liability of the Swoop Vendors is capped at \$2,495,393;</p> <p>(b) the liability of each individual Swoop Vendor is capped at the Swoop Vendor's proportionate share of the aggregate cap; and</p>

	(c) other customary limitations including time limits and exclusions for matters known, or deemed to be known, to the Company.
Company warranties and indemnity	<p>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 Settlement.</p> <p>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.</p>
Non-competition	<p>During the period of up to three years following Settlement, each Swoop Vendor must not (and must procure that their controllers do not), without the Company's consent:</p> <p>(a) engage in certain conduct in competition with Swoop's business;</p> <p>(b) induce any Swoop employee to terminate their employment with Swoop; or</p> <p>(c) solicit the custom of any person who was a customer of Swoop in the 12 months before Settlement.</p>
Termination	<p>(a) Swoop may terminate the Swoop Agreement if:</p> <p>(i) the Company fails to perform its obligations at Settlement;</p> <p>(ii) 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 \$250,000 or the Company is in material breach of the Swoop Agreement and that circumstance is not remedied within the requisite period; or</p> <p>(iii) an insolvency event occurs in relation to the Company or its subsidiaries.</p> <p>(b) The Company may terminate the Swoop Agreement if:</p> <p>(i) Swoop or the Swoop Vendors fail to perform their obligations at Settlement;</p> <p>(ii) 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 \$1,000,000 or Swoop or a Swoop Vendor is in material breach of the Swoop Agreement and that circumstance is not remedied within the requisite period; or</p> <p>(iii) an insolvency event occurs in relation to Swoop or its subsidiaries.</p>

The Swoop Agreement otherwise contains provisions considered standard for an agreement of its nature (including representations and warranties and confidentiality provisions).

10.2.2 NodeOne Acquisition 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 issued capital of NodeOne, the material terms and conditions of which are summarised below:

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.
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 roundings) to the NodeOne Shareholders.
Conditions	<p>Settlement of the NodeOne Agreement is conditional upon:</p> <ul style="list-style-type: none"> (a) 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: <ul style="list-style-type: none"> (i) acquire the NodeOne shares; (ii) issue the Consideration Shares; (iii) issue Shares under the Offer; (iv) complete the Consolidation; (v) change the Company's name to 'Swoop Holdings Limited'; (vi) adopt the Incentive Plan; (vii) issue securities to James Spenceley, Tony Grist and Jonathan Pearce under the Incentive Plan; (viii) appoint the Proposed Directors as directors of the Company; and (ix) complete the acquisition of Fiwi and Swoop; (b) the Company completing the Consolidation; (c) the Company raising an amount under the Offer sufficient to achieve ASX's minimum spread and free float requirements; (d) the Company having received conditional approval from ASX to reinstate the securities of the Company to trading on terms reasonably acceptable to NodeOne; (e) the completion of the Fiwi Agreement; (f) the satisfaction or waiver of all conditions to completion of the Swoop Agreement; (g) there being no material adverse changes to the Company or NodeOne between the signing and completion of the NodeOne Agreement. <p>The conditions may be waived by the party having the benefit of the condition by giving notice to the other parties.</p> <p>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.</p>
Exclusivity	<p>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:</p> <ul style="list-style-type: none"> (a) 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 (b) the Company or its subsidiaries acquiring any business or material assets from a third party; or <p>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,</p>

	<p>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.</p>
<p>Net cash adjustment pre-Settlement</p>	<p>(a) If the net cash of NodeOne (as defined in the Acquisition Agreements) at 30 November 2020 is greater than \$1,380,000, NodeOne may pay a dividend to its shareholders, or conduct an equal capital reduction, of an amount equal to the excess.</p> <p>(b) If the net cash of Swoop (as defined in the Acquisition Agreements) at 30 November 2020 is greater than \$9,940,000, Swoop may pay a dividend to its shareholders of an amount equal to the excess.</p> <p>(c) If the net cash of the Company (as defined in the Acquisition Agreements) at 30 November 2020 is greater than \$1,600,000, the Company may pay a dividend to its shareholders of an amount equal to the excess.</p> <p>(d) 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 (or in the case of Swoop, equal capital reduction) that may be paid by the other parties may be increased by a specified proportion of the shortfall.</p> <p>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.</p>
<p>NodeOne warranties and indemnity</p>	<p>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 Settlement.</p> <p>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.</p>
<p>NodeOne warranties and indemnities</p> <p>Vendor and</p>	<p>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 Settlement.</p> <p>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:</p> <p>(a) the aggregate liability of the NodeOne Shareholders is capped at \$1,469,786;</p> <p>(b) the liability of each individual NodeOne Shareholder is capped at the NodeOne Shareholder's proportionate share of the aggregate cap; and</p>

	(c) other customary limitations including time limits and exclusions for matters known, or deemed to be known, to the Company.
Company warranties and indemnity	<p>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 Settlement.</p> <p>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.</p>
Non-competition	<p>During the period of up to three years following Settlement, each NodeOne Vendor must not (and must procure that their controllers do not), without the Company's consent:</p> <ul style="list-style-type: none"> (a) engage in certain conduct in competition with NodeOne's business; or (b) induce any NodeOne employee to terminate their employment with NodeOne; or (c) solicit the custom of any person who was a customer of NodeOne in the 12 months before Settlement.
Termination	<p>NodeOne may terminate the NodeOne Agreement if:</p> <ul style="list-style-type: none"> (a) the Company fails to perform its obligations at Settlement; (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 or the Company is in material breach of the NodeOne Agreement and that circumstance is not remedied within the requisite period; or (c) an insolvency event occurs in relation to the Company or its subsidiaries. <p>The Company may terminate the NodeOne Agreement if:</p> <ul style="list-style-type: none"> (a) NodeOne or the NodeOne Shareholders fail to perform their obligations at Settlement; (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 or NodeOne or a NodeOne Shareholder is in material breach of the NodeOne Agreement 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).

10.2.3 Fiwi Agreement

The Company has entered into the Fiwi Agreement with Fiwi Pty Ltd, 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:

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 Settlement.
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 to the NodeOne Beneficial Shareholders as shown in Part 2 of Annexure C.
Transfer of beneficial ownership of NodeOne Shares	The NodeOne Beneficial Shareholders direct that the beneficial interest in the NodeOne Shares held by Fiwi shall transfer to Fiwi at Settlement.
Conditions	<p>Settlement of the Fiwi Agreement is conditional upon:</p> <ul style="list-style-type: none"> (a) 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: <ul style="list-style-type: none"> (i) acquire the Fiwi shares; (ii) issue the Consideration Shares; (iii) issue Shares under the Offer; (iv) complete the Consolidation; (v) change the Company's name to 'Swoop Holdings Limited'; (vi) adopt the Incentive Plan; (vii) issue securities to James Spenceley, Tony Grist and Jonathan Pearce under the Incentive Plan; (viii) appoint the Proposed Directors as directors of the Company; and (ix) complete the acquisition of NodeOne and Swoop; (b) the Company completing the Consolidation; (c) the Company raising an amount under the Offer sufficient to achieve ASX's minimum spread and free float requirements; (d) the Company having received conditional approval from ASX to reinstate the securities of the Company to trading on terms reasonably acceptable to Fiwi; (e) 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); (f) there being no material adverse changes to the Company between the signing and completion of the Fiwi Agreement. <p>The conditions may be waived by the party having the benefit of the condition by giving notice to the other parties.</p>

	<p>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.</p>
<p>Fiwi warranties and indemnity</p>	<p>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 Settlement.</p> <p>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</p>
<p>NodeOne Beneficial Owners warranties and indemnity</p>	<p>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 Settlement.</p> <p>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:</p> <ul style="list-style-type: none"> (a) the aggregate liability of the NodeOne Beneficial Shareholders is capped at \$1,025,607; (b) the liability of each individual NodeOne Beneficial Shareholder is capped at the NodeOne Beneficial Shareholder's proportionate share of the aggregate cap; and (c) other customary limitations including time limits and exclusions for matters known, or deemed to be known, to the Company.
<p>Company warranties</p>	<p>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 Settlement.</p> <p>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.</p>
<p>Termination</p>	<p>Fiwi may terminate the Fiwi Agreement if:</p> <ul style="list-style-type: none"> (a) the Company fails to perform its obligations at Settlement; (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 or the Company is in

<p>material breach of the Fiwi Agreement and that circumstance is not remedied within the requisite period; or</p> <p>(c) an insolvency event occurs in relation to the Company or its subsidiaries.</p> <p>The Company may terminate the Fiwi Agreement if:</p> <p>(a) Fiwi, Oaktone or the NodeOne Beneficial Shareholders fail to perform their obligations at Settlement;</p> <p>(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 or Fiwi, Oaktone or a NodeOne Beneficial Shareholder is in material breach of the NodeOne Agreement and that circumstance is not remedied within the requisite period; or</p> <p>(c) an insolvency event occurs in relation to Fiwi or its subsidiaries.</p>	
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The Fiwi Agreement otherwise contains provisions considered standard for an agreement of its nature (including representations and warranties and confidentiality provisions).

10.3 Material contracts of the Group following Settlement

NodeOne, Swoop and their subsidiaries have entered into various agreements which are considered to be material to the Group's business after Settlement. These contracts include:

- (a) agreements with key customers;
- (b) agreements relating to the supply of services to NodeOne and Swoop, including fixed line backhaul services, dark fibre and data centre services, IP transit services and managed ethernet services; and
- (c) access to site towers.

A summary of these contracts is provided below.

10.3.1 Swoop material contracts

<p>Customer Agreements General</p>	<p>Swoop has a standard form end-user agreement under which it delivers its various products and services to customers (Customer Agreements). The Customer Agreements have been prepared having regard to the Company's obligations under the TCP Code. The Customer Agreements are reviewed periodically to ensure continued compliance with the TCP Code and are available at the Company's website.</p>
<p>Wholesale Agreements General</p>	<p>Swoop has a standard Wholesale Master Services Agreement under which it provide wholesale partners with access to a sales model under which the wholesale partner receives various ISP network related products (defined by service schedules) that allows the wholesale partner to create their own products for its own end customers. Customers purchase services directly from the wholesale partner on the wholesale partner's contractual terms. The credit risk in this model lies with the wholesale partner.</p>
<p>Bureau Holdings Agreement</p>	<p>Anycast has entered into a customer contract with Bureau Holdings Pty Ltd pursuant to which Anycast supplies a range of internet services to Bureau Holdings Pty Ltd. The contract is for an initial term of 18 months</p>

	from September 2020. Neither party may terminate the agreement prior to the expiry of the term without cause.
AAPT Agreement	Both Swoop and Anycast have entered into a master services agreement with AAPT Limited. The contract is for the supply of fixed line backhaul services for the connection of Swoop sites nationally. After the initial period of any service order, the contract continues on a monthly basis and may be terminated by either party on 30 days' notice. Swoop and Anycast will be required to seek AAPT Limited's consent for the change of control of Swoop. Swoop is not aware of any reason why this consent will not be granted. In the event of this contract being terminated, Swoop could expect to obtain these services or equivalent services from other providers.
Telstra Wholesale Agreement	Anycast has entered into a master services agreement with Telstra Corporation Limited. The contract is for the supply of fixed line backhaul services for the connection of Swoop sites, as well as resold services to Swoop customer sites. Either party may terminate the master services agreement upon 6 months' notice, or any specific service on 1 month's notice (for Anycast) or 12 months' notice (for Telstra). Anycast will be required to seek Telstra Corporation Limited's consent for the change of control of Swoop. Swoop is not aware of any reason why this consent will not be granted. In the event of this contract being terminated, Swoop could expect to obtain these services or equivalent services from other providers.
Vocus Agreement	Both Swoop and Anycast have into a master services agreement with Vocus Pty Ltd. The contract is for supply by Vocus Pty Ltd of dark fibre, data centre services and managed ethernet services. The current supplies pursuant to the master services agreement may be terminated by either party upon 30 days' notice. In the event of this contract being terminated, Swoop could expect to obtain these services or equivalent services from other providers.
B2B Agreement	Bosley has entered into an agreement with B2B Wholesale Pty Ltd. The contract is for the resale of Optus fixed line backhaul services between Swoop sites, and Optus IP Transit services; and for the resale of aggregated NBN connectivity services to end customers. This agreement may be terminated by Bosley upon 30 days' notice and by B2B Wholesale upon 90 days' notice. Bosley will be required to seek B2B Wholesale Pty Ltd's consent for the change of control of Swoop. Swoop is not aware of any reason why this consent will not be granted. In the event of this contract being terminated, Swoop could expect to obtain these services or equivalent services from other providers or from Optus and NBN directly.
OptiComm Agreement	Bosley has entered into an agreement with OptiComm Limited. The contract is for the resale of OptiComm fixed line connectivity services to end customers. The master services agreement may be terminated by either party upon 6 months' notice, and specific services may be terminated upon 30 days' notice by either party. In the event of this contract being terminated these services would also be terminated and would need to be replaced by Swoop fixed wireless services.

10.3.2 NodeOne material contracts

Customer Agreements – General	NodeOne has a standard form end-user agreement under which it delivers its various products and services to customers (Customer Agreements). The Customer Agreements have been prepared having regard to the Company's obligations under the TCP Code. The Customer Agreements are reviewed periodically to ensure continued compliance with the TCP Code and are available at NodeOne's website.
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Channel Partner Agreements – General	NodeOne has a standard Channel Partner Agreement under which it provide Channel Partners with access to a sales model to enable channel partners customers to purchase services direct with NodeOne, for which the channel partner receives a commission. The credit risk in this model lies with NodeOne. The channel partners customers are contracted directly with NodeOne on a standard form of agreement contract terms.
Reseller Agreements – General	NodeOne has a standard Reseller Agreement under which it provide resellers with access to a sales model under which the reseller receives a discount off the retail price list. Customers purchase services directly from the reseller on the reseller's contractual terms. The credit risk in this model lies with the reseller.
Wholesale Agreements – General	NodeOne has a standard Wholesale Agreement under which it 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. Customers purchase services directly from the wholesale partner on the wholesale partner's contractual terms. The credit risk in this model lies with the wholesale partner.
Superloop Agreement	Logic IT Solutions Pty Ltd (an entity associated with the founder of NodeOne) entered into a Master Services Agreement with Superloop (Operations) Pty Ltd and this contract has been novated to N1 Wholesale. The contract is for supply of NBN Point of Interconnect backhaul services and IP transit to N1 Wholesale. Specific services supplied under the Master Services Agreement will have an initial term as specified in the service order, and thereafter either party may terminate any service order upon 30 days' notice. The sub-contract for IT transit services is due for renewal within the next 12 months, and is expected to be renewed. In the event of the Master Services Agreement or any sub-contract being terminated, N1 Wholesale could expect to obtain the relevant services from other providers.
Vocus Agreement	Logic IT Solutions Pty Ltd (an entity associated with the founder of NodeOne) entered into a Master Services Agreement with Vocus Pty Ltd and this contract is in the process of being novated to N1 Wholesale. The contract is for supply of Dark Fibre, Data Centre services, managed Ethernet services and IP transit services. N1 Wholesale will be required to seek Vocus Pty Ltd's consent for the change of control of its parent company, NodeOne, and N1 Wholesale is not aware of any reason why this consent will not be granted. Specific services supplied under the Master Services Agreement will have an initial term as specified in the service order, and thereafter either party may terminate any service order upon 30 days' notice. The sub-contract for Dark Fibre expires in April 2023. The sub-contract for IT transit services is due for renewal in the next 12 months, and is expected to be renewed. In the event of the Master Services Agreement or any sub-contract being terminated, N1 Wholesale could expect to obtain these services or equivalent services from other providers.
Vertel Agreement	N1 Wholesale has entered into a Master Services Agreement with Vertical Telecoms Pty Ltd (Vertel). The contract is for supply of access to various tower sites around Perth, with a term to February 2023. The term of the agreement is subject to Vertel maintaining the right to occupy the relevant sites, and where Vertel does not continue to hold such rights, Vertel may immediately terminate the agreement for the relevant site(s). In the event of this agreement being terminated, N1 Wholesale could expect to obtain these services or equivalent services from other providers on nearby tower or building facilities.
Logic Agreement	Node1 Pty Ltd and N1 Wholesale (together NodeOne) have entered into a Master Services Agreement with Logic IT Solutions Pty Ltd ATF Logic IT Solutions Unit Trust, an entity related to Nicholas van Namen, the founder of Nodeone and controller of N & J Enterprises (WA) Pty Ltd,

a substantial shareholder of NodeOne. The agreement is for transitional 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. The key contracts with NBN, Telstra, site leases and others are in the process of being novated to NodeOne. The term of the Master Services Agreement expires on 30 June 2024, unless terminated earlier by a party in accordance with the Master Services Agreement. Notwithstanding the expiry of the term, the Master Services Agreement is deemed to continue after the expiry of the term unless a party gives three months' notice that it wishes to terminate the Master Services Agreement. During the term, either party may terminate the Master Services Agreement upon 12 months' notice. A number of sub-contracts governed by the Master Services Agreement will require renewal in the next 12 months, and are expected to be renewed.

11. ADDITIONAL INFORMATION

11.1 Litigation

As at the date of this Prospectus, the Group is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Group.

11.2 Rights attaching to Shares

The following is a summary of the more significant rights attaching to Shares offered under this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours. The Company is proposing to adopt a new constitution at the General Meeting, the items set out below therefore reflect the rights under the proposed constitution.

(a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative (either physically at the main place of a general meeting or, if available, using virtual meeting technology) to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) **Dividend rights**

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

(e) **Shareholder liability**

As the Shares under the Prospectus are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of Shares**

Generally, Shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the ASX Listing Rules.

(g) **Variation of rights**

Pursuant to section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(h) **Alteration of Constitution**

The Constitution can only be amended by a special resolution passed by the holder of at least three quarters of Shares present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

11.3 **Terms of Options to be issued to Forrest Capital**

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 (AEST) 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 Option holder 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.

11.4 Incentive Plan

The Company has adopted an employee incentive scheme titled "Swoop Holdings Long Term Incentive Plan" (**Incentive Plan**).

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 awards under the Incentive Plan will provide selected employees with the opportunity to participate in the future growth of the Company.

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.

11.5 Terms and Conditions of the Performance Rights

The terms and conditions of the Performance Rights to be issued by the Company under the Incentive Plan at Settlement 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 ending within the three-year term of the performance rights.	3 years from the date of issue
	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	

Recipient	Number	Performance Milestone Condition	Expiry Date
		three-year term of the performance rights.	

Note 1 – “Sales Revenue” means revenue as shown in the audited accounts of Swoop and NodeOne 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; and

(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.

(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.

11.6 Proposed grants of Performance Rights

The Company has agreed to grant an aggregate of at least 1,500,000 Performance Rights to senior management under the Incentive Plan. It is expected that the Performance Rights will be issued in August 2021 and the final number of Performance Rights and performance hurdles will be determined by the Board prior to the date of grant.

11.7 Swoop loan funded share plan

In October 2019, Swoop issued 71,206,099 shares for limited recourse loan consideration of \$0.07 per share, totalling \$4,984,427, to the following Swoop executives and directors:

- (a) 21,473,071 shares to Eric Heyde for subscription sum of \$1,503,115;
- (b) 19,509,371 shares to James Douglas Reid for subscription sum of \$1,365,656;
- (c) 7,142,857 shares to Matt Hollis for subscription sum of \$500,000;
- (d) 3,571,429 shares to Paul McLean for subscription sum of \$250,000; and
- (e) 19,509,371 shares to William Paul Reid for subscription sum of \$1,365,656.

In July 2020, Swoop issued 15,795,040 shares for limited recourse loan consideration of \$0.07 per share, totalling \$1,105,653, to the following Swoop executives:

- (a) 7,897,520 shares to Alex West for subscription sum of \$552,826; and
- (b) 7,897,520 shares to Matt Hollis for subscription sum of \$552,826.

As at 31 December 2020, the limited recourse loans owing to Swoop (which due to their nature are not recorded in Swoop's balance sheet) totalled \$6,090,080. These loans are repayable under certain circumstances as set out in the respective loan agreements, including where the borrower receives payment in respect of the sale, disposal or cancellation of their shares. The liability of the borrower is limited to remitting the proceeds of sale or disposal of the shares, or any distributions received in relation to the shares, up to the loan amount. The loans are interest free.

Eric Heyde and William (Paul) Reid intend to apply exit bonuses from Swoop (net of any applicable tax) towards the repayment of a portion of their loans.

Swoop will assign the benefit of these loans to the Company after Settlement, at which time the loans shall be limited recourse with respect to the Consideration Shares issued as consideration for the Swoop shares to which the loans previously related.

11.8 Australian taxation considerations

11.8.1 Overview

The comments in this Section provide a general outline of Australian income tax, capital gains tax ("CGT"), goods and services tax ("GST") and stamp duty issues for Australian tax resident Shareholders who acquire Shares under this Prospectus and that hold Shares in the Company on capital account for Australian income tax purposes.

This summary does not constitute financial product advice as defined in the Corporations Act. This summary is confined to Australian taxation issues and is only one of the matters which need to be considered by Shareholders before making a decision about an investment in the Shares.

These comments are based on tax laws, applicable case law and published Australian Taxation Office rulings, determinations and administrative practice in force at the date of the Prospectus. Investors should note that tax laws are subject to ongoing change, and this section does not consider any changes in administrative practice or interpretation by the relevant tax authorities, or any changes in law by judicial decision or legislation following the Prospectus Date. To the extent that there are any changes in law after the Prospectus Date, including those having retrospective effect, Shareholders should consider the tax consequences, taking into account their own individual circumstances, and should consider taking advice from a professional advisor before making a decision about an investment to acquire Shares under this Prospectus.

The taxation implications of a subscription for Shares may be affected by the individual circumstances of each Shareholder, and it is recommended that Shareholders consult their own independent advisors regarding taxation consequences, including stamp duty, income tax and Australian GST consequences of the acquisition, ownership and disposal of Shares. This summary is general in nature and does not cover all tax consequences that could apply in all circumstances of any Shareholder.

The categories of Shareholders considered in this section are limited to individuals, companies (other than life insurance companies), trusts, partnerships and complying superannuation funds that hold their Shares on capital account, and it does not consider any other category of Shareholders including those that hold Shares on revenue account, carry on a business of trading in Shares, are exempt from Australian tax, foreign residents, insurance companies, banks or Shareholders who are subject to the Taxation of Financial Arrangements rules contained in Division 230 of the Income Tax Assessment Act 1997 (Cth).

11.8.2 Acquisition of Shares

Each Share under the Offer should be a separate CGT asset for Australian tax purposes. For CGT purposes, the tax cost base (and reduced cost base) of each Share held by an Australian tax-resident Shareholder should include the amount the Shareholder paid (or is required to pay) to acquire the Share, plus any incidental costs of acquisition.

11.8.3 Australian CGT implications on a future disposal of Shares

The tax treatment of future share disposals by Australian resident Shareholders will depend on whether the Shares are held on revenue account, as trading stock, as

subject to the Taxation of Financial Arrangements regime or on capital account. As noted above, this section only considers Shareholders that hold Shares on capital account and related CGT implications.

The disposal of a Share by an Australian resident Shareholder will constitute a CGT event. A capital gain will arise where the cost base of the Share (being broadly the amount paid to acquire the Share, plus any transaction costs incurred in relation to the acquisition or disposal) is exceeded by the capital proceeds on disposal (in the case of an on-market sale, this will generally be the cash proceeds received on disposal).

However, a CGT discount may be applied against the net capital gain where the Shareholder is an individual, complying superannuation entity or trustee, provided that the Shares have been held for at least 12 months prior to disposal.

If the CGT discount applies, a capital gain arising to individuals and entities acting as Trustees (other than a trust that is a complying superannuation entity) may be reduced by one-half after offsetting current year or prior year capital losses, and for a complying superannuation entity, any capital gain may be reduced by one-third, after offsetting current year or prior year capital losses.

If the Shareholder is the trustee of a trust that has held the Shares for at least 12 months before disposal, the CGT discount may flow through to the beneficiaries of the trust if those beneficiaries are not companies. The Board recommends that Shareholders that are trustees should seek specific advice regarding the tax consequences of distributions to beneficiaries who may qualify for discounted capital gains.

The net capital gain for a financial year after application of capital losses and CGT discount (if available), is included in the resident Shareholder's assessable income and is subject to Australian tax. A net capital loss may generally be carried forward to future years to be deducted against future capital gains.

A capital loss should be realised where the reduced cost base of the Share exceeds the capital proceeds from disposal.

All capital gains and losses for the year are added together. Capital losses may only be offset against capital gains realised by the Shareholder in the same income year or future income years, subject to certain loss recoupment tests being satisfied. Capital losses cannot be offset against other forms of assessable income but can be carried forward to later income years.

11.8.4 Dividends on Shares

Dividends may be paid to Shareholders in respect of their Shares. Franking credits may attach to such dividends. Franking credits broadly represent the extent to which a dividend distributed by a company is paid from profits that have been subject to Australian income tax. It is possible for a dividend to be 'fully franked', 'partly franked' or 'unfranked'. The distribution statement for the dividends paid to Shareholders should advise of the franking status of the dividends.

Australian-resident Shareholders will be required to include dividends in their assessable income in the income year in which the dividends are paid. To the extent that the dividends are franked, franking credits should also be included in the Shareholder's assessable income. In such circumstances, Shareholders are subject to tax at their applicable rate of tax on the "grossed-up" dividends

received, being the dividend plus the franking credit. The Shareholder may be entitled to a tax offset in their income tax return for the franking credits associated with dividends received.

To the extent that the dividends are unfranked, there is no gross-up (or tax offset). Australian-resident Shareholders are subject to tax at their applicable rate of tax on the unfranked portion of dividends received.

(a) Australian-resident individuals

In circumstances where franking credits received by Australian tax-resident Shareholders who are individuals exceed the amount of total income tax payable, those Shareholders should be entitled to a refund from the Australian Taxation Office. The refund should be the sum of any excess franking credits over and above the total income tax payable in an income year. Where the franking credits are less than the tax payable on the dividends, those Shareholders will need to pay tax on the balance.

(b) Trusts

In relation to Shareholders that are trusts (other than trustees of complying superannuation entities or trusts treated as companies for tax purposes), such Shareholders should include the sum of any franking credits received by the trustee in determining the net income of the trust. On distribution of net income by the trustee, the relevant beneficiary may then be entitled to a tax offset, subject to certain requirements being satisfied.

The application of the Australian taxation laws to trusts with regards to the taxation of dividends is complex. Advice should be sought to confirm the appropriate taxation considerations and treatment.

(c) Corporate Shareholders

Shareholders which are companies (including those which are deemed to be companies) (**Corporate Shareholders**) and are Australian tax-residents are also entitled to a tax offset equal to the amount of franking credits received. However, unlike non-Corporate Shareholders, they are unable to claim cash refunds for excess franking credits.

Corporate Shareholders should be entitled to a franking credit in their franking account equal to the franking credits received in respect of dividends. A Corporate Shareholder may be able to use the credits to make franked distributions to its shareholders.

Where excess franking credits exist, a Corporate Shareholder should be entitled to have the surplus credits converted into carry forward tax losses.

(d) Tax integrity rules

The entitlement of a Shareholder to a franking credit tax offset, and their requirement to include the franking credits in their assessable income, may be affected by the 'qualified person' rules, including the 'holding period' rule and the 'related payments' rule as well as the 'dividend washing' rule.

Qualified Person Rule

To be a qualified person, a Shareholder must satisfy the holding period rule and the related payments rule.

Under the 'holding period' rule, a Shareholder must continuously hold ordinary shares 'at risk' for at least 45 days (the holding period commences on the day after the day on which the Shareholder acquired the shares or interest) to be eligible for the franking tax offset. Under the 'small shareholder' exemption, this rule does not apply if the Shareholder's total franking credit entitlement does not exceed A\$5,000 in a particular income year.

The 'related payments' rule applies if a Shareholder or their associate is under an obligation to make a 'related payment', under which an obligation exists to pass the benefit of the franked dividend to someone else.

Where there has been a related payment, to be a 'qualified person' in relation to a dividend or distribution, a Shareholder must hold the relevant shares 'at risk' for the period beginning on the 45th day before and ending on the 45th day after the day on which the Shares became ex-dividend.

A Shareholder must be a 'qualified person' for the payment of each dividend or distribution, to claim the franking credits attached to franked dividends.

Dividend Washing Rule

The 'dividend washing' rule prevents a Shareholder from claiming more than one set of franking credits where they have received a dividend as a result of 'dividend washing'.

Dividend washing occurs where you, or an entity connected to you, sells an interest in shares that you hold while retaining the right to a dividend, then, by accessing share trading under an alternative ASX trading market, you purchase some substantially identical shares.

If the 'dividend washing' rule applies, a Shareholder is not entitled to a tax offset for the franking credits for the second dividend.

The above, and the other tax integrity rules, can be particularly complex, and especially so for distributions received indirectly (for example, via an interposed trust). It is recommended that Shareholders in such situations seek independent professional taxation advice.

11.8.5 Australian goods and services tax

No GST should be payable by Shareholders on acquisition or disposal of Shares in the Company, and no GST should be payable by Shareholders on receiving dividends distributed by the Company.

However, Shareholders may not be entitled to claim full input tax credits in relation to any GST included in any costs they have incurred in connection with the acquisition of the Shares, and Shareholders should obtain their own independent tax advice in this regard.

11.8.6 Stamp duty

Shareholders should not be liable for stamp duty in relation to the acquisition of Shares in the Company provided that the company remains on the official list of the ASX and all shares remain quoted on the ASX, unless the Shareholder acquires (either individually, or with an associate or related party or in concert with other

Shareholders) an interest of 90% or more of the Shares in the Company and the Company is a Landholder for duty purposes.

Under current stamp duty legislation, no stamp duty would ordinarily be payable by Shareholders on any subsequent transfer of their Shares but Shareholders should seek their own advice on the impact of stamp duty in their own particular circumstances.

11.8.7 Quotation of Tax File Number (TFN)

Australian tax resident Shareholders may, if they choose, notify the Company of their TFN, Australian Business Number (**ABN**) or a relevant exemption from withholding tax with respect to dividends. It is not compulsory for Shareholders to provide this information.

In the event that the Company is not so notified, Australian tax will be deducted by the Company from unfranked distributions and/or dividends at the highest marginal tax rate plus the Medicare Levy (which is 47% for the year ended 30 June 2021).

However, Australian tax resident Shareholders may be able to claim a tax credit in respect of the tax withheld on dividends in their income tax returns.

A Shareholder who holds Shares as part of an enterprise may quote its ABN instead of its TFN.

11.9 Ownership and Selling Restrictions

(a) Corporations Act ownership restrictions

The takeover provisions in Chapter 6 of the Corporations Act restrict acquisitions of shares in listed companies, and unlisted companies with more than 50 members, if the acquirer's (or another party's) voting power would increase to above 20%, or would increase from a starting point that is above 20% and below 90%, unless certain exceptions apply.

The Corporations Act also imposes notification requirements on persons having voting power of 5% or more in the Company.

(b) Foreign Acquisitions and Takeovers Act requirements

Generally, the *Foreign Acquisitions and Takeovers Act 1975* (**FATA**) applies to acquisitions of shares and voting power in a company of 20% or more by a single foreign person and its associates, or 40% or more by two or more unassociated foreign persons and their associates, where the acquisition meets a threshold value (which varies by investor type and industry). In addition, FATA applies to acquisitions of a direct interest in an Australian company by foreign governments and their related entities irrespective of the acquisition value. A "direct interest" is an interest of 10% in the entity but may include an interest of less than 10% where the investor has entered into business arrangements with the entity or the investor in a position to influence or participate in the management and control or policy of the entity. There are exemptions which can apply to certain acquisitions.

Under recent reforms to FATA, a new mandatory pre-approval regime for "national security actions" applies for any proposed action by a foreign

person to acquire a direct interest (at least 10%) in a carrier or nominated carriage provider to which the *Telecommunications Act 1997* applies, regardless of the value of the investment. This mandatory pre-approval regime will apply to the Company.

11.10 ASX Waivers and Confirmations

The Company has obtained 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 the Notice of Meeting not to state that, in relation to up to 940,000 Shares to be issued to current Directors in the Offer (**Related Party Securities**), that the Related Party Securities will be issued no later than one (1) month after the date of the General Meeting, on the following conditions:

- (i) the Related Party Securities are issued by no later than the date that the Shares are issued under the Offer which must be no later than three (3) months after the date of the General Meeting;
- (ii) the Related Party Securities are issued pursuant to the relevant terms and conditions set out in the Notice of Meeting pursuant to which the Company will seek the approval required under ASX Listing Rule 11.1.2 for the 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 of Meeting and in this Prospectus.

(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 the Notice of Meeting and to the market.

11.11 Interests of Directors

Other than as set out in this Prospectus, no Director or Proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or

(c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

(d) as an inducement to become, or to qualify as, a Director; or

(e) for services provided in connection with:

(i) the formation or promotion of the Company; or

(ii) the Offer.

11.12 Interests of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no:

(a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;

(b) promoter of the Company; or

(c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

(d) the formation or promotion of the Company;

(e) any property acquired or proposed to be acquired by the Company in connection with:

(i) its formation or promotion; or

(ii) the Offer; or

(f) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

(g) the formation or promotion of the Company; or

(h) the Offer.

Morgans has acted as Underwriter and Lead Manager to the Offer and will receive those fees set out in Section 10.1 following the successful completion of the Offer for its services as Underwriter and Lead Manager. Further details in respect to the Underwriting Agreement are summarised in Section 10.1. During the 24 months preceding lodgement of this Prospectus with the ASIC, Morgans has not received fees from the Company for any other services.

BDO Corporate Finance (WA) Pty Ltd has acted as Investigating Accountant and has prepared the Investigating Accountant's Report which is included in Annexure A. The Company estimates it will pay BDO Corporate Finance (WA) Pty Ltd a total of \$40,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, BDO Corporate Finance (WA) Pty Ltd has not received fees from the Company for any other services.

PKF(NS) Tax Pty Limited has prepared the summary of Australian taxation considerations in Section 11.8. The Company estimates it will pay PKF(NS) Tax Pty Limited \$2,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, PKF(NS) Tax Pty Limited has not received fees from the Company for any other services.

Steinepreis Paganin has acted as the Australian legal advisers to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$300,000 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has not received fees from the Company for any other services.

11.13 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Shares), the Directors, any persons named in the Prospectus with their consent as proposed Directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section;
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section; and
- (c) has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

BDO Corporate Finance (WA) Pty Ltd has given its written consent to being named as Investigating Accountant in this Prospectus and to the inclusion of the Investigating Accountant's Report in Annexure A in the form and context in which the information and report is included.

BDO Audit Pty Ltd has given its written consent to being named as auditor of the Company in this Prospectus and the inclusion of the audited financial information of the Company contained in Section 7 and in the Investigating Accountant's Report included in Annexure A to this Prospectus in the form and context in which it appears.

PKF(NS) Audit & Assurance Limited Partnership has given its written consent to being named as auditor of Cirrus Communications in this Prospectus and the inclusion of the audited financial information of Cirrus Communications contained in Section 7 and in the Investigating Accountant's Report included in Annexure A to this Prospectus in the form and context in which it appears.

PKF(NS) Tax Pty Limited has given its written consent the inclusion of the summary of Australian taxation considerations in Section 11.8 in the form and context in which it appears.

PKF Perth has given its written consent to being named as auditor of N1 Telecommunications in this Prospectus and the inclusion of the audited financial information of N1 Telecommunications contained in Section 7 and in the Investigating Accountants Report included in Annexure A to this Prospectus in the form and context in which it appears.

Steinepreis Paganin has given its written consent to being named as the Australian legal advisers to the Company in relation to the Offer in this Prospectus.

Morgans Corporate Limited has given its written consent to being named as the Underwriter and Lead Manager to the Company in this Prospectus.

Advanced Share Registry Services Ltd has given its written consent to being named as the share registry to the Company in this Prospectus.

Each of James Spenceley, Tony Grist, William (Paul) Reid and Matt Hollis has given its written consent to be named as a Proposed Director in this Prospectus and to the inclusion of statements attributed to the Proposed Directors in this Prospectus.

11.14 Expenses of the Offer

The total expenses of the Offer (excluding GST) are estimated to be approximately \$1.5m and are expected to be applied towards the items set out in the table below:

Item of Expenditure	(\$)
ASIC fees	5,000
ASX fees	95,000
Underwriter/Lead Manager Fees	900,000
Legal Fees	300,000
Investigating Accountant's Fees	40,000
Taxation fees	2,000
Printing and Distribution	30,000
All other	170,000
TOTAL	\$1.5m

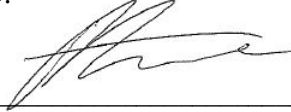
The Lead Manager, the Brokers and their respective related bodies corporate and affiliates, and any of their respective officers, directors, employees, partners, advisers or agents (together, the **Lead Manager Parties**) are involved in, or in the provision of, a wide range of financial services and businesses including (without limitation) securities trading and brokerage activities and providing retail, private banking, commercial and investment banking, investment management,

corporate finance, securities issuing, credit and derivative, trading and research products and services, including (without limitation) to, or in connection with, persons directly or indirectly involved with the Offer (such as members of the Board) or interests associated with such persons, out of which conflicting interests or duties may arise. In the ordinary course of these activities, each of the Lead Manager Parties may at any time hold long or short positions, and may trade or otherwise effect transactions, for its own account or the accounts of customers, including (without limitation) in debt or equity securities, loans, financing arrangements, or other financial accommodation, financial products or services, in connection with, or which rely on the performance of obligations by, interests associated with members of the Board or other persons that may be involved in the Offer.

12. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director and Proposed Director has consented to the lodgement of this Prospectus with the ASIC.



Jonathan Pearce
Director
For and on behalf of
STEMIFY LIMITED

13. GLOSSARY

Where the following terms are used in this Prospectus they have the following meanings:

\$ means an Australian dollar.

Acquisitions means the Company's proposed acquisition of NodeOne (directly and indirectly via the acquisition of Fiwi), Fiwi and Swoop.

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.

AEST means Australian Eastern Standard Time as observed in Sydney, New South Wales.

Anycast means Anycast Holdings Pty Ltd (ACN 128 650 635).

Application Form means the Broker Firm Application Form and the Priority Application Form.

ASIC means Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules or **Listing Rules** means the official listing rules of ASX.

Award has the meaning given in Section 11.4(a).

Board means the board of Directors as constituted from time to time.

Bosley means Bosley Holdings Pty Ltd (ACN 613 948 575).

Broker means a broker appointed by the Lead Manager pursuant to the Underwriting Agreement to act as a participating broker to the Offer and to participate in the Broker Firm Offer.

Broker Firm Application Form means the application form made available with a copy of this Prospectus, identified as the Broker Firm Application Form.

Broker Firm Offer means the offer of a firm allocation of Shares at the Offer Price to Brokers for allocation to their private clients in Australia, as described in Section 4.7.

Business Days 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).

CHES means the Clearing House Electronic Subregister System operated by ASX Settlement.

Cirrus Group means Swoop, Anycast and Bosley and their controlled entities.

Closing Date means the closing date of the Offer as set out in the indicative timetable in the Key Offer Information Section (subject to the Company reserving the right to extend the Closing Date or close the Offer early).

Company or **Stemify** means Stemify Limited (ACN 009 256 535).

Conditions has the meaning set out in Section 4.5.

Consideration Shares means a total of 122,769,264 Shares to be issued to the Vendors for the Acquisition.

Consolidation means the consolidation of the Company's issued capital on a 23 for 1 basis.

Constitution means the constitution of the Company.

Corporations Act means *the Corporations Act 2001* (Cth).

Denlin Nominees means Denlin Nominees Pty Ltd (ACN 008 905 940).

Directors means the directors of the Company at the date of this Prospectus.

EBITDA means earnings before interest, taxation, depreciation and amortisation.

EBIT means earnings before interest and taxation.

Existing Directors means the current Directors of the Company, being Ryan Legudi, Timothy Grice and Jonathan Pearce.

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 and Oaktone dated 19 February 2021.

Forrest Capital means Forrest Capital Pty Ltd (ACN 118 115 834).

Forrest Capital Options means Options to be issued by the Company to Forrest Capital as set out in Section 11.3.

General Meeting means the general meeting of the Company to be held on 3 May 2021.

Group means, following Settlement, the Company, Swoop, NodeOne and their respective subsidiaries and **Group Company** means any one of them.

Incentive Plan has the meaning set out in Section 11.4.

Institutional Investor means an investor who is a person who is a wholesale client under section 761G of the Corporations Act and either a 'professional investor' or a 'sophisticated investor' under sections 708(11) and 708(8) of the Corporations Act, to whom offers of Shares may lawfully be made without the need for a lodged or registered prospectus or other form of disclosure document or filing with, or approved by, any government agency, provided that in each case such investor is not in the United States.

Institutional Offer means the offer of Shares to Institutional Investors as described in Section 4.9 (for the avoidance of doubt excludes the Broker Firm Offer).

Lead Manager or **Morgans** means Morgans Corporate Limited (ACN 010 539 607) AFSL 235407.

N1 Wholesale means N1 Wholesale Pty Ltd (ACN 628 474 260).

NBN means NBN Co Limited.

N1 Telecommunications Group means N1 Telecommunications, N1 Wholesale and Node1 Pty Ltd.

NodeOne or **N1 Telecommunications** means N1 Telecommunications Pty Ltd (ACN 638 547 476) trading as "NodeOne".

NodeOne Acquisition means the acquisition by the Company of 100% of the issued capital in N1 Telecommunications (directly and indirectly via the acquisition of 100% of the issued capital of Fiwi, a shareholder of NodeOne) from the NodeOne Vendors.

NodeOne Agreement means the agreement by which the Company has agreed 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 beneficial shareholders of Fiwi and of the NodeOne shares held by Fiwi, named in Part 2 of Annexure C (being the persons to whom Consideration Shares shall be issued pursuant to the Fiwi Agreement).

NodeOne Shareholders means the legal and beneficial shareholders of NodeOne named in Part 1 of Annexure C (being all of the shareholders of NodeOne other than Fiwi).

NodeOne Vendors means:

- (a) the NodeOne Beneficial Shareholders; and
- (b) the NodeOne Shareholders.

Notice of Meeting means the notice of meeting convening the General Meeting.

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.

Offer means the offer of Shares pursuant to this Prospectus as set out in Section 4.1.

Offer Price means \$0.50 per Share.

Official List means the official list of ASX.

Official Quotation means official quotation by ASX in accordance with the ASX Listing Rules.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Performance Right means a performance right convertible into a Share having the terms set out in Section 11.5.

Priority Application Form means the application form made available with a copy of this Prospectus, identified as the Priority Application Form.

Priority Offer means an offer of up to 20,000,000 Shares in aggregate to those persons in Australia nominated by the Company to receive a personalised invitation of Shares under this Prospectus.

Proposed Directors means James Spenceley, Paul Reid, Matt Hollis and Tony Grist.

Prospectus means this prospectus.

Recommendations has the meaning set out in Section 9.8.

Registry means Advanced Share Registry Services Ltd.

RSP means retail service provider.

Section means a Section of this Prospectus.

Securities means Shares, Options and Performance Rights.

Sell Down Agreement has the meaning given in Section 6.14.

Settlement means settlement of the Acquisitions in accordance with the terms of the Acquisition Agreements.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of Shares.

STEM Business has the meaning given in Section 6.1.

Swoop or **Cirrus Communications** means Cirrus Communications Pty Ltd (ACN 109 931 731).

Swoop Acquisition means the acquisition by the Company of 100% of the issued capital in Cirrus Communications from the Swoop Vendors.

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 at Settlement, the names of which are set out in Annexure B.

Tattarang Ventures means Tattarang Ventures Pty Ltd (ACN 606 486 239).

TCP Code means the Telecommunications Consumer Protections Code C628:2019.

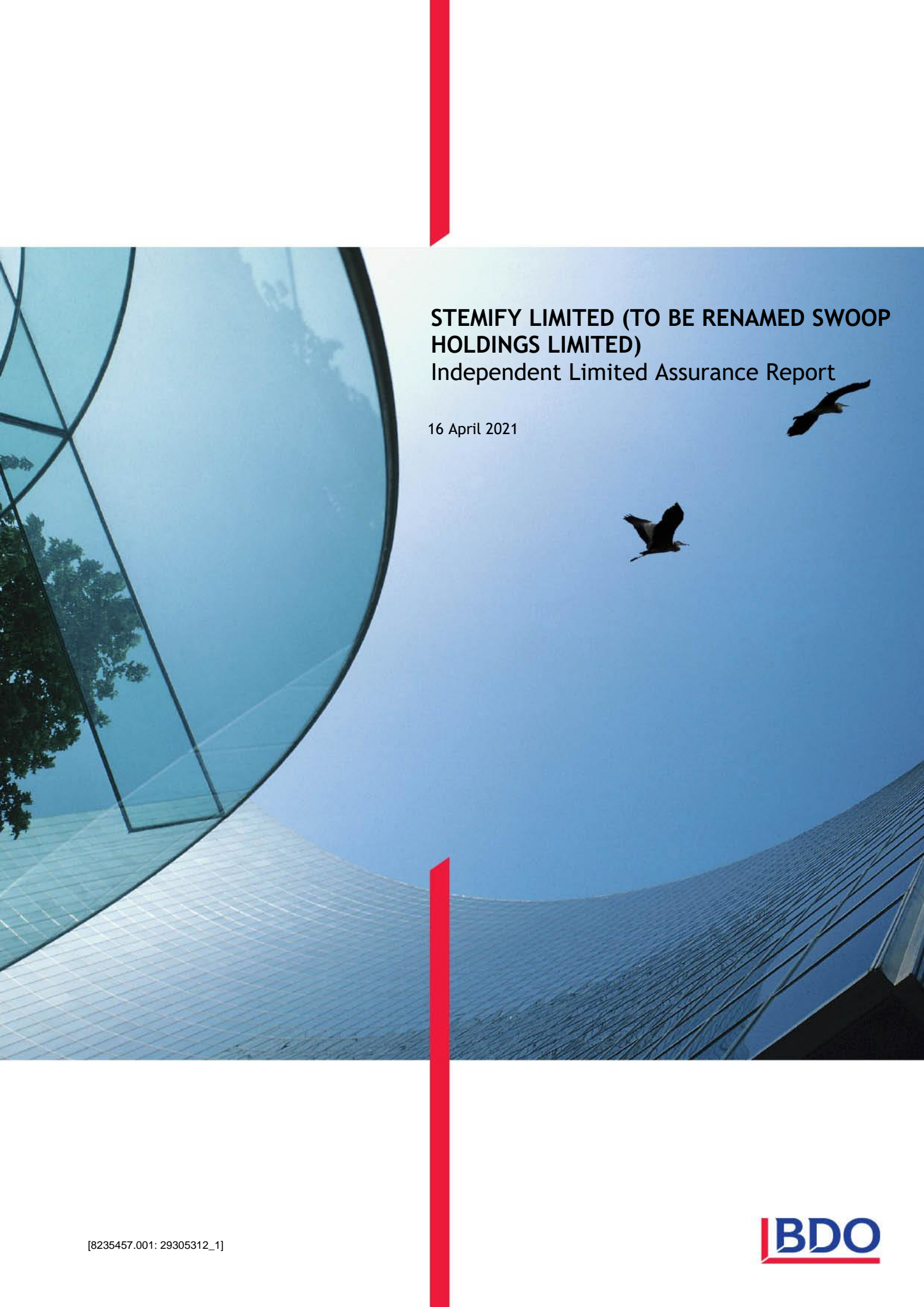
Vendors means the Swoop Vendors and the NodeOne Vendors.

Underwriter means Morgans Corporate Limited (ACN 010 539 607) AFSL 235407.

Underwriting Agreement means the agreement with between Stemify and Morgans summarised in Section 10.1.

US Securities Act means the United States Shares Act of 1933.

ANNEXURE A – INVESTIGATING ACCOUNTANT’S REPORT



**STEMIFY LIMITED (TO BE RENAMED SWOOP
HOLDINGS LIMITED)**
Independent Limited Assurance Report

16 April 2021

16 April 2021

The Directors and Proposed Directors

Stemify Limited

Level 5, 126-130 Phillip Street

Sydney NSW 2000

Dear Directors

INDEPENDENT LIMITED ASSURANCE REPORT

1. Introduction

BDO Corporate Finance (WA) Pty Ltd (**'BDO'**) has been engaged by Stemify Limited (**'Stemify'** or **'the Company'**) to prepare this Independent Limited Assurance Report (**'Report'**) in relation to certain financial information of Stemify, Cirrus Communication Pty Ltd (**'Swoop'**) and its controlled entities and N1 Telecommunications Pty Ltd (**'NodeOne'**) and its controlled entities, for inclusion in the Prospectus.

The Swoop group comprises the entities Swoop, Anycast Holdings Pty Ltd (**'Anycast'**) and Bosley Holdings Pty Ltd (**'Bosley'**) and certain other controlled entities. Anycast and Bosley were acquired by Swoop on 30 April 2020. The NodeOne group comprises entities NodeOne, Node 1 Pty Ltd (**'Node 1'**) and N1 Wholesale Pty Ltd (**'N1 Wholesale'**). NodeOne was incorporated on 5 February 2020 with the intent of acquiring 100% of the ordinary shares of Node 1 and N1 Wholesale via a pooling of interest transaction.

As disclosed to the Australian Securities Exchange (**'ASX'**) on 25 February 2021, the Company entered into inter-conditional share purchase deeds to acquire 100% of the issued capital in Swoop and NodeOne from their respective shareholders for total consideration of 89,401,261 and 33,368,003 shares respectively (in scrip value \$61,384,632 based on the capital raising price of \$0.50 per share) (**'Acquisitions'**). The terms of the Acquisitions are detailed in Section 10.2 of the Prospectus. In addition, the Prospectus will offer to the public up to 40,000,000 Shares at an issue price of \$0.50 each to raise up to \$20 million before costs (**'the Offer'**). No subscriptions above \$20 million will be accepted by the Company under the Offer.

Expressions defined in the Prospectus have the same meaning in this Report. BDO Corporate Finance (WA) Pty Ltd (**'BDO'**) holds an Australian Financial Services Licence (AFS Licence Number 316158) and our Financial Services Guide (**'FSG'**) has been included in this report in the event

you are a retail investor. Our FSG provides you with information on how to contact us, our services, remuneration, associations, and relationships.

This Report has been prepared for inclusion in the Prospectus. We disclaim any assumption of responsibility for any reliance on this Report or on the Financial Information to which it relates for any purpose other than that for which it was prepared.

2. Scope

You have requested BDO to perform a limited assurance engagement in relation to the historical and pro forma historical financial information described below and disclosed in the Prospectus.

The historical and pro forma historical financial information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

You have requested BDO to review the following historical financial information (together the **'Historical Financial Information'**) of Stemify, Swoop and NodeOne included in the Prospectus:

- the audited historical Statements of Profit or Loss and Other Comprehensive Income and Statement of Cash flows for Swoop and Stemify for the financial years ended 30 June 2019 and 30 June 2020;
- the audited historical Statements of Profit or Loss and Other Comprehensive Income and Statement of Cash flows for Anycast, Bosley and Node 1 for the years ended 30 June 2018, 30 June 2019 and 30 June 2020;
- the audited historical Statements of Profit or Loss and Other Comprehensive Income and Statement of Cash flows for N1 Wholesale for the period from incorporation to 30 June 2019 and year ended 30 June 2020;
- the audited historical Statements of Profit or Loss and Other Comprehensive Income and Statement of Cash flows for NodeOne for the period from incorporation to 30 June 2020;
- the reviewed historical Statements of Profit or Loss and Other Comprehensive Income and Statement of Cash flows for Swoop and Stemify for the half-year ended 31 December 2020 (and comparatives for the half-year ended 31 December 2019);
- the reviewed historical Statements of Profit or Loss and Other Comprehensive Income and Statement of Cash flows for NodeOne for the half-year ended 31 December 2020; and
- the reviewed historical Statement of Financial Position for Stemify, Swoop and NodeOne as at 31 December 2020.

The Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and Stemify's, Swoop's and NodeOne's adopted accounting policies.

The Historical Financial Information of Stemify has been extracted from the financial reports of Stemify for the years ended 30 June 2019 and 30 June 2020, and half-year ended 31 December 2020 (and comparatives for the half-year ended 31 December 2019), which was audited by BDO Audit Pty Ltd (**'BDO Audit'**) in accordance with the Australian Auditing Standards. BDO Audit issued unmodified audit and review opinions on the financial reports. In each of the audit and review conclusions, BDO Audit included an emphasis of matter relating to the material

uncertainty related to going concern. However, the audit and review opinions were not modified in respect of this matter.

The Historical Financial Information for Swoop has been extracted from the financial reports of Swoop for the years ended 30 June 2019 and 30 June 2020, and half-year ended 31 December 2020 (and comparatives for the half-year ended 31 December 2019), which was audited by PKF (NS) Audit & Assurance Limited Partnership ('PKF NS') in accordance with the Australian Auditing Standards. PKF NS issued unmodified audit and review opinions on the financial reports.

The Historical Financial Information for NodeOne has been extracted from the financial reports of NodeOne from the period from incorporation to 30 June 2020 and the half-year ended 31 December 2020, which was audited by PKF Perth ('PKF Perth') in accordance with the Australian Auditing Standards. For the half-year ended 31 December 2020 PKF Perth issued an unmodified review conclusion. For the year ended 30 June 2020, PKF Perth issued a Qualified Opinion. The basis for qualification was due to the inability to obtain sufficient appropriate evidence to verify the existence and carrying amount of Inventory as at 30 June 2020. NodeOne had inventory with a carrying value of \$109,051 as at 30 June 2020.

The Historical Financial Information for Anycast has been extracted from the financial reports of Anycast for the years ended 30 June 2018, 30 June 2019 and 30 June 2020, which was audited by PKF (NS) in accordance with the Australian Auditing Standards. PKF NS issued unmodified audit opinions on the financial reports. For the year ended 30 June 2018, PKF NS included an emphasis of matter relating to the material uncertainty related to going concern. However, the audit opinions were not modified in respect of this matter.

The Historical Financial Information for Bosley has been extracted from the financial reports of Bosley for the years ended 30 June 2018, 30 June 2019 and 30 June 2020, which was audited by PKF (NS) in accordance with the Australian Auditing Standards. PKF NS issued unmodified audit opinions on the financial reports. In each of the audit opinions, PKF NS included an emphasis of matter relating to the material uncertainty related to going concern. However, the audit opinions were not modified in respect of this matter.

The Historical Financial Information for Node 1 has been extracted from the financial reports of Node 1 for the years ended 30 June 2018, 30 June 2019 and 30 June 2020, which was audited by PKF Perth in accordance with the Australian Auditing Standards. PKF Perth issued unmodified audit opinions on the financial reports.

The Historical Financial Information for N1 Wholesale has been extracted from the financial reports of N1 Wholesale for the period from incorporation to 30 June 2019 and the year ended 30 June 2020, which was audited by PKF Perth in accordance with the Australian Auditing Standards. For the year ended 30 June 2020, PKF Perth issued a Qualified Opinion. The basis for qualification was due to the inability to obtain sufficient appropriate evidence to verify the existence and carrying amount of Inventory as at 30 June 2020. N1 Wholesale had inventory with carrying value of \$96,018 as at 30 June 2020.

Pro Forma Historical Financial Information

You have requested BDO to review the following pro forma historical financial information (the '**Pro Forma Historical Financial Information**') of Stemify, Swoop and NodeOne included in the Prospectus:

- the pro forma consolidated historical Statement of Financial Position as at 31 December 2020.

The Pro Forma Historical Financial Information has been derived from the historical financial information of Stemify, Swoop and NodeOne, after adjusting for the effects of the subsequent events described in Section 6 of this Report and the pro forma adjustments described in Section 7 of this Report. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the event(s) or transaction(s) to which the pro forma adjustments relate, as described in Section 7 of this Report, as if those event(s) or transaction(s) had occurred as at the date of the historical financial information. Due to its nature, the Pro Forma Historical Financial Information does not represent the Company's actual or prospective financial position or financial performance.

The Pro Forma Historical Financial Information has been compiled by Stemify to illustrate the impact of the events or transactions described in Section 6 and Section 7 of the Report on Stemify's financial position as at 31 December 2020. As part of this process, information about Stemify, Swoop and NodeOne's financial position has been extracted by the Company from Stemify's, Swoop's and NodeOne's reviewed financial statements for the half-year ended 31 December 2020.

3. Directors' responsibility

The directors of Stemify are responsible for the preparation and presentation of the Historical Financial Information and Pro Forma Historical Financial Information, including the selection and determination of pro forma adjustments made to the Historical Financial Information and included in the Pro Forma Historical Financial Information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of Historical Financial Information and Pro Forma Historical Financial Information are free from material misstatement, whether due to fraud or error.

4. Our responsibility

Our responsibility is to express limited assurance conclusions on the Historical Financial Information and the Pro Forma Historical Financial Information. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

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

Our engagement did not involve updating or re-issuing any previously issued audit or limited assurance reports on any financial information used as a source of the financial information.

5. Conclusion

Historical Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information, as described in Section 7.6 to 7.8 of the Prospectus which comprises:

- the audited historical Statements of Profit or Loss and Other Comprehensive Income and Statements of Cash flows for Swoop and Stemify for the financial years ended 30 June 2019 and 30 June 2020;
- the audited historical Statements of Profit or Loss and Other Comprehensive Income and Statements of Cash flows for Anycast, Bosley and Node 1 for the financial years ended 30 June 2018, 30 June 2019 and 30 June 2020;
- the audited historical Statements of Profit or Loss and Other Comprehensive Income and Statements of Cash flows for N1 Wholesale for the period from incorporation to 30 June 2019 and year ended 30 June 2020;
- the audited historical Statement of Profit or Loss and Other Comprehensive Income and Statement of Cash flows for NodeOne for the period from incorporation to 30 June 2020;
- the reviewed historical Statements of Profit or Loss and Other Comprehensive Income and Statements of Cash flows for Swoop and Stemify for the half-year ended 31 December 2020 (and comparatives for the half-year ended 31 December 2019);
- the reviewed historical Statement of Profit or Loss and Other Comprehensive Income and Statement of Cash flows for NodeOne for the half-year ended 31 December 2020; and
- the reviewed historical Statements of Financial Position for Stemify, Swoop and NodeOne as at 31 December 2020.

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 2 of this Report.

Pro Forma Historical Financial information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information as described in Section 7.6 of the Prospectus, and comprising:

- the pro forma consolidated historical Statement of Financial Position of Stemify as at 31 December 2020,

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 2 of this Report.

6. Subsequent Events

Apart from the matters dealt with in this Report, and having regard to the scope of this Report and the information provided by the Directors, to the best of our knowledge and belief no other material transaction or event outside of the ordinary business of Stemify, Swoop and NodeOne has come to our attention that would require comment on, or adjustment to, the information referred to in our Report or that would cause such information to be misleading or deceptive.

7. Assumptions Adopted in Compiling the Pro-forma Statement of Financial Position

The pro forma historical Statement of Financial Position is shown in Section 7.6 of the Prospectus. This has been prepared based on the financial statements as at 31 December 2020, the subsequent events set out in Section 6, and the following transactions and events relating to the issue of Shares under this Prospectus:

- Pursuant to the Acquisition agreements, the Company will consolidate its securities and options on a 23 to 1 basis. The total number of shares and options pre-consolidation were 156,972,435 and 75,277,782 respectively. The total number of shares and options post consolidation are 6,825,035 and 3,272,951 respectively.
- The Company announced on 25 February 2021 that it had entered into inter-conditional share purchase deeds to acquire 100% of the issued capital in Swoop and NodeOne (directly and indirectly via the acquisition of one of its shareholders, Fiwi Pty Limited) from their respective shareholders. The consideration to be paid by the Company to Swoop and NodeOne Vendors are 89,401,261 and 33,368,003 Shares respectively (post capital Consolidation).

The Acquisitions of 100% of the issued capital in Swoop and NodeOne are deemed to be business combinations as they fall within the scope of *AASB 3 Business Combinations*, with Swoop considered to be the accounting parent, due to the level of shareholding acquired under the Acquisition agreements. Under the first acquisition, the purchase price is determined by reference to the number of shares that Swoop would have to issue to Stemify for Stemify to hold 5.3% of the group. This was calculated to be \$3,412,518 based on the issue price of \$0.50.

The net assets of Stemify as at 31 December 2020 were \$801,315, resulting in goodwill of \$2,611,203 recognised and immediately expensed as costs associated with re-listing on the ASX.

The net assets of NodeOne as at 31 December 2020 were \$1,901,170, resulting in goodwill of \$14,782,831 being recognised.

The Acquisitions have been provisionally accounted for and hence the fair value of identifiable intangibles, deferred tax liabilities and fair value assessments of Swoop and NodeOne's other assets are not assessed which give rise to the difference between consideration and the carrying value of net assets acquired being recognised as goodwill.

- The issue of 40,000,000 Shares at an offer price of \$0.50 each to raise \$20 million before costs pursuant to the Prospectus, based on the subscription;
- Costs of the Offer are estimated to be approximately \$1,542,000. The costs directly attributable to the capital raising being \$1,427,504 under the raise, are offset against the contributed equity, with the remaining costs of the Offer expensed through accumulated losses;
- 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' ('Incentives') in connection with the transaction. A total of \$371,000 and \$689,000 will be re-injected as cash contributions to the Company by Eric Heyde and Paul Reid respectively for the repayment of limited recourse loans for equity issues which have already been granted. A total of 21,473,071 and 19,509,371 shares were issued to Eric Heyde and Paul Reid respectively on 4 October 2019.
- Pursuant to the Acquisition agreements, Swoop intends to make a return of capital to its shareholders in the amount of \$203,698. The Company and NodeOne do not intend to make a return on capital;
- The Company has agreed to issue 6,151,088 Performance Rights to James Spenceley, Tony Grist and Jonathan Pearce. There are milestone conditions which must be achieved in order for the Performance Rights to vest. These milestone conditions are detailed in section 11.5 of the Prospectus and are also included under note 21 to our Report.

In accordance with AASB 2: *Share based payment*, the value of the Performance Rights are to be expensed over the vesting period. Therefore, as at the pro-forma date, no adjustment has been made to account for the vesting of these Performance Rights.

- The proposed issue of 1,500,000 Options to Forrest Capital exercisable at \$0.75, with an expiry date that is 3 years from the date of issue, to Forrest Capital (**Forrest Capital Options**). The issue of Options to Forrest Capital is being made in consideration for the termination of a lead manager mandate between the Company and Forrest Capital. Forrest Capital Options have been valued at \$235,743 using the Black Scholes option pricing model. The issue of Forrest Capital Options is reflected in the pro forma statement of financial position by an increase in reserves and accumulated losses.

8. Independence

BDO is a member of BDO International Ltd. BDO does not have any interest in the outcome of the proposed acquisition other than in connection with the preparation of this Report and participation in due diligence procedures, for which professional fees will be received.

9. Disclosures

This Report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to be a substitute for professional advice and potential investors should not make specific investment decisions in reliance on the information contained in this Report. Before acting or relying on any information, potential investors should consider whether it is appropriate for their objectives, financial situation or needs.

Without modifying our conclusions, we draw attention to Section 2 of this Report, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

BDO has consented to the inclusion of this Report in the Prospectus in the form and context in which it is included. At the date of this Report this consent has not been withdrawn. However, BDO has not authorised the issue of the Prospectus. Accordingly, BDO makes no representation regarding, and takes no responsibility for, any other statements or material in or omissions from the Prospectus.

Yours faithfully

BDO Corporate Finance (WA) Pty Ltd



Peter Toll

Director

APPENDIX 1

STEMIFY LIMITED, CIRRUS COMMUNICATIONS PTY LTD, N1 TELECOMMUNICATIONS PTY LTD AND THEIR CONTROLLED ENTITIES

NOTES TO AND FORMING PART OF THE HISTORICAL FINANCIAL INFORMATION

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the Historical Financial Information included in this Report have been set out below.

a) Basis of preparation of historical financial information

The historical financial information has been prepared in accordance with the recognition and measurement, but not all the disclosure requirements of the Australian equivalents to International Financial Reporting Standards ('AIFRS'), other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the Corporations Act 2001.

The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the Corporations Act 2001 and the significant accounting policies disclosed below, which the directors have determined are appropriate.

The financial information has also been prepared on a historical cost basis, except for derivatives and available-for-sale financial assets that have been measured at fair value. The carrying values of recognised assets and liabilities that are hedged are adjusted to record changes in the fair value attributable to the risks that are being hedged. Non-current assets and disposal group's held-for-sale are measured at the lower of carrying amounts and fair value less costs to sell.

b) Going Concern

The historical financial information has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The ability of the company to continue as a going concern is dependent on the success of the crystallisation of the inter-conditional share purchase deeds and the fundraising under the Prospectus. The Directors believe that the company will continue as a going concern. As a result the financial information has been prepared on a going concern basis. However, should the acquisitions fall through and/or the fundraising under the Prospectus be unsuccessful, the entity may not be able to continue as a going concern. No adjustments have been made relating to the recoverability and classification of liabilities that might be necessary should the company not continue as a going concern.

c) Reporting Basis and Conventions

The report is also prepared on an accrual basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

d) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the company as at 31 December 2020 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

e) Foreign currency translation

The financial statements are presented in Australian dollars which is the company's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

f) Revenue Recognition

Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the company expects to receive in exchange for those goods or services. Revenue is recognised by applying a five step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the company have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

The revenue recognition policies for the principal revenue streams are as follows:

Rendering of services

Revenue in relation to rendering of services is recognised depending on whether the outcome of the services can be estimated reliably. If the outcome can be estimated reliably then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period. If the outcome cannot be reliably estimated then revenue is recognised to the extent of expenses recognised that are recoverable.

Revenue from internet services is generally recognised once the service has been delivered.

Sale of goods

The company holds contracts with customers for the sale of 3D printers. Revenue from the sale of goods is recognised at a point in time when the customer obtains controls of the goods. Amounts disclosed as revenue are net of sales returns and trade discounts.

Software revenue

MSK curriculum software revenue is recognised over the course of the contract on a straight line basis where the customer has access to the software. Invoice is issued to the customer when the software licences were effective.

Interest

Interest revenue is recognised using the effective interest rate method.

Other income

Other income is recognised when it is received or when the right to receive payment is established.

g) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

h) Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

i) Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

j) Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

k) Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

l) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

m) Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

n) Trade and Other Payables

Liabilities are recognised for or goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

o) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Group has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the company renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

p) Accounting policy for inventories

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the weighted average costs basis and is net of any rebates and discounts received. Net realisable value is estimated using the most reliable evidence available at the reporting date and inventory is written down through an obsolescence provision if necessary.

q) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

r) Leases

The Swoop Group adopted AASB 16 Leases using the modified retrospective (cumulative catch up) method from 1 July 2019 and therefore the comparative information for the year ended 30 June 2019 has not been restated and has been prepared in accordance with AASB 117 Leases and associated Accounting Interpretations.

The impact of adopting AASB 16 is described below:

The Swoop Group as a lessee

Under AASB 117, the Swoop Group assessed whether leases were operating or finance leases based on its assessment of whether the significant risks and rewards of ownership had been transferred to the Swoop Group or remained with the lessor. Under AASB 16, there is no differentiation between finance and operating leases for the lessee and therefore all leases which meet the definition of a lease are recognised on the consolidated statement of financial position (except for short term leases and leases of low value assets).

The Swoop Group has elected to use the exception to lease accounting for short term leases and leases of low value assets, and the lease expense relating to these leases are recognised in the consolidated statement of profit or loss on a straight line basis.

Practical expedients used on transition

AASB 16 includes a number of practical expedients which can be used on transition, the Swoop Group has used the following expedients:

- contracts which had previously been assessed as not containing leases under AASB 117 were not re assessed on transition to AASB 16;
- lease liabilities were discounted using Swoop's incremental borrowing rate at 1 July 2019;
- right of use assets at 1 July 2019 were measured at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments;
- a single discount rate was applied to all leases with similar characteristics;
- the right of use asset was adjusted by the existing onerous lease provision (where relevant) at 30 June 2020 rather than performing impairment testing of the right of use asset;
- leases with an expiry date prior to 30 June 2020 were excluded from the consolidated statement of financial position and lease expenses for these leases were recorded on a straight line basis over the remaining term; and
- used hindsight when determining the lease term if the contract contained options to extend or terminate the lease.

Financial statement impact on the Swoop Group

The Swoop Group recognised right of use assets of \$3,913,945 and lease liabilities of \$3,913,945 at 1 July 2019, for leases previously classified as operating leases.

The weighted average lessee's incremental borrowing rate applied to lease liabilities at 1 July 2019 was 7.00%.

	\$
Operating lease commitments at 30 June 2019 financial statements	4,072,834
Discounted using the incremental borrowing rate at 1 July 2019	<u>3,913,945</u>
Lease liabilities recognised at 1 July 2019	<u><u>3,913,945</u></u>

Financial statement impact on NodeOne and the Company

NodeOne and N1 Wholesale did not prepare financial statements prior to the year ended 30 June 2020, and Node 1 and the Company had no leases defined under AASB16 at 1 July 2019. Accordingly, the introduction of AASB16 had no material impact on the reported historical financial performance of the NodeOne or the Company.

s) Accounting policy for intangible assets

Goodwill

Goodwill is carried at cost less accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

- i) the consideration transferred;
- ii) any non controlling interest; and
- iii) the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of net identifiable assets acquired in a business combination.

The value of goodwill recognised on acquisition of each subsidiary in which the company holds less than a 100% interest will depend on the method adopted in measuring the aforementioned non controlling interest. The company can elect to measure the non controlling interest in the acquiree either at fair value ('full goodwill method') or at the non controlling interest's proportionate share of the subsidiary's identifiable net assets ('proportionate interest method'). The company determines which method to adopt for each acquisition.

Under the 'full goodwill method', the fair values of the non controlling interests are determined using valuation techniques which make the maximum use of market information where available.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Changes in the ownership interests in a subsidiary are accounted for as equity transactions and do not affect the carrying values of goodwill.

Patents and trademarks

Patents and trademarks are recognised at cost of acquisition. Patents and trademarks have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Patents and trademarks are amortised over their useful life of 10 years.

Software

Software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. It has an estimated useful life of two years.

Customer contracts

Customer contracts acquired at acquisition have a finite life and is carried at cost less any accumulated amortisation and impairment losses. The estimated useful life has been determined to be three years.

License agreements

APNIC licenses acquired at acquisition have a finite life and are carried at cost less any accumulated amortisation and impairment losses. The estimated useful life has been determined to be five years.

Amortisation

Amortisation is recognised in profit or loss on a straight line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

t) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment.

Land and buildings

Land and buildings are measured using the cost model.

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight line basis over the assets useful life to the company, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Plant and Equipment	33%
Motor Vehicles	25%
Office Equipment	20%-33%
Leasehold improvements	20%-25%
Networks	8%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

u) Discontinued operations

A discontinued operation is a component of the consolidated entity that has been disposed of, is classified as held for sale or where the reporting entity ceases control through placing a subsidiary in administration and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

v) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

w) Reserves

Financial assets at fair value through other comprehensive income reserve

The reserve is used to recognise increments and decrements in the fair value of financial assets at fair value through other comprehensive income.

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

	Reviewed for the period ended 31-Dec-20 \$000,000	Pro-forma after Offer Max \$000,000
NOTE 1. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents	0.9	23.4
<i>Adjustments to arise at the pro-forma balance:</i>		
Reviewed balance of Stemify as at 31 December 2020		0.9
		<u>0.9</u>
<i>Pro-forma adjustments:</i>		
Reviewed balance of Swoop as at 31 December 2020		7.0
Reviewed balance of NodeOne as at 31 December 2020		0.4
Proceeds from shares issued under this Prospectus		20.0
Net cash pre-settlement adjustment to shareholders of Swoop		(0.2)
Incentives payable by Swoop on completion		(4.3)
Repayment of limited recourse loans on completion for equities issued to Eric Heyde and Paul Reid		1.1
Capital raising costs		(1.5)
		<u>22.5</u>
Pro-forma Balance		<u>23.4</u>

	Reviewed for the period ended 31-Dec-20 \$000,000	Pro-forma after Offer Max \$000,000
NOTE 2. TRADE AND OTHER RECEIVABLES		
Trade and other receivables	0.2	2.0
<i>Adjustments to arise at the pro-forma balance:</i>		
Reviewed balance of Stemify as at 31 December 2020		0.2
		<u>0.2</u>
<i>Pro-forma adjustments:</i>		
Reviewed balance of Swoop as at 31 December 2020		1.3
Reviewed balance of NodeOne as at 31 December 2020		0.5
		<u>1.8</u>
Pro-forma Balance		<u>2.0</u>

	Reviewed for the period ended 31-Dec-20 \$000,000	Pro-forma after Offer Max \$000,000
NOTE 3. INVENTORIES		
Inventories	-	0.5
<i>Adjustments to arise at the pro-forma balance:</i>		
Reviewed balance of Stemify as at 31 December 2020		-
<i>Pro-forma adjustments:</i>		
Reviewed balance of Swoop as at 31 December 2020		0.4
Reviewed balance of NodeOne as at 31 December 2020		0.1
		0.5
Pro-forma Balance		0.5

	Reviewed for the period ended 31-Dec-20 \$000,000	Pro-forma after Offer Max \$000,000
NOTE 4. OTHER CURRENT ASSETS		
Other current assets	-	0.7
<i>Adjustments to arise at the pro-forma balance:</i>		
Reviewed balance of Stemify as at 31 December 2020		0.1
		0.1
<i>Pro-forma adjustments:</i>		
Reviewed balance of Swoop as at 31 December 2020		0.4
Reviewed balance of NodeOne as at 31 December 2020		0.2
		0.6
Pro-forma Balance		0.7

	Reviewed for the period ended 31-Dec-20 \$000,000	Pro-forma after Offer Max \$000,000
NOTE 5. PROPERTY, PLANT AND EQUIPMENT		
Property, plant and equipment	-	10.7
<i>Adjustments to arise at the pro-forma balance:</i>		
Reviewed balance of Stemify as at 31 December 2020		-
<i>Pro-forma adjustments:</i>		
Reviewed balance of Swoop as at 31 December 2020		8.6
Reviewed balance of NodeOne as at 31 December 2020		2.1
		10.7
Pro-forma Balance		10.7

	Reviewed for the period ended 31-Dec-20 \$000,000	Pro-forma after Offer Max \$000,000
NOTE 6. DEFERRED TAX ASSETS		
Deferred tax assets	-	0.6
<i>Adjustments to arise at the pro-forma balance:</i>		
Reviewed balance of Stemify as at 31 December 2020		-
<i>Pro-forma adjustments:</i>		
Reviewed balance of Swoop as at 31 December 2020		0.6
		0.6
Pro-forma Balance		0.6

	Reviewed for the period ended 31-Dec-20 \$000,000	Pro-forma after Offer Max \$000,000
NOTE 7. INTANGIBLES		
Intangibles	-	21.1
<i>Adjustments to arise at the pro-forma balance:</i>		
Reviewed balance of Stemify as at 31 December 2020		-
<i>Pro-forma adjustments:</i>		
Reviewed balance of Swoop as at 31 December 2020		5.7
Reviewed balance of NodeOne as at 31 December 2020		0.6
Goodwill recognised upon reverse acquisition of Stemify by Swoop		2.6
Amount recognised as ASX listing expense on Acquisition		(2.6)
Goodwill recognised upon acquisition of NodeOne		14.8
		21.1
Pro-forma Balance		21.1

	Reviewed for the period ended 31-Dec-20 \$000,000	Pro-forma after Offer Max \$000,000
NOTE 8. RIGHT-OF-USE ASSETS		
Right-of-use assets	-	5.9
<i>Adjustments to arise at the pro-forma balance:</i>		
Reviewed balance of Stemify as at 31 December 2020		-
<i>Pro-forma adjustments:</i>		
Reviewed balance of Swoop as at 31 December 2020		5.2
Reviewed balance of NodeOne as at 31 December 2020		0.7
		5.9
Pro-forma Balance		5.9

	Reviewed for the period ended 31-Dec-20 \$000,000	Pro-forma after Offer Max \$000,000
NOTE 9. OTHER NON-CURRENT ASSETS		
Other non-current assets	-	0.1
<i>Adjustments to arise at the pro-forma balance:</i>		
Reviewed balance of Stemify as at 31 December 2020		-
<i>Pro-forma adjustments:</i>		
Reviewed balance of Swoop as at 31 December 2020		0.1
		0.1
Pro-forma Balance		0.1

	Reviewed for the period ended 31-Dec-20 \$000,000	Pro-forma after Offer Max \$000,000
NOTE 10. TRADE AND OTHER PAYABLES		
Trade and other payables	0.3	5.1
<i>Adjustments to arise at the pro-forma balance:</i>		
Reviewed balance of Stemify as at 31 December 2020		0.3
		0.3
<i>Pro-forma adjustments:</i>		
Reviewed balance of Swoop as at 31 December 2020		3.5
Reviewed balance of NodeOne as at 31 December 2020		1.3
		4.8
Pro-forma Balance		5.1

	Reviewed for the period ended 31-Dec-20 \$000,000	Pro-forma after Offer Max \$000,000
NOTE 11. LEASE LIABILITIES - CURRENT		
Lease liabilities - current	-	1.8
<i>Adjustments to arise at the pro-forma balance:</i>		
Reviewed balance of Stemify as at 31 December 2020		-
		-
<i>Pro-forma adjustments:</i>		
Reviewed balance of Swoop as at 31 December 2020 - Finance leases		0.1
Reviewed balance of Swoop as at 31 December 2020 - Right of use liabilities		1.4
Reviewed balance of NodeOne as at 31 December 2020 - Right of use liabilities		0.3
		1.8
Pro-forma Balance		1.8

	Reviewed for the period ended 31-Dec-20 \$000,000	Pro-forma after Offer Max \$000,000
NOTE 12. PROVISIONS		
Provisions	-	0.6
<i>Adjustments to arise at the pro-forma balance:</i>		
Reviewed balance of Stemify as at 31 December 2020		-
<i>Pro-forma adjustments:</i>		
Reviewed balance of Swoop as at 31 December 2020		0.5
Reviewed balance of NodeOne as at 31 December 2020		0.1
		0.6
Pro-forma Balance		0.6

	Reviewed for the period ended 31-Dec-20 \$000,000	Pro-forma after Offer Max \$000,000
NOTE 13. EMPLOYEE BENEFITS - CURRENT		
Employee benefits - current	-	1.4
<i>Adjustments to arise at the pro-forma balance:</i>		
Reviewed balance of Stemify as at 31 December 2020		-
<i>Pro-forma adjustments:</i>		
Reviewed balance of Swoop as at 31 December 2020		1.3
Reviewed balance of NodeOne as at 31 December 2020		0.1
		1.4
Pro-forma Balance		1.4

	Reviewed for the period ended 31-Dec-20 \$000,000	Pro-forma after Offer Max \$000,000
NOTE 14. BORROWINGS - CURRENT		
Borrowings - current	0.1	0.2
<i>Adjustments to arise at the pro-forma balance:</i>		
Reviewed balance of Stemify as at 31 December 2020		0.1
<i>Pro-forma adjustments:</i>		
Reviewed balance of NodeOne as at 31 December 2020		0.1
		0.1
Pro-forma Balance		0.2

	Reviewed for the period ended 31-Dec-20 \$000,000	Pro-forma after Offer Max \$000,000
NOTE 15. OTHER LIABILITIES		
Other liabilities	-	0.1
<i>Adjustments to arise at the pro-forma balance:</i>		
Reviewed balance of Stemify as at 31 December 2020		-
<i>Pro-forma adjustments:</i>		
Reviewed balance of NodeOne as at 31 December 2020		0.1
		0.1
Pro-forma Balance		0.1

	Reviewed for the period ended 31-Dec-20 \$000,000	Pro-forma after Offer Max \$000,000
NOTE 16. LEASE LIABILITIES - NON CURRENT		
Lease liabilities - non current	-	4.2
<i>Adjustments to arise at the pro-forma balance:</i>		
Reviewed balance of Stemify as at 31 December 2020		-
<i>Pro-forma adjustments:</i>		
Reviewed balance of Swoop as at 31 December 2020 - Finance leases		0.1
Reviewed balance of Swoop as at 31 December 2020 - Right of use liabilities		3.7
Reviewed balance of NodeOne as at 31 December 2020 - Right of use liabilities		0.4
		4.2
Pro-forma Balance		4.2

	Reviewed for the period ended 31-Dec-20 \$000,000	Pro-forma after Offer Max \$000,000
NOTE 17. DEFERRED TAX LIABILITIES		
Deferred tax liabilities	-	0.5
<i>Adjustments to arise at the pro-forma balance:</i>		
Reviewed balance of Stemify as at 31 December 2020		-
<i>Pro-forma adjustments:</i>		
Reviewed balance of Swoop as at 31 December 2020		0.3
Reviewed balance of NodeOne as at 31 December 2020		0.2
		0.5
Pro-forma Balance		0.5

	Reviewed for the period ended 31-Dec-20 \$000,000	Pro-forma after Offer Max \$000,000
NOTE 18. EMPLOYEE BENEFITS - NON CURRENT		
Employee benefits - non current	-	0.3
<i>Adjustments to arise at the pro-forma balance:</i>		
Reviewed balance of Stemify as at 31 December 2020		-
<i>Pro-forma adjustments:</i>		
Reviewed balance of Swoop as at 31 December 2020		0.3
		0.3
Pro-forma Balance		0.3

	Reviewed for the period ended 31-Dec-20 \$000,000	Pro-forma after Offer Max \$000,000
NOTE 19. BORROWINGS - NON CURRENT		
Borrowings - non current	-	0.2
<i>Adjustments to arise at the pro-forma balance:</i>		
Reviewed balance of Stemify as at 31 December 2020		-
<i>Pro-forma adjustments:</i>		
Reviewed balance of NodeOne as at 31 December 2020		0.2
		0.2
Pro-forma Balance		0.2

	Reviewed for the period ended 31-Dec-20 \$000,000	Pro-forma after Offer Max \$000,000
NOTE 20. ISSUED CAPITAL		
Issued capital	29.4	69.7
	Number of shares (max)	
<i>Adjustments to arise at the pro-forma balance:</i>		
Reviewed balance of Stemify as at 31 December 2020	156,972,435	29.4
	156,972,435	29.4
<i>Pro-forma adjustments:</i>		
Reviewed balance of Swoop as at 31 December 2020	456,177,180	30.1
Reviewed balance of NodeOne as at 31 December 2020	23,250,000	1.5
Consolidation Stemify Shares (23:1)	(150,147,400)	-
Consolidation Swoop Shares (7.14:1)	(392,312,374)	-
Consolidation NodeOne shares (1.25:1)	(4,650,000)	-
Elimination of Stemify share capital upon acquisition	-	(29.4)
Elimination of Swoop shares upon acquisition	(63,864,806)	-
Elimination of NodeOne shares upon acquisition	(18,600,000)	(1.5)
Issue of Shares for the acquisition of Swoop	89,401,261	3.4
Issue of Shares for the acquisition of NodeOne	33,368,003	16.7
Proceeds from Shares issued under this Prospectus	40,000,000	20.0
Net cash pre-settlement adjustment to shareholders of Swoop	-	(0.2)
Repayment of limited recourse loans on completion for equities issued to Eric Heyde and Paul Reid*	-	1.1
Costs of the Offers	-	(1.4)
	12,621,864	40.3
Pro-forma Balance	169,594,299	69.7

* 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' ('Incentives') in connection with the transaction. A total of \$371,000 and \$689,000 will be re-injected as cash contributions to the Company by Incentives paid to Eric Heyde and Paul Reid respectively will be recognised as cash contributions to the Company for the repayment of limited recourse loans for equity issues which have already been granted. A total of 21,473,071 and 19,509,371 shares were issued to Eric Heyde and Paul Reid respectively on 4 October 2019.

	Reviewed for the period ended 31-Dec-20 \$000,000	Pro-forma after Offer Max \$000,000
NOTE 21. RESERVES		
Reserves	1.4	3.5
<i>Adjustments to arise at the pro-forma balance:</i>		
Reviewed balance of Stemify as at 31 December 2020		1.4
		1.4
<i>Pro-forma adjustments:</i>		
Reviewed balance of Swoop as at 31 December 2020		3.3
Reviewed balance of NodeOne as at 31 December 2020		0.4
Elimination of Stemify balance upon acquisition		(1.4)
Elimination of NodeOne balance upon acquisition		(0.4)
Issue of Lead Manager Options		0.2
		2.1
Pro-forma Balance		3.5

Set below are the key inputs and terms used in the valuation of Forrest Capital Options:

	Forrest Capital Options
Number of Instruments	1,500,000
Underlying share price	\$0.50
Exercise share price	\$0.75
Expected volatility	65%
Life of the options (years)	3.00
Expected dividends	Nil
Risk free rate	0.095%
Value per Instrument	\$0.16
Value per Tranche (\$000,000)	0.2

The performance conditions for the Performance Rights issued to James Spenceley, Tony Grist and Jonathan Pearce are set out below:

Number	Performance Milestone Condition	Expiry date
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.	3 years from the date of issue
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.	3 years from the date of issue
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 ending within the three year term of the performance rights.	3 years from the date of issue
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.	3 years from the date of issue

¹ 'Sales Revenue' means revenue as shown in the audited accounts of Swoop and NodeOne 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.

The Company has agreed to issue 6,151,088 Performance Rights to James Spenceley, Tony Grist and Jonathan Pearce on completion of the Acquisitions. There are milestone conditions which must be achieved in order for the Performance Rights to vest. In accordance with AASB 2: *Share based payment*, the value of the Performance Rights are to be expensed over the vesting period. Therefore, as at the pro forma date, no adjustment has been made to account for the vesting of these Performance Rights.

	Reviewed for the period ended 31-Dec-20 \$000,000	Pro-forma after Offer Max \$000,000
NOTE 22. ACCUMULATED LOSSES		
Accumulated losses	(30.0)	(22.6)
<i>Adjustments to arise at the pro-forma balance:</i>		
Reviewed balance of Stemify as at 31 December 2020		(30.0)
		<u>(30.0)</u>
<i>Pro-forma adjustments:</i>		
Reviewed balance of Swoop as at 31 December 2020		(15.4)
Reviewed balance of NodeOne as at 31 December 2020		(0.0)
Elimination of Stemify balance upon acquisition		30.0
Elimination of NodeOne balance upon acquisition		0.0
Amount recognised as ASX listing expense on Acquisition		(2.6)
Issue of Lead Manager Options		(0.2)
Incentives payable by Swoop on completion		(4.3)
Costs of the offer not directly attributable to capital raising		(0.1)
		<u>7.4</u>
Pro-forma Balance		<u>(22.6)</u>

NOTE 23: BUSINESS COMBINATION

A summary of the acquisition details with respect to the proposed acquisition of Swoop and NodeOne as included in our Report is set out below. These details have been determined for the purposes of the subsequent event adjustments as at 31 December 2020, however will require re-determination as at the successful acquisition date which may result in changes to the values set out below. Details of the net assets acquired, purchase consideration and goodwill are as follows:

	Fair value \$000,000
PROVISIONAL ACCOUNTING BUSINESS COMBINATION	
Net identifiable assets of Stemify as at 31 December 2020	0.8
Total	<u>0.8</u>
Fair value of consideration	3.4
Total net assets acquired on Acquisition	0.8
Amount recognised as ASX listing expense on Acquisition	<u>2.6</u>
Net identifiable assets of NodeOne as at 31 December 2020	1.9
Total	<u>1.9</u>
Fair value of consideration	16.7
Total net assets acquired on Acquisition	1.9
Goodwill recognised on Acquisition	<u>14.8</u>

Under AASB 3 *Business Combinations*, Swoop is considered to be the accounting parent, accordingly with Swoop being deemed to acquire Stemify due to the level of shareholding acquired under the Acquisition agreements. Under the first acquisition, the purchase price is determined by reference to the number of shares that Swoop would have to issue to Stemify for Stemify to hold 5.3% of the group. This was calculated to be \$3,412,518 based on the issue price of \$0.50.

The net assets of NodeOne as at 31 December 2020 were \$1,901,170, resulting in goodwill of \$14,782,831 being recognised.

NOTE 24: RELATED PARTY DISCLOSURES

Transactions with Related Parties and Directors Interests are disclosed in the Prospectus.

NOTE 25: COMMITMENTS AND CONTINGENCIES

At the date of the report no material commitments or contingent liabilities exist that we are aware of, other than those disclosed in the Prospectus.

APPENDIX 2

FINANCIAL SERVICES GUIDE

16 April 2021

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 ('we' or 'us' or 'ours' as appropriate) has been engaged by Stemify Limited ('the Company') to provide an Independent Limited Assurance Report ('ILAR' 'our Report/s') for inclusion in this Prospectus.

Financial Services Guide

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 licensee.

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our Australian Financial Services Licence, Licence No. 316158;
- remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our internal and external complaints handling procedures and how you may access them.

Information about us

BDO Corporate Finance (WA) Pty Ltd is a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our Report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients.

When we provide the authorised financial services we are engaged to provide an ILAR in connection with the financial product of another entity. Our Report indicates who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

General Financial Product Advice

We only provide general financial product advice, not personal financial product advice. Our Report does not take 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.

Fees, commissions and other benefits that we may receive

We charge fees for providing reports, including this Report. These fees are negotiated and agreed with the client who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee payable to BDO Corporate Finance (WA) Pty Ltd for this engagement is approximately \$40,000 (exclusive of GST).

Except for the fees referred to above, neither BDO, 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. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report. We have received a fee from the Company for our professional services in providing this Report. That fee is not linked in any way with our opinion as expressed in this Report.

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.

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 must be in writing addressed to The Complaints Officer, BDO Corporate Finance (WA) Pty Ltd, 38 Station Street, Subiaco, Perth WA 6008.

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.

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 was established on 1 November 2018 to allow for the amalgamation of all Financial Ombudsman Service schemes into one. AFCA will deal with complaints from consumers in the financial system by providing free, fair and independent financial services complaint resolution. If an issue has not been resolved to your satisfaction you can lodge a complaint with AFCA at any time.

Our AFCA Membership Number is 12561. Further details about AFCA are available on its website www.afca.org.au or by contacting it directly via the details set out below:

Australian Financial Complaints Authority
GPO Box 3
Melbourne VIC 3001
Toll free: 1300 931 678
Website: www.afca.org.au

Contact details

You may contact us using the details set out on page 1 of our Report.

ANNEXURE B – SWOOP VENDORS & CONSIDERATION SHARES

The numbers of shares held by the Swoop Vendors at Settlement and the consideration shares to be issued are as follows:

Name	Swoop shares held	Equity Proportion	Consideration Shares
Tattarang Ventures Pty Ltd ACN 606 486 239	142,857,142 (PRF1)	31.35%	28,025,850
Lygon Way Pty Ltd ACN 005 901 851	76,332,649 (ORD)	16.75%	14,975,012
Todebe Pty Ltd ACN 608 543 335 as trustee for the TDB Trust	32,188,388 (ORD)	7.06%	6,314,748
FJ Chops Pty Ltd ACN 608 114 325 as trustee for the Rachel & Jacob Family Trust	32,188,388 (ORD)	7.06%	6,314,748
Spenceley Management Pty Ltd ACN 127 151 437	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 ACN 066 565 142	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 ACN 074 566 635	14,285,714 (PRF1)	3.13%	2,802,585
S. Marriott Pty Ltd ACN 169 231 145 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 ACN 614 359 858 as trustee for the Whitford Family Trust	5,017,857 (ORD)	1.10%	984,408
Demand Investments Pty Ltd ACN 616 913 930 as trustee for the Hollis Family Trust	4,285,714 (PRF2)	0.94%	840,776
Paul McClean	3,571,429 (ORD)	0.78%	700,647
Cosamar Consulting Pty Ltd ACN 001 428 888	1,348,123 (ORD)	0.30%	264,477
Christopher Edwin Howells	1,007,143 (ORD)	0.22%	197,583
VCF Capital Investments Pty Limited ACN 636 421 120	968,063 (ORD)	0.21%	189,916
Karnang II Pty Ltd ACN 603 426 624	467,379 (ORD)	0.10%	91,691
Graeme Smith	448,571 (ORD)	0.10%	88,002
Lightwave Solutions Pty Ltd aff Broadbury Discretionary Trust	95,000 (ORD)	0.02%	18,638

Name	Swoop shares held	Equity Proportion	Consideration Shares
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
Jeffery, Jane	20,000 (ORD)	0.00%	3,924
Kench, Brian	10,000 (ORD)	0.00%	1,962
Jared Balkin aff 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 (Ordinary and Preference Shares)	455,708,123	100%	89,401,261

ANNEXURE C – NODEONE VENDORS & CONSIDERATION SHARES

The legal and beneficial shareholders of NodeOne who will sell their NodeOne shares to the Company and be issued Consideration Shares pursuant to the NodeOne Agreement are as follows:

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

The beneficial shareholders of NodeOne who shall be issued Consideration Shares pursuant to the Fiwi Agreement are as follows:

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

APPLICATION FORM

Share Registrars use only	Broker/Dealer stamp only
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BROKER FIRM OFFER APPLICATION FORM

This is an Application Form for Shares in **Stemify Limited (Company)** and relates to the offer of 40,000,000 Shares at an issue price of \$0.50 per Share to raise \$20,000,000 (**Offer**). The Offer is conditional upon satisfaction of the Conditions, which are detailed further in Section 4.5. No Securities will be issued pursuant to this Prospectus until those Conditions are met. The Broker Firm Offer is scheduled to close at 5:00pm (WST) on 13 May 2021 (**Closing Date**) unless extended, closed early or withdrawn. Applications must be received before that time to be valid. A person who gives another person access to this Application Form must at the same time give the other person access to the Prospectus and any additional supplementary prospectuses (if applicable).

The Prospectus contains important information relevant to your decision to invest and you should read the entire Prospectus before applying for Shares. If you are in doubt as to how to deal with this Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser.

1 Number of Shares you are applying for <input style="width: 30px; height: 20px; border: 1px solid black;" type="text"/> , <input style="width: 30px; height: 20px; border: 1px solid black;" type="text"/> , <input style="width: 30px; height: 20px; border: 1px solid black;" type="text"/>	2 Total amount payable (multiply box 1 by \$0.50 per Share) A\$ <input style="width: 30px; height: 20px; border: 1px solid black;" type="text"/> , <input style="width: 30px; height: 20px; border: 1px solid black;" type="text"/> , <input style="width: 30px; height: 20px; border: 1px solid black;" type="text"/> . <input style="width: 30px; height: 20px; border: 1px solid black;" type="text"/>
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Applications under the Offer must be for a minimum of \$2,000 worth of Shares (4,000 Shares) and thereafter, in multiples of \$500 worth of Shares (1,000 Shares).

3 Write the name(s) you wish to register the Shares in (see reverse for instructions)

Name of Applicant 1

Name of Applicant 2 or <Account Designation>

Name of Applicant 3 or <Account Designation>

4 Write your postal address here – to be registered against your holding

Number/Street

Suburb/Town State Postcode

5 CHESS Participants only – Holder Identification Number (HIN) *Note: if the name and address details in sections 3 & 4 above do not match exactly with your registration details held at CHESS, any Shares issued as a result of your Application will be held on the Issuer Sponsored subregister.*

6 EMAIL ADDRESS (see reverse of form – this is for all communications legally permissible and despatched by the Company)

7 TFN/ABN/EXEMPTION CODE

Applicant 1 <input style="width: 100%; height: 20px; border: 1px solid black;" type="text"/>	Applicant 2 <input style="width: 100%; height: 20px; border: 1px solid black;" type="text"/>	Applicant 3 <input style="width: 100%; height: 20px; border: 1px solid black;" type="text"/>
-------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------

If NOT an individual TFN/ABN, please note the type in the box
 C = Company; P = Partnership; T = Trust; S = Super Fund

8 PAYMENT DETAILS

Payment By BPAY®:
 To pay via BPAY® please complete the online form available www.advancedshare.com.au/IPO-Offers. Payment details will then be forwarded to you.

Payment by Cheque or Money Order:
 Cheques must be drawn on an Australian branch of a financial institutional in Australian currency, made payable to “STEMIFY LIMITED” crossed “NOT NEGOTIABLE” and forwarded to Advanced Share Registry to arrive no later than the Closing Date.

Please enter cheque or money order details	Drawer	Bank	Branch	Amount
				\$

9 CONTACT DETAILS

Please use details where we can contact you between the hours of 9:00am and 5:00pm (WST) should we need to speak to you about your application.

Telephone number Contact name (PRINT)

10 DECLARATION AND STATEMENTS

By lodging this Application Form:

- I/We declare that I/we have received a copy of the Prospectus dated 16 April 2021 issued by Stemify Limited and that I/we are eligible to participate in the Broker Firm Offer.
- I/We declare that all details and statements made by me/us are complete and accurate.
- I/We agree to be bound by the terms and conditions set out in the Prospectus and by the Constitution of the Company.
- I/We acknowledge that the Company will send me/us a paper copy of the Prospectus free of charge if I/we request so during the currency of the Prospectus.
- I/We authorise the Company to complete and execute any documentation necessary to effect the issue of Shares to me/us; and
- I/We acknowledge that returning the Application Form with the application monies will constitute my/our offer to subscribe for Shares in Stemify Limited and that no notice of acceptance of the Application will be provided.
- I/We acknowledge that the Company retains absolute discretion to allocate any/all of the amount of Shares I/we have applied for under the Broker Firm Offer as these terms are defined in the Prospectus.

INSTRUCTIONS FOR COMPLETION OF THIS APPLICATION FORM

YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM

Please complete all relevant sections of this Application Form using BLOCK LETTERS

The below instructions are cross-referenced to each section of the Application Form.

1 Number of Shares

Insert the number of Shares you wish to apply for in section 1. Your application must be a minimum of **4,000 Shares (A\$2,000.00)**.

2 Payment Amount

Enter into section 2 the total amount payable. Multiply the number of Shares applied for by \$0.50 – the Offer Price per Share.

3 Name(s) in which the Shares are to be registered

Note that ONLY legal entities can hold Shares. The Application must be in the name of a natural person(s), companies or other legal entities acceptable by the Company. At least one full given name and surname is required for each natural person.

CORRECT FORMS OF REGISTRABLE TITLE

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Trusts	Mr John Richard Sample <Sample Family A/C>	John Sample Family Trust
Superannuation Funds	Mr John Sample & Mrs Anne Sample <Sample Family Super A/C>	John & Anne Superannuation Fund
Partnerships	Mr John Sample & Mr Richard Sample <Sample & Son A/C>	John Sample & Son
Clubs/Unincorporated Bodies	Mr John Sample < Food Help Club A/C>	Food Help Club
Deceased Estates	Mr John Sample <Estate Late Anne Sample A/C>	Anne Sample (Deceased)

4 Postal Address

Enter into section 4 the postal address to be used for all written correspondence. Only one address can be recorded against a holding. With exception to annual reports, all communications to you from the Company will be mailed to the person(s) and address shown. Annual reports will be made available online when they are released. Should you wish to receive a hard copy of the annual report you must notify the Share Registry. You can notify any change to your communication preferences by visiting the registry website – www.advancedshare.com.au

5 CHESSE Holders

If you are sponsored by a stockbroker or other participant and you wish to have your allocation directed into your HIN, please complete the details in section 5.

6 Email Address

You may elect to receive communications despatched by Stemify Limited electronically (where legally permissible), such as the Company's annual report.

7 TFN/ABN/Exemption

If you wish to have your Tax File Number, ABN or Exemption registered against your holding, please enter the details in section 7. Collection of TFN's is authorised by taxation laws but quotation is not compulsory, and it will not affect your Application Form.

8 PAYMENT DETAILS

By making your payment, you confirm that you agree to all of the terms and conditions of Stemify Limited's Broker Firm Offer as outlined in this Application Form and within the Prospectus.

Cheque or Money Order:

Your cheque should be made payable to "STEMIFY LIMITED" in Australian currency, crossed "NOT NEGOTIABLE" and drawn on an Australian branch of a financial institution. Please complete your cheque with the details overleaf and ensure that you submit the correct amount, as incorrect payments may result in your Application being rejected.

Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Application being rejected. Paperclip (do not staple) your cheque(s) to the Application Form. Cash will not be accepted. A receipt for payment will not be forwarded. Completed Application Forms and accompanying cheques or money order must be received by Advanced Share Registry before 5:00pm (WST) on the Closing Date for the Broker Firm Offer at the following addresses:

Mailing Address

Stemify Limited
C/- Advanced Share Registry
PO Box 1156
Nedlands, WA 6909

Hand Delivery (Please do not use this address for mailing purposes)

Stemify Limited
C/- Advanced Share Registry
110 Stirling Highway
Nedlands, WA 6009

If the amount you pay is insufficient to pay for the number of Shares you apply for, you will be taken to have applied for such lower number of Shares as that amount will pay for, or your Application will be rejected.

9 Contact Details

Please enter contact details where we may reach you between the hours of 9:00am and 5:00pm (WST) should we need to speak to you about your application.

10 Declaration

Before completing the Application Form the Applicant(s) should read the Prospectus in full. By lodging the Application Form, the Applicant(s) agrees that this Application is for Shares in the Company, upon and subject to the terms of the Prospectus, agrees to take any number of Shares equal to or less than the number of Shares indicated in Section 1 that may be issued to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign this Application Form.

Privacy Statement

Personal information is collected on this form by ASW, as registrar for securities issuers ("the issuer"), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by ASW, or you would like to correct information that is inaccurate, incorrect or out of date, please contact ASW. In accordance with the Corporations Act 2001, you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting ASW. You can contact ASW using the details provided on the front of this form.

Share Registrars use only	Broker/Dealer stamp only
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PRIORITY OFFER APPLICATION FORM

This is an Application Form for Shares in **Stemify Limited (Company)** and relates to the offer of 40,000,000 Shares at an issue price of \$0.50 per Share to raise \$20,000,000 (**Offer**). The Offer is conditional upon satisfaction of the Conditions, which are detailed further in Section 4.5. No Securities will be issued pursuant to this Prospectus until those Conditions are met. The Priority Offer is scheduled to close at 5:00pm (WST) on 13 May 2021 (**Closing Date**) unless extended, closed early or withdrawn. Applications must be received before that time to be valid. A person who gives another person access to this Application Form must at the same time give the other person access to the Prospectus and any additional supplementary prospectuses (if applicable).

The Prospectus contains important information relevant to your decision to invest and you should read the entire Prospectus before applying for Shares. If you are in doubt as to how to deal with this Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser.

1 Number of Shares you are applying for <input style="width: 30px; height: 20px; border: 1px solid black;" type="text"/> , <input style="width: 30px; height: 20px; border: 1px solid black;" type="text"/> , <input style="width: 30px; height: 20px; border: 1px solid black;" type="text"/>	2 Total amount payable (multiply box 1 by \$0.50 per Share) A\$ <input style="width: 30px; height: 20px; border: 1px solid black;" type="text"/> , <input style="width: 30px; height: 20px; border: 1px solid black;" type="text"/> , <input style="width: 30px; height: 20px; border: 1px solid black;" type="text"/> . <input style="width: 30px; height: 20px; border: 1px solid black;" type="text"/>
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Applications under the Offer must be for a minimum of \$2,000 worth of Shares (4,000 Shares) and thereafter, in multiples of \$500 worth of Shares (1,000 Shares).

3 Write the name(s) you wish to register the Shares in (see reverse for instructions)

Name of Applicant 1

Name of Applicant 2 or <Account Designation>

Name of Applicant 3 or <Account Designation>

4 Write your postal address here – to be registered against your holding

Number/Street

Suburb/Town State Postcode

5 CHESS Participants only – Holder Identification Number (HIN) *Note: if the name and address details in sections 3 & 4 above do not match exactly with your registration details held at CHESS, any Shares issued as a result of your Application will be held on the Issuer Sponsored subregister.*

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Please use details where we can contact you between the hours of 9:00am and 5:00pm (WST) should we need to speak to you about your application.

Telephone number Contact name (PRINT)

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By lodging this Application Form:

- I/We declare that I/we have received a copy of the Prospectus dated 16 April 2021 issued by Stemify Limited and that I/we are eligible to participate in the Priority Offer.
- I/We declare that all details and statements made by me/us are complete and accurate.
- I/We agree to be bound by the terms and conditions set out in the Prospectus and by the Constitution of the Company.
- I/We acknowledge that the Company will send me/us a paper copy of the Prospectus free of charge if I/we request so during the currency of the Prospectus.
- I/We authorise the Company to complete and execute any documentation necessary to effect the issue of Shares to me/us; and
- I/We acknowledge that returning the Application Form with the application monies will constitute my/our offer to subscribe for Shares in Stemify Limited and that no notice of acceptance of the Application will be provided.
- I/We acknowledge that the Company retains absolute discretion to allocate any/all of the amount of Shares I/we have applied for under the Priority Offer as these terms are defined in the Prospectus.

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8 PAYMENT DETAILS

By making your payment, you confirm that you agree to all of the terms and conditions of Stemify Limited's Priority Offer as outlined in this Application Form and within the Prospectus.

Cheque or Money Order:

Your cheque should be made payable to "STEMIFY LIMITED" in Australian currency, crossed "NOT NEGOTIABLE" and drawn on an Australian branch of a financial institution. Please complete your cheque with the details overleaf and ensure that you submit the correct amount, as incorrect payments may result in your Application being rejected.

Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Application being rejected. Paperclip (do not staple) your cheque(s) to the Application Form. Cash will not be accepted. A receipt for payment will not be forwarded. Completed Application Forms and accompanying cheques or money order must be received by Advanced Share Registry before 5:00pm (WST) on the Closing Date for the Priority Offer at the following addresses:

Mailing Address

Stemify Limited
C/- Advanced Share Registry
PO Box 1156
Nedlands, WA 6909

Hand Delivery (Please do not use this address for mailing purposes)

Stemify Limited
C/- Advanced Share Registry
110 Stirling Highway
Nedlands, WA 6009

If the amount you pay is insufficient to pay for the number of Shares you apply for, you will be taken to have applied for such lower number of Shares as that amount will pay for, or your Application will be rejected.

9 Contact Details

Please enter contact details where we may reach you between the hours of 9:00am and 5:00pm (WST) should we need to speak to you about your application.

10 Declaration

Before completing the Application Form the Applicant(s) should read the Prospectus in full. By lodging the Application Form, the Applicant(s) agrees that this Application is for Shares in the Company, upon and subject to the terms of the Prospectus, agrees to take any number of Shares equal to or less than the number of Shares indicated in Section 1 that may be issued to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign this Application Form.

Privacy Statement

Personal information is collected on this form by ASW, as registrar for securities issuers ("the issuer"), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by ASW, or you would like to correct information that is inaccurate, incorrect or out of date, please contact ASW. In accordance with the Corporations Act 2001, you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting ASW. You can contact ASW using the details provided on the front of this form.