Swoop Holdings Limited

(Formerly known as Stemify Limited)

ABN 20 009 256 535

Annual Report - 30 June 2021

Swoop Holdings Limited
(Formerly known as Stemify Limited)
Corporate directory
30 June 2021

Directors	James Spenceley (Non-Executive Director) Anthony Grist (Non-Executive Director) Matthew Hollis (Executive Director) William Reid (Non-Executive Director) Jonathan Pearce (Non-Executive Director)
Company secretary	Louise Bolger
Registered office	Level 5, 126 Phillip Street Sydney NSW 2000 Telephone: (02) 8072 1400 Facsimile: (02) 8583 3040
Share register	Automic Pty Ltd Level 5 126 Phillip Street Sydney NSW 2000
Auditor	PKF (NS) Audit & Assurance Limited Partnership Level 8, 1 O'Connell Street Sydney NSW 2000
Solicitors	Maddocks Level 27, 123 Pitt Street Sydney New South Wales 2000
Stock exchange listing	Swoop Holdings Limited shares are listed on the Australian Securities Exchange (ASX code: SWP)
Website	www.swoop.com.au

Swoop Holdings Ltd undertook a reverse takeover of Stemify Limited on 20 May 2021. This Report in the context of FY2021, contains information relevant to Swoop Holdings Limited.

Directors
The following persons were directors of Swoop Holdings Limited (and Cirrus Communications Pty Limited where identified as such) during the whole of the financial year and up to the date of this report, unless otherwise stated:

Tom Berryman (Director of Cirrus Communications Pty Limited up to 30 April 2021)
Timothy Grice (resigned on 20 May 2021)
Anthony Grist (appointed on 21 May 2021)
Matthew Hollis (appointed on 21 May 2021; Director of Cirrus Communications up to 21 May 2021)
Eric Heyde (Director of Cirrus Communications Pty Limited up to 30 June 2021)
Ryan Legudi (resigned on 20 May 2021)
Jonathan Pearce (appointed on 16 August 2019)
William Reid (appointed on 21 May 2021; Director of Cirrus Communications Pty Ltd up to 21 May 2021)
James Spenceley (appointed on 21 May 2021; Director of Cirrus Communications Pty Ltd up to 21 May 2021)

Principal activities
During the financial year the principal continuing activities of Swoop Holdings Limited included:
- fixed wireless access as well as wholesale transit services to other ISPs and Telcos;
- internet and telecommunication services to small and medium sized enterprises;
- fixed wireless broadband services to residential customer; and
- services over the NBN fixed line and fixed wireless networks to customers who cannot connect to the company’s fixed wireless network.

In FY2020, activities of the consolidated entity consisted of the delivery of integrated STEM solutions combining the use of 3D printers and MyStemsKits curriculum.

Review of operations
The "Group" (Swoop Holdings Limited) 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 has operations around Australia and has diversified core businesses:

- 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, NodeOne, and Beam; and
- providing wholesale transit and other services to smaller ISPs across its national and international POP locations, through Swoop Wholesale and NodeOne 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 Group’s key strategies are to:

- continue to grow its residential and wholesale fixed wireless infrastructure by expanding the fixed wireless footprint into new areas;
- concentrate its sales and marketing efforts to grow customers organically by focusing on digital acquisition of customers;
- expand its strong wholesale offering into new products that address the needs of other market segments such as business and residential; expand into new geographic areas to increase the reach of its fixed wireless infrastructure;
- continue to innovate and deliver superior customer service to minimise customer churn and increase the recurring revenue base; develop new business systems and software; and
- seek to participate in ongoing industry consolidation as opportunities arise.

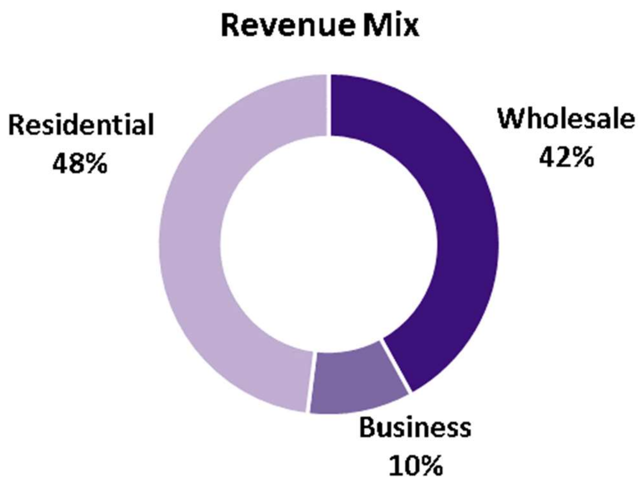
Review of operations (continued)

Swoop continues to consider a range of potential acquisition targets which may assist in achieving its growth objectives. Areas of consideration in assessing potential acquisitions include:

- expanding the Group's products to complementary offerings to its customers such as Voice and Security;
- expand the Group's products and skills into technologies that allow for fast customer acquisition, such as NBN Resell;
- infrastructure companies that operate in targeted regional locations to accelerate go to market and provide early entry;
- 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
- 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.

Operational highlights for the financial year include:

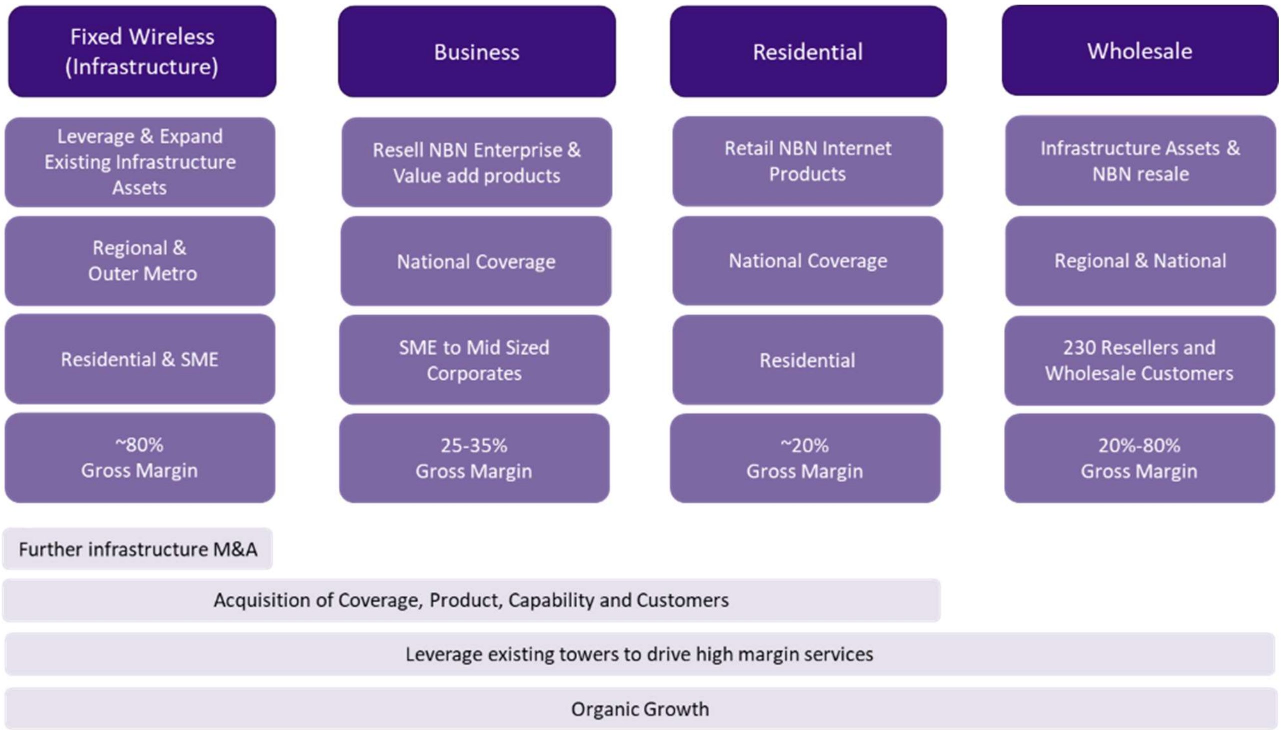
- Number of Services in Operation (SIO's) for Swoop as at 30 June 2021 is 30,723 which is a 24% increase on FY20
- Swoop continues to execute on its Regional roll out program in both Victoria and Western Australia which is reflected in the increased number of masts and towers deployed during the year
- Swoop now has 390 towers and masts across the country
- Cash balance at 30 June was $17.49m; and
- The Company has no bank debt and is in discussions for a debt facility to allow for further growth and expansion.



Review of operations (continued)

Investments for future performance

The Company has outlined four growth pillars it will pursue over the next 12-24 months. These are set out below:



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

Financial and operating performance
The loss for the Group after providing for income tax amounted to $13,788,750 (30 June 2020: $5,108,176).

The consolidated financial results for Swoop Holdings Ltd comprise the following:

- Cirrus Communications Pty Ltd (including Anycast and Bosley) for the 12 months ended 30 June 2021
- NodeOne Telecommunications Ltd for the period from acquisition completion (21 May 2021) to 30 June 2021
- Wan Solutions Pty Ltd (trading as Beam Internet) for the period from effective acquisition (1 June 2021) to 30 June 2021
- Stemify Ltd operations for the period from acquisition completion (21 May 2021) to 30 June 2021
- Comparative data reflects the audited financial statements of Cirrus Communications Pty Ltd (and controlled entities) for the year ended 30 June 2020. The comparative data is used for Cirrus Communications Pty Ltd due to the reverse acquisition of Swoop Holdings Ltd (Stemify Ltd) by Cirrus Communications Pty Ltd and is deemed to be the accounting parent entity due to the level of shareholding acquired under the Acquisition agreements.

Financial and operating performance (continued)

The statutory loss in FY2021 for the consolidated entity after providing for income tax amounted to $13.79m (30 June 2020: Loss of $5.1m). The statutory loss includes significant once-off items (from actions and transactions undertaken in the second half of FY2021) including costs incurred for the following:

- The reverse takeover of Stemify Ltd
- Listing the Company on the ASX
- The acquisitions of NodeOne, Community Communications, Beam Internet and Speedweb
- Undertaking a fully underwritten $20m capital raise with associated costs of $1.1m
- Bonus and completion payments incurred on listing of the company of $3.4m
- Granting of $3.3m of non-cash share based expenses relating to performance rights issued during the year to Directors and Executives of Swoop; and
- Restructuring costs of $3.0m associated with the rationalisation of existing operations (including discontinuing the operations of Stemify), integration of the acquisitions and impairment of assets no longer is use.

As a result of reverse acquisition accounting rules, Swoop (Cirrus Communications) was deemed to have acquired two businesses (Node1 and Stemify) on May 20th ahead of listing on the ASX on May 27th. As a result, these Statutory accounts do not include any results for Node1 in FY20 and only ~5 weeks of results in FY21.

Operating expenses for the financial year were $37,704,966 (2020: $14,817,236). The major items included in the operating loss for the current financial year included significant expenses relating to acquisition costs of $4,574,064 (2020: $0) and corporate restructuring expense of $3,008,401 (2020: $0).

Financial position
The consolidated entity is in a net asset position of $49,535,770 as at 30 June 2021 (30 June 2020: $14,502,241).

Working capital, being current assets less current liabilities, was in surplus of $4,701,741 as at 30 June 2021 (30 June 2020: deficit of $592,837). The consolidated entity had negative cash flows from operating activities for the year of $1,139,192 (30 June 2020 positive cash flows from operations: $1,238,947). The cash and cash equivalents as at 30 June 2021 were $17,497,867 (30 June 2020: $2,626,799).

Significant changes in the state of affairs
Stemify Limited was an Australian public company which has been listed on the Official List of the ASX since 22 December 2016 following re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

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

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

- 58.90% of the issued capital in N1 Telecommunications Pty Ltd (ACN 638 547 476) (NodeOne)
- 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
- 100% of the issued capital in Cirrus Communications Pty Ltd (ACN 109 931 731) (Swoop)

The Proposed Acquisitions were conditional on the Company obtaining all necessary regulatory and Shareholder approvals to effect the Proposed Acquisitions and satisfying all other requirements of ASX for the reinstatement to official quotation of the Company's Shares on the ASX (among other things). All such approvals were received.

Significant changes in the state of affairs (continued)

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

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

There were no other significant changes in the state of affairs of the Group during the financial year.

Matters subsequent to the end of the financial year
On 1 July 2021, the acquisition of Kallistrate Pty Ltd (trading as Speedweb) was completed.

The total purchase price is $1.75 million consisting of cash consideration of $1.225 million and $0.525 million in shares.

On 22 July 2021 the acquisition of Wan Solutions Pty Ltd (trading as Beam Internet) was completed with an effective date of 1 June 2021. The total purchase price is $6.7 million consisting of cash consideration of $6.0 million and $0.7 million in shares.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations
Refer to review of operations for overview of key strategies.

Corporate governance
Our Corporate Governance Statement, detailing our compliance with the ASX Corporate Governance Council's "Corporate Governance Principles & Recommendations – 4th Edition" can be found online at www.swoop.com/corporate-governance/policies.

Environmental regulation
The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Material business risks
The material business risks faced by the group that are likely to have an effect on its financial prospects include:

Integration and growth risk
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 consolidated entity and the pursuit of new geographies and customers.

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

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

Poor system performance could reduce the groups 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.

Material business risks (continued)

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

Any loss of access to, disruption to, or performance failures of these services could cause harm to 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.

Customer contract risks
Many customers, particularly residential customers of Swoop, are typically on short term or no contracts. These residential customers will account for approximately 50% of the group's revenue.

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.

Brands and reputation
Swoop operates a number of brands and believes that the reputation of its brands are a key to its success. The group's reputation, the value of its brands and its ability to retain 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

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

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.

COVID-19
The ongoing COVID-19 pandemic has had a significant impact on the Australian and global economic markets. The group’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 Group.

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

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

Future acquisitions
As part of its growth strategy, the group intends to 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.

Material business risks (continued)

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

The group's fixed wireless operations are in direct competition with the NBN based services and would be directly impacted by changes in the NBN wholesale pricing. Further improvements in NBN or other network operator infrastructure or reach, could reduce the relative attractiveness of the group's fixed wireless services and ability to compete on a profitable basis.

Regulatory and licensing compliance risk
(a) The group holds a number of carrier licences under the Telecommunications Act 1997 (Cth) which permit the companies within the group to provide carrier services.
(b) 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.
(c) 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 its financial performance.

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

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

Information on directors

Name:	James Spenceley (Appointed 21 May 2021; Director of Cirrus Communications up to 21 May 2021)
Title:	Non-Executive Chairman
Experience and expertise:	James is a well-known Australian entrepreneur and experienced company director. In 2007 he founded Vocus Communications Limited (now Vocus Group Limited) (previously ASX: VOC), one of Australia's largest telecommunications companies which he grew, both organically and through acquisitions, to a multi-billion dollar business. James has twice won the Ernst & Young Australian Entrepreneur of the Year Award (in the young and listed categories) and in 2018 was inducted into the Telecommunications Hall of Fame.
Other current directorships:	Airtasker Limited (ASX: ART), Kogan.com Limited (ASX: KGN), Think Childcare Limited (ASX: TNK)
Former directorships (last 3 years):	None
Special responsibilities:	Chairman, member of the Audit and Risk Committee
Interests in shares:	9,575,169 fully paid ordinary shares
Interests in rights:	2,636,181 unlisted performance rights

Information on directors (continued)

Name:	Anthony Grist (Appointed 21 May 2021; Director of Cirrus Communications up to 21 May 2021)
Title:	Deputy Chairman, Non-Executive Director
Qualifications:	Bachelor of Commerce (University of Western Australia); Associate of the Financial Services Institute of Australasia; Fellow of the Australian Institute of Company Directors.
Experience and expertise:	Tony has been involved in the management of publicly listed companies across a range of industries, both in Australia and overseas. In 1990 Tony founded Albion Capital Partners. He was the co-founder and Chairman of ASX listed Amcom Telecommunications Limited and led the merger with Vocus Communications helping create a major trans-Tasman fibre optic carrier business. Tony then went on to serve as Deputy Chairman of the merged business.
Other current directorships:	Tony is a director of the PLC Foundation, a director of The Minderoo Foundation, and is a director of the Fremantle Football Club.
Former directorships (last 3 years):	None
Special responsibilities:	Deputy Chairman, Chairman of the Audit and Risk Committee
Interests in shares:	10,571,853 fully paid ordinary shares
Interests in options:	None
Interests in rights:	2,196,817 unlisted performance rights

Name:	William (Paul) Reid (Appointed 21 May 2021; Director of Cirrus Communications up to 21 May 2021)
Title:	Non-Executive Director
Qualifications:	Masters of Science (IT) (University of Stirling); Bachelor of Arts (Hons) (Kingston University)
Experience and expertise:	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.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Remuneration and Nomination Committee
Interests in shares:	22,673,896 fully paid ordinary shares

Name:	Matthew Hollis (Appointed 21 May 2021; Director of Cirrus Communications up to 21 May 2021)
Title:	Executive Director
Experience and expertise:	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; was involved in over 10 acquisitions; and saw the company's market capitalisation 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.
Other current directorships:	None
Former directorships (last 3 years):	Superloop Limited (ASX: SLC) resigned 23 November 2018
Interests in shares:	3,791,411 fully paid ordinary shares

Information on directors (continued)

Name:	Jonathan Pearce (appointed 16 August 2019)
Title:	Non-Executive Director
Qualifications:	Bachelor of Finance (Australian National University); Graduate Diploma of Applied Finance (Kaplan).
Experience and expertise:	Jonathan has worked in the finance industry for more than 15 years, 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 boards of Ai-Media and CVC Emerging Companies IM Pty Ltd.
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	3,768,828 fully paid ordinary shares
Interests in options:	163,044 unlisted options
Interests in rights:	1,318,090 unlisted performance rights

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary
Maggie Niewidok (resigned 7 June 2021)

Maggie is an admitted lawyer who works at Automic Group across the Automic Legal and Company Secretarial teams. She works closely with a number of boards of both listed and unlisted public companies. Maggie holds a double degree, Bachelor of Laws and Bachelor of Commerce majoring in Finance and is in the final stages of completing her Graduate Diploma of Applied Corporate Governance from the Governance Institute.

Louise Bolger (appointed 7 June 2021)

Louise has over 20 years' experience as an in-house telecommunications, media and technology lawyer and company secretary having held General Counsel and Company Secretary roles with various ASX-listed companies. She holds a Bachelor of Laws (Hons) and a Bachelor of Arts (Modern Asian Studies) from Griffith University and is a Fellow of the Governance Institute of Australia.

Meetings of directors
The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2021, and the number of meetings attended by each director were:

	Full Board		Remuneration and Nomination Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
Anthony Grist	2	2	-	-	-	-
James Spenceley	2	2	-	-	-	-
Jonathan Pearce *	5	5	-	-	-	-
Matthew Hollis	2	2	-	-	-	-
Ryan Legudi *	3	3	-	-	-	-
Timothy Grice *	3	3	-	-	-	-
William Reid	2	2	-	-	-	-

Held: represents the number of meetings held during the time the director held office.

* Includes meetings held by Directors of Stemify Limited

Indemnity and insurance of officers
The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Proceedings on behalf of the company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services
Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 26 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 26 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:
- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Officers of the company who are former directors of PKF(NS) Audit & Assurance Ltd Partnership
There are no officers of the company who are former directors of PKF(NS) Audit & Assurance Ltd Partnership.

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

Auditor
BDO Audit Pty Ltd were removed as auditor on 3 May 2021 at the Stemify Ltd general meeting.

PKF were appointed as auditor on 3 May 2021 in accordance with section 327 of the Corporations Act.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

James Spenceley
Chairman

30 September 2021

Remuneration report (audited)
1. Introduction

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

As set out in the Directors report, Swoop Holdings Ltd undertook a reverse takeover of Stemify Limited on 20 May 2021. This Remuneration Report therefore contains the following:

- KMP's and remuneration for FY21 up to 20 May 2021 of Stemify Ltd
- KMP's and remuneration for FY21 from 1 July 2020 to 30 June 2021 of Cirrus Communications and Swoop Holdings Ltd

FY20 comparative information reflects Stemify Limited.

In the FY21 year, the following were assessed to be KMP:

Directors
Stemify Ltd up to 20 May 2021:

- Timothy Grice - Executive Chairman
- Ryan Legudi - Managing Director
- Jonathan Pearce - Executive Director (appointed on 16 August 2019)

Cirrus Communications and Swoop Holdings Ltd from 1 July 2020 to 30 June 2021:

- James Spenceley - Chairman
- Anthony Grist – Non executive Director
- Paul Reid – Non executive Director
- Jonathan Pearce – Non executive Director
- Matthew Hollis – Executive Director
- Eric Heyde – Executive Director of Cirrus Communications (resigned 7 July 2021)
- Tom Berryman – Executive Director of Cirrus Communications (resigned 30 April 2021)

Executives
Stemify Ltd up to 20 May 2021:

There were no Executives employed by Stemify Ltd in the period to 20 May 2021.

Cirrus Communications and Swoop Holdings Ltd from 1 July 2020 to 30 June 2021:

- Alex West – Chief Executive Officer
- John Phillips – Chief Financial Officer
- Louise Bolger – General Counsel & Company Secretary

2. Principles used to determine the nature and amount of remuneration
The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

2. Principles used to determine the nature and amount of remuneration (continued)

The Board is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:
- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:
- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors remuneration
Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Board. The Board may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market.

Executive remuneration
The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:
- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Group and provides additional value to the executive.

The short-term incentives ('STI') program is designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. KPI's include profit contribution, customer satisfaction, leadership contribution and product management.

The long-term incentives ('LTI') include long service leave and share-based payments. Shares are awarded to executives over a period of time based on long-term incentive measures. These include increase in shareholders value relative to the entire market and the increase compared to the consolidated entity's direct competitors.

Consolidated entity performance and link to remuneration
Remuneration for certain individuals is directly linked to the performance of the consolidated entity. A portion of cash bonus and incentive payments are dependent on defined earnings per share targets being met. The remaining portion of the cash bonus and incentive payments are at the discretion of the Board.

2. Principles used to determine the nature and amount of remuneration (continued)

Voting and comments made at the company's 2019 Annual General Meeting ('AGM')
At the 2020 AGM held in January 2021, 99.99% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2020. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

3. Remuneration Structure for Swoop Holdings Limited

Fixed Pay:

Fixed Pay comprises cash salary and superannuation contributions, delivered in accordance with terms and conditions of each KMP’s employment as set in their employment agreement.

Short term incentives:

STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved and is monitored by the Remuneration and Nominations Committee.

Long term incentives:

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.

4. Executive Service agreements
All Executive team members have service agreements determining Fixed Pay comprising cash salary and superannuation and performance based variable rewards (if applicable). There are no fixed employment terms. The termination notice period is six months by either party. All agreements include non-solicitation and non-compete restrictions and agreements provide for dismissal due to gross misconduct with no entitlement to termination payments in this event. Statutory leave entitlements apply in each agreement.

4. Executive Service agreements (continued)

Details of these agreements are as follows:

Name:	Alex West
Title:	CEO
Agreement commenced:	3 February 2020
Term of agreement:	Ongoing
Details:	Base Salary: Annual salary of AUD$280,000 plus statutory superannuation. Performance-based Incentives: Eligible to partake in the company's STI and LTI Plan; may be terminated by the company without cause by giving 6 month's written notice.
Name:	John Phillips
Title:	CFO
Agreement commenced:	1 March 2021
Term of agreement:	Ongoing
Details:	Base Salary: Annual salary of AUD$275,000 plus statutory superannuation. Performance-based Incentives: Eligible to partake in the company's STI and LTI Plan; may be terminated by the company without cause by giving 6 month's written notice.
Name:	Louise Bolger
Title:	General Counsel
Agreement commenced:	7 June 2021
Term of agreement:	Ongoing
Details:	Base Salary: Annual salary of AUD$280,000 plus statutory superannuation. Performance-based Incentives: Eligible to partake in the company's STI and LTI Plan; may be terminated by the company without cause by giving 6 month's written notice.

5. Non-executive Director Remuneration

Non-executive directors receive a Board fee. The total aggregate fees to be paid per annum to non-executive directors is currently limited to $500,000. All non-executive directors enter into an agreement with the company in the form of a letter of appointment. The letter summarises the board policies and terms, including remuneration, relevant to the office of director.

All non-executive directors enter into an agreement with the company in the form of a letter of appointment. The letter summarises the board policies and terms, including remuneration, relevant to the office of director. Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments will be reviewed annually by the Remuneration and Nominations Committee. The current annual aggregate remuneration of Directors was disclosed in the company's prospectus issued on 16 April 2021.

The Remuneration and Nominations Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market.

The Non-executive Director Fee structure for the period 21 May 2021 to 30 June 2021 and FY22 has been set at the following level:

- Non-executive Chairman - $160,000
- Non-executive Directors - $50,000

No additional fees are payable in respect of individual Chair of or Committee memberships. Superannuation is included in the above amounts.

6. Remuneration Governance

The Remuneration and Nomination Committee is responsible for determining and reviewing remuneration arrangements for all Directors and Executives. It is intended that Management regularly report to the Committee on issues that may impact their decisions and attend meetings by invitation, but do not participate in decisions regarding their own remuneration arrangements.

Use of remuneration advisors

Under the provisions of the Committee's Charter, the Committee may engage the assistance and advice from external remuneration advisors. To ensure that any recommendations made by remuneration consultants are provided without undue influence being exerted by Executives, external remuneration consultants are engaged by and deliver their advice directly to members of the Committee. No such advice has been received by the Committee to date.

Share Trading Policy

The company has a Share Trading Policy which aims to ensure that all employees understand their obligations in relation to insider trading, describes restrictions on buying and selling the company's shares by the employees and when approvals need to be sought. The Share Trading Policy can be found on the Corporate Governance page in the Investors section of the Company's website at www.swoop.com.au/corporate-governance/policies

7. Statutory Remuneration Disclosures

Amounts of remuneration
Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables. The information below has been prepared in accordance with the requirements of the Corporations Act 2001 and relevant Australian Accounting Standards.

The key management personnel of the Group consisted of the following directors of Swoop Holdings Limited:
- Anthony Grist (appointed on 21 May 2021)
- James Spenceley (appointed on 21 May 2021)
- Matthew Hollis (appointed on 21 May 2021)
- William Reid (appointed on 21 May 2021)
- Timothy Grice - Executive Chairman (resigned on 20 May 2021)
- Ryan Legudi - Managing Director (resigned on 20 May 2021)
- Jonathan Pearce (appointed on 16 August 2019)
- Braydon Moreno - Executive Director (resigned on 16 August 2019)
- Eric Heyde - Executive Director (resigned on 7 July 2021)
- Thomas Berryman - Executive Director (resigned on 30 April 2021)

And the following persons:
- Alexander West - Chief Executive Officer
- John Phillips - Chief Financial Officer
- Louise Bolger - General Counsel & Company Secretary (Appointed: 7 June 21)

7. Statutory Remuneration Disclosures (continued)

	Short-term benefits		Post-employment benefits	Long-term benefits	Share based payments			
2021	Cash salary and fees $	Cash bonus $	Annual leave $	Super-annuation $	Performance rights $	Loan funded shares $	Options $	Total $
Non-Executive Directors:								
James Spenceley (i)	146,119	2,268,623	-	13,881	1,054,472	-	-	3,483,095
Anthony Grist (i)	50,000	-	-	-	878,727	-	-	928,727
Jonathan Pearce	32,315	-	-	-	527,236	-	-	559,551
William Reid (i)	132,691	607,324	4,805	13,919	-	687,252	-	1,445,991
Executive Directors:								
Matthew Hollis (i)	146,119	-	1,226	13,881	-	315,901	-	477,127
Timothy Grice (ii)	58,000	-	-	-	-	-	6,105	64,105
Ryan Legudi (iii)	107,286	-	-	-	-	-	35,383	142,669
Eric Heyde (iv)	153,058	326,354	2,048	15,837	-	370,415	-	867,712
Thomas Berryman (v)	127,825	-	11,538	11,784	-	-	-	151,147
Other Key Management Personnel:								
Alexander West	284,906	-	18,308	21,694	-	315,901	-	640,809
John Phillips	91,514	100,000	7,071	6,931	-	-	-	205,516
Louise Bolger	16,153	-	27	1,535	-	-	-	17,715
	1,345,986	3,302,301	45,023	99,462	2,460,435	1,689,469	41,488	8,984,164

(i) These directors were appointed directors in Cirrus Communications Pty Ltd prior to the reverse acquisition. Their remuneration details represents remuneration from 1 July 2020 to 30 June 2021.
(ii) Mr Grice resigned his executive chairman role on 20 May 2021. His salary and fees include a final settlement of $25,000 as agreed in the Deed of release.
(iii) Mr Legudi resigned his executive role on 20 May 2021. His salary and fees include an amount of $25,000 for employment entitlements accrued and a final settlement amount of $59,786 as agreed in the Deed of release.
(iv) Mr Heyde was a Director of Cirrus Communications Pty Ltd prior to the reverse acquisition. His remuneration details represents remuneration from 1 July 2020 to 30 June 2021. Mr Heyde resigned as a Director of Cirrus Communications on 7 July 2021.
(v) Mr Berryman was a Director of Cirrus Communications Pty Ltd. Mr Berryman resigned as a Director on 30 April 2021. His remuneration details represent remuneration from 1 July 2020 to 30 April 2021.

7. Statutory Remuneration Disclosures (continued)

	Short-term benefits				Post-employment benefits	Long-term benefits	Share based payments expense	
2020	Cash salary and fees $	Commission $	Cash bonus $	Non-monetary $	Super-annuation $	Annual/long service leave* $	Options $	Total $
Non-Executive Directors:								
Jonathan Pearce	25,000	-	-	-	-	-	40,746	65,746
Executive Directors:								
Timothy Grice*	97,401	-	-	-	5,542	-	64,603	167,546
Ryan Legudi	171,351	38,497	8,000	-	-	-	53,215	271,063
Braydon Moreno	85,259	26,745	-	-	-	-	-	112,004
	379,011	65,242	8,000	-	5,542	-	158,564	616,359

* Mr Grice ceased as an employee from 31 January 2020. All long term benefits previously accrued were paid out on 31 January 2020 and no further accrual is made.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	2021	2020	2021	2020	2021	2020
Non-Executive Directors:						
Jonathan Pearce	6%	38%	-	-	94%	62%
Executive Directors:						
Timothy Grice	90%	61%	-	-	10%	39%
Ryan Legudi	75%	63%	-	17%	25%	20%
Braydon Moreno	-	76%	-	24%	-	-

The proportion of the cash bonus paid/payable or forfeited is as follows:

	Cash bonus paid/payable		Cash bonus forfeited	
Name	2021	2020	2021	2020
Executive Directors:				
Ryan Legudi	-	5%	-	95%

KMP Equity Disclosures

There were no shares issued to key management personnel as part of compensation during the period from 21 May 2021 to 30 June 2021.

7. Statutory Remuneration Disclosures (continued)

Share-based compensation disclosures

Options
There were no options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2021.

There were no options over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2021.

The terms and conditions of each grant of Share Rights granted during the period 21 May 2021 to 30 June 2021, affecting remuneration in the current or a future reporting period are set out below. There were no options over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the period 21 May 2021 to 30 June 2021.

Performance rights
The following are performance rights issued by the company in the financial year:

Name	Number of rights granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per right at grant date
James Spenceley	1,318,090	21/05/2021	Based on vesting condition (A)	21/05/2024	-	0.45
James Spenceley	1,318,091	21/05/2021	Based on vesting condition (B)	21/05/2024	-	0.35
Tony Grist	1,098,408	21/05/2021	Based on vesting condition (A)	21/05/2024	-	0.45
Tony Grist	1,098,409	21/05/2021	Based on vesting condition (B)	21/05/2024	-	0.35
Jonathan Pearce	659,045	21/05/2021	Based on vesting condition (A)	21/05/2024	-	0.45
Jonathan Pearce	659,045	21/05/2021	Based on vesting condition (B)	21/05/2024	-	0.35

Vesting conditions
(A) Swoop and NodeOne achieving aggregate Sales Revenue of $30,000,000 over two consecutive half year periods, with the second half year period ending within the three-year term of the performance rights
(B) Swoop and NodeOne achieving aggregate Sales Revenue of $35,000,000 over two consecutive half year periods, with the second half year period ending within the three-year term of the performance rights.

Performance rights granted carry no dividend or voting rights.

These performance rights were issued at no cost to the recipients and represent a right to one ordinary share in the company in the future for no consideration, subject to satisfying the performance conditions.

There were no other performance rights over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2021.

7. Statutory Remuneration Disclosures (continued)

Additional information

The earnings of the Group for the five years to 30 June 2021 are summarised below:

	2021 $	2020 $	2019* $	2018 $	2017 $
Sales revenue	22,419,905	1,224,308	2,211,196	5,927,412	1,907,754
EBITDA	(8,458,844)	(198,160)	(3,863,445)	(14,943,880)	(8,979,304)
EBIT	(14,629,894)	(216,302)	(4,404,016)	(15,774,283)	(9,262,414)
Loss after income tax	(13,788,750)	(264,132)	(4,552,494)	(15,966,041)	(9,418,913)

* This includes both continuing operations and discontinued operations

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2021	2020*	2019*	2018	2017
Share price at financial year end ($)	0.97	0.02	0.02	0.02	0.05
Basic earnings per share (cents per share)	(14.01)	(0.19)	(38.59)	(4.99)	(7.41)
Diluted earnings per share (cents per share)	(14.01)	(0.19)	(38.59)	(4.99)	(7.41)

8. Additional disclosures relating to key management personnel

Shareholding

The number of shares in the company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Additions	Effect of 1 for 1.045 share consolidation on 11 May 2021	Expired/forfeited/other	Balance at the end of the year
Ordinary shares					
Timothy Grice	235,998	1,078,637	(1,066,172)	-	248,463
Ryan Legudi	371,297	103,856	(355,153)	-	120,000
Jonathan Pearce	6,551,475	3,483,979	(6,266,626)	-	3,768,828
James Spenceley	-	9,575,169	-	-	9,575,169
Anthony Grist	25,236,429	9,456,040	(24,120,616)	-	10,571,853
Matthew Hollis	-	3,791,411	-	-	3,791,411
William Reid	-	22,673,896	-	-	22,673,896
Alex West	-	1,549,343	-	-	1,549,343
John Phillips	-	40,000	-	-	40,000
Louise Bolger	-	-	-	-	-
Eric Heyde	-	4,437,371	-	-	4,437,371
Thomas Berryman	-	6,314,750	-	-	6,314,750
	32,395,199	62,504,452	(31,808,567)	-	60,423,684

Option holding

The number of options over ordinary shares in the company held during the financial period by each director of the consolidated entity, including their personally related parties, is set out below:

8. Additional disclosures relating to key management personnel (continued)

	Balance at the start of the year	Granted	Exercised	Effect of 1 for 1.045 Share consolidation 11/05/21	Balance at the end of the year
Options over ordinary shares					
Timothy Grice	3,750,000	-	-	(3,586,956)	163,044
Jonathan Pearce	3,750,000	-	-	(3,586,956)	163,044
Anthony Grist	37,644,448	-	-	(36,007,728)	1,636,720
	45,144,448	-	-	(43,181,640)	1,962,808

Performance rights holding
The number of performance rights over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Performance rights over ordinary shares					
Timothy Grice	54,444	-	-	(54,444)	-
Ryan Legudi	398,889	-	-	(398,889)	-
James Spenceley	-	2,636,181	-	-	2,636,181
Anthony Grist	-	2,196,817	-	-	2,196,817
Jonathan Pearce	-	1,318,090	-	-	1,318,090
	453,333	6,151,088	-	(453,333)	6,151,088

Loans to KMP

In October 2019 and July 2020, Cirrus Communications Pty Limited issued shares for limited recourse loan consideration to Directors and Executives. The Company was assigned the benefit of these loans as at 21 May 2021, at which time the loans were limited recourse with respect to the Consideration Shares issued as consideration for the shares to which the loans previously related. Details of the loan balances outstanding are as follows:

Name	Limited recourse loan balance at 21 May 2021	Repayments from 21 May 2021 to 30 June 2021	Balance as at 30 June 2021
William Paul Reid – Non-Executive Director	1,365,656	695,973	669,683
Matthew Hollis – Executive Director	1,052,826	6,273	1,046,103
Alex West - CEO	552,826	3,530	549,296
Eric Heyde - Executive Director (Cirrus Communications Pty Ltd)	1,493,517	380,013	1,113,504
Total	4,464,825	1,085,789	3,378,586

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 issued as consideration for the Cirrus Communications Pty Limited shares to which the loans previously related, up to the loan amount. The loans are interest free.

8. Additional disclosures relating to key management personnel (continued)

During the period 21 May 2021 to 30 June 2021, William (Paul) Reid applied his completion bonus paid on the listing of the company (net of tax) towards the repayment of a portion of his loan.

There were no loans to KMP's in FY2020.

Related Party Disclosures

The following are transactions with related parties and balances outstanding at the reporting date in relation to transactions with related parties:

	Consolidated 2021 $	Consolidated 2020 $
Payment for goods and services:		
Payment for marketing services from Opvia Pty Ltd (director-related entity of Matthew Hollis)	16,745	35,122
Payment for consulting services from Fish Asia Pacific Pty Ltd (director-related entity of William Reid)	-	24,600
Payment for leasing services from T.D Berryman & S.L Wagner (director-related entity of Thomas Berryman)	-	1,320

	Consolidated 2021 $	Consolidated 2020 $
Current payables:		
Payment for marketing services from Opvia Pty Ltd (director-related entity of Matthew Hollis)	5,250	6,600

Other transactions with KMP

Some of the Non-executive Directors hold directorships or positions in other companies or organisations. From time to time, the company may provide or receive services from these companies or organisations on arm's length terms. None of the Non-executive Directors were, or are, involved in any procurement or Board decision-making regarding the companies or organisations with which they have an association.

The following outlines related party transactions during the period 21 May 2021 to 30 June 2021:

- Software subscription costs of $3,000 for software provided by a company related to Matthew Hollis.

There were no transactions of the kind contemplated in item 22 of Regulation 2M.3.03 of the Corporations Regulations during FY20.

This concludes the remuneration report, which has been audited.

On behalf of the directors

James Spenceley
Chairman
30 September 2021

PKF

Auditor's Independence Declaration under section 307C of the Corporations Act 2001 to the Directors of Swoop Holdings Limited (Formerly Known As Stemify Limited)

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Swoop Holdings Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

(i) No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) No contraventions of any applicable code of professional conduct in relation to the audit.

PKF

PKF

P. Pearman

PAUL PEARMAN
PARTNER

30 SEPTEMBER 2021
SYDNEY, NSW

Contents

General information

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

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

Level 5, 126 Phillip Street
Sydney NSW 2000

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 September 2021. The directors have the power to amend and reissue the financial statements.

Swoop Holdings Limited
(Formerly known as Stemify Limited)
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2021

	Note	Consolidated 2021 $	2020 $
Revenue	4	22,419,905	9,224,313
Other income	5	655,167	24,210
Expenses			
Fixed wireless network costs		(12,627,351)	(2,869,209)
Marketing and advertising		(1,563,686)	-
Finance costs		(464,051)	(304,379)
General and administrative		(1,876,887)	(836,106)
Employee benefit expense		(2,842,356)	(2,841,224)
Depreciation and amortisation expense		(6,171,050)	(3,721,241)
Share based payments expense	35	(3,330,386)	(2,703,779)
Impairment of plant and equipment		-	(287,801)
Acquisition costs		(4,574,064)	-
Corporate restructuring expenses		(3,008,401)	-
Other expenses		(1,246,734)	(1,253,497)
Loss before income tax benefit		(14,629,894)	(5,568,713)
Income tax benefit	7	841,144	460,537
Loss after income tax benefit for the year attributable to the owners of Swoop Holdings Limited		(13,788,750)	(5,108,176)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		11,755	-
Other comprehensive income for the year, net of tax		11,755	-
Total comprehensive income for the year attributable to the owners of Swoop Holdings Limited		(13,776,995)	(5,108,176)
		Cents	**Cents**
Basic earnings per share	34	(14.01)	(11.66)
Diluted earnings per share	34	(14.01)	(11.66)

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

Swoop Holdings Limited
(Formerly known as Stemify Limited)
Statement of financial position
As at 30 June 2021

	Note	Consolidated 2021 $	2020 $
Assets			
Current assets			
Cash and cash equivalents	8	17,497,867	2,626,799
Trade receivables	9	3,348,547	1,134,349
Inventories	10	1,697,835	151,450
Other financial assets	13	2,039,012	276,648
Total current assets		24,583,261	4,189,246
Non-current assets			
Financial assets at fair value through other comprehensive income	11	1,025,269	-
Property, plant and equipment	14	17,103,153	7,685,470
Right-of-use assets	12	6,712,788	5,485,903
Intangibles	15	28,729,307	6,202,707
Deferred tax	7	1,440,413	590,503
Total non-current assets		55,010,930	19,964,583
Total assets		79,594,191	24,153,829
Liabilities			
Current liabilities			
Trade payables	16	6,267,203	1,938,507
Other payables	17	716,881	809,817
Consideration payable	20	5,525,216	-
Contract liabilities	18	2,825,429	-
Current tax liabilities	7	191,413	-
Lease liabilities	12	2,567,918	1,457,008
Employee benefits	19	1,787,460	576,751
Total current liabilities		19,881,520	4,782,083
Non-current liabilities			
Lease liabilities	12	5,376,160	4,484,239
Deferred tax	7	3,358,022	287,578
Employee benefits	19	142,719	97,688
Consideration payable	20	1,300,000	-
Total non-current liabilities		10,176,901	4,869,505
Total liabilities		30,058,421	9,651,588
Net assets		49,535,770	14,502,241
Equity			
Issued capital	21	70,020,924	24,579,030
Reserves	22	5,026,497	2,703,779
Accumulated losses		(25,511,651)	(12,780,568)
Total equity		49,535,770	14,502,241

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

Swoop Holdings Limited
(Formerly known as Stemify Limited)
Statement of changes in equity
For the year ended 30 June 2021

Consolidated	Issued capital $	Redeemable preference shares $	Foreign exchange translation reserve $	Share-based payment reserve $	Accumulated losses $	Total equity $
Balance at 1 July 2019	12,004,029	500,000	-	-	(7,672,391)	4,831,638
Loss after income tax benefit for the year	-	-	-	-	(5,108,176)	(5,108,176)
Other comprehensive income for the year, net of tax	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	(5,108,176)	(5,108,176)
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs (note 21)	5,425,000	6,650,000	-	-	-	12,075,000
Share-based payments (note 35)	-	-	-	2,703,779	-	2,703,779
Balance at 30 June 2020	17,429,029	7,150,000	-	2,703,779	(12,780,567)	14,502,241

Consolidated	Issued capital $	Redeemable preference shares $	Foreign exchange translation reserve $	Share-based payment reserve $	Accumulated losses $	Total equity $
Balance at 1 July 2020	17,429,029	7,150,000	-	2,703,779	(12,780,567)	14,502,241
Loss after income tax benefit for the year	-	-	-	-	(13,788,750)	(13,788,750)
Other comprehensive income for the year, net of tax	-	-	11,755	-	-	11,755
Total comprehensive income for the year	-	-	11,755	-	(13,788,750)	(13,776,995)
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs (note 21)	52,591,894	(7,150,000)	-	(1,019,423)	1,057,667	45,480,138
Share-based payments (note 35)	-	-	-	3,330,386	-	3,330,386
Balance at 30 June 2021	70,020,923	-	11,755	5,014,742	(25,511,650)	49,535,770

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

Swoop Holdings Limited
(Formerly known as Stemify Limited)
Statement of cash flows
For the year ended 30 June 2021

	Note	Consolidated 2021 $	2020 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		22,729,621	10,565,168
Payments to suppliers (inclusive of GST)		(25,908,707)	(8,665,636)
		(3,179,086)	1,899,532
Interest received		31	208
Interest and other finance costs paid		(16,233)	(304,379)
Government grants received		2,559,500	-
Income taxes paid		(359,382)	(356,414)
Other		(144,022)	-
Net cash from/(used in) operating activities	33	(1,139,192)	1,238,947
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired		(239,432)	-
Payment for purchase of subsidiary, net of cash acquired	30	-	(919,809)
Payments for property, plant and equipment	14	(5,914,541)	(3,432,782)
Payments for investments		(1,054,859)	-
Payments for intangibles	15	(22,525)	-
Proceeds of cash balances from purchase of subsidiary	3,30	690,010	-
Proceeds from disposal of property, plant and equipment		-	14,784
Proceeds from disposal of intangibles		-	(43,071)
Net cash used in investing activities		(6,541,347)	(4,380,878)
Cash flows from financing activities			
Proceeds from issue of shares	21	25,499,999	6,650,000
Repayment of borrowings		(880,774)	(213,832)
Repayment of lease liabilities		(1,061,910)	(811,459)
Transaction costs related to issue of shares		(1,005,708)	-
Net cash from financing activities		22,551,607	5,624,709
Net increase in cash and cash equivalents		14,871,068	2,482,778
Cash and cash equivalents at the beginning of the financial year		2,626,799	144,021
Cash and cash equivalents at the end of the financial year	8	17,497,867	2,626,799

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

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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

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

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for financial assets at fair value through other comprehensive income.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Going concern
The consolidated entity has reported a loss after tax of $13,788,750 (2020: loss of $5,108,176) and net cash outflows from operating of $1,139,192 (2020: inflows of $1,238,947) for the year ended 30 June 2021.

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

- Cash and cash equivalent as at 30 June 2021 of $17,497,867 (30 June 2020: $2,626,799);
- Net current assets position as at 30 June 2021 of $4,701,741(30 June 2020: $592,837);
- The directors have prepared forecasts that indicate the consolidated entity will remain a going concern.

The directors plan to continue the consolidated entity's operations on the basis as outlined above, and believe there will be sufficient funds for the consolidated entity to meet its obligations and liabilities for at least twelve months from the date of this report.

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

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 29.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Swoop Holdings Limited ('company' or 'parent entity') as at 30 June 2021 and the results of all subsidiaries for the year then ended. Swoop Holdings Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Note 1. Significant accounting policies (continued)

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group 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 Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group 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 Group.

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 Group 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 Group 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.

Foreign currency translation
The financial statements are presented in Australian dollars, which is Swoop Holdings Limited'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.

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 Group'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 Group'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.

Note 1. Significant accounting policies (continued)

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 Group 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, it's 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 Group intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets
The Group 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 Group'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.

Impairment of non-financial assets
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other 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.

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.

Note 1. Significant accounting policies (continued)

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Note 2. 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.

Coronavirus (COVID-19) pandemic
Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Share-based payment transactions
The Group 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.

Estimation of useful lives of assets
The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax
The Group 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 Group recognises liabilities for anticipated tax audit issues based on the Group'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.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Lease term
The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Reverse acquisition
As discussed in note 3 the acquisition of Cirrus Communications Pty Ltd ("Swoop") has the features of a reverse acquisition as described in the Australian Accounting Standard AASB 3 Business Combinations (AASB 3). Judgement is exercised on why the Swoop Holdings Limited did not constitute a business under AASB 3 and determining the fair value of shares owned by the former Swoop Holdings Limited shareholders as well as the fair value of assets and liabilities acquired.

Deferred consideration
The deferred consideration liability is the difference between the total purchase consideration, usually on an acquisition of a business combination, and the amounts paid or settled up to the reporting date, discounted to net present value. The Group applies provisional accounting for any business combination. Any reassessment of the liability during the earlier of the finalisation of the provisional accounting or 12 months from acquisition-date is adjusted for retrospectively as part of the provisional accounting rules in accordance with AASB 3 'Business Combinations'. Thereafter, at each reporting date, the deferred consideration liability is reassessed against revised estimates and any increase or decrease in the net present value of the liability will result in a corresponding gain or loss to profit or loss. The increase in the liability resulting from the passage of time is recognised as a finance cost.

Business combinations
Business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Capitalised labour costs
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.

Note 3. Reverse acquisition

Reverse acquisition – Stemify Limited
Swoop Holdings Limited (formerly Stemify Limited) (the Company) acquired Cirrus Communications Pty Ltd (“Swoop”) on 21 May 2021.

From a legal and taxation perspective the Company is considered the acquiring entity. However, the acquisition has the features of a reverse acquisition as described in the Australian Accounting Standard AASB 3 Business Combinations (AASB 3) because the acquisition resulted in Swoop shareholders holding a controlling interest in the Company after the transaction, notwithstanding the Company being the legal parent of the Group. At the time of the acquisition the Company divested all of its operations, and its activities were limited to managing its cash balances, filing obligations (i.e., a listed shell), and completion of the acquisition. It is therefore considered that the Company does not meet the definition of a business for the purposes of AASB 3 as it did not have any processes or outputs.

Note 3. Reverse acquisition (continued)

The transaction has therefore been accounted for as a reverse acquisition from a consolidated perspective, where Swoop is the accounting acquirer and the Company is the legal acquirer. The annual report includes the consolidated financial statements of Swoop for the full year and the Company for the period 21 May 2021 to 30 June 2021. The annual report represents a continuation of Swoop's financial statements with the exception of the capital structure. The amount recognised as equity instruments in these consolidated statements represents the issued equity of the Company adjusted to reflect the equity issued by the Company on acquisition.

Under the reverse acquisition principles, the consideration provided by Swoop was determined to be $3,412,444 which is the deemed fair value of the 6,824,888 shares (on a post-consolidation basis of 122,769,264 shares) owned by the former Swoop Holdings Limited shareholders at the completion of the acquisition, valued at the capital raising share price of $0.50 per share.

The excess of the deemed fair value of the shares owned by the Company shareholders and the fair value of the identifiable net assets of the Company, immediately prior to the completion of the merger, is accounted for under AASB 2 Share Based Payments and resulted in the recognition of $3,008,401 being recorded as "Corporate Restructure Expense". The net assets of the Company were recorded at fair value at acquisition date. As the carrying value of all assets and liabilities held by the Company at acquisition date approximated their fair value, no adjustments were required.

The fair values of the assets and liabilities of the Company (being the accounting acquiree) as at the date of acquisition and deemed consideration are as follows:

	Fair value $
Assets	
Cash and cash equivalents	355,273
Trade and other receivables	260,039
Other current assets	30,270
Property, plant and equipment	238
Total assets	645,820
Liabilities	
Trade and other payables	(241,777)
Fair value of net assets acquired	**404,043**

'Corporate Restructure expense' on acquisition:

	Consolidated 30 June 2021 $
Corporate Restructure Expense	
Fair value of shares deemed to have been issued by Swoop Holdings Limited[(a)]	3,412,444
Less: fair value of identifiable net assets acquired – Swoop Holdings Limited (as above)	(404,043)
	3,008,401

[(a)] The fair value of the deemed consideration of $3,412,444 was based on the Company's most recent public offer share price of $0.50 multiple by the number of shares on issue at the date of the transaction being 6,824,888 (on a post-consolidation basis of 122,769,264 shares).

Note 4. Revenue

	Consolidated 2021 $	Consolidated 2020 $
Revenue from contracts with customers		
Sales of goods	255,208	9,224,313
Rendering of services	22,164,697	-
Revenue	22,419,905	9,224,313

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

Consolidated - 2021	Residential services $	Wholesale services $	Business services $	Total $
Revenue by service				
Hardware	186,115	50,685	18,407	255,207
Installations	249,648	130,754	25,164	405,566
Fixed Wireless	7,690,783	11,810,051	2,258,298	21,759,132
	8,126,546	11,991,490	2,301,869	22,419,905
Timing of revenue recognition				
Goods transferred at a point in time	186,115	50,685	18,408	255,208
Services transferred over time	7,940,431	11,940,805	2,283,461	22,164,697
	8,126,546	11,991,490	2,301,869	22,419,905

Accounting policy for Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Refer to note 18 for further information about revenue recognition timing that gives rise to contract liabilities.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods
Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Note 4. Revenue (continued)

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.

Note 5. Other income

	Consolidated 2021 $	Consolidated 2020 $
Government grants - COVID 19	100,000	-
Other income	555,069	24,002
Interest income	98	208
Other income	655,167	24,210

Accounting policy on other income

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

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

Government grant
Government grants are recognised at fair value where there is reasonable assurance the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating.

Note 6. Expenses

	Consolidated 2021 $	2020 $
Loss before income tax includes the following specific expenses:		
Depreciation		
Plant and equipment	332,256	118,838
Motor vehicles	48,194	49,029
Computer software	293,528	211,806
Networks	2,547,878	2,209,891
Leasehold improvements	-	274
Right-of-use assets	1,471,224	918,766
Total depreciation	4,693,080	3,508,604
Amortisation		
Patents and trademarks	6,676	5,258
Licences and franchises	107,219	16,667
Computer software	532,232	66,667
Customer contracts	758,264	124,044
Customer relationships	71,782	-
Brand	1,797	-
Total amortisation	1,477,970	212,636
Total depreciation and amortisation	6,171,050	3,721,240
Impairment		
Plant and equipment	-	287,801
Finance costs		
Interest and finance charges paid/payable on borrowings	37,195	45,706
Interest and finance charges paid/payable on lease liabilities	426,856	296,993
Finance costs expensed	464,051	342,699
Share-based payments expense		
Share-based payments expense	3,330,386	2,703,779
Employee benefits expense		
Superannuation	371,293	226,579
Other expenses		
Impairment of financial assets	18,753	39,611

Note 7. Income tax

	Consolidated 2021 $	Consolidated 2020 $
Income tax benefit		
Current tax	237,195	-
Adjustment recognised for prior periods	(44,465)	-
Origination and reversal of timing differences	(1,033,874)	(460,537)
Aggregate income tax benefit	(841,144)	(460,537)
Numerical reconciliation of income tax benefit and tax at the statutory rate		
Loss before income tax benefit	(14,629,894)	(5,568,713)
Tax at the statutory tax rate of 30%	(4,388,968)	(1,670,614)
Adjustment recognised for prior periods	(44,465)	-
Permanent differences	1,743,035	1,210,077
Other timing differences not recognised	353,372	-
Stub period tax loss not recognised **	1,495,882	-
Income tax benefit	(841,144)	(460,537)

** Stub period tax loss reflects tax estimates for acquired entities for the period 1 July 2020 to 31 May 2021, prior to joining the Swoop Holdings Ltd tax consolidation group.

Accounting policy for income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Note 7. Income tax (continued)

	Consolidated	
	2021	**2020**
	$	**$**
Deferred tax asset		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Provisions & accruals	791,824	349,897
Allowance for expected credit losses	-	14,731
Right-of-use asset	98,235	-
Contract liabilities	540,000	-
Depreciation & amortisation	-	225,875
Software	10,354	-
Deferred tax asset	1,440,413	590,503

	Consolidated	
	2021	**2020**
	$	**$**
Deferred tax liability		
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Depreciable assets	63,119	-
Intangible assets	3,294,903	117,694
Prepayments	-	12,272
Deferred tax on acquisitions	-	157,612
Deferred tax liability	3,358,022	287,578

	Consolidated	
	2021	**2020**
	$	**$**
Provision for income tax		
Provision for income tax	191,413	-

Accounting policy for income tax
Swoop Holdings Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Note 8. Cash and cash equivalents

	Consolidated 2021 $	2020 $
Current assets		
Cash at bank	17,497,867	2,626,799

Accounting policy for 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.

Note 9. Trade receivables

	Consolidated 2021 $	2020 $
Current assets		
Trade receivables	3,413,846	1,180,895
Less: Allowance for expected credit losses	(65,299)	(46,546)
	3,348,547	1,134,349

Allowance for expected credit losses
During the financial year, allowance for expected credit losses of $18,753 has been recognised in the profit or loss in respect of the expected credit losses (2020: $39,611).

The ageing of the trade receivables and allowance for expected credit losses provided for above are as follows:

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	2021	2020	2021	2020	2021	2020
Consolidated	%		$	$	$	$
Not overdue	0.97%	1.04%	2,851,386	890,118	27,738	9,286
< 30 days overdue	10.06%	2.67%	234,273	155,892	23,578	4,168
< 90 days overdue	1.38%	16.54%	269,176	78,687	3,719	13,013
> 90 days overdue	17.15%	35.73%	59,845	56,198	10,264	20,079
			3,414,680	1,180,895	65,299	46,546

Movements in the allowance for expected credit losses are as follows:

	Consolidated 2021 $	2020 $
Opening balance	46,546	6,935
Additional provisions recognised	18,753	39,611
Closing balance	65,299	46,546

Note 9. Trade receivables (continued)

Accounting policy for trade and other receivables
<u>*Trade receivables*</u>
The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

In measuring the expected credit losses, the trade receivables have been assessed on a collective as they possess shared credit risk characteristics. They have been grouped on the days past due and also according to the geographical location of customers.

The expected loss rates are based on the payment profile for sales over the past 48 months before 30 June 2021 and 1 July 2020 respectively. as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forward looking macroeconomic factors affecting the customer's ability to settle the outstanding amount.

Trade receivables are written off (derecognised) when there is no reasonable expectation of recovery. Failure to make payments within 120 days is considered an indicator of no reasonable expectation of recovery.

Note 10. Inventories

	Consolidated	
	2021	2020
	$	$
Current assets		
Stock on hand - at net realisable value	1,697,835	151,450

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.

Note 11. Financial assets at fair value through other comprehensive income

	Consolidated	
	2021	2020
	$	$
Non-current assets		
Shares in listed entities	1,025,269	-

Reconciliation		
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:		
Opening fair value	-	-
Additions through business combinations (note 30)	1,025,269	-
Closing fair value	1,025,269	-

Refer to note 24 for further information on fair value measurement.

Note 12. Right-of-use assets

The Group has leases over a range of assets including land and buildings and network assets.

Information relating to the leases in place and associated balances and transactions are provided below.

Terms and conditions of leases

Land and buildings
The Group leases land and buildings for their corporate offices and other buildings, the leases are generally between 3 - 10 years and some of the leases include a renewal option to allow the Group to renew for up to twice the non- cancellable lease term.

The corporate office lease contains an annual pricing mechanism based on CPI movements at each anniversary of the lease inception.

Network assets
<u>Network access agreements</u>
The Group leases has in place access agreements for maintenance of network equipment, The leases can vary in length, with the access agreements usually being rolling 12-month agreements. In these instances the Group has determined the length of the lease to be the identifiable useful life of the equipment placed there on, which has been set at 7 years.

<u>Dark Fibre agreements</u>
The Group has agreements to gain exclusive access to underground fibre cabling. The leases usually have an initial term of 36 months, after which they revert to a rolling month-to-month contract. In these instances the Group has determined the length of the lease to be the average length of time that they utilise the dark fibre cabling, which has been set at 7 years.

(a) Right-of-use assets

The carrying value of ROU assets is presented below:

	Consolidated	
	2021	**2020**
	$	**$**
Non-current assets		
Office premises - right-of-use	554,109	269,538
Less: Accumulated depreciation	(309,901)	(72,931)
	244,208	196,607
Network assets - right-of-use	9,108,175	6,135,131
Less: Accumulated depreciation	(2,639,595)	(845,835)
	6,468,580	5,289,296
	6,712,788	5,485,903

Note 12. Right-of-use assets (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Office premises $	Network assets $	Total $
Balance at 1 July 2019	-	-	-
Initial adoption of AASB 16 *Leases*	74,574	3,803,936	3,878,510
Additions	194,964	2,331,195	2,526,159
Depreciation expense	(72,931)	(845,835)	(918,766)
Balance at 30 June 2020	196,607	5,289,296	5,485,903
Additions	101,982	1,586,993	1,688,975
Additions through business combinations (note 30)	96,791	967,036	1,063,827
Disposals	(6,423)	(48,270)	(54,693)
Depreciation expense	(144,749)	(1,326,475)	(1,471,224)
Balance at 30 June 2021	244,208	6,468,580	6,712,788

(b) Lease liabilities

The carrying value of lease liabilities is presented below:

	Consolidated 2021 $	2020 $
Lease liabilities - current	2,567,918	1,457,008
Lease liabilities - non-current	5,376,160	4,484,239
	7,944,078	5,941,247

(c) Maturity profile of contractual undiscounted lease liability cashflows:

	Consolidated 2021 $	2020 $
- not later than one year	2,273,322	1,283,256
- later than one year but not later than five years	6,023,549	4,309,954
- later than five years	-	-
	8,296,871	5,593,210

Accounting policy for right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Note 12. Right-of-use assets (continued)

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Accounting policy for lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Note 13. Other financial assets

	Consolidated	
	2021	**2020**
	$	**$**
Current assets		
Other financial assets	1,960,833	254,933
Other	23,179	21,715
Security deposits	55,000	-
	2,039,012	276,648

Accounting policy for other financial assets
Prepayments are recognised initially at fair value and subsequently at amortised cost using the effective interest method, less any impairment losses and have an enforceable right to refund which will be settled in the short term.

In assessing expected credit losses, the other financial assets are considered to be of a low risk profile as they are believed to be settled within 12 months, therefore expected lifetime credit losses are nil.

Note 14. Property, plant and equipment

	Consolidated 2021 $	Consolidated 2020 $
Non-current assets		
Networks - at cost	39,818,046	26,957,315
Less: Accumulated depreciation	(25,769,897)	(20,539,942)
	14,048,149	6,417,373
Plant and equipment - at cost	3,575,147	3,009,440
Less: Accumulated depreciation	(1,710,250)	(2,174,165)
	1,864,897	835,275
Computer software - at cost	2,213,648	1,436,748
Less: Accumulated depreciation	(1,382,231)	(1,143,703)
	831,417	293,045
Motor vehicles - at cost	742,777	337,513
Less: Accumulated depreciation	(384,087)	(197,736)
	358,690	139,777
	17,103,153	7,685,470

Consolidated	Networks $	Plant and equipment $	Computer software $	Motor vehicles $	Leasehold improvements $	Total $
Balance at 1 July 2019	5,565,554	67,745	248,981	66,936	-	5,949,216
Additions	3,306,815	902,412	255,870	125,007	24,189	4,614,293
Disposal of assets	(245,105)	(16,044)	-	(3,137)	(23,915)	(288,201)
Depreciation expense	(2,209,891)	(118,838)	(211,806)	(49,029)	(274)	(2,589,838)
Balance at 30 June 2020	6,417,373	835,275	293,045	139,777	-	7,685,470
Additions	5,698,102	1,097,618	831,900	25,256	-	7,652,876
Additions through business combinations (note 30)	4,480,552	310,487	-	241,851	-	5,032,890
Disposal of assets	-	(46,227)	-	-	-	(46,227)
Depreciation expense	(2,547,878)	(332,256)	(293,528)	(48,194)	-	(3,221,856)
Balance at 30 June 2021	14,048,149	1,864,897	831,417	358,690	-	17,103,153

Accounting policy for property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment over their expected useful lives as follows:

Networks	20% - 33%
Plant and equipment	33%
Computer software	20% - 33%
Motor vehicles	25%
Leasehold improvements	20% - 25%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Note 14. Property, plant and equipment (continued)

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Note 15. Intangibles

	Consolidated	
	2021	**2020**
	$	**$**
Non-current assets		
Goodwill - at cost	15,868,905	2,726,617
License agreements - at cost	536,095	536,095
Less: Accumulated amortisation	(123,886)	(16,667)
	412,209	519,428
Patents and trademarks - at cost	209,041	43,071
Less: Accumulated amortisation	(10,983)	(4,307)
	198,058	38,764
Customer relationships - at cost	11,748,097	2,268,797
Less: Accumulated amortisation	(954,090)	(124,044)
	10,794,007	2,144,753
Computer software - at cost	1,866,025	839,812
Less: Accumulated amortisation	(598,899)	(66,667)
	1,267,126	773,145
Brands - at cost	190,800	-
Less: Accumulated amortisation	(1,798)	-
	189,002	-
Total intangibles	28,729,307	6,202,707

Note 15. Intangibles (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Goodwill $	Customer relationships $	Patents and trademarks $	Customer contracts $	Computer software $	Licences and franchises $	Brands $	Total $
Balance at 1 July 2019	-	-	-	-	-	-	-	-
Additions	-	-	43,071	-	-	-	-	43,071
Additions through business combinations (note 30)	2,726,617	-	-	2,268,797	839,812	536,095	-	6,371,321
Amortisation expense	-	-	(4,307)	(124,044)	(66,667)	(16,667)	-	(211,685)
Balance at 30 June 2020	2,726,617	-	38,764	2,144,753	773,145	519,428	-	6,202,707
Additions	-	-	165,970	-	84,866	-	-	250,836
Additions through business combinations (note 30)	10,139,831	9,408,700	-	70,600	941,347	-	190,800	20,751,278
Additions through recognition of deferred taxes on acquisition of intangibles	3,128,867	-	-	-	-	-	-	3,128,867
Correction provisional business combination - 30 June 2020	(126,410)	-	-	-	-	-	-	(126,410)
Amortisation expense	-	(71,782)	(6,676)	(758,264)	(532,232)	(107,219)	(1,798)	(1,477,971)
Balance at 30 June 2021	15,868,905	9,336,918	198,058	1,457,089	1,267,126	412,209	189,002	28,729,307

Impairment disclosures and testing of goodwill
The recoverable amount of goodwill has been determined based on a value in use calculation. These calculations use the present value using cash flows projections over a five-year period, based on a one-year budget approved by the Board followed by an extrapolation of expected cash flows using estimated terminal growth rates. The present value of the expected cash flows of each cash-generating unit is determined by applying a suitable discount rate.

The discount rate has been based upon an estimate of the entity's weight average cost of capital, being 9%.

Impairment charge for goodwill
As a result of the impairment testing and evaluation, the Group has determined that the carrying value of goodwill does not exceed their value-in-use, and no impairment charge is required.

Note 15. Intangibles (continued)

Accounting policy for intangible assets
Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill
Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

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.

Patents and trademarks
Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

Customer relationships
Customer intangibles acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5-15 years.

Computer Software
Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Brands
Brand arises on the acquisition of a business and is independently valued at the date of acquisition. The estimated useful life has been determined to be three years.

Note 16. Trade payables

	Consolidated	
	2021 $	2020 $
Current liabilities		
Trade payables	5,735,344	1,620,719
Accrued expenses	531,859	317,788
	6,267,203	1,938,507

Refer to note 23 for further information on financial instruments.

Accounting policy for trade and other payables
These amounts represent liabilities for goods and services provided to the Group 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.

Note 17. Other payables

	Consolidated	
	2021	**2020**
	$	**$**
Current liabilities		
GST and PAYG payable to ATO	620,185	487,992
Other payables	96,696	321,825
	716,881	809,817

Note 18. Contract liabilities

	Consolidated	
	2021	**2020**
	$	**$**
Current liabilities		
Contract liabilities	2,825,429	-

Reconciliation
Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:

Opening balance	-	-
Payments received in advance	2,797,205	-
* Additions through business combinations (note 30)	28,224	-
Closing balance	2,825,429	-

* Refer to note 30 for acquisition of Wan Solutions Pty Ltd.

Unsatisfied performance obligations
The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was $2,825,429 as at 30 June 2021 ($nil as at 30 June 2020) and is expected to be recognised as revenue in future periods as follows:

	Consolidated	
	2021	**2020**
	$	**$**
Within 12 months	2,825,429	-

Accounting policy for contract liabilities
Contract liabilities represent the consolidated entity's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the consolidated entity has transferred the goods or services to the customer.

Note 19. Employee benefits

	Consolidated	
	2021	**2020**
	$	**$**
Current liabilities		
Employee benefits	1,787,460	576,751
Non-current liabilities		
Employee benefits	142,719	97,688
	1,930,179	674,439

Accounting policy for employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Note 20. Consideration payable

	Consolidated	
	2021	**2020**
	$	**$**
Current liabilities		
Consideration payable	5,525,216	-
Non-current liabilities		
Deferred consideration - payable to vendors of Wan Solutions Pty Ltd	1,300,000	-
	6,825,216	-

Total consideration includes consideration payable of $5,410,216 to the vendors of Wan Solutions Pty Ltd, being $4,710,216 cash and $700,000 shares to be issued. An additional amount of $115,000 is payable to the vendors of Community Communications Pty Ltd.

Refer to note 30 Business Combinations for further details.

Deferred consideration
The provision represents the obligation to pay contingent consideration following the acquisition of a business or assets. It is measured at the present value of the estimated liability.

Note 21. Issued capital

	Consolidated			
	2021 Shares	**2020 Shares**	**2021 $**	**2020 $**
Ordinary shares - fully paid	169,594,300	172,033,185	70,020,924	17,429,030
Preference shares - fully paid	-	118,571,428	-	7,150,000
	169,594,300	290,604,613	70,020,924	24,579,030

Movements in ordinary share capital

Details	**Date**	**Shares**	**Issue price**	**$**
Balance	1 July 2019	94,533,185		12,004,029
Issue of shares		77,500,000	$0.000	5,425,001
Balance	30 June 2020	172,033,185		17,429,030
Elimination of Swoop existing shares	19 May 2021	(172,033,185)	$0.000	-
Existing SF1 shares at acquisition of Swoop (post-consolidation)	20 May 2021	6,825,036	$0.000	-
Company shares issued to Swoop vendors on acquisition	20 May 2021	89,401,261	$0.038	3,412,444
Company shares issued to Node One vendors on acquisition	20 May 2021	33,368,003	$0.500	16,684,002
Placement of shares	21 May 2021	40,000,000	$0.500	20,000,000
Conversion of preference shares into ordinary shares	21 May 2021	-	$0.000	12,650,000
Loan funded shares		-	$0.000	1,057,667
Capital raising costs		-	$0.000	(1,212,219)
Balance	30 June 2021	169,594,300		70,020,924

Movements in preference shares

Details	**Date**	**Shares**	**Issue price**	**$**
Balance	1 July 2019	7,142,857		500,000
Preference shares issued during the year		111,428,571	$0.059	6,650,000
Balance	30 June 2020	118,571,428		7,150,000
Preference shares issued during the year		15,414,219	$0.357	5,500,000
Swoop preference shares converted to ordinary shares	21 May 2021	(133,985,647)	$0.000	(12,650,000)
Balance	30 June 2021	-		-

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 21. Issued capital (continued)

Preference shares
Preference shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held, with priority over ordinary shareholders. During the year, all existing preference shares held in Cirrus Communications Pty Ltd were converted into ordinary shares on reverse acquisition of Stemify Ltd.

Loan funded shares
At 30 June 2021 the Group had the following share based payment scheme as detailed below.

In July 2020, the Group issued 15,795,040 shares (30 June 2020: 71,206,099 shares) to a number of executives for a limited recourse loan consideration of $0.07 per share. 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 only recoverable against the shares themselves.

In accordance with AASB 2, the value of the embedded option in the shares has been assessed and added to the share based payment reserve for an amount of $631,802 (2020: $2,703,779).

In May 2021, former Directors of Cirrus Communications Pty Ltd elected to have amounts paid to them as exit bonuses on the reverse acquisition of Stemify Ltd applied against their loan funded shares. The total value of the reduction in these loans was $1,057,667 (2020: $0).

Share buy-back
There is no current on-market share buy-back.

Capital risk management
The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment.

Accounting policy for 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.

Note 22. Reserves

	Consolidated	
	2021	**2020**
	$	**$**
Foreign currency reserve	11,755	-
Share-based payments reserve	5,014,742	2,703,779
	5,026,497	2,703,779

Accounting policy for reserves

Note 22. Reserves (continued)

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.

Note 23. Financial instruments

Financial risk management objectives
The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange, ageing analysis for credit risk.

	Consolidated	
	2021 $	2020 $
Financial assets at amortised cost		
Cash and cash equivalents (note 8)	17,497,867	1,007,823
Trade receivables (note 9)	3,348,547	1,134,349
Other financial assets (note 13)	2,039,012	2,766,448
Financial assets at fair value (note 11)	1,025,269	-
Total financial assets	23,910,695	4,908,620
Financial liabilities at amortised cost		
Trade payables (note 16)	6,267,203	1,620,719
Other payables (note 17)	716,881	809,817
Finance lease liabilities	923,699	348,034
Consideration payable (note 20)	6,825,216	-
Total financial liabilities	14,732,999	2,778,570

Market risk

Foreign currency risk
The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk is minimal and no assessment is made on this basis.

Note 23. Financial instruments (continued)

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows (holdings are shown in AUD equivalent):

Consolidated	Assets 2021 $	Assets 2020 $	Liabilities 2021 $	Liabilities 2020 $
AUD equivalent	143,956	-	110,542	-

The sensitivity of the consolidated entity's foreign currency denominated financial assets and financial liabilities to the fluctuation of exchange rates is presented below. A 5% sensitivity analysis is considered reasonable based on the average movement of AUD and USD in the past two years.

Consolidated - 2021	% change	AUD strengthened effect on profit after tax	Effect on equity	% change	AUD weakened effect on profit after tax	Effect on equity
AUD/USD	5%	(1,670)	-	5%	1,670	-

Price risk
The consolidated entity exposure to equity securities price risk arises from investment held by the consolidated entity and classified in the balance sheet as fair value through other comprehensive income (FVOCI). Reviews of the performance of the investment are completed regularly to assess if shares are sold or held.

Interest rate risk
The consolidated entity has no significant exposure with interest rate risk, as all its borrowings relate to finance leases with market floating rates applied at the inception of the lease. Decisions regarding entering new leases or buying assets outright will be considered to manage this risk.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Group obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.

The consolidated entity does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the economic entity.

Liquidity risk
The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable. The consolidated entity manages this risk by preparing forward looking cash flow analysis in relation to its operational, investing and financing activities and monitoring its cash assets and assets readily convertible to cash in the context of its forecast future cash flows.

Note 23. Financial instruments (continued)

Financing arrangements
The table below sets out the available financing facilities as at 30 June 2021:

Consolidated	Total facility amount $	Amount drawn $	Unused financing facility $
NAB overdraft facility	100,000	-	100,000
NAB asset financing facility	79,629	78,746	883

Remaining contractual maturities
The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

There are sufficient cash reserves to meet the maturities within the next 12 months.

Consolidated - 2021	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade and other payables	-	5,735,344	-	-	-	5,735,344
Other payables	-	716,881	-	-	-	716,881
Consideration payable	-	5,525,216	1,300,000	-	-	6,825,216
Finance lease liabilities	7.00%	687,731	235,968	-	-	923,699
Total non-derivatives		12,665,172	1,535,968	-	-	14,201,140

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 24. Fair value measurement

Fair value hierarchy
The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

Consolidated - 2021	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Financial asset at fair value through OCI	1,025,269	-	-	1,025,269
Total assets	1,025,269	-	-	1,025,269

There were no transfers between levels during the financial year.

Valuation techniques for fair value measurements categorised within level 3
Unquoted investments have been valued using a discounted cash flow model.

Accounting policy for fair value measurement
Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Note 25. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	Consolidated	
	2021 **$**	**2020** **$**
Short-term employee benefits	4,648,287	755,157
Post-employment benefits	99,462	53,760
Long-term benefits	45,023	-
Share based payments	4,191,392	2,703,779
	8,984,164	3,512,696

Note 26. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by PKF(NS) Audit & Assurance Limited Partnership, the auditor of the company:

	Consolidated	
	2021	**2020**
	$	**$**
*Audit services - PKF**		
Audit or review of the financial statements	170,000	50,000
Non-assurance - PKF		
Taxation compliance services	25,000	-
Transaction support	20,000	-
	45,000	-
	215,000	50,000

Note 27. Contingent liabilities

The consolidated entity had no contingent liabilities as at 30 June 2021 and 30 June 2020.

Note 28. Related party transactions

Parent entity
Swoop Holdings Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 31.

Key management personnel
Disclosures relating to key management personnel are set out in note 25 and the remuneration report included in the directors' report.

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated	
	2021	**2020**
	$	**$**
Payment for goods and services:		
Payment for marketing services from Opvia Pty Ltd (director-related entity of Matthew Hollis)	16,745	35,122
Payment for consulting services from Fish Asia Pacific Pty Ltd (director-related entity of William Reid)	-	24,600
Payment for leasing services from T.D Berryman & S.L Wagner (director-related entity of Thomas Berryman)	-	1,320
Payment of exit bonus to Spenceley Management (director-related entity of James Spenceley)	845,485	-
Payment of exit bonus to European Boat Imports 2 Pty Ltd (director-related entity of James Spenceley)	1,650,000	-

Note 28. Related party transactions (continued)

Payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	2021	**2020**
	$	**$**
Current payables:		
Payment for marketing services from Opvia Pty Ltd (director-related entity of Matthew Hollis)	5,250	6,600

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 29. Parent entity information

Parent entity information required to be disclosed in accordance with the Corporation Act 2001. The legal parent entity of the Group is Swoop Holdings Limited (formerly known as Stemify Limited), and the results shown below are for the 12 months ended 30 June 2021 and 30 June 2020.

Statement of profit or loss and other comprehensive income

	Parent	
	2021	**2020**
	$	**$**
Loss after income tax	(234,543)	(673,242)
Total comprehensive income	(234,543)	(673,242)

Statement of financial position

	Parent	
	2021	**2020**
	$	**$**
Total current assets	614,002	978,095
Total assets	5,093,004	1,270,964
Total current liabilities	1,364,468	136,191
Total liabilities	4,180,985	136,191
Net assets	912,019	1,134,773
Equity		
Issued capital	39,365,436	39,395,136
Other reserves	1,004,568	1,451,639
Accumulated losses	(39,457,985)	(39,712,002)
Total equity	912,019	1,134,773

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2021 and 30 June 2020.

Note 29. Parent entity information (continued)

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2021 and 30 June 2020.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2021 and 30 June 2020.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 1, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 30. Business combinations

Node One Telecommunications Pty Ltd

On 21 May 2021, Cirrus Communications Pty Ltd (“Swoop”), a subsidiary of Swoop Holdings Limited, acquired 100% of the ordinary shares of Node One Telecommunications Pty Ltd (“Node One”). The acquisition has been assessed to be a Business Combination under AASB 3 and the transaction was completed on 21 May 2021, however Swoop is deemed to have been in control of Node One from 31 May 2021.

Total consideration for the acquisition of 100% of the share capital of Node One was $16,684,002. This business was acquired as part of the series of acquisitions as part of the capital raising for Swoop Holdings Limited.

The goodwill of $8,765,782 represents the expected synergies from integrating this business with the broader Swoop business.

The acquired business contributed revenues of $1,342,909 and loss after tax of $124,571 to the consolidated entity for the period from 21 May to 30 June 2021.

If the acquisition occurred on 1 July 2020, the full year contributions would have been revenues of $13,559,479 and loss after tax of $747,347. The values identified in relation to the acquisition of Node One Telecommunications Pty Ltd are final as at 30 June 2021.

Note 30. Business combinations (continued)

Acquisition-related costs of $43,178 are not included as part of the consideration transferred and have been recognised as an expense, in the consolidated statement of profit or loss, as part of Acquisition costs.
The values identified in relation to the acquisition of Node One Telecommunications Pty Ltd are final as at 30 June 2021.

Details of the acquisition are as follows:

	Fair value $
Cash and cash equivalents	278,516
Trade receivables	731,446
Other receivables	198,767
Inventories	258,041
Plant and equipment	2,450,897
Right-of-use assets	592,776
Customer contracts	5,941,500
Customer contracts	70,600
Software	941,347
Other intangible assets	164,900
Trade payables	(2,651,369)
Deferred tax liability	(170,006)
Employee benefits	(137,395)
Lease liability	(751,800)
Net assets acquired	7,918,220
Goodwill	8,765,782
Acquisition-date fair value of the total consideration transferred	16,684,002
Representing:	
Shares issued to vendor	16,684,002

Reconciliation of net cash on purchase of Node One Telecommunications Pty Ltd

Cash acquired	278,516

Wan Solutions Pty Ltd

On 1 June 2021, Cirrus Communications Pty Ltd ("Swoop"), a subsidiary of Swoop Holdings Limited, acquired 100% of the ordinary shares of Wan Solutions Pty Ltd ("Beam"). The acquisition has been assessed to be a Business Combination under AASB 3 and the transaction was completed on 19 July 2021, however Swoop is deemed to have been in control of Beam from 1 June 2021.

Total consideration for the acquisition of 100% of the share capital of Beam was $6,710,216. Beam was acquired as part of Swoop's infrastructure expansion into regional South Australia and Victoria, given Beam is a regional wireless internet provider.

The goodwill of $1,163,514 represents the expected synergies from integrating this business with the broader residential service line.

The acquired business contributed revenues of $310,515 and profit after tax of $57,695 to the consolidated entity for the period from 21 May to 30 June 2021.

If the acquisition occurred on 1 July 2020, the full year contributions would have been revenues of $3,607,704 and profit after tax of $1,403,050.

Note 30. Business combinations (continued)

Acquisition-related costs of $58,565 are not included as part of the consideration transferred and have been recognised as an expense, in the consolidated statement of profit or loss, as part of Acquisition costs

The values identified in relation to the acquisition of Beam are final as at 30 June 2021.

Details of the acquisition are as follows:

	Fair value $
Cash and cash equivalents	56,221
Trade receivables	494,598
Plant and equipment	2,581,993
Right-of-use assets	84,342
Customer contracts	3,467,200
Other intangible assets	25,900
Trade payables	(350,528)
Contract liabilities	(28,224)
Employee benefits	(15,714)
Finance lease liabilities	(682,694)
Lease liability	(86,392)
Net assets acquired	5,546,702
Goodwill	1,163,514
Acquisition-date fair value of the total consideration transferred	6,710,216
Representing:	
Cash paid to vendor	4,710,216
Shares issued to vendor	700,000
Contingent consideration**	1,300,000
	6,710,216

Reconciliation of net cash on purchase of Wan Solutions Pty Ltd

Cash acquired	56,221

Accounting policy for business combinations
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Note 30. Business combinations (continued)

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Note 31. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

		Ownership interest	
	Principal place of business /	2021	2020
Name	Country of incorporation	%	%
STEM Education Holdings Pty Ltd	Australia	100.00%	100.00%
MyStemKits, Inc.	United States	100.00%	100.00%
Anycast Holdings Pty Ltd	Australia	100.00%	100.00%
Bosley Holdings Pty Ltd	Australia	100.00%	100.00%
Cirrus Integrations Pty Ltd	Australia	100.00%	100.00%
Anycast Networks (NZ) Ltd	New Zealand	100.00%	100.00%
Node One Telecommunications Pty Ltd	Australia	100.00%	-
Node 1 Pty Ltd	Australia	100.00%	-
Node One Wholesale Pty Ltd	Australia	100.00%	-
Wan Solutions Pty Ltd	Australia	100.00%	-

Note 32. Events after the reporting period

On 1 July 2021, the acquisition of Kallistrate Pty Ltd (trading as Speedweb) was completed.

The total purchase price is $1.75 million consisting of cash consideration of $1.225 million and $0.525 million in shares.

On 22 July the acquisition of Wan Solutions Pty Ltd (trading as Beam Internet) was completed with an effective date of 1 June 2021. The total purchase price is $6.7 million consisting of cash consideration of $6.0 million and $0.7 million in shares.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Note 33. Reconciliation of loss after income tax to net cash from/(used in) operating activities

	Consolidated	
	2021 $	2020 $
Loss after income tax benefit for the year	(13,788,750)	(5,108,176)
Adjustments for:		
Depreciation and amortisation	6,171,050	3,721,241
Impairment of property, plant and equipment	-	287,801
Corporate restructure expense	3,008,401	
Movement in share option reserve	2,310,963	2,703,779
Change in operating assets and liabilities:		
Increase in trade receivables	(2,214,198)	(747,221)
Increase in inventories	(1,546,385)	(151,450)
Increase in deferred tax assets	(849,910)	(748,115)
Increase in other financial assets	(1,784,079)	-
Decrease in working capital on acquisition of subsidiaries	(1,105,388)	(503,649)
Increase in trade payables	4,646,484	579,356
Increase in accrued expenses	214,017	(317,788)
Decrease in other payables	(68,886)	3,518
Increase in current tax payable	191,413	-
Increase in deferred tax liabilities	3,070,444	287,578
Increase in employee benefits	1,255,740	1,043,504
Decrease in other liabilities	(118,303)	188,569
Net cash from/(used in) operating activities	(1,139,192)	1,238,947

Note 34. Earnings per share

	Consolidated	
	2021 $	2020 $
Loss after income tax attributable to the owners of Swoop Holdings Limited	(13,788,750)	(5,108,176)
	Cents	**Cents**
Basic earnings per share	(14.01)	(11.66)
Diluted earnings per share	(14.01)	(11.66)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	98,409,230	43,820,886
Weighted average number of ordinary shares used in calculating diluted earnings per share	98,409,230	43,820,886

Weighted average number of ordinary shares outstanding during the current period has been calculated using:

- The number of ordinary shares outstanding from the beginning of the current period to the acquisition date computed on the basis of the weighted average number of ordinary shares of Cirrus Communications Pty Ltd ('Swoop') (accounting acquirer) outstanding during the period multiplied by the exchange ratio of 258,565,277 Swoop's shares to 89,401,261 Swoop Holdings Limited's shares.
- The number of ordinary shares outstanding from the acquisition date to the end of that period being the actual number of ordinary shares of Swoop Holdings Limited (the accounting acquiree) outstanding during the period.

Note 34. Earnings per share (continued)

Weighted average number of ordinary shares outstanding in the prior period has been calculated using Swoop's (accounting acquirer) historical weighted average number of ordinary shares outstanding multiplied by the exchange ratio established in the acquisition agreement.

Accounting policy for earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Swoop Holdings Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share does not take into account dilutive instruments when in a loss-making position.

Note 35. Share-based payments

Options

During the financial year and prior to re-listing on the ASX, there was an issue of unlisted Options to Forrest Capital in consideration for the termination of a lead manager mandate between the Company and Forrest Capital on 14 September 2020. The details are as follows:

- 1,500,000 unlisted options exercisable at 75 cents per option on 20 May 2021. The options are exercisable within 3 years of issue. Based on the Black Scholes valuation model, these options are valued at $0.16, giving rise to a total share-based payment of $235,734 in the current financial year.

Set out below are summaries of options on issue as at 30 June 2021:

2021

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
27/06/2017	27/06/2021	$103.500	484	-	-	(484)	-
08/08/2017	08/08/2021	$103.500	484	-	-	-	484
24/08/2017	23/08/2021	$103.500	484	-	-	-	484
20/11/2017	20/11/2020	$93.150	1,546	-	-	(1,546)	-
30/11/2017	30/06/2021	$77.625	4,831	-	-	(4,831)	-
13/08/2018	13/08/2021	$62.100	5,798	-	-	-	5,798
16/08/2019	30/06/2023	$1.150	1,630,435	-	-	-	1,630,435
16/08/2019	31/12/2022	$0.575	1,304,348	-	-	-	1,304,348
29/11/2019	30/06/2023	$1.150	326,087	-	-	-	326,087
20/05/2021	20/05/2024	$0.750	-	1,500,000	-	-	1,500,000
			3,274,497	1,500,000	-	(6,861)	4,767,636
Weighted average exercise price			$1.175	$0.750	$0.000	$10.479	$0.962

** Balance at the start of the year and exercise price have been restated for the consolidation of shares on a twenty-three (23) for one (1) basis completed on 20 May 2021.*

During the prior financial year, the consolidated entity issued a number of unlisted options to its directors, financial advisors and creditors. The issue of the unlisted options are detailed as follows:

Note 35. Share-based payments (continued)

- 30,000,000 unlisted options exercisable at 2.5 cents per option to the lead manager of the Placement, Forrest Capital Limited on 16 August 2019. Based on the Black Scholes valuation model, these options are valued at $0.01 and a total of $300,000 has been recognised in the equity as capital raising costs.
- 37,500,000 unlisted options to Denlin for the repayment of loan owing to Denlin on 16 August 2019. Based on the Black Scholes valuation model, these options are valued between $0.009 and $0.010, giving rise to a total share-based payment of $367,049.
- 7,500,000 unlisted options to Mr. Jonathan Pearce and Mr. Timothy Grice on 19 November 2019 as approved by Shareholders pursuant to Resolution 6 and Resolution 7 respectively of the company's Notice of Meeting dated 30 October 2019. Based on the Black Scholes valuation model, these options are valued at $0.011, giving rise to a share-based payments of $81,492 recognised in the statement of profit or loss and other comprehensive income.

2020

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
14/12/2016	22/12/2019	$6.750	311,109	-	-	(311,109)	-
27/06/2017	27/06/2021	$4.500	11,112	-	-	-	11,112
08/08/2017	08/08/2021	$4.500	11,112	-	-	-	11,112
24/08/2017	23/08/2021	$4.500	11,112	-	-	-	11,112
27/10/2017	27/10/2019	$2.700	44,445	-	-	(44,445)	-
20/11/2017	20/11/2019	$2.700	148,150	-	-	(148,150)	-
20/11/2017	20/11/2020	$4.050	35,556	-	-	-	35,556
30/11/2017	30/06/2021	$3.375	111,112	-	-	-	111,112
13/08/2018	13/08/2021	$2.700	133,334	-	-	-	133,334
16/08/2019	30/06/2023	$0.050	-	37,500,000	-	-	37,500,000
16/08/2019	31/12/2022	$0.050	-	30,000,000	-	-	30,000,000
29/11/2019	30/06/2023	$0.025	-	7,500,000	-	-	7,500,000
			817,042	75,000,000	-	(503,704)	75,313,338
Weighted average exercise price			$0.099	$0.040	$0.000	$0.120	$0.040

**Balance at the start of the year has been restated for the consolidation of shares on a forty-five (45) for one (1) basis completed on 12 August 2019.*

Set out below are the options exercisable at the end of the financial year:

Grant date	Expiry date	2021 Number	2020 Number
27/06/2017	27/06/2021	-	11,112
08/08/2017	08/08/2021	484	11,112
24/08/2017	23/08/2021	484	11,112
20/11/2017	20/11/2020	-	35,556
30/11/2017	30/06/2021	-	111,112
28/08/2018	28/08/2021	5,798	133,334
16/08/2019	30/06/2023	1,630,435	37,500,000
16/08/2019	31/12/2022	1,304,348	30,000,000
29/11/2019	30/06/2023	326,087	7,500,000
20/05/2021	20/05/2024	1,500,000	-
		4,767,636	75,313,338

The weighted average remaining contractual life of options outstanding at the end of the financial year was 2.14 years (2020: 2.79 years).

Note 35. Share-based payments (continued)

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
20/05/2021	20/05/2024	$0.500	$0.750	50.00%	-	0.70%	$0.160

Performance rights

During the financial year and prior to re-listing on the ASX, there was an issue of unlisted Performance Rights to the following Directors of the company: James Spenceley, Tony Grist and Jonathan Pearce. The details are as follows:

- 6,151,088 unlisted performance rights granted on 20 May 2021. The rights vest upon the meeting of pre-determined performance criteria (as set out in the Prospectus of April 2021) and have an expiry date 3 years from issue. These rights have been valued at a face value of 50 cents/right, with a probability applied to achieving the performance hurdles over the rights period. This has given rise to a total share-based payment of $2,460,435 in the current financial year.

Set out below are summaries of performance rights on issue as at 30 June 2021:

2021 Grant date	Expiry date	Exercise price	Balance at the start of the year*	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
14/12/2016	22/12/2020	$0.000	38,888	-	-	(38,888)	-
14/12/2016	22/12/2020	$0.000	38,888	-	-	(38,888)	-
14/12/2016	22/12/2020	$0.000	11,668	-	-	(11,668)	-
14/12/2016	22/12/2020	$0.000	19,444	-	-	(19,444)	-
30/08/2018	30/08/2021	$0.000	344,445	-	-	(344,445)	-
20/05/2021	20/05/2024	$0.000	-	6,151,088	-	-	6,151,088
			453,333	6,151,088	-	(453,333)	6,151,088

** Balance at the start of the year has been restated for the consolidation of shares on a twenty-three (23) for one (1) basis completed on 20 May 2021.*

2020 Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
14/12/2016	22/12/2020	$0.000	38,888	-	-	-	38,888
14/12/2016	22/12/2020	$0.000	38,888	-	-	-	38,888
14/12/2016	22/12/2020	$0.000	11,668	-	-	-	11,668
14/12/2016	22/12/2020	$0.000	42,777	-	-	(23,333)	19,444
14/12/2016	22/12/2020	$0.000	38,889	-	-	(38,889)	-
30/08/2018	30/08/2021	$0.000	11,112	-	-	(11,112)	-
30/08/2018	30/08/2021	$0.000	344,445	-	-	-	344,445
30/08/2018	01/01/2015	$0.000	41,116	-	-	(41,116)	-
30/08/2018	01/01/2015	$0.000	6,112	-	-	(6,112)	-
			573,895	-	-	(120,562)	453,333

** Balance at the start of the year has been restated for the consolidation of shares on a forty-five (45) for one (1) basis completed on 12 August 2019.*

Set out below are the performance rights vested at the end of the financial year.

Note 35. Share-based payments (continued)

Grant date	Expiry date	2021 Number	2020 Number
20/05/2021	20/05/2024	6,151,088	-

Loan Funded Shares

In July 2021, Cirrus Communications Pty Limited issued shares and limited recourse loans to key management personnel as follows:

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

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. Cirrus Communications Pty Limited assigned the benefit of these loans to the Company on 20 May 2021, at which time the loans were limited recourse with respect to the Consideration Shares issued as consideration for the Cirrus shares to which the loans previously related.

Based on the probability of when these loans may be repaid and the face value of the shares issued at the time, an associated share based payment expense of $631,802 has been recorded.

Reconciliation of share based payments (write-back)/expense for the year:

	Consolidated 2021 $	Consolidated 2020 $
Share based payment expense - rights	2,460,435	-
Share based payment expense - unexpired Stemify rights	2,460	-
Non recourse loan funded share expense	631,802	-
Share based payment expense - options	158,564	158,564
Issue of shares to directors in lieu of directors' fees owing	-	1,209
	3,253,261	159,773

Accounting policy for share-based payments
Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Note 35. Share-based payments (continued)

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Swoop Holdings Limited
(Formerly known as Stemify Limited)
Directors' declaration
30 June 2021

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;

- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

____
James Spenceley
Chairman

30 September 2021

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SWOOP HOLDINGS LIMITED

(FORMERLY KNOWN AS STEMIFY LIMITED)

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report of Swoop Holdings Limited (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Group and the consolidated entity comprising the Group and the entities it controlled at the year end or from time to time during the financial year.

In our opinion, the accompanying financial report of Swoop Holdings Limited, is in accordance with the Corporations Act 2001, including:

(a) Giving a true and fair view of the Group's financial position as at 30 June 2021, and of its financial performance for the year then ended; and
(b) Complying with the Australian Accounting Standards and Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

1. Acquisition Accounting (AASB 3 – Business Combination)

Why significant

The Group's acquisition of Node One Telecommunications Pty Ltd (consideration paid of $16,684,002) and Wan Solutions Pty Ltd (consideration paid of $6,710,216), along with the reverse acquisition of Stemify Limited (deemed consideration of $3,412,444) involved significant estimates and judgments regarding fair values and their accounting treatment.

The Node One Telecommunications Pty Ltd acquisition resulted in $7,918,220 of net assets being acquired and goodwill recorded of $8,765,782.

The Wan Solutions Pty Ltd acquisition resulted in $5,546,702 of net assets being acquired and with goodwill recorded of $1,163,514.

The Group's accounting policy and judgments in respect of the reverse acquisition and business combinations are outlined in Note 3 and Note 30 respectively.

Accordingly, given the significance of the estimates and judgements involved in acquisition accounting we have considered this to be a Key Audit Matter.

How our audit addressed the key audit matter

Our work included, but was not limited to, the following procedures:

- Review and assessment of the Purchase Price Allocation (PPA) papers as prepared by external advisors and accepted by the Board of Directors;
- Review and assessment of key estimates and judgements applied in the calculation of the acquisition-date fair values of identifiable assets acquired and liabilities assumed;
- Assessing the sensitivity of the acquisition-date fair values of identifiable assets acquired and liabilities assumed;
- Review and testing of key terms and conditions of the share sale deeds including consideration payable and the timing thereof;
- Review and assessment of management's reverse acquisition and business combination conclusions including vouching shares issued to source documents;
- Review of management's financial statement disclosure of the circumstances regarding business combinations, including their "control" assessment; and
- Assessing the appropriateness of the disclosures included in Note 30 in respect of the business combinations.

2. AASB 2 – Share-Based Payments

Why significant

The Group pays certain eligible executives, directors and consultants through performance shares and options to provide long-term employment incentives.

For the year ended 30 June 2021, the value of share-based payments reserves account totaled $5,014,742, as disclosed in Note 22- Reserves.

The Group's accounting policy and judgments in respect of share-based payments are outlined in Note 35.

Accordingly, given the quantum of share based payments and the estimates and judgements involved in their calculation and the impact of the reverse acquisition of Stemify Limited, we have considered this to be a Key Audit Matter.

How our audit addressed the key audit matter

Our work included, but was not limited to, the following procedures:

- Review and assessment of the key terms of the equity settled share-based payment in respect of the award of performance shares and options for the rendering of services by executives, directors and consultants to the underlying Board-approved award documents;
- Reviewed Board meeting minutes and ASX announcements as well as enquiries of relevant personnel to ensure all share-based payments had been recognised;
- Recalculation and assessment of the fair value calculation of options granted by checking the accuracy of the inputs to the Black-Scholes option pricing model adopted for that purpose;
- Reviewing the fair value calculations of performance shares awarded for reasonableness of assumptions made and accuracy of model inputs, including vesting conditions for shares realised before year end;
- Review and assessment of the share-based payment transaction involved in the reverse acquisition of Stemify Limited;
- Testing the accuracy of the share-based payments accuracy over the vesting periods and recording of expense in the profit or loss statement and increment to share based payment reserve; and
- Assessing the appropriateness of the disclosures included in Note 35 in respect of the share-based payments.

3. AASB 16 - Leases

Why significant	How our audit addressed the key audit matter
The Group holds a large volume of leases and is required to make significant estimates and judgments regarding lease terms and appropriate discount rates. As at 30 June 2021, total written down value of right-of-use assets recognised was $6,712,788 with corresponding lease liabilities of $7,944,078. The Group's accounting policy and judgments in respect of leases are outlined in Note 12. Accordingly, given the significance of the estimates and judgements involved, especially given the volume of leases within the Group to manage, we have considered this to be a Key Audit Matter.	Our work included, but was not limited to, the following procedures: • Review and assessment of the appropriateness of key assumptions including the lease terms including options that are reasonably certain to be exercised and the appropriateness of the incremental borrowing rate used; • Testing, on a sample basis, of lease details to the original lease contract terms or other supporting documentation and the recalculation of the right-of-use asset and lease liability for each to assess the accuracy of the Group's AASB 16 calculations; • Assessing the completeness of the Group's lease population by making inquiries of management and testing recurrent expenditure to supporting documents; and • Assessing the appropriateness of the disclosures included in Note 12 in respect of the right-of-use assets and lease liabilities.

Other Information

Other information is financial and non-financial information in the annual report of the Group which is provided in addition to the Financial Report and the Auditor's Report. The directors are responsible for Other Information in the annual report.

The Other Information we obtained prior to the date of this Auditor's Report was the Director's report. The remaining Other Information is expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, the auditor does not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information in the Financial Report and based on the work we have performed on the Other Information that we obtained prior the date of this Auditor's Report we have nothing to report.

Directors' Responsibilities for the Financial Report

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

In preparing the financial report, the Directors are responsible for assessing the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the consolidated entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individual or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the consolidated entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and other related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the consolidated entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the consolidated entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Financial Report, including the disclosures, and whether the Financial Report represents the underlying transactions and events in a manner that achieves fair presentation.

Auditor's Responsibilities for the Audit of the Financial Report (cont'd)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated entity to express an opinion on the Group Financial Report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the Financial Report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion

We have audited the Remuneration Report included in the Directors' Report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Swoop Holdings Limited for the year ended 30 June 2021, complies with section 300A of the Corporations Act 2001.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

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P. Pearman.

PAUL PEARMAN
PARTNER

30 SEPTEMBER 2021
SYDNEY, NSW

Swoop Holdings Limited
(Formerly known as Stemify Limited)
Shareholder information
30 June 2021

Additional information required by the ASX Listing Rules and not disclosed elsewhere in this report is set out below and was applicable as at 21 September 2021 (unless otherwise stated).

Distribution of equitable securities
Analysis of number of equitable security holders by size of holding:

	Ordinary shares		
	Number of holders	% of total shares issued	Number of shares
1 to 1,000	424	0.12	206,067
1,001 to 5,000	690	1.32	2,236,771
5,001 to 10,000	354	1.72	2,924,487
10,001 to 100,000	345	5.78	9,806,680
100,001 and over	71	91.05	154,420,295
	1,884	99.99	169,594,300
Holding less than a marketable parcel	121	-	4,077

Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
TATTARANG VENTURES PTY LTD	31,613,809	18.64
LYGON WAY PTY LTD	14,975,013	8.83
N & J ENTERPRISES (WA) PTY LTD (THE VAN NAMEN FAMILY A/C)	13,072,894	7.71
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	7,479,146	4.41
OAKTONE NOMINEES PTY LTD (THE GRIST INVESTMENT A/C)	6,810,840	4.02
FJ CHOPS PTY LTD (THE RACHEL & JACOB FAM A/C)	6,314,750	3.72
TODEBE PTY LTD (THE TDB A/C)	6,048,793	3.57
CITICORP NOMINEES PTY LIMITED	5,911,847	3.49
SPENCELEY MANAGEMENT PTY LTD	5,605,169	3.31
ERIC CHRISTOPHER HEYDE	4,387,371	2.59
TISIA NOMINEES PTY LTD (THE HENDERSON FAMILY A/C)	3,873,971	2.28
JK NOMINEES PTY LTD (THE JK A/C)	3,873,971	2.28
WILLIAM PAUL REID	3,827,367	2.26
MR JAMES DOUGLAS REID	3,827,367	2.26
FRILFORD INVESTMENTS LTD	3,811,516	2.25
MR MATTHEW JOHN HOLLIS	2,950,636	1.74
OAKTONE NOMINEES PTY LTD (THE GRIST INVESTMENT A/C)	2,641,200	1.56
BNP PARIBAS NOMS PTY LTD (DRP)	2,103,033	1.24
E&P INVESTMENTS LIMITED (CVC EMERGING COMPANIES A/C)	1,804,629	1.06
TATTARANG VENTURES PTY LTD	1,800,000	1.06
	132,733,322	78.28

There are no unquoted equity securities.

Swoop Holdings Limited
(Formerly known as Stemify Limited)
Shareholder information
30 June 2021

Substantial holders
Substantial holders in the company are set out below:

	Ordinary shares Number held	% of total shares issued
Tattarang Ventures Pty Ltd	33,413,809	19.70
William Paul Reid, Lygon Way Pty Ltd and Frilford Investments Pty Ltd	22,673,896	13.37
N&J Enterprises Pty Ltd (The Van Namen Family A/C)	13,072,894	7.71
Oaktone Nominees Pty Ltd and Denlin Nominees Pty Ltd	10,567,853	6.23
Spenceley Management Pty Ltd	9,575,169	5.65

Unquoted equity securities

A total of 4,760,875 unlisted Options and 6,151,088 Rights are on issue.

Voting rights
The voting rights attached to ordinary shares are set out below:

Ordinary shares including Voluntary and ASX Escrow shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Options and Rights
Options and Rights have no voting rights. There are no other classes of equity securities.

On Market Buy Back
There is no current on market buy back of equity securities.

Unmarketable parcels of securities
The number of holders with less than a marketable parcel of fully paid ordinary shares is 121. The definition of an unmarketable parcel of shares is a holding with a current value of less than $500 as at 21 September 2021 (using a share price of $2.25).

Use of Proceeds
In accordance with Listing Rule 4.10.19, the Company confirms that it has used cash and assets in a form readily convertible to cash in a way consistent with its business objectives during the period 27 May (date of listing) and 30 June 2021.

There are no other classes of equity securities.

Securities subject to voluntary escrow

Class	Expiry date	Number of shares
Fully paid ordinary shares	4 July 2022	475,280
Fully paid ordinary shares	24 June 2022	479,452
		954,732

Restricted securities

Class:	Expiry date	Number of shares
Fully paid ordinary shares	25 May 2023	54,150,997