ASX Announcement

24 August 2020

LODGEMENT OF APPENDIX 4E – YEAR ENDED 30 JUNE 2020

Please find attached Superloop Limited's (**ASX:SLC**) (**Company**) Final Report for the year ended 30 June 2020.

Highlights:

- Achieved midpoint of guidance EBITDA of $13.5 million ($8.5 million in FY19) and $107.6 million of total Group revenues.
- Core fibre connectivity revenues (excluding INDIGO development revenue and design & construction revenue) up 37% year-on-year to $38.0 million.
- Continued strong fibre connectivity recurring revenue sales trajectory, with 46% year-on-year growth.
- Strengthening of the balance sheet through the successful recapitalisation completed September 2019, reducing capital expenditure and transitioning to positive operating cash flow, producing a reduction in gearing ratio to 8.4% (FY19: 16.9%).
- $50m reduction in capital expenditure (~70%) year-on-year (excluding IRUs), as a result of major network infrastructure completed in FY19.
- Continued improvement in cost base delivering a 14% reduction in operating costs (excluding AASB16 Leases Impact).

Results for announcement to the market

For the year 1 July 2019 to 30 June 2020
(previous corresponding period to 30 June 2019)

Summary of Financial Information

	30 June 2020 $'000	30 June 2019 $'000	Change $'000	Change %
Revenue from ordinary activities	106,644	117,338	(10,694)	(9.11%)
Total revenue and other income	107,591	119,845	(12,254)	(10.22%)
Earnings before interest, tax, depreciation, amortisation and foreign exchange gains/losses (EBITDA)	13,470	8,499	4,971	58.49%
(Loss) / profit from ordinary activities after income tax for the year attributable to members	(41,088)	(72,057)	30,969	(42.98%)
(Loss) / profit from ordinary activities after income tax attributable to members	(41,088)	(72,057)	30,969	(42.98%)

Explanation of profit/(loss) from ordinary activities after tax

The Group achieved a ($41.1) million after-tax loss generated in FY20 (compared to ($72.1) million after-tax loss in FY19). Net loss before tax was ($37.8) million (compared to a loss of ($84.4) million in FY19).

Earnings before interest, tax, depreciation and amortisation (EBITDA) was $13.5 million (compared to $8.5 million in FY19).

Explanation of revenue

Superloop's revenue from ordinary activities for the year was $106.6 million, down $10.7 million from the previous corresponding period. The revenue mix shifted significantly towards the core connectivity segment replacing one off INDIGO development and design & construction revenue with recurring monthly fibre connectivity revenue. The Group saw 64% year-on-year growth in Home Broadband subscribers which impacted favourably on revenue, this was offset by the decline in Guest WiFi due to COVID impact on Student Accommodation and the planned retirement of non-core 'Services' products.

The Group's Connectivity operating segment which includes the Superloop fibre infrastructure and high performance network solution businesses, fixed wireless wholesale and corporate products as well as revenue associated with SubPartners' undersea cable activities, and design & construction revenue contributed revenue of $57.0 million.

The Group's Broadband segment which includes Guest WiFi, the supply of internet connectivity services to Student Accomodation and hotels, and Home Broadband, residential NBN and fixed wireless australian homes contributed revenue of $31.9 million.

The Group's Services operating segment which includes CyberHound, a multi-layered cybersecurity & web filtering solution, and non-core CMS services which is being exited contributed revenue of $18.1 million.

Net Tangible Assets

	30 June 2020	30 June 2019
Net tangible assets per ordinary share	$0.43	$0.44

The number of Superloop ordinary shares on issue at 30 June 2020 was 365,866,416 (30 June 2019: 253,301,037).

Dividends

No final or interim dividends were declared or paid during the year.

Additional Information

Additional Appendix 4E Disclosures can be found in the audited Financial Report.

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SUPERLOOP LIMITED

ABN 96 169 263 094

CONSOLIDATED FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

Directors' Report

The Directors present their report on the consolidated entity (referred to hereafter as 'Superloop' or 'the Group') consisting of Superloop Limited and the entities it controlled at the end of, or during, the year ended 30 June 2020.

DIRECTORS

The following persons were Directors of the Group during the year:

- Bevan Slattery (Chairman) appointed 11 March 2020
- Greg Baynton
- Richard (Tony) Clark
- Vivian Stewart
- Alexander (Drew) Kelton
- Stephanie Lai (appointed 11 March 2020)
- Michael Malone (Chairman) resigned 11 March 2020

PRINCIPAL ACTIVITIES

The principal activities of the Group include:

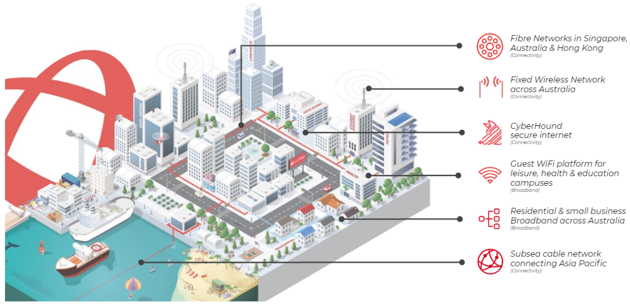
- the construction and operation of telecommunications infrastructure throughout the Asia Pacific region, providing complete high-performance network solutions for wholesale, enterprise and channel customers;
- the operation of an advanced, large scale fixed wireless network in Australia providing alternative/redundant access methods from fixed line infrastructure;
- the management and delivery of Guest WiFi broadband solutions for various environments including student accommodation, hotels and schools;
- residential and small business broadband services in Australia via fixed wireless or fixed line NBN services; and
- cyber safety and security services for schools and other organisations demanding safe internet.

REVIEW OF OPERATIONS

Superloop was founded to change the way that Asia Pacific connects, identifying in 2014 that legacy incumbent networks around the region were designed before the advent of the cloud, therefore creating an opportunity for a brand new purpose-built network and organisation to meet the growing demand for high capacity, low latency, connectivity across the region.

Superloop is delivering on its core purpose by investing in advanced fibre networks connecting bandwidth-intensive properties across key markets in Asia Pacific, complemented by distributing connectivity within those campuses and properties smartly and securely, leveraging the Group's investments and acquisitions in Fixed Wireless access, Guest WiFi, cybersecurity and Home Broadband assets, processes, systems and people.

The Group's three reporting segments reflect the nature of these service offerings, including Connectivity (fibre, fixed wireless and third party access networks), Broadband (Guest WiFi and Home Broadband) and Services (cybersecurity under the CyberHound product brand, and Cloud Managed Services).



In order to deliver Connectivity, Broadband and Services to customers within Asia Pacific, the Group's process value chain and organisational structure encompasses:

- Developing strategy and capital requirements;
- Building the core network 'loop' connecting bandwidth-intensive properties in Singapore, Australia and Hong Kong including a subsea cable network;
- Marketing and selling to a range of wholesale, enterprise and residential customers under a single Superloop brand;
- Delivering products & services to customers in an efficient, secure and effective manner;
- Operating and maintaining the networks and services to high quality service levels;
- Enabling its core value chain by providing people & culture, legal & governance, finance, technology and security support.

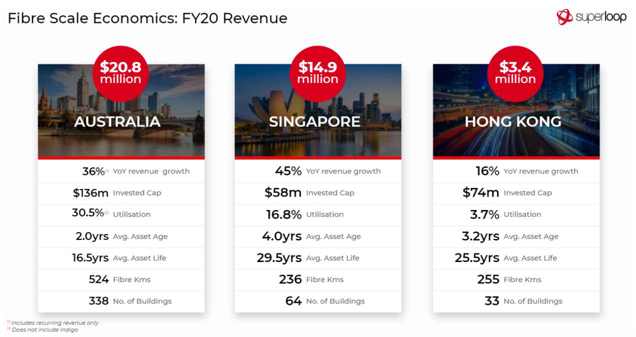
FY20 Operational Highlights include:

- Expansion and activation of international network capacity by leveraging assets to obtain capacity and reach;
- Cumulatively connecting 435 'on-net' buildings, +14% year-on-year across 1,015km of terrestrial fibre, in addition to ~9,000km of subsea cable;
- Strength in our network, able to respond to

>30% increased bandwidth requirements during the COVID-19 pandemic whilst maintaining excellent network performance;

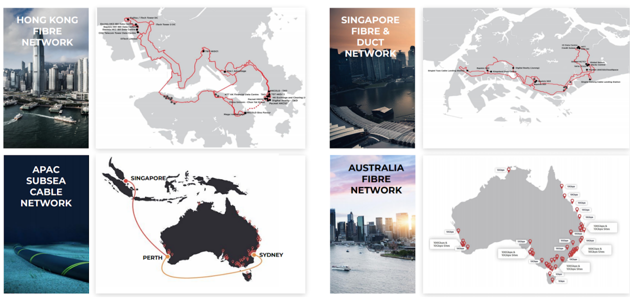
- Increasing employee engagement across ~300 Superloopers from 6.5/10 to 7.4/10;
- Achieving a net promoter score of +62 across our ~30k homes on Superloop Home Broadband; and
- Increased year-on-year growth in cybersecurity revenue, with sales in both the Australian school market, and overseas (NZ, Hong Kong and Singapore). New strategic partnerships with AARNET and global partnerships with HPE and Aruba continue to support increased sales.

The Group has cumulatively invested $268m in fibre network assets that are on average less than 3 years into a 20+ year useful life.



Buildings and fibre total kilometres have now reached 435 and 1,015km respectively.

Superloop's metro fibre network covers the major data centres and enterprise locations in key markets:



FINANCIAL AND OPERATING PERFORMANCE

The Group's revenues were $107.6 million in FY20 versus $119.8 million in the previous financial year. The revenue mix shifted significantly towards the core connectivity segment replacing one off INDIGO development and design & construction revenue with recurring monthly connectivity revenue. The Group saw growth in Home Broadband subscribers which impacted favourably on revenue, this was offset by the decline in Guest WiFi due to COVID impact on Student accommodation occupancy rates and the planned retirement of non-core 'Services' products.

The Group had a full year net loss after tax of $41.1 million in FY20 (compared to a loss of $72.1 million in FY19). Net loss before tax was $37.8 million (compared to a loss of $84.4 million in FY19).

In response to COVID-19 and with the support of employees, the Group reduced workforce capacity from 5 working days to 4 per week for a large proportion of the employees, commencing April 2020. In April 2020, the Group also made the prudent decision to reduce the cost base through 30 FTE redundancies. In June 2020, the Group met the eligibility requirements to receive the Government JobKeeper allowance for its Australian employees, at this point all staff were reverted back to 5 days per week with the government support subsidising this cost. The Government allowance has been offset against employee benefits expense and for the period ended 30 June 2020 the total amount included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income was $714,000. It is expected that the Group will continue to receive the support until September 2020.

The Group generated earnings before interest, tax, depreciation and amortisation (EBITDA) of $13.5 million.

FY20 Group Profit & Loss Performance

$'Mil	FY19[3]	FY20	YoY
Total Revenue	$119.8	$107.6	-10%
Revenue excl. One-off [1]	**$108.7**	**$106.2**	-2%
Direct Costs	$(61.3)	$(53.1)	-14%
Gross Margin	$58.5	$54.5	-7%
Gross Margin excl. One-off [1]	**$50.1**	**$53.3**	+6%
Gross Margin %	49%	51%	+4%
Gross Margin excl. One-off [1] %	46%	50%	+9%
Operational Costs	$(50.0)	$(41.0)	-18%
Statutory EBITDA	$8.5	$13.5	
Depreciation & Amortisation [2]	$(36.5)	$(46.6)	
Non-Cash Impairment [2]	$(50.7)	-	
Net profit/ (loss) before tax	$(84.4)	$(37.8)	

[1] One-off revenue includes Subsea development, Design & Fibre construction.
[2] Impairment of non-core CMS services segment includes $43.3m goodwill, PP&E and accelerated amortisation of contracts
[3] AASB16 Leases was applied on 1 July 2019 in accordance with the modified retrospective transition approach, therefore the comparative information has not been restated and continues to be reported under AASB 117.

Financial position

At 30 June 2020, the Group held property, plant and equipment (primarily the construction of its metro and subsea fibre networks) of $231.6 million, and intangible assets of $240.0 million including rights to access (via Indefeasible Rights to Use (IRU) agreements) network capacity in Australia, Singapore and Hong Kong as well as intangible assets arising from business combinations. Intangible assets include $135.1 million of goodwill.

Financial Position at 30 June 2020

$'Mil	FY19	FY20	Change
Operating cash flows	5.3	12.9	7.6 ▲
Investing cash flows	(53.1)	(55.1)*	2.0 ▼
Financing cash flows	51.7	40.7	-11.0 ▲
Net cash flows	3.9	-1.6	-5.5 ▼
*Includes ~$22m H2 FY19 AP balance as indicated in FY 2019 Annual Report			
Balance Sheet ($m)	**June 19**	**June 20**	**Change**
Cash & cash equivalents	**18.9**	**17.1**	**-1.8** ▼
Property, plant & equipment	228.7	231.6	2.9 ▲
Network IRUs intangible assets	47.3	59.9	12.6 ▲
Goodwill from acquisitions	135.1	135.1	-
Other intangible assets	51.8	45.0	-6.8 ▼
Total Assets	**529.5**	**519.7**	**-9.8** ▼
Net debt[1]	71.3	36.3	-35.0 ▼
Total Liabilities	183.3	124.9	-58.4 ▼
Net Assets	**346.2**	**394.8**	**48.6** ▲

[1] Net debt = short-term & long-term interest-bearing borrowings (excluding Operating Leases) less cash & cash equivalents.
[2] Gearing ratio = net debt (excluding operating leases) / (net debt + equity).
[3] Leverage ratio = 12 month rolling Adjusted EBITDA / Net Financial Indebtedness.
[4] Free cash flow = operating cash flows less investing cash flows (does not include lease payments)

Cash flow performance

The Group generated operating cash flows of $12.9 million in the year, and invested $55.1 million predominantly in property, plant and equipment to complete the core Asia Pacific network 'loop', funded by $40.7 million of net financing cash flows inclusive of a $92 million equity raise in September 2019 which was used to strengthen the balance sheet and reduce the Group's senior debt facilities limits from $120 million to $61.7 million.

BUSINESS STRATEGIES AND PROSPECTS FOR FUTURE FINANCIAL YEARS

Superloop's networks are strategically positioned to capitalise on market dynamics, driven by strong data growth, growth in data centre demand and the need for connectivity services with a focus on the Asia Pacific region.

The Group's operating networks in Australia, Singapore and Hong Kong uniquely position Superloop as a true Pan Asian telecommunications network owner and operator.

Network coverage across the Asia Pacific region, combined with the INDIGO subsea cable system, along with a standardised and scalable suite of connectivity solutions including broadband and cybersecurity, provide trusted and reliable services to a broad range of customer segments.

Completion and activation of our Australian NBN backhaul and international capacity was completed during the first half of the 2020 financial year, the Group is focused on monetising these assets and increasing utilisation to deliver a return on investment to shareholders. The Group will continue to invest in connectivity solutions in markets where the Board and Management believe the demand for services will deliver an attractive return for Shareholders.

MATERIAL BUSINESS RISKS

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

Competition and disruption: The competitive environment continues to evolve and failing to appropriately respond could result in a decline in our revenue and margin and ultimately our forecasted earning and asset positions.

Superloop attempts to mitigate this risk by the following key activities:

- Considering emerging technologies, societal trends and the competitive environment as part of its strategic planning and review processes;
- Selecting and deploying technologies with future developments and growth in mind;
- Periodically reviewing its customer offerings in the context of the market and customer needs.

Regulatory: Superloop operates in an increasingly regulated environment with significant growth in the regulation of 'non-traditional' areas including governance of pricing, product, customer experience and increasingly data protection and associated rights of access to customers and regulators.

We continue to actively monitor the evolving regulatory landscape and ensure Superloop's and our customers' interests through our memberships to key industry groups.

Data and information governance: The number and sophistication of cyber related risks continues to evolve as evidenced by a number of high profile and highly publicised breaches in 2020. As such the management of data represents a key legal and reputational risk for Superloop that if realised, could impact shareholder value.

Superloop has made investments in further tightening controls related to risk. In June 2020 Superloop attained ISO27001:2013 certification of its core networks, personnel, IT infrastructure and management systems, demonstrating our capability and commitment in this area.

Business resilience: A significant network, systems failure or interruption could cause both tangible and intangible losses of shareholder value for Superloop through its inability to honour customer contracts, resultant customer churn and reputational damage.

2020 has included various damaging natural events that impacted some of our assets and our customers. We see the frequency and severity of these natural events being likely to increase and as such the inherent resilience in our network design and support processes will become even more important.

Superloop's key risk mitigations regarding business resilience related risks include:

- Designing and investing in the network to

provide in-built resilience.
- Implementing advanced security measures to prevent and monitor for cyber security threats.
- Implementation of sophisticated monitoring tools to provide early warning of any developing issues.
- Formalising our approach to business resilience which includes the ongoing development of a formal business continuity framework to complement existing disaster recovery plans.
- Provision in customer contracts protecting Superloop from claims in relation to failure to provide contracted services due to specific events outside of Superloop's control and
- Maintenance of business interruption insurance.

Monetising our assets: Over the past five years Superloop has built a unique asset base, including its share in the INDIGO subsea cable. A key risk and opportunity is our ability to achieve the anticipated sales traction to appropriately monetise these assets, lower our costs and reduce our overall debt levels. Failure to do this could result in a loss of confidence from our shareholders, pressure on our debt levels, and long term impacts to our share price. An additional challenge in the effective monetisation of our assets has been the impact of COVID-19.

COVID-19: While the Group has not experienced significant disruptions to its operations or material impacts on its financial results thus far, the Group continues to monitor operational and financial implications closely. It is not yet possible to predict the full financial impact of COVID-19 on our business nor the length of time our business will be impacted. COVID-19 has impacted the financial results of the Guest WiFi business, although the lower than anticipated revenues in our Guest WiFi business have been broadly offset with an uplift in our other offerings by virtue of the increase in remote working.

Integration and operating model: While Superloop's operating model is structured to successfully deliver against its strategic objectives, the Company must also concurrently transform legacy capabilities and optimise its cost base.

We have made significant strides towards integrating the businesses we have acquired, but our ability to optimise this integration represents a potential opportunity risk. This risk is well recognised internally and projects to ensure the opportunity is realised have been developed and are being monitored and governed by a project management office that reports through to our executive team. In previous annual reports Superloop disclosed the risk associated with not effectively integrating the businesses and network infrastructure that it has acquired.

To date significant progress, efficiencies and savings have been made in both the integration of core platforms and networks and this work will continue to speed up and reduce our cost of delivery. Management continues to focus on these opportunities for delivery of efficiencies into FY21.

Funding: While the capital intensive period of our growth is complete for the foreseeable future, the maintenance of our telecommunications and IT infrastructure and delivery to our customers still requires ongoing capital investment.

Failure to obtain capital on favourable terms may hinder Superloop's ability to expand and pursue growth opportunities. There is no assurance that additional funds will be available in the future on reasonable commercial terms. Superloop believes the risk is mitigated, to some extent, through the generation of operating cash flows, negotiation and maintenance of lines of credit at favourable rates and access to other forms of capital. In particular, Superloop expects its capex requirement to have peaked in FY19 and stabilise at approximately $20 million per annum from H2 FY20 and thereafter, excluding major capital investment opportunities including IRUs that may arise.

Reputation: Risks that threaten an organisation's reputation can have significant impacts on its revenue and brand. The speed at which information can now be shared publicly via social media can intensify the impact of this risk. The various controls described in the previous sections combined with our focus on customer experience, social media and crisis management processes are our key mechanisms for managing our reputation.

People and safety: Attracting and retaining talent with the right mix of skills continues to be critical to our ongoing success. That is why we are looking for ways to make Superloop an even greater place to work and develop a career.

A positive outcome of the COVID-19 pandemic has been that it has demonstrated that we are able to work and thrive in a remote working model. Many staff have communicated their preference for greater working flexibility and this has been embraced as a key pillar in attracting and retaining talent.

The safety of our people will always be number one at Superloop and this is why we have adopted and continue to adopt a conservative approach to the management of COVID-19 related risk. We also continue to mature our workplace health and safety (WHS) management system to not only keep our people safe, but ensure we meet the expectations of our customers.

Sociopolitical: The tensions and unrest in Hong Kong may impact the local economy and security of our assets and therefore ultimately our revenues. There also remains a potential risk that further, more direct government intervention in the region could result in a suite of potential risks that could materially impact our interests including: nullification of existing contracts, leases, permits, imposts, controls or prohibitions on the production or use of certain services, restrictions on repatriation of earnings or capital and changes in laws and policy.

The Superloop Board continues to monitor the situation and continues to focus on growing its interests in other locations to act as a natural hedge against this risk.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no other significant changes in the state of affairs of Superloop other than those listed in matters subsequent to the end of financial year below.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The continued growth in transmission and storage of data should underpin a likely demand for services provided by the Company across the Asia Pacific region.

The Board continues to evaluate further investment in expansion opportunities in the region, based on underlying market dynamics and demand for connectivity and managed services.

DIVIDENDS

No dividend has been declared or paid in respect of the 2020 or 2019 financial year.

ENVIRONMENTAL REGULATION

The Group is not subject to any significant environmental laws.

INDEMNIFICATION OF OFFICERS

The Group has entered into standard deeds of indemnity and insurance with the Directors. Pursuant to the deeds, the Group has undertaken, consistent with the Corporations Act 2001, to indemnify each Director in certain circumstances and to maintain Directors and Officers insurance cover in favour of the Director for seven years after the Director has ceased to be a Director.

During the year, the Group paid premiums of $722,000 (2019: $640,330) to insure the Directors and Officers of the Group against a liability incurred as a director or officer, to the extent permitted by the Corporations Act 2001.

This rise in premiums was not due to any action or inaction by Superloop, rather the uplift has resulted from insurers' re-evaluating their pricing models and overall appetite for public company D&O insurance in the face of significant securities class action claims activity.

NON-AUDIT SERVICES

The Group may decide to employ the auditor (Deloitte) on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important. Details of the amounts paid during the year to the Group's external auditor, Deloitte Australia, for non-audit services are set out in Note 26 to the financial statements.

The Board of Directors has considered the position and, in accordance with advice received from the Audit Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

➢ all non-audit services have been reviewed by the Audit and Risk Management Committee to ensure they do not impact the impartiality and objectivity of the auditor;

➢ none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

PROCEEDINGS ON BEHALF OF THE GROUP

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

No proceedings have been brought or intervened in on behalf of the Group with leave of the Court under section 237 of the Corporations Act 2001.

ROUNDING OF AMOUNTS

The Group is of a kind referred to in the Australian Securities and Investments Commission Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016 and issued pursuant to section 341(1) of the Corporations Act 2001. In accordance with that Instrument, amounts in the Directors' Report and the financial report have been rounded to the nearest thousand dollar, where permissible in accordance with the Instrument.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 25.

Information on Directors

BEVAN SLATTERY

Chairman & Non-Executive Director

Appointed: 28 April 2014
Appointed Chairman: 11 March 2020
Chief Executive Officer: 23 February 2016 to 30 June 2018

Experience and expertise

Bevan Slattery is the founder and a Non-Executive Director of Superloop. He served as Executive Chairman until June 2017 and Chief Executive Officer until 30 June 2018.

Bevan has a background in building successful Australian IT and telecommunications companies and an earlier career in administration in local and state government.

Prior to establishing Superloop, Bevan founded Megaport in 2013 with the aim of becoming a global leader in the fast growing elastic interconnection services market. The Company successfully listed on the ASX in December 2015.

In 2010, Bevan founded NEXTDC, with a vision to become Australia's largest independent data centre provider. As the founding CEO of NEXTDC, Bevan oversaw its listing on the ASX, overall design of its initial facilities and their development.

In 2002, Bevan co-founded PIPE Networks which grew to become Australia's largest Internet Exchange and Australia's third largest metropolitan fibre network provider with over 1,500km of fibre in 5 cities connecting 80 data centres, 250 Telstra exchanges and over 1000 buildings. In 2009, PIPE Networks completed construction of Pipe Pacific Cable 1 (PPC-1), a $200 million submarine cable system linking Sydney to Guam. PIPE Networks was sold to TPG for an enterprise value of $420 million in May 2010.

Bevan holds a Bachelor of Business (Accountancy) and has been awarded an honorary Master of Business Administration from Central Queensland University.

Other current directorships of listed entities

Megaport Limited (ASX: MP1) - appointed 27 July 2015

Former directorships of listed entities in last 3 years

Nil

Special responsibilities

Nil

Interests in shares and options

64,023,689 fully paid ordinary shares

GREG BAYNTON

Independent Non-Executive Director

Appointed: 28 April 2014

Experience and expertise

Greg Baynton is the founder and Managing Director of Orbit Capital, an investment and advisory company and holder of an Australian Financial Services Licence. He has a background in investment banking, infrastructure investment, and new projects and has experience in IPOs and other capital raisings, mergers and acquisitions, investor relations and corporate governance.

He has considerable experience as a Director of ASX-listed companies. Among those, Greg is a former Director of Asia Pacific Data Centre Limited, NEXTDC and of PIPE Networks. Greg is also a Director of State Gas Limited, intelliHR Limited and NOVONIX Limited.

Greg holds a Master of Business Administration (QUT), a Master of Economic Studies (UQ), a Postgraduate Diploma in Applied Finance & Investment (SIA), and a Bachelor of Business (Accountancy). He has completed a Certificate course in Risk Management and Corporate Governance and has been a Fellow of the Governance Institute of Australia. Greg is a Fellow of the Geological Society of London.

Other current directorships of listed entities

NOVONIX Limited (ASX: NVX) - appointed 5 April 2012
intelliHR Holdings Limited (ASX: IHR) - appointed 18 November 2016
State Gas Limited (ASX:GAS) - appointed 3 August 2017

Former Directorship of listed entities in last 3 years

Nil

Special responsibilities

- Chair of the Audit Committee (resigned: 26 March 2020)
- Member of the Audit Committee
- Member of the Risk Management Committee
- Member of the Remuneration and Nomination Committee

Interests in shares and options

971,323 fully paid ordinary shares

RICHARD ANTHONY (TONY) CLARK

Independent Non-Executive Director

Appointed: 23 December 2015

Experience and expertise

Tony Clark is an Emmy Award-winning Cinematographer as well as co-founder and Managing Director of Rising Sun Pictures (RSP) and Cospective, and co-founder of CINENET Systems Pty Ltd.

Tony has a wealth of industry knowledge and experience in digital media. His credits as a VFX Supervisor for RSP include Alfonso Cuarón's Gravity, Pirates of the Caribbean: On Stranger Tides, The Sorcerer's Apprentice, The Last Mimzy, The Core and Harry Potter & the Goblet of Fire.

Tony is a 2010 recipient of an Academy Award for Scientific & Technical Achievement as creator of the remote collaboration tool cineSync. His deep understanding of digital film became the foundation for the technology spin-off Rising Sun Research (now Cospective).

Tony has served as a board member on the South Australian Film Corporation, is currently on the board of Ausfilm and is an active member of both AMPAS, the Academy of Motion Picture Arts, and Sciences and the Visual Effects Society. He is a Graduate of the Australian Institute of Company Directors.

Other current directorships of listed entities

Nil

Former directorships of listed entities in last 3 years

Nil

Special responsibilities

- Chair of the Remuneration and Nomination Committee (appointed: 26 March 2020)

Interests in shares and options

492,274 fully paid ordinary shares

VIVIAN STEWART

Independent Non-Executive Director

Appointed: 21 December 2016

Experience and expertise

Vivian Stewart served on BigAir Group Limited's Board from June 2008 and was its Chairman at the time of BigAir's acquisition by Superloop in December 2016.

Vivian is the Chief Operating Officer of Bigtincan Holdings Ltd - an ASX listed enterprise software company focused on the Sales Enablement market.

He has extensive background in the IT&T industry, venture capital and corporate advisory services. He co-founded ISP Magna Data, venture firm Tinshed, corporate advisory firm Callafin and angel investment group Sydney Angels and its two venture capital funds. He serves on the Investment committee of Sydney Angels Sidecar Fund I and II.

Most recently, he has spent 10 years as an independent corporate advisor specialising in sale, merger and acquisition transactions and related capital strategy for public and private companies.

Vivian has a Bachelor of Arts (Honours) from The University of Sydney and an eMBA from the Australian Graduate School of Management. He is a Fellow of the Australian Institute of Company Directors.

Other current directorships of listed entities

Nil

Former Directorships of listed entities in last 3 years

BigAir Group Limited - June 2008 to December 2016

Special responsibilities

- Chair of the Risk Management Committee
- Member of the Audit Committee
- Member of the Remuneration and Nomination Committee

Interests in shares and options

577,738 fully paid ordinary shares

MICHAEL MALONE

Independent Non-Executive Chairman

Appointed Non-Executive Director: 27 April 2015
Appointed Chairman: 22 June 2017
Resigned: 11 March 2020

Experience and expertise

Michael is a Telecommunications Society Charles Todd Medallist, was CEO of the Year in the Australian Telecom Awards and CEO of the Year in the CSIA's Australian Service Excellence Awards. Michael was named a finalist for WA Citizen of the Year and in 2011, he won the Ernst & Young Entrepreneur of the Year Award. Michael was admitted to the Telecommunications Hall of Fame in 2019.

In April 2016, Michael was appointed to the Board of NBN Co Limited. In 2018, he joined the board of the Axicom Group. He is on the board of the APNIC Foundation and the Advisory Board of the Commonwealth Regional and Small Publishers Innovation Fund.

Michael holds a Bachelor of Science (Mathematics) and a Postgraduate Diploma in Education from UWA. He is a Fellow of the Australian Computing Society, a Fellow of the Australian Institute of Company Directors and a Fellow of the Australian Institute of Management.

Other Current Directorships Of Listed Entities

Seven West Media Limited (ASX: SWM) - appointed 24 June 2015
SpeedCast Ltd (ASX: SDA) – appointed 14 July 2014

Former Directorships of listed entities in last 3 years

Dreamscape Networks Limited (ASX: DN8) - resigned 28 September 2018
Sky and Space Global Limited (ASX: SAS) - resigned as Chairman of the Board 8 April 2019

Special responsibilities

- Chairman of the Board
- Chair of the Remuneration and Nomination Committee
- Member of the Audit Committee
- Member of the Risk Management Committee

Interests in shares and options

125,000 fully paid ordinary shares

STEPHANIE LAI

Independent Non-Executive Director

Appointed: 11 March 2020

Experience and expertise

Stephanie Lai has over 20 years' experience as a Chartered Accountant and is a former M&A partner of Deloitte (to 2019) and KPMG (to 2009).

Stephanie has significant experience providing due diligence and advisory services, including forecast reviews to listed entities, sovereign wealth funds, wealth managers and private equity. Stephanie has advised on numerous transactions (acquisitions /divestments, debt/equity raisings and IPOs), across a range of industries (infrastructure, property, banking, insurance, wealth management, retail and transport) and markets (Australia, UK, Europe, Asia and the US).

Stephanie is a Non-Executive Director and Chair of the Audit, Risk and Compliance Committee of Future Generation Investment Company Limited (ASX:FGX), was a Non-Executive Director and Chair of the Audit, Risk and Compliance Committee of Shine For Kids (a not for profit) from 2013 to 2017 and also founded an online retail business, which she grew and successfully divested in 2016.

Stephanie holds a Bachelor of Business (University of Technology Sydney) and is a Graduate of the Australian Institute of Company Directors and the Institute of Chartered Accountants (Australia and New Zealand).

Other current directorships of listed entities

Future Generation Investment Company Limited (ASX: FGX) - appointed 27 March 2019

Former Directorships of listed entities in last 3 years

Nil

Special responsibilities

- Chair of the Audit Committee (appointed: 26 March 2020)
- Member of the Risk Management Committee

Interests in shares and options

95,000 fully paid ordinary shares

DREW KELTON

Chief Executive Officer

Appointed: 1 July 2018
Appointed Director: 23 November 2018

Experience and expertise

Drew Kelton is a global business leader and professional board director. With over 30 years' experience in the ICT and telecommunications arena, he held senior operational roles in the UK, Europe, India, Australasia and most recently, the US. In addition to executive leadership roles in global organisations, he has also been responsible for startups, M&A transactions and the IPO of one of those businesses. Drew would describe himself as a "professional entrepreneur".

Drew holds a Bachelor of Science with commendation in Electrical and Electronic Engineering from the University of Western Scotland. He is a Chartered Engineer with the Institute of Electrical and Electronic Engineers.

Other current directorships of listed entities

Nil

Former Directorship of listed entities in last 3 years

- Megaport Limited (ASX:MP1) - resigned 1 June 2019
- Firstwave Cloud Technology Limited (ASX: FCT) - resigned 6 November 2018
- Mobile Embrace Limited (ASX:MBE) - resigned 30 June 2018
- Enice Holding Company Limited (ASX:ENC) - resigned 22 August 2017

Special responsibilities

Nil

Interests in shares and options

100,000 fully paid ordinary shares

GENERAL COUNSEL AND COMPANY SECRETARY

Louise Bolger

Appointed: 20 September 2018

Experience and expertise

Louise Bolger joined Superloop in April 2015 and served as a Non-Executive Director between April 2015 and November 2018. In November 2018 she was engaged in a full-time executive capacity and now leads the Group's legal, risk and compliance function as General Counsel and Company Secretary.

Louise is an experienced 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 member of the Australian Institute of Company Directors and a Fellow of the Governance Institute of Australia.

MEETINGS OF DIRECTORS

The number of meetings of the Group's Board of Directors and of each board committee held during the year, and the number of meetings attended by each Director are as follows:

	Meetings of Directors		Meeting of Committees					
			Audit		Risk Management		Remuneration and Nomination	
	A	B	A	B	A	B	A	B
Bevan Slattery	27	28	N/A	N/A	N/A	N/A	N/A	N/A
Michael Malone (1)	20	20	5	5	3	3	4	4
Greg Baynton	28	28	6	6	2	4	4	5
Tony Clark	26	28	N/A	N/A	N/A	N/A	1	1
Stephanie Lai (2)	8	8	1	1	1	1	N/A	N/A
Vivian Stewart	27	28	5	6	4	4	5	5
Alexander (Drew) Kelton	28	28	N/A	N/A	N/A	N/A	N/A	N/A

(1) Michael Malone resigned as a Director on 11 March 2020

(2) Stephanie Lai was appointed as a Director on 11 March 2020

A = Number of meetings attended

B = Number of meetings held during the time the Director held office or was a member of the committee during the year

N/A = Not applicable. Not a member of the relevant committee

Remuneration Report

LETTER FROM THE CHAIR OF THE REMUNERATION AND NOMINATION COMMITTEE

Dear Shareholders,

On behalf of the board, we are pleased to present Superloop's Remuneration Report for 2020.

For Superloop, FY20 was a year that was scored with many highlights, underpinned by external challenges such as COVID-19, and operational changes such as continuing to manage the end of life of our cloud and managed services segment - all of which had an impact on our people - but also saw us excel in times of uncertainty. An attribution to every single person that makes up Superloop.

Our FY20 Operational Highlights include:

- Achieving midpoint of guidance EBITDA $13.5 million;
- Group revenue of $107.6 million, supported by strong growth in underlying recurring fibre connectivity revenue, 37% year-on-year growth (excluding construction & subsea one-off revenue). Continued strong fibre connectivity sales trajectory with 46% year-on-year growth in total new fibre connectivity annualised revenue;
- Successful recapitalisation completed September 2019 strengthening the balance sheet and reducing gearing ratio from 16.9% FY19 to 8.4% FY20;
- Reduction in capital expenditure of +70% year-on-year; and
- Cost base reductions achieved through full year benefit of the retirement of the non-core infrastructure, continued cost efficiencies gained and prudent response plan to COVID-19.

In the past 12 months we have made strategic changes in regards to the remuneration, reward and benefits provided to our team, including introducing a flexible working policy that encourages outcome based performance assessment. This will assist us in attracting, retaining, and motivating our people, particularly as we manage and adapt to a post COVID-19 way of working.

At the midway point of FY20, we reviewed our structure to enable a greater focus on our customers, infrastructure and our people. The change in structure allowed us to better focus and improve on how we operate as a business and deliver to our customers - including the 'go to market' and customer experience, leadership capability and engagement.

We have welcomed a number of new faces into our Home Broadband team as our residential/consumer brand experienced 64% growth in FY20, surpassing the planned growth for the entire year within the first 6 months.

In response to the impacts of COVID-19, our team, including the Board, elected to accept reduced remuneration in order to better position Superloop through this uncertain period. The impacts of this are reflected in the disclosures made in this report. I would like to thank the entire team for the personal contribution that they have made to support Superloop through this time.

During the year, options were granted to executives under the Executive Option Plan and in accordance with contractual entitlements. The change in the total remuneration provided to our executive team was to ensure they have a vested interest in the long term performance of Superloop. The vesting and continued issue of these options have been designed to align with outcomes in relation to total shareholder return.

In our FY19 remuneration report we indicated an intention to amend the incentive component of the CEO's remuneration. Given that the equity component of his employment agreement had not been issued, we took the opportunity to consider his overall incentive and construct it in a way that aligns with the performance outcomes we are now trying to drive.

In August 2020 we announced the appointment of Paul Tyler as successor to Drew Kelton. Given that this change will take effect from 1 October 2020, the amendment to Mr Kelton's incentive was considered under changed circumstances. Mr Kelton's incentive for the year ended 30 June 2021 will comprise a Base Component which is targeted to drive performance in relation to net cash flow and EBITDA outcomes in the half year ending 31 December 2020. An Additional Component is targeted to drive out performance in relation to strategic goals. The make-up of each is as follows:

- Base Component comprising cash incentive of $200,000, 250,000 options with an exercise price of $1.11 and 1,000,000 options with an exercise price of $2.00.
- Additional Component comprising cash incentive of $200,000 and 250,000 options with an exercise price of $1.11.

This incentive replaces the Short and Long Term Incentives contained in Mr Kelton's employment agreement and which Mr Kelton has received no payment for. Mr Kelton and Mr Tyler's targets for the vesting of incentives are aligned.

Further on from the framework that was adopted in FY20, the Committee will continue to oversee the development of a remuneration policy and remuneration structure that ensures there is a direct link between remuneration and performance, both Company and individual, that is ultimately aligned to shareholder interest.

Yours sincerely,

Tony Clark
Chair, Remuneration and Nomination Committee
Superloop Limited

Remuneration Report - Audited

The Remuneration Report, which forms part of the Directors' Report, sets out the remuneration arrangements for the Directors and other Key Management Personnel of Superloop for the year ended 30 June 2020 (FY20), and is prepared in accordance with section 300A of the Corporations Act 2001 (Corporations Act). The information in this report has been audited as required by section 308(3C) of the Corporations Act.

1. THE PERSONS COVERED BY THIS REPORT

Key Management Personnel ("KMP") include the Directors of the Group and Senior Executives. The term "Senior Executives" refers to the Chief Executive Officer and those executives with responsibility for planning, directing and controlling the activities of the Group.

DIRECTORS

Name	Position
Bevan Slattery	Chairman & Non-Executive Director
Greg Baynton	Independent Non-Executive Director Member of the Audit Committee Member of the Risk Management Committee Member of the Remuneration and Nomination Committee
Tony Clark	Independent Non-Executive Director Chair of the Remuneration and Nomination Committee
Vivian Stewart	Independent Non-Executive Director Chair of the Risk Management Committee Member of the Audit Committee Member of the Remuneration and Nomination Committee
Stephanie Lai (from 11 March 2020)	Independent Non-Executive Director Chair of the Audit Committee Member of the Risk Management Committee
Michael Malone (until 11 March 2020)	Independent Non-Executive Chairman Member of the Audit Committee Member of the Risk Management Committee Chairman of the Remuneration & Nomination Committee

SENIOR EXECUTIVES

Name	Position
Alexander (Drew) Kelton	Chief Executive Officer (CEO) Executive Director
Jon Tidd	Group Chief Financial Officer (resigned 31 December 2019) Chief Customer Officer (appointed 1 January 2020)
Lidia Valenzuela	Group Chief Financial Officer (appointed 1 January 2020)
Paul Smith	Chief Operations Officer, Infrastructure (appointed 1 January 2020)
David Thorn	Chief Revenue Officer (resigned 6 January 2020)
Alex West	Group Chief Operating Officer (resigned 30 January 2020)

Except as noted above or elsewhere in this report, the named persons held their position for the whole financial year.

2. OVERVIEW OF REMUNERATION GOVERNANCE FRAMEWORK

2.1 REMUNERATION AND NOMINATION COMMITTEE

The role of the Remuneration and Nomination Committee ("the Committee") is to review and make recommendations to the Board on matters relating to:

- Board and Senior Executive succession planning;
- Non-Executive Director fees and the aggregate fee pool;
- The Company's remuneration policy and procedures and other relevant policies including recruitment, retention and termination policies;
- Senior Executive remuneration arrangements, including the Company's equity-based incentives;
- The annual assessment of Board and Senior Executive performance;
- The assessment of the Board's skills, size and composition;
- The Group's reporting and disclosure practices in relation to the remuneration of Directors and Senior Executives; and
- Market practices and trends on remuneration matters.

Further information regarding the Committee's role, responsibilities and membership can be found in the Committee's Charter, which forms part of the Corporate Governance Charter, a copy of which is available on Superloop's website at https://investors.superloop.com/investors.

2.2 SECURITIES TRADING POLICY

A Securities Trading Policy ("Trading Policy") has been adopted by the Board to provide guidance to Directors, employees of Superloop, and other parties who may have access to price sensitive information and who may be contemplating dealing in Superloop's securities or the securities of entities with whom Superloop may have dealings.

The Trading Policy is designed to ensure that any trading in Superloop's securities is in accordance with the law and accordingly, it prohibits all Directors and Senior Executives from engaging in hedging arrangements, dealing in derivatives, or entering into similar arrangements. Any non-compliance with the Trading Policy will be regarded as an act of serious misconduct.

The Trading Policy is available on Superloop's website at https://investors.superloop.com/investors.

3. DIRECTOR REMUNERATION

3.1 DIRECTOR REMUNERATION POLICY

Superloop's Director remuneration policy is to provide fair remuneration that is sufficient to attract and retain Non-Executive Directors with appropriate experience, knowledge, skills and judgment.

The Directors' determine the total amount paid to each Director as remuneration for their services. Under the Listing Rules, the total amount paid to all Non-Executive Directors must not exceed in any financial year, the amount fixed in a general meeting of Superloop. This amount is currently $750,000. Non-Executive Directors fees include base fees and fees for membership of board committees, and where relevant are inclusive of superannuation contributions.

Non-Executive Directors may be paid such additional or special remuneration where a Director performs extra work or services which are not conducted in their capacity as a Director of Superloop.

Fees paid to Non-Executive Directors in FY20 were $351,005 (FY19 $375,166). This reflects the reduced fees accepted by the Board during the COVID-19 period.

There are no retirement benefit schemes for Directors other than statutory superannuation contributions.

3.2 NON-EXECUTIVE DIRECTOR FEES

The current base Director fees per annum, including statutory superannuation, are:

- Chairman	$ 110,000
- Non-Executive Director	$ 60,000
- Committee member	$ 10,000 (per committee)

To preserve independence, Non-Executive Directors do not receive incentive or performance based remuneration. Non-Executive Directors are entitled to be reimbursed for travel and other expenses incurred while carrying out their duties as a Director. In response to COVID-19, the Directors were paid at reduced fees for the period April 2020 to June 2020.

4. EXECUTIVE REMUNERATION

4.1 SENIOR EXECUTIVE REMUNERATION POLICY

Superloop's Senior Executive remuneration policy is designed to be transparent, competitive and reasonable while strengthening the alignment between performance related remuneration and shareholder returns. Its goal is to ensure the Group can attract and retain key talent while being linked to the achievement of the Group's strategic and business objectives.

The policy includes at-risk short term and long term incentives with direct links between remuneration and performance (both Company and individual) that is ultimately aligned to shareholder interest.

Senior Executive remuneration packages consist of three key components:

- Fixed remuneration being base salary inclusive of superannuation, non-monetary benefits and any applicable fringe benefits tax;
- Short term incentives (STI) that provide a reward for performance against annual performance targets; and
- Long term incentives (LTI) that provide a securities-based reward for performance against indicators of long-term shareholder value creation, vesting over a three year period.

The following considerations are taken into account when formulating Senior Executive remuneration packages:

- Fixed remuneration is set with reference to the median of relevant market practice;
- Financial targets on which incentives are based are suitably challenging and must meet a budget and business plan to exceed market expectations and guidance at the time they are set; and
- Remuneration will be managed within a range so as to allow for the recognition of individual differences such as the calibre of the executive, and competency with which they fulfil a role.

4.2 SHORT TERM INCENTIVE (STI) POLICY AND PROCEDURE

The short term incentive policy provides incentives for Senior Executives to achieve the Group's strategic objectives by delivering or exceeding annual performance targets.

Measurement period and award

The measurement period for achieving annual performance targets is the financial year to 30 June, with an assessment of performance to be conducted following the end of the measurement period upon finalisation of the full year audited results.

Short term incentives will be paid in cash following a successful assessment.

For FY20 the CEO could have earned up to 50% of his annual fixed remuneration in short term incentives. Other Senior Executives have a target award of 20% of their annual fixed remuneration.

Performance metrics and weightings

The performance metrics for the CEO include:

- Financial performance: Group EBITDA (60%)
- Operational performance (40%)

The performance metrics for other Senior Executives include:

- Financial performance: Group EBITDA (50%)
- Operational performance (50%).

The short term incentive structure is considered appropriate during the Company's current phase of growth. Senior Executives are motivated to generate operating profits and cash flow while meeting required outcomes in service delivery and operating efficiency and delivering on strategic projects which will generate long term shareholder value.

The policy also allows for incentives to be paid for achieving specific strategic objectives or for specific outstanding performance.

Cessation of employment
If a Senior Executive's employment terminates prior to the end of the measurement period, all incentives will be forfeited unless otherwise determined by the Board.

Short term incentive outcomes for FY20
In order to better support Superloop through the COVID-19 crisis, the Executive team elected to waive their short term incentive for the period ended 30 June 2020. As a result of this, no short term incentives were awarded.

Name	Fixed Remuneration	Target Incentive	Awarded Incentive
Alexander (Drew) Kelton	$500,000	$250,000	$ -
Jon Tidd	$350,000	$70,000	$ -
Lidia Valenzuela	$300,000	$60,000	$ -
David Thorn	$350,000	$70,000	$ -
Alex West	$350,000	$70,000	$ -
Paul Smith	$300,000	$60,000	$ -

4.3 LONG TERM INCENTIVE (LTI) POLICY AND PROCEDURE

The purpose of the long term incentive policy is to align Senior Executive rewards with sustainable growth in shareholder value over time. It also acts as a retention mechanism for key executives.

Further, the policy acts to establish a method by which eligible employees can participate in the future growth and profitability of the Company.

Shareholders have approved the Company's two LTI plans being the Employee Rights Plan and the Executive Option Plan.

The Company's Securities Trading Policy prohibits executives from entering into transactions which limit the economic risk related to equity-based remuneration schemes without written clearance.

Measurement period and award
The measurement period for long-term incentives is three financial years, unless the Board determines otherwise. The policy intends for grants to be issued annually with overlapping cycles.

Incentives will be issued in the form of options or performance rights, subject to shareholder approval for Executive Directors. Where shareholder approval is not received for the issue of options to Executive Directors, incentives may be awarded in cash.

Other Senior Executives can be awarded LTIs of up to 40% of their annual fixed remuneration.

Performance metrics and weightings
Vesting of long term incentives for participating Senior Executives is based on share price growth at the relevant vesting date. In order for subsequent tranches to be issued, goals in relation to total shareholder return must be achieved.

The long-term incentive structure is considered appropriate as it aligns Senior Executives with generating long term shareholder value and acts as an inducement to retain Senior Executives.

Cessation of employment
If a Senior Executive's employment terminates prior to the end of the measurement period, all unvested entitlements will be forfeited unless otherwise determined by the Board.

Employee Rights Plan
At the 2015 Annual General Meeting held on 24 November 2015, shareholders approved an Employee Rights Plan. The Directors are empowered to operate the Employee Rights Plan (**Plan**) and grant Performance Rights to Eligible Participants in accordance with the Listing Rules and on the terms and conditions summarised in the Plan.

The Board may offer any number of Performance Rights to an Eligible Participant on the terms the Board decides, subject to the Plan rules and any applicable law or the Listing Rules. An offer is required to set out details such as the total number of Performance Rights being offered, the vesting date and vesting conditions, any disposal restrictions, and other terms attached to the Performance Rights.

A Participant is not required to pay for the grant of any Performance Rights or the issue of Superloop Shares on vesting. Once the Performance Rights vest, the Participant will be issued Superloop Shares, unless the Company decides to provide a cash payment in lieu of Superloop Shares. A Participant does not have the right to participate in dividends on Superloop Shares until Superloop Shares are issued after vesting of the Performance Rights. A Participant does not have the right to vote in respect of a Performance Right.

The Company shall not grant Performance Rights if the number of shares to be issued on exercise of the Rights exceeds 5% of the issued shares at the time the offer is made.

At 30 June 2020, Nil Performance Rights were on issue.

Executive Option Plan
At a General Meeting of shareholders held on 21 June 2016, shareholders approved an Executive Option Plan.

The Board may designate a Director, Employee or Consultant as an Eligible Participant for the purposes of the Executive Option Plan. The Directors of Superloop believe an Executive Option Plan is an important part of a comprehensive remuneration strategy. The grant of options to participants under the Executive Option Plan further aligns the interests of the Company's Senior Executives and Management and shareholders and helps preserve the Company's cash funds.

The Directors are empowered to operate the Executive Option Plan and grant options to Eligible Participants in accordance with the Listing Rules and on the terms and conditions set out in the Executive Option Plan. The Board has an absolute discretion to determine appropriate procedures for the administration of the Executive Option Plan and resolve questions of fact or interpretation and formulate special terms and conditions in addition to those set out in the plan.

All options are to be offered to Participants for no consideration. The offer must be in writing and specify, amongst other things, the number of options for which the Participants may accept, any conditions to be satisfied before exercise, the option expiry date (as determined by the Board) and the exercise year for the options.

Where employment or consultancy ends on or before an Exercise Date, the options will lapse. In the case where the employment ends as a result of death or disability, the Options will lapse 90 days after the date of death or disability. Except in the event of death or disability, when employment ends during an Exercise Period the Expiry Date will be adjusted by up to 60 days.

The Company shall not grant options if the number of shares to be issued on exercise of the options exceeds 5% of the issued shares at the time the offer is made.

During the year to 30 June 2020, 940,592 options were issued under the Executive Option Plan and at the date of this report there were a total of 1,255,592 options on issue.

5. EMPLOYMENT TERMS FOR KEY MANAGEMENT PERSONNEL

5.1 DIRECTORS

On appointment to the Board, all Non-Executive Directors enter into agreements with the Company in the form of a letter of appointment. The agreements summarise the key terms of engagement including compensation relevant to the office of director.

Each appointment has no initial term, has no notice period and is not subject to any termination benefits.

Subject to ASX Listing Rules, Directors must retire from office at the conclusion of the third annual general meeting after the Director was last elected and will be eligible for re-election at that annual general meeting.

Upon cessation of a Director's appointment, the Director will be paid his or her Director's fees on a pro-rata basis, to the extent that they are unpaid, up to the date of cessation.

5.2 EXECUTIVE DIRECTORS

CHIEF EXECUTIVE OFFICER

Mr Kelton entered into an Employment Agreement with Superloop which commenced on 1 July 2018. The term is ongoing until terminated by Superloop or the employee.

During the first twelve months of employment, either party could terminate the agreement by providing three months written notice. Following this, the notice period was increased to six months.

Employment may be terminated immediately for serious misconduct.

Mr Kelton can be restrained from working for a competing business for a period of six months following termination of employment. An amount equal to one months' salary including superannuation must be paid for each month during the restraint period.

5.3 SENIOR EXECUTIVES

Remuneration and other terms of employment for Senior Executives are formalised in employment agreements. Key terms of those employment agreements are as follows:

Name	Duration of Contract	Notice Period	Termination Payments (1)
Jon Tidd	No fixed term	3 months	3 months
Lidia Valenzuela	No fixed term	3 months	3 months
David Thorn	No fixed term	3 months	3 months
Alex West	No fixed term	3 months	3 months
Paul Smith	No fixed term	3 months	3 months

(1) Base salary payable if the Company terminates the Executive without notice or without cause.

6. REMUNERATION FOR FY20

The tables below outline the remuneration received by KMP during the year. This information is disclosed in accordance with the Corporations Act 2001 and the Australian Accounting Standards.

DIRECTORS

Fees and remuneration received by the Directors:

		Short-term employee benefits				Post employment benefits	Long-term employee benefits			
		Salary / Fees $	STI $	Other benefits $	Total $	Super-annuation $	LTI $	Long Service Leave $	Total Remuneration Package (TRP) $	% of TRP linked to performance %
Executive Directors										
Drew Kelton	2020	463,110	-	-	463,110	21,003	-	-	484,113	-
	2019	477,758	-	-	477,758	22,242	-	-	500,000	-
Former Executive Directors										
Matthew Hollis (1)	2020	-	-	-	-	-	-	-	-	-
	2019	162,504	50,000	12,660	225,164	10,266	-	-	235,430	21.24%
Jason Ashton (2)	2020	-	-	-	-	-	-	-	-	-
	2019	77,554	52,920	104,603	235,077	5,133	-	-	240,210	22.03%
Non-Executive Directors										
Bevan Slattery (3)	2020	41,097	-	-	41,097	3,904	-	-	45,001	-
	2019	54,795	-	-	54,795	5,205	-	-	60,000	-
Greg Baynton (4)	2020	78,750	-	-	78,750	-	-	-	78,750	-
	2019	90,000	-	-	90,000	-	-	-	90,000	-
Tony Clark (5)	2020	49,087	-	-	49,087	4,663	-	-	53,750	-
	2019	54,795	-	-	54,795	5,205	-	-	60,000	-
Vivian Stewart	2020	75,342	-	-	75,342	7,157	-	-	82,499	-
	2019	82,192	-	-	82,192	7,808	-	-	90,000	-
Stephanie Lai (6)	2020	13,347	-	-	13,347	1,268	-	-	14,615	-
	2019	-	-	-	-	-	-	-	-	-
Former Non-Executive Directors										
Louise Bolger (7)	2020	-	-	-	-	-	-	-	-	-
	2019	26,636	-	-	26,636	2,530	-	-	29,166	-
Michael Malone (8)	2020	76,389	-	-	76,389	-	-	-	76,389	-
	2019	110,000	-	-	110,000	-	-	-	110,000	-
TOTAL - 2020	**2020**	**797,122**	**-**	**-**	**797,122**	**37,995**	**-**	**-**	**835,117**	**-**
TOTAL - 2019	**2019**	**1,136,234**	**102,920**	**117,263**	**1,356,417**	**58,389**	**-**	**-**	**1,414,806**	**7.27%**

(1) Matthew Hollis ceased his employment on 31 December 2018. His 'Other' earnings include $12,659 of unused annual leave paid out on termination.
(2) Jason Ashton ceased his employment on 30 September 2018. His Salary/Fees includes $27,897 of unused annual leave and $76,705 of unused long service leave paid out on termination.
(3) Bevan Slattery ceased as CEO on 30 June 2018 and commenced as Non-Executive Director on 1 July 2018. Bevan commenced as Chairman on 11 March 2020.
(4) Greg Baynton ceased as Chair of the Audit Committee on 26 March 2020.
(5) Tony Clark commenced as Chair of the Remuneration & Nomination Committee on 26 March 2020.

(6) Stephanie Lai commenced as Independent Non-Executive Director on 11 March 2020, Chair of the Audit Committee and Member of the Risk Management Committee on 26 March 2020.
(7) Louise Bolger also received $146,338 in consulting fees during the period she was engaged as a Non-Executive Director. Louise resigned as a Non-Executive Director on 23 November 2018.
(8) Michael Malone ceased as Independent Non-Executive Chairman on 11 March 2020.

SENIOR EXECUTIVES

		Short-term employee benefits				Post employment benefits	Long-term employee benefits			
		Salary $	STI $	Other* $	Total $	Super-Annuation $	LTI $	Long Service Leave $	Total Remuneration Package (TRP) $	% of TRP linked to performance %
Senior Executives										
Jon Tidd (1)	2020	314,778	-	2,957	317,735	21,003	7,857	-	346,595	-
	2019	257,891	70,000	-	327,891	19,327	-	-	347,218	20.16%
Lidia Valenzuela (2)	2020	130,200	-	3,597	133,797	10,501	6,735	-	151,033	-
	2019	-	-	-	-	-	-	-	-	-
Paul Smith (3)	2020	130,200	-	7,148	137,348	10,501	6,735	-	154,584	-
	2019	-	-	-	-	-	-	-	-	-
Former Senior Executives										
Paul Jobbins (4)	2020	-	-	-	-	-	-	-	-	-
	2019	76,992	-	36,005	112,997	5,133	983	-	119,113	0.83%
David Thomas (5)	2020	-	-	-	-	-	-	-	-	-
	2019	255,127	-	94,044	349,171	24,705	-	-	373,876	-
David Thorn (6)	2020	164,903	-	109,363	274,266	18,314	-	-	292,580	-
	2019	248,369	-	-	248,369	17,110	-	-	265,479	-
Alex West (7)	2020	192,416	0	3,341	195,757	12,251	-	-	208,008	-
	2019	329,469	70,000	-	399,469	20,531	-	-	420,000	16.67%
Matthew Whitlock (8)	2020	-	-	-	-	-	-	-	-	-
	2019	139,968	60,000	20,958	220,926	14,691	25,815	-	261,432	32.82%
TOTAL - 2020	**2020**	**932,497**	**-**	**126,406**	**1,058,903**	**72,570**	**21,327**	**-**	**1,152,800**	**1.85%**
TOTAL - 2019	**2019**	**1,307,816**	**200,000**	**151,007**	**1,658,823**	**101,497**	**26,798**	**-**	**1,787,118**	**12.69%**

(1) Jon Tidd ceased to be Group Chief Financial Officer on 31 December 2019 and commenced as Chief Customer Officer on 1 January 2020.
(2) Lidia Valenzuela commenced as Group Chief Financial Officer on 1 January 2020.
(3) Paul Smith commenced as Chief Operations Officer, Infrastructure on 1 January 2020.
(4) Paul Jobbins ceased his employment on 28 September 2018. In his 'Other' earnings there is $36,005 in unused annual leave which was paid out on termination.
(5) David Thomas commenced his employment on 15 August 2018. His employment ceased on 21 May 2019. In his 'Other' category there is $82,367 in notice paid in lieu and $11,677 of unused annual leave, both paid on termination.
(6) David Thorn ceased his employment on 6 January 2020. In his 'Other' category there is $97,920 in notice paid in lieu and $11,443 of unused annual leave, both paid on termination.
(7) Alex West ceased his employment on 30 January 2020. In his 'Other' category there is $3,341 of unused annual leave paid on termination.
(8) Matthew Whitlock ceased his employment on 8 March 2019. In his 'Other' earnings there is $20,958 in unused annual leave which was paid out on termination.
★ Includes the net movement of annual leave entitlement balance, or termination payments if applicable.

7. PERFORMANCE OUTCOMES FOR FY20

The following table outlines the performance of the Company over the 2020 financial year and the previous periods since the Company was incorporated. Since listing on the Australian Securities Exchange with an initial share price of $1.00 in June 2015, Superloop Limited's share price was $0.99 at 30 June 2020.

Year ended 30 June	2020 $	2019 $	2018 $	2017** $	2016 $	2015* $
Net profit / (loss)	$(41,087,857)	$(72,057,460)	$1,315,981	$(1,239,792)	$(7,164,110)	$(1,193,442)
Dividends declared**	-	-	-	$0.01	-	-
Share price at start of year	$1.54	$2.52	$2.56	$2.35	$1.94	$1.00
Share price at end of year	$0.99	$1.54	$2.52	$2.56	$2.35	$1.94

* 2015 includes the period from 28 April 2014 to 30 June 2015. The share price at the start of the 2015 period refers to the issue price of shares in the Company's Initial Public Offering in June 2015.
** Dividend was declared in FY17 but paid in FY18.

The 2020 financial year has been a transformation year for Superloop. The Company has completed major infrastructure builds in Australia and internationally. It has strengthened its balance sheet through successful recapitalisation, reduction in capital expenditure and continued drive of financial discipline. The Group responded early to the COVID environment and enabled actions to manage the business into realising an operating cash positive position, whilst continued to be focused on selling more "on net" services, with longer contracts and delivering them quicker.

Short term incentives were not awarded for the current financial year.

During the year, there were no Performance Rights issued to Senior Executives in accordance with the Employee Rights Plan.

8. SUMMARY OF SHARES HELD BY KEY MANAGEMENT PERSONNEL

The table below outlines the movement in shareholdings by Key Management Personnel during the year:

	Opening balance 1 July 2019	Received as part of remuneration	Additions	Disposals	Other movements(1)	Closing balance 30 June 2020
Directors						
Bevan Slattery	64,567,689	-	-	(544,000)	-	64,023,689
Michael Malone (1)	664,698	-	139,083	-	(803,781)	-
Drew Kelton	-	-	100,000	-	-	100,000
Greg Baynton	856,192	-	115,131	-	-	971,323
Tony Clark	421,949	-	70,325	-	-	492,274
Vivian Stewart	577,738	-	-	-	-	577,738
Stephanie Lai	-	-	95,000	-	-	95,000
Senior Executives						
Paul Smith	-	-	4,424	(4,424)	-	-
TOTAL	**67,088,266**	**-**	**523,963**	**(548,424)**	**(803,781)**	**66,260,024**

(1) Individual was not a KMP as at 30 June 2020

The Company's Securities Trading Policy is designed to ensure that any trading in Superloop's securities is in accordance with the law and it prohibits all Directors and Senior Executives from engaging in hedging arrangements, dealing in derivatives or entering into similar arrangements.

9. SUMMARY OF OPTIONS HELD BY KEY MANAGEMENT PERSONNEL

The table below outlines the movement in options held by Key Management Personnel during the year:

	Opening balance 1 July 2019	Received as part of remuneration	Exercised	Other movements	Closing balance 30 June 2020	Vested and exercisable	Vested during the year
Senior Executives							
Jon Tidd	-	138,614	-	-	138,614	-	-
Lidia Valenzuela	-	118,811	-	-	118,811	-	-
Paul Smith	-	118,811	-	-	118,811	-	-
TOTAL	**-**	**376,236**	**-**	**-**	**376,236**	**-**	**-**

10. SUMMARY OF RIGHTS HELD BY KEY MANAGEMENT PERSONNEL

No Performance Rights were held by Key Management Personnel during the year.

11. SHARES UNDER OPTION OR PERFORMANCE RIGHTS

Details of unissued shares or interest under Option at the date of this report are:

Date of issue	Number of shares under Option	Class of shares	Exercise price of option	Vesting date	Expiry date of options
12 February 2020	235,144	Ordinary	$1.11	1 September 2020	1 September 2025
12 February 2020	235,146	Ordinary	$1.22	1 September 2021	1 September 2025
12 February 2020	235,151	Ordinary	$1.34	1 September 2022	1 September 2025
12 February 2020	235,151	Ordinary	$1.47	1 September 2023	1 September 2025
24 August 2018	105,000	Ordinary	$2.00	15 September 2018	15 September 2022
24 August 2018	105,000	Ordinary	$2.00	15 September 2019	15 September 2022
24 August 2018	105,000	Ordinary	$2.00	15 September 2020	15 September 2022

480,000 Options expired during the year. At the date of this report there were 1,255,592 Options on issue.

At the date of this report there are no Performance Rights on issue.

The Options are subject to the terms and conditions as set out in the Executive Option Plan. The holders of these Options do not have the right, by virtue of the Option, to participate in any share issue or interest issue of the Company.

Performance Rights are subject to the terms and conditions as set out in the Employee Rights Plan. The holders of the Performance Rights are not entitled, by virtue of the Performance Right, to participate in any share issue or interest issue of the Company. Each Performance Right entitles the holder, upon vesting, to be issued one Ordinary share. The participant must be an eligible employee on the vesting date for the rights to vest.

12. OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

There were no other transactions with Key Management Personnel not otherwise disclosed in the report.

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

On behalf of the Directors

Alexander (Drew) Kelton
Chief Executive Officer & Director

24 August 2020

Auditor's Independence Declaration

Deloitte Touche Tohmatsu
ABN 74 490 121 060
Level 23, Riverside Centre
123 Eagle Street
Brisbane, QLD, 4000
Australia

Phone: +61 7 3308 7000
www.deloitte.com.au

The Board of Directors Superloop Limited
Level 1, 545 Queen Street
Brisbane QLD 4000

24 August 2020

Dear Directors

Auditor's Independence Declaration to Superloop Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Superloop Limited.

As lead audit partner for the audit of the financial report of Superloop Limited for the year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Tendai Mkwananzi
Partner
Chartered Accountants

Financial Report
30 June 2020

These financial statements are the consolidated financial statements of the consolidated entity consisting of Superloop Limited (ABN 96 169 263 094) and its controlled entities.

Superloop Limited is a company limited by shares, incorporated and domiciled in Australia. The financial statements are presented in the Australian currency.

Superloop's registered office and principal place of business is Level 1, 545 Queen Street, Brisbane QLD 4000.

A description of the nature of the consolidated entity's operations and its principal activities is included in the Directors' Report on page 2, which is not part of these financial statements.

The financial statements were authorised for issue by the Directors on 24 August 2020. The Directors have the power to amend and reissue the financial statements.

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2020

	Note	30 June 2020 $'000	30 June 2019 $'000
Revenue	5	106,644	117,338
Other income	5	947	2,507
Total revenue and other income		**107,591**	**119,845**
Direct costs		(53,122)	(61,366)
Employee benefits expense		(26,968)	(32,800)
Share based payments expense		(8)	(112)
Professional fees		(2,903)	(3,995)
Marketing costs		(2,408)	(2,487)
Administrative and other expenses		(8,712)	(10,586)
Total expenses		**(94,121)**	**(111,346)**
Earnings before interest, tax, depreciation, amortisation and foreign exchange gains / losses (EBITDA)		**13,470**	**8,499**
Depreciation and amortisation expense		(46,631)	(36,513)
Impairment losses	13 / 14	-	(50,683)
Interest expense	6	(4,407)	(5,054)
Foreign exchange gains / (losses)	7	(217)	(429)
Share of associate's profit / (loss)	12	-	(195)
Loss before income tax		**(37,785)**	**(84,375)**
Income tax (expense) / benefit	8	(3,303)	12,318
(Loss) / profit for the year after tax for the year attributable to the owners of Superloop Limited		**(41,088)**	**(72,057)**
Other Comprehensive income, net of income tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising from translation of foreign operations		1,499	5,684
Net fair value gain on hedging transactions entered into the cash flow hedge reserve		-	461
Total Other Comprehensive Income, net of income tax		**1,499**	**6,145**
Total Comprehensive (loss) / profit for the year attributable to the owners of Superloop Limited		**(39,589)**	**(65,912)**

Profit / (Loss) per share for profit / (loss) attributable to the ordinary equity holders of the Group:	Note	Cents	Cents
Basic (loss) / earnings per share	32	(12.33)	(30.52)
Diluted (loss) / earnings per share	32	(12.33)	(30.52)

The notes following the financial statements form part of the financial report.

Consolidated Statement of Financial Position

As at 30 June 2020

	Note	30 June 2020 $'000	30 June 2019 $'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9	17,090	18,898
Trade and other receivables	10	14,691	27,072
Current tax asset		-	1,043
Other current assets	11	7,610	7,063
Total Current Assets		**39,391**	**54,076**
NON-CURRENT ASSETS			
Property, plant and equipment	13	231,644	228,675
Intangible assets	14	240,013	234,169
Other non-current assets	11	1,751	3,135
Deferred tax assets	15	6,889	9,435
Total Non-Current Assets		**480,297**	**475,414**
TOTAL ASSETS		**519,688**	**529,490**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	16	17,581	50,329
Employee benefits	18	2,188	2,679
Deferred revenue	19	4,813	4,208
Interest-bearing loans and borrowings	17	5,889	2,462
Total Current Liabilities		**30,471**	**59,678**
NON-CURRENT LIABILITIES			
Employee benefits	18	1,614	2,109
Deferred revenue	19	38,389	34,279
Interest-bearing loans and borrowings	17	52,479	86,692
Deferred tax liabilities	20	1,936	574
Total Non-Current Liabilities		**94,418**	**123,654**
TOTAL LIABILITIES		**124,889**	**183,332**
NET ASSETS		**394,799**	**346,158**
EQUITY			
Contributed equity	21	514,505	426,283
Reserves	22	7,773	6,266
Other equity		(3,327)	(3,327)
Accumulated losses	23	(124,152)	(83,064)
TOTAL EQUITY		**394,799**	**346,158**

The notes following the financial statements form part of the financial report.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2020

For the year ended 30 June 2020	Contributed equity $'000	Reserves $'000	Other equity $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2019	**426,283**	**6,266**	**(3,327)**	**(83,064)**	**346,158**
Loss for the year	-	-	-	(41,088)	**(41,088)**
Other comprehensive income for the year	-	1,499	-	-	**1,499**
Total Comprehensive Income for the year	**-**	**1,499**	**-**	**(41,088)**	**(39,589)**
Dividends paid	-	-	-	-	**-**
Share based payments	-	8	-	-	**8**
Issue of ordinary share capital	92,304	-	-	-	**92,304**
Share issue costs	(4,082)	-	-	-	**(4,082)**
Balance at 30 June 2020	**514,505**	**7,773**	**(3,327)**	**(124,152)**	**394,799**

For the year ended 30 June 2019	Contributed equity $'000	Reserves $'000	Other equity $'000	Accumulated losses $'000	Total equity $'000
Restated Balance at 1 July 2018	**395,911**	**234**	**(3,327)**	**(11,007)**	**381,811**
Loss for the year	-	-	-	(72,057)	**(72,057)**
Other comprehensive income for the year	-	6,145	-	-	**6,145**
Total Comprehensive Income for the year	**-**	**6,145**	**-**	**(72,057)**	**(65,912)**
Dividends paid	-	-	-	-	**-**
Share based payments	-	(113)	-	-	**(113)**
Issue of ordinary share capital	31,106	-	-	-	**31,106**
Share issue costs	(734)	-	-	-	**(734)**
Balance at 30 June 2019	**426,283**	**6,266**	**(3,327)**	**(83,064)**	**346,158**

The notes following the financial statements form part of the financial report.

Consolidated Statement of Cash Flows

For the year ended 30 June 2020

For the year ended 30 June 2020	Note	30 June 2020 $'000	30 June 2019 $'000
OPERATING ACTIVITIES			
Receipts from customers		116,206	115,918
Payments to suppliers and employees		(104,316)	(110,100)
Income taxes (paid) / received		1,000	(525)
Net cash inflow / (outflow) from operating activities	29	**12,890**	**5,293**
INVESTING ACTIVITIES			
Interest received		40	68
Payments for property, plant and equipment		(37,133)	(52,048)
Payments for intangible assets		(16,050)	(9,254)
Proceeds received for sale of intangible assets		-	-
Net cash inflow / (outflow) on investment in associate		-	10,138
Deferred consideration payments		(2,000)	(2,000)
Net cash inflow / (outflow) from investing activities		**(55,143)**	**(53,096)**
FINANCING ACTIVITIES			
Proceeds from issues of shares		92,304	31,106
Transaction costs paid in relation to issue of shares		(4,081)	(734)
Dividends paid		-	-
Lease payments		(5,961)	-
Proceeds from borrowings (net of fees)		72,051	41,375
Repayment of borrowings		(109,625)	(15,000)
Interest paid		(4,026)	(5,054)
Net cash inflow / (outflow) from financing activities		**40,662**	**51,693**
Net increase / (decrease) in cash and cash equivalents held		(1,591)	3,890
Cash and cash equivalents at the beginning of the year	9	18,898	15,437
Foreign exchange movement in cash		(217)	(429)
Cash and cash equivalents at the end of the year	9	**17,090**	**18,898**

The notes following the financial statements form part of the financial report.

Notes to the Consolidated Financial Report

1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Superloop Limited and its subsidiaries. Superloop Limited is a public company limited by shares, incorporated and domiciled in Australia.

(A) REPORTING YEAR AND COMPARATIVE INFORMATION

These financial statements cover the period 1 July 2019 to 30 June 2020. The prior year covers the period 1 July 2018 to 30 June 2019. Comparative information has, where necessary and immaterial, been reclassified to be consistent with current year disclosures. On 1 July 2019 the Group applied AASB 16 Leases in accordance with the modified retrospective transition approach, therefore the comparative information has not been restated and continues to be reported under AASB117, refer to Note 2 for further detail.

(B) 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 and the Corporations Act 2001. Superloop Limited is a for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with IFRS
The consolidated financial statements of the Superloop Group also comply with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB').

(ii) New and amended standards adopted by the Group
The Superloop Group has adopted all of the new, revised or amending Accounting Standards and interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The financial impact of the adoption of AASB 16 has been disclosed in Note 2.

(iii) Early adoption of standards issued, but not effective
The Group has not elected to apply any pronouncements before their operative date in the financial year beginning 1 July 2019.

(iv) Historical cost convention
These financial statements have been prepared under the historical cost convention.

(v) Critical accounting estimates
The preparation of 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 3.

(vi) Going concern
The financial statements have been prepared on the basis that the Group is a going concern, able to realise assets in the ordinary course of business and settle liabilities as and when they fall due.

Based on forecast profitability, positive operating cash flows and available funding capacity under the Group's debt facilities, the directors are of the opinion that no material uncertainties exist in relation to events or conditions which cast doubt on the Group's ability to continue as a going concern.

(C) PRINCIPLE OF CONSOLIDATION

(i) Subsidiaries
Subsidiaries are all entities (including structured 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 deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the Group.
Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) Business Combinations under Common Control
A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that the control is not transitory.

Where an entity within the Group acquires an entity under common control, the acquirer consolidates the carrying values of the acquired entity's assets and liabilities from the date of acquisition. No fair value adjustments are made to the acquired entity's assets and liabilities at the date of acquisition. The consolidated financial statements of the Superloop Group include the acquired entity's income and expenses from the date of acquisition onwards. Any difference between the fair value of the consideration paid / transferred by the acquirer and the net assets / (liabilities) of the acquired entity are taken to the common control reserve within other equity.

This other equity relates to transactions during the period ended 30 June 2015 to form the Group.

(iii) Investment in Associate
An associate is an entity over which the Group has significant influence. The Group's investments in its associate are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition.

The consolidated statement of profit or loss and other comprehensive income reflects the Group's share of the results of the associate. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

(D) SEGMENT REPORTING

Operating segments are reported in a manner consistent with the operations of the Group and the internal reporting provided to the chief operating decision maker. The Group's operating segments have remained consistent in FY20 on the prior year.

(E) REVENUE RECOGNITION

Superloop earns revenue from contracts with customers primarily through the provision of telecommunications and other related offerings. Superloop records revenue from contracts with customers over time or at a point in time on the delivery of the promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Revenue is recognised for the major business activities as follows:

(i) Long term capacity revenue
Long term capacity arrangements (including rights-of-use ('IRU') agreements) provide customers exclusive access to fibre core capacity over an agreed contract term. These arrangements include the initial provisioning of the fibres, ongoing availability of capacity and maintenance of the infrastructure over the contract term which form part of an integrated service to the customer and is considered to be a single performance obligation. The transaction price is generally fixed, net of any upfront discounts given. The customer receives and consumes the benefit of the service simultaneously and revenue is recognised over time, as the service is performed.

IRU agreements generally require the customer to make payment upon the execution of the agreement. In these cases the Group receives most or all of the transaction price at the inception of the contract, resulting in a contract liability being recognised upfront and amortised over the contract term. Contract liabilities are presented in the Group's consolidated statement of financial position as deferred revenue.

At the inception of each IRU contract, in determining the transaction price, Superloop gives consideration to whether the timing of payments agreed to by the parties to the contract provides the customer or the entity with a significant benefit of financing the transfer of goods or services to the customer. Factors considered take into account the difference, if any, between the amount of promised consideration and the cash selling price of the promised goods or services, and the combined effect of the expected length of time between when Superloop transfers the promised goods or services to the customer and when the customer pays for those goods or services and the prevailing interest rates in the relevant market. If a significant financing component is deemed to exist, the transaction price is adjusted for the effects of the time value of money, and for revenue to be recognised at an amount that reflects the price that a customer would have paid if the customer had paid cash for the goods or services when (or as) they transfer to the customer (i.e. the cash selling price).

When the period between transferring a good or service and the customer paying for it will be one year or less, Superloop will adopt the practical expedient available in AASB 15 not to adjust the consideration for the effects of a significant financing component and applies this policy consistently to contracts with similar characteristics and in similar circumstances.

The revenue in relation to long term capacity arrangements and IRU's are all recognised within the Superloop Connectivity segment.

Services
Superloop provides a range of tailored services to customers. Revenue associated with these arrangements is recognised over time as the services are performed.

Hardware and software sales
Superloop sells certain hardware and software products to customers, including installation services as an integrated offering with the respective hardware or software products. Revenue in relation to hardware is recognised on delivery at the point in time when the customer obtains control of the goods. Software products are provided to the customer on-premises with a right-to-use the software as it exists when made

available to the customer, generally with no further service obligation once the product has been installed. Revenue from distinct on-premises licenses with no further service obligation is recognised upfront at the point in time when the software is made available to the customer.

There are some software products which require minor ongoing maintenance and software upgrades that do not significantly modify the form or function of the software and are therefore accounted for as a performance obligation distinct from the installed software. The stand-alone selling price of the ongoing maintenance and software updates has been determined using a residual approach, by reference to the total transaction price less the sum of the observable stand-alone selling price of the installed software (using an expected cost plus margin approach). Revenue associated with the ongoing service obligation is recognised over the term of the contract.

Contract Costs
For certain long-term capacity agreements and managed services contracts, upfront set-up type activities are required to be performed for hardware to be installed to activate these arrangements. For costs incurred in fulfilling the contract with the customer that are within the scope of another standard, the group accounts for those costs in accordance with those standards (e.g. AASB 116 Property, Plant and Equipment). Where the costs do not fall within the scope of another standard, the guidance in AASB 15 is applied and Superloop defers costs incurred to fulfil contracts that relate directly to the contract, are expected to generate resources that will be used to satisfy Superloop's performance obligation under the contract and are expected to be recovered through revenue generated under the contract. Contract fulfilment costs capitalised under AASB 15 are expensed to cost of service as Superloop satisfies its performance obligations under each arrangement. Deferred costs are presented in the Group's consolidated statement of financial position as other current and other non-current assets.

(ii) Other Revenue
Interest income
Interest income is recognised using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

Research & Development Tax Offset
The Group applies AASB 120 Accounting for Government Grants and Disclosure of Government Assistance in accounting for the Research & Development (R&D) Tax Offset, whereby a credit is recognised in profit before tax over the periods necessary to match the benefit of the credit with the costs for which it is intended to compensate. Such periods will depend on whether the R&D costs are capitalised or expensed as incurred. Where R&D costs are capitalised, the government grant income is deferred and recognised over the same period that such costs are amortised.

(F) CASH AND CASH EQUIVALENTS

For the purpose of presentation in the Consolidated Statement of Cash Flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and term deposits 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. Bank overdrafts, if applicable, are shown within borrowings in current liabilities in the Consolidated Statement of Financial Position.

(G) TRADE RECEIVABLES

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less any loss allowances. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The amount of the loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the allowance for expected credit loss is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income within administrative expenses. When a trade receivable for which an allowance had been recognised becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other administrative expenses in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

(H) CONSUMPTION TAXES

Revenues, expenses and assets are recognised net of the amount of associated consumption tax per jurisdiction, unless the consumption based tax incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of consumption based tax receivable or payable. The net amount of the consumption based tax recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Consolidated Statement of Financial Position.

Cash flows are presented on a gross basis. The consumption based tax components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(I) INCOME TAX

The income tax expense or revenue for the year is the tax payable on the current year's taxable income based on the applicable income tax rate in each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting year in each jurisdiction. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting year and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the Consolidated Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(J) INVESTMENTS AND OTHER FINANCIAL ASSETS

Loans and receivables

Classification

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting year which are classified as non-current assets. Loans and receivables are included in trade and other receivables (Note 10) in the Consolidated Statement of Financial Position.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through the Consolidated Statement of Comprehensive Income, transaction costs that are directly attributable to the acquisition of the financial asset. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Impairment

The Group assesses at the end of each reporting year whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The Group records lifetime expected losses on all eligible financial assets including trade receivables, contract assets and lease receivables.

Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the Consolidated Statement of Comprehensive Income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the Consolidated Statement of Comprehensive Income. Impairment testing of trade receivables is described in Note 1(G).

(K) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the Consolidated Statement of Profit or Loss and Other Comprehensive Income during the reporting year in which they are incurred.

Depreciation on other assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the lease term (if shorter) as follows:

Category	Useful life
Network assets	15-40 years
Communication assets	3-5 years
Other assets	3-10 years
Leasehold Improvements	3-10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

(L) ASSETS IN THE COURSE OF CONSTRUCTION

Assets in the course of construction are shown at historical cost. Historical cost includes directly attributable expenditure on telecommunications infrastructure which at reporting date, has not yet been finalised and/or ready for use. Assets in the course of construction are not depreciated.

Assets in the course of construction are transferred to property, plant and equipment upon successful testing and commissioning.

(M) INTANGIBLE ASSETS

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite useful lives are amortised over the useful lives:

Category	Useful life
Rights and licenses	3-15 years
Software	3-5 years
Customer acquisition costs	3-8 years
Customer relationships, brands & trademarks	3-10 years

Intangible assets with finite useful lives are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The useful life and the amortisation method for an intangible asset with a finite useful life are reviewed at least each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the useful life or method, as appropriate, which is a change in accounting estimate.

Intangible assets with indefinite useful lives are tested for impairment annually, either individually or at the cash generating unit level. Such intangibles are not amortised.

The useful life of an intangible asset with an indefinite useful life is reviewed each reporting year to determine whether the indefinite useful life assessment continues to be supportable. If not, the change in useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

Indefeasible Rights to Use ('IRUs')
IRUs of capacity are recognised as intangible assets and are amortised on a straight-line basis over the remaining life of the contracts.

Goodwill
Goodwill acquired in a business combination is initially measured at cost of the business combination being the excess of the consideration transferred over the fair value of the Group's net identifiable assets acquired and liabilities assumed. Goodwill has an indefinite useful life and as such, is not amortised. The carrying value is assessed at each reporting date against the value of the cash generating units to which it is assigned.

Software
On the acquisition of a company, internally developed software and systems are valued and brought to account as intangible assets and valued at its amortised replacement cost or discounted future earnings. Software is amortised on a straight-line basis over the period of its expected benefit.

Spectrum Licenses
Spectrum licence assets acquired as part of a business combination are measured at their fair value at the date of acquisition. The amortisation of spectrum licence assets is calculated on a straight-line basis over the expected useful life of the asset based on the current renewal dates of each licence.

Customer acquisition costs
Direct customer acquisition costs in relation to customer contracts are recognised as an asset where it is probable that the future economic benefits arising as a result of the costs incurred will flow to the Group. Customer acquisition costs recognised as an asset are amortised from the inception of the contract over the lesser of the period of the contract and the period during which the future economic benefits are expected to be obtained, and reviewed for impairment at the end of the financial year. Customer acquisition costs not recognised as an asset are expensed as incurred.

Other intangibles
Other intangibles are amortised on a straight-line basis over the period of their expected benefit.

(N) LEASES

When the Group leases an asset, a 'right-of-use asset' is recognised for the leased item and a lease liability is recognised for any lease payments due at the lease commencement date. The right-of-use asset is initially measured at cost, being the present value of the lease payments paid or payable, plus any initial direct costs incurred in entering the lease and less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis from the commencement date to the end of the lease term. The lease term is the non-cancellable period of the lease plus any periods for which the Group is 'reasonably certain' to exercise any extension options.

Lease liabilities are initially measured at the value of the lease payments that are not paid at the commencement date and are discounted using the incremental borrowing rates of the applicable Group entity (the rate implicit in the lease is used if it is readily determinable). Only fixed lease payments for the term of the lease are included in the lease liability.

After initial recognition, the lease liability is recorded at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate (e.g. an inflation related increase) or if the Group's assessment of the lease term changes; any change in the lease liability as a result of these changes also results in a corresponding change in the recorded right-of-use asset.

(O) IMPAIRMENT OF ASSETS

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 assets are tested 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. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss recognised for goodwill is not reversed in subsequent periods.

(P) TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(Q) BORROWINGS

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income over the year of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the year of the facility to which it relates.

(R) EMPLOYEE BENEFITS

(i) Short-term obligations
Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months after the end of each reporting year in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting year and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. In June 2020 the Group met the eligibility requirements to receive the Government JobKeeper allowance, this allowance has been offset against employee benefits expense and for the period ended 30 June 2020 the total amount included in the Consolidated Statement of Profit or Loss and other Comprehensive Income was $714,000. It is expected that the Group will continue to receive the support till September 2020.

(ii) Other long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the reporting year in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting year 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 end of the reporting year on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Retirement benefit obligations

Except for the statutory superannuation guarantee charge, the Group does not have any other retirement benefit obligations.

(iv) Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. This fair value is expensed on a straight-line basis over the vesting period with a corresponding increase in equity.

(S) BORROWING COSTS

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the year of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

(T) CONTRIBUTED EQUITY

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(U) FOREIGN EXCHANGE

The financial statements are presented in Australian dollars, which is the Group's presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into the functional currency of the entity using the exchange rates prevailing at the date of the transactions.

Foreign operations
The assets and liabilities of foreign operations are translated into the presentation currency (Australian dollars) using the exchange rates as at the reporting date. The revenues and expenses of the foreign operations are translated into the presentation currency using the average exchange rates, which approximate the rate at the date of the transaction. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

(V) EARNINGS PER SHARE

(i) Basic earnings per share
Basic earnings per share is calculated by dividing:

- the profit / (loss) attributable to owners of the Group, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the year (Note 32).

(ii) Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(W) ROUNDING OF AMOUNTS

The Company is of a kind referred to in the Australian Securities and Investments Commission Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016 and issued pursuant to section 341(1) of the Corporations Act 2001. In accordance with that Instrument, amounts in the financial statements have been rounded to the nearest thousand dollars, unless otherwise indicated.

(X) HEDGING

Hedging of risk exposure can be carried out using derivatives or physical instruments. Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

(Y) HEDGE ACCOUNTING

Superloop designates certain hedging instruments as either fair value hedges or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

(i) Cash flow hedge

The effective portion of changes in the fair value of financial instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item.

(ii) Fair Value hedge

Changes in the fair value of financial instruments that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.

(Z) PARENT ENTITY FINANCIAL INFORMATION

The financial information for the parent entity, Superloop Limited, disclosed in Note 35 has been prepared on the same basis as the consolidated financial statements.

2 Application of new and revised accounting standards

The Group's assessment of the impact of the new standards, amendments and interpretations are provided below.

(A) NEW AND AMENDED STANDARDS THAT ARE EFFECTIVE FROM THE CURRENT YEAR

(1) AASB 16 LEASES

On 1 July 2019 the Group applied AASB 16 Leases which is effective for an annual period that begins on or after 1 January 2019. The Group has applied AASB 16 in accordance with the modified retrospective transition approach, therefore the comparative information has not been restated and continues to be reported under AASB 117.

The Group has applied the following expedients in relation to the adoption of AASB 16:

- the right-of-use assets were measured at an amount based on the lease liability at adoption and initial direct costs incurred when obtaining leases were excluded from this measurement.
- The Group has elected to use a single discount rate to measure lease liabilities for each identified lease contract with similar lease characteristics and has elected to use hindsight where applicable when determining lease term and inclusions of options to extend or terminate the lease.

Impact of applying the AASB 16 accounting policy

The impacts to the Group's financial statements and the key movements recorded in the Consolidated Statement of Financial Position on 1 July 2019 are shown in the table below.

	30 June 2019 (as previously reported) $'000	AASB 16 Adjustment	1 July 2019 $'000
Impact on assets & liabilities			
Property, plant and equipment	228,675	11,209	239,884
Current interest-bearing borrowings	(2,462)	(5,184)	(7,646)
Non-current interest-bearing borrowings	(86,692)	(6,025)	(92,717)
Total effect on net assets		-	

Right-of-Use assets have been recognised as at 1 July 2019 under the following property, plant and equipment categories:

	$'000
Asset categories	
Communication assets	7,642
Other assets	3,567
	11,209

The largest proportion of the total right-of-use asset recognised relates to base stations, which have been included in the Communication category. The remaining right-of-use assets largely relate to office and vehicle leases and have been included in Other Assets.

Changes made to previous accounting policy (AASB 117) as a result of applying the AASB 16 ('current') accounting policy are as follows:

Under AASB 117, lessees were classified as either operating or finance leases. Operating lease costs were expensed on a straight-line basis over the period of the lease. Finance leases resulted in the recognition, in the statement of financial position, of an asset and a corresponding liability for lease payments, at the lower of the fair value or present value of minimum lease payments. Under AASB 16, all lease agreements give rise to the recognition of a 'right-of-use asset' representing the right to use the leased item and a liability for any future lease payments over the 'reasonably certain' period of the lease, which may include future lease periods for which the Group has extension options.

Lessee accounting under AASB 16 is similar to finance lease accounting for lessees under AASB 117; lease costs are recognised in the form of depreciation of the right-of-use asset and interest on the lease liability which is generally discounted at the incremental borrowing rate of the relevant Group entity, although the interest rate implicit in the lease is used when it is more readily determinable. Interest charges will typically be higher in the early stages of a lease and will reduce over the term. Lease interest costs are recorded in financing costs and associated cash payments are classified as financing cash flows in the Group's Consolidated Statement of Cash Flows.

The lease payments made during the period ended 30 June 2020 were $5.96 million. With the adoption of AASB 16 Leases these payments are no longer included in EBITDA, but instead depreciation and interest expense are recognised. A depreciation expense of $5.68 million and interest expense of $0.38 million has been recognised during the period in relation to operating leases.

Critical accounting judgements and key sources of estimation relating to AASB 16

i) Lease identification
Whether an arrangement is considered a lease or a service contract depends on the analysis by Management of both the legal form and substance of the arrangement between the Group and the counter-party to determine if control of an identified asset has been passed between the parties; if not, the arrangement is a service arrangement. Control exists if the Group obtains substantially all of the economic benefit from the use of the asset and has the ability to direct its use, for a period of time. An identified asset exists where an agreement explicitly or implicitly identifies an asset or a physically distinct portion of an asset which the lessor has no substantive right to substitute.

The judgement impacts the nature and timing of both costs and reported assets and liabilities. A lease results in depreciation and interest being recognised and an asset and a liability being reported. The interest charge will decrease over the life of the lease. A service contract results in operating expenses being recognised evenly over the life of the contract and no assets or liabilities being recorded (other than trade payables, prepayments and accruals).

ii) Lease term
Where leases include additional optional periods after an initial lease term, significant judgement is required in determining whether these optional periods should be included when determining the lease term. Optional periods are included in the lease term if the Group is reasonably certain it will exercise an extension option or will not exercise a termination option. This depends on an analysis by Management of all relevant facts and circumstances including the leased asset's nature and purpose, the economic and practical potential for replacing the asset and any plans that the Group has in place for the future use of the asset.

Transition disclosures
The weighted average incremental borrowing rate applied to the Group's lease liabilities recognised in the balance sheet at 1 July 2019 was 4.88%.

The Group's undiscounted operating lease commitments at 30 June 2019 were $8.0 million with the material differences between AASB 117 lease commitments and the lease liabilities recognised on transition to AASB 16 Leases are shown in the table below:

	$'000
Operating Lease Commitment at 30 June 2019	7,965
Less: effect of discounting on payments included in the operating lease commitment	(989)
Plus: lease liabilities in respect of additional 'reasonably certain' lease extensions assumed under AASB 16	4,233
Lease liability opening balance reported at 1 July 2019	**11,209**

3 Critical accounting estimates and judgement

The preparation of the Group's consolidated financial statements requires Management to make estimates, judgements and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. These estimates and judgements are continually evaluated against historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances. In the process of applying the Group's accounting policies, Management has made the following estimates and judgements, which involved a higher degree of judgement or complexity, and which have the most significant effect on the amounts recognised in the consolidated financial statements.

Goodwill and other indefinite life intangible assets

In assessing impairment of goodwill and other indefinite life intangible assets, in accordance with accounting policy outlined in Note 1(O), Management estimates the recoverable amount of each asset, cash-generating or group of cash generating assets based on the greater of "Value in use" or "Fair value less costs to sell". Value in use is assessed through a discounted cash flow analysis which includes significant estimates and the use of assumptions, including growth rates, estimated future cash flows and estimated discount rates based on the current cost of capital, refer to Note 14.

The identification of cash generating units ("CGU") is an area of significant judgement, given the interdependence of the services and offerings. Our Connectivity operating segment includes a number of different connectivity services. The connectivity assets are interconnected and the different connectivity services are offered in conjunction with each other to our enterprise customers. The various telecommunications equipment which forms our connectivity network is considered to be working together to generate our cash inflows.

Deferred tax recoverability

Deferred tax assets are recognised to the extent that their utilisation is probable. The utilisation of deferred tax assets will depend on whether it is possible to generate sufficient taxable income in the respective tax type and jurisdiction. Various factors are used to assess the probability of the future utilisation of deferred tax assets, including past operating results, operational plans, and tax planning strategies.

Revenue recognition

The Group's construction and other complex contracts are recognised as and when performance obligations are met. Identifying performance obligations, allocating the transaction price to performance obligations, and determining the timing of revenue recognition of these contracts requires the application of judgement due to the complexity and nature of the customer arrangements. The assumptions made in the estimates are based on the information available to Management at the reporting date. A change in the estimated stage of completion could have an impact on the timing of the revenue recognition. Refer to Note 1(E) for further information on revenue recognition.

Useful life of assets

The economic life of property, plant and equipment, and intangible assets is a critical accounting estimate, with the ranges outlined in Note 1(K) and Note 1(M), respectively. The useful economic life is the Board's and Management's best estimate based on historical experiences and industry knowledge. The Group reviews the estimated useful lives at least at each reporting period. Should the actual lives of these component parts be significantly different this would impact the depreciation and amortisation charge recognised.

Income taxes

The Group is subject to income taxes in each jurisdiction that it operates. Estimation is required in determining the provision for income taxes as there are certain transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group estimates its tax liabilities based on the Group's understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the year.

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Business combinations

Accounting for acquisitions is inherently complex, requiring a number of judgements and estimates to be made. In accounting for business combinations, the Group has made a number of judgements in relation to identification of fair values attributable to separately identifiable assets and liabilities acquired, including intangible assets such as customer relationships, software and brand name and trademarks identified. The determination of fair values requires the use of valuation techniques based on assumptions including revenue growth, cash flows, margins, customer attrition rates and weighted-average cost of capital. Additional judgement and estimates have been applied in estimating the useful lives of intangible assets and tangible assets acquired refer to Note 1(M) and 1(K).

4 Segment information

(A) DESCRIPTION OF SEGMENTS

Superloop is a trusted enabler of connectivity and managed services in Asia Pacific. During the year, the principal activities of the Group included:

i) the development and operation of independent connectivity infrastructure and services throughout the Asia Pacific region for wholesale and enterprise customers including fibre optic cable, international submarine cables and fixed wireless networks (Connectivity);
ii) the provision of outsourced cloud and managed services, cyber security and cyber safety (Services); and
iii) the provision of broadband services for individual end users including residential NBN, retail fixed wireless and fixed line internet services and connectivity services for hotels, student accommodation sites and schools (Broadband).

The operations of the Group are reported in these segments to Superloop's Senior Management team (chief operating decision makers). Items not specifically related to an individual segment are classified as Group Shared Services, refer below for details of material items. The accounting policies of the segments are the same as the Group (refer to Note 1).

Comparative information has been restated to align with the current operating segments.

(B) SEGMENT INFORMATION PROVIDED TO MANAGEMENT

The segment information provided to Management for the reportable segments is as follows:

Operating Segments for year ended 30 June 2020	Connectivity (1) $000	Services (2) $000	Broadband (3) $000	Group Shared Services (4) $000	TOTAL $000
Revenue and other income	56,989	18,126	31,857	619	107,591
Direct costs	(27,240)	(8,407)	(17,475)	-	(53,122)
Gross margin	**29,749**	**9,719**	**14,382**	**619**	**54,469**
Operating expenses					(40,999)
Depreciation and amortisation	(37,545)	(2,812)	(6,274)	-	(46,631)
Interest, FX & other					(4,624)
Loss before income tax					**(37,785)**

Operating Segments for year ended 30 June 2020	Connectivity (1) $000	Services (2) $000	Broadband (3) $000	Group Shared Services (4) $000	TOTAL $000
Non-current assets					
Property, plant & equipment	219,790	-	11,854	-	231,644
Intangible assets excl. goodwill (includes indefeasible rights to use)	91,274	5,058	8,617	-	104,949
Goodwill	104,854	-	30,210	-	135,064
Total	**415,918**	**5,058**	**50,681**	**-**	**471,657**

(1) Connectivity includes earnings associated with the development of the INDIGO subsea cable system.
(2) Services includes earnings associated with the Cloud Managed Services entities acquired through the 2016 BigAir acquisition, and from cybersecurity subsidiary, CyberHound.

(3) Broadband includes earnings and assets from BigAir Community Broadband, NuSkope and GX2 Technology for the full year, and the NBN fixed line customer base acquired by SkyMesh.
(4) Group Shared Services includes inter-segment eliminations and unallocated earnings.

The below table provides further information regarding the group's main Connectivity segment.

Analysis of Connectivity Operating Segment for the year ended 30 June 2020	Australia(5) $000	Singapore $000	Hong Kong $000	Connectivity Sub Total $000
Revenue and other income	38,493	14,897	3,599	56,989
Direct costs	(20,035)	(2,703)	(4,502)	(27,240)
Gross margin	**18,458**	**12,194**	**(903)**	**29,749**
Depreciation and amortisation	(27,734)	(4,789)	(5,022)	(37,545)

Analysis of Connectivity Operating Segment for the year ended 30 June 2020	Australia(5) $000	Singapore $000	Hong Kong $000	Connectivity Sub Total $000
PP&E and Intangible Assets (excluding Goodwill)				
Property, plant & equipment	111,429	48,217	60,144	219,790
Intangible assets excl. goodwill (includes indefeasible rights to use)	68,669	8,852	13,753	91,274
Total	**180,098**	**57,069**	**73,897**	**311,064**

Operating Segments for year ended 30 June 2019	Connectivity (1) $000	Services (2) $000	Broadband (3) $000	Group Shared Services (4) $000	TOTAL $000
Revenue and other income	59,472	24,678	35,586	109	119,845
Direct costs	(27,682)	(13,926)	(19,758)	-	(61,366)
Gross margin	**31,790**	**10,752**	**15,828**	**109**	**58,479**
Operating expenses					(49,980)
Depreciation and amortisation	(24,380)	(5,102)	(7,031)	-	(36,513)
Impairment losses	-	(50,683)	-	-	(50,683)
Interest, FX & other					(5,678)
Loss before income tax					**(84,375)**

(1) Connectivity includes earnings associated with the development of the INDIGO subsea cable system.
(2) Services include earnings associated with the Cloud Managed Services entities acquired through the 2016 BigAir acquisition, and from cybersecurity subsidiary, CyberHound.
(3) Broadband includes earnings and assets from BigAir Community Broadband, NuSkope and GX2 Technology for the full year, and the NBN fixed line customer base acquired by SkyMesh.
(4) Group Shared Services includes inter-segment eliminations and unallocated earnings.
(5) Australia includes INDIGO subsea cable assets, Australia Fibre and Australia Fixed Wireless.

Operating Segments for year ended 30 June 2019	Connectivity [1] $000	Services [2] $000	Broadband [3] $000	Group Shared Services [4] $000	TOTAL $000
Non-current assets					
Property, plant & equipment	218,064	728	9,883	-	228,675
Intangible assets excl. goodwill (includes indefeasible rights to use)	85,690	5,229	8,186	-	99,105
Goodwill	104,854	-	30,210	-	135,064
Total	**408,608**	**5,957**	**48,279**	**-**	**462,844**

The below table provides further information regarding the group's main Connectivity segment.

Analysis of Connectivity Operating Segment for the year ended 30 June 2019	Australia[5] $000	Singapore $000	Hong Kong $000	Sub Total $000
Revenue and other income	46,055	10,305	3,112	59,472
Direct costs	(20,762)	(4,207)	(2,713)	(27,682)
Gross margin	**25,293**	**6,098**	**399**	**31,790**
Depreciation and amortisation	(18,579)	(2,263)	(3,538)	(24,380)
Impairment Losses	-	-	-	-

Analysis of Connectivity Operating Segment for the year ended 30 June 2019	Australia[5] $000	Singapore $000	Hong Kong $000	Sub Total $000
Non-current assets				
Property, plant & equipment	107,854	49,573	60,637	218,064
Intangible assets excl. goodwill (includes indefeasible rights to use)	69,081	1,945	14,664	85,690
Total	**176,935**	**51,518**	**75,301**	**303,754**

5 Revenue

	30 June 2020 $'000	30 June 2019 $'000
Revenue from ordinary activities		
Customer revenue	106,644	117,338
Other income		
Interest income	40	68
Gain on sale of assets	16	474
Gain on sale of investment in associate	-	315
Other income	891	1,650
Total revenue and other income	**107,591**	**119,845**

The total future revenue from the Group's contracts with customers with performance obligations not satisfied at 30 June 2020 is $43.2 million of which $4.8 million is expected to be recognised within the next year and the remaining amount will be recognised beyond 12 months over the life of the contracts on a straight line basis. The future revenue primarily relates to the Group's long-term capacity arrangements or IRUs, refer to revenue recognition accounting policy for further information. These contracts have contract terms of between 7 and 20 years, with a weighted average remaining term of 12 years.

6 Interest expense

	30 June 2020 $'000	30 June 2019 $'000
Interest on borrowings	(4,407)	(5,054)
Total interest expense	**(4,407)**	**(5,054)**

The Group incurs interest on the drawn amount of its debt facility (refer to Note 17).

7 Foreign exchange gains / (losses)

Foreign exchange (losses) for the year arose as a result of unfavourable exchange rate movements in the ordinary course of business.

	30 June 2020 $'000	30 June 2019 $'000
Net foreign exchange (losses) for the year	(217)	(429)
Total net foreign exchange (losses)	**(217)**	**(429)**

8 Income tax expense

	30 June 2020 $'000	30 June 2019 $'000
(a) Income tax recognised in profit or loss		
In respect of the current year	-	(2,758)
In respect of prior years	2,758	-
Total current tax	**2,758**	**(2,758)**
Deferred tax		
In respect of the current year	(3,303)	15,076
In respect of prior years	(2,758)	-
Total deferred tax	**(6,061)**	**15,076**
Total income tax (expense) / benefit	**(3,303)**	**12,318**
(b) The income tax expense / (benefit) for the year can be reconciled to the accounting profit as follows:		
Profit / (loss) from continuing operations before income tax expense	(37,785)	(84,375)
Tax (expense) / credit at the Australian tax rate of 30%	11,336	25,313
Non-deductible Impairment	-	(12,976)
Non-deductible entertainment expenses	-	(56)
Non-deductible share based payments	(3)	(34)
Equity accounting loss on investment	-	(59)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(159)	130
Adjustments to opening deferred tax balances	(2,758)	-
Deferred tax credits in respect of temporary differences and unused tax losses not recognised in current year	(11,719)	-
Total income tax (expense) / benefit	**(3,303)**	**12,318**

9 Cash and cash equivalents

	30 June 2020 $'000	30 June 2019 $'000
Cash at bank and on hand	7,660	18,386
Short term deposits	9,430	512
Total cash and cash equivalents	**17,090**	**18,898**

10 Trade and other receivables

				30 June 2020
	Note	Current $'000	Non-current $'000	Total $'000
Trade receivables	(A)	14,203	-	**14,203**
Allowance for expected credit losses	(B)	(424)	-	**(424)**
Net trade receivables		**13,779**	-	**13,779**
Consumption tax receivable	(C)	207	-	**207**
Other receivables		705	-	**705**
Total		**14,691**	**-**	**14,691**

				30 June 2019
	Note	Current $'000	Non-current $'000	Total $'000
Trade receivables	(A)	27,356	-	**27,356**
Allowance for expected credit losses	(B)	(296)	-	**(296)**
Net trade receivables		**27,060**	-	**27,060**
Consumption tax receivable	(C)	12	-	**12**
Other receivables		-	-	**-**
Total		**27,072**	**-**	**27,072**

(A) PAST DUE BUT NOT IMPAIRED

Trade receivables disclosed above include amounts (see below for aged analysis) that are past due at the end of the reporting period for which the Group has not recognised an allowance for credit loss because there has not been a significant change in credit quality and the amounts are still considered recoverable.

Age of trade receivables that are past due but not impaired	30 June 2020 $'000	30 June 2019 $'000
60 – 90 days	605	848
90 days plus	1,957	2,191
Total past due but not impaired	**2,562**	**3,039**

(B) AGING OF ALLOWANCE FOR EXPECTED CREDIT LOSS ("LOSS ALLOWANCE")

As at 30 June 2020, the Group had a loss allowance of $0.4 million (2019: $0.3 million). Superloop applies the AASB 9 simplified approach to measure expected credit loss ("ECL") which uses a lifetime expected loss allowance for all trade receivables.

Aging of credit loss allowance	30 June 2020 $'000	30 June 2019 $'000
0 – 60 days	77	47
60 – 90 days	121	17
90 days plus	226	232
Total past due and impaired	**424**	**296**

Movement in credit loss allowance	30 June 2020 $'000	30 June 2019 $'000
Balance at beginning of the year	296	335
Impairment losses recognised on receivables	(19)	(48)
Allowance for expected credit losses	147	9
Balance at end of the year	**424**	**296**

(C) CONSUMPTION TAX RECEIVABLE

These amounts generally arise from consumption tax paid by the Group in the respective tax jurisdictions in which the Group operates and where a consumption tax exists. Ordinarily these amounts are offset against the consumption tax collected by the Group as part of its sales and the net amount remitted to the local tax authorities, however where the amount of consumption tax paid by the Group per jurisdiction is greater than the amount collected from sales to customers in that jurisdiction, a receivable is raised.

11 Other assets

	30 June 2020 $'000	30 June 2019 $'000
CURRENT		
Prepayments	4,167	4,357
Contract assets	3,443	2,667
Other current financial assets	-	39
Total other assets – current	**7,610**	**7,063**
NON-CURRENT		
Other non-current assets	289	299
Installation costs	1,462	2,836
Total other assets – non-current	**1,751**	**3,135**

12 Investment in associate

The Group sold its minority interest of 16.8% in Fiber Sense Pty Ltd on the 24 June 2019 for $10.1 million consideration. The Group's interest was equity accounted for in the consolidated financial statements. Although the Group did hold less than 20% of the equity shares of the associate, the Group did have significant influence by virtue of its protected right to appoint one Director to the Board of the associate. Superloop held one of the two Director positions during the year.

The following table illustrates the summarised financial information of the Group's investment in the associate:

	30 June 2020 $'000	30 June 2019 $'000
Current assets	-	-
Non-current assets	-	-
Current liabilities	-	-
Non-current liabilities	-	-
Equity	**-**	**-**
Group's carrying amount of investment	**-**	**-**
Revenue	-	149
Cost of sales	-	(137)
Operating expenses	-	(1,672)
Finance costs	-	-
Loss before tax	**-**	**(1,660)**
Income tax benefit	-	498
Loss for the year	**-**	**(1,162)**
Total comprehensive income / (loss) for the year	**-**	**(1,162)**
Group's share of loss for the year	**-**	**(195)**

13 Property, plant and equipment

	30 June 2020 $'000	30 June 2019 $'000
Carrying amounts of:		
Assets in the course of construction	1,866	6,805
Network assets	179,341	174,925
Communication assets	50,091	46,628
Other assets	346	317
Total	**231,644**	**228,675**

	Assets in the course of construction $'000	Network assets $'000	Communication assets $'000	Other assets $'000	TOTAL $'000
Cost or valuation:					
Balance at 30 June 2018	**31,551**	**122,865**	**43,152**	**2,893**	**200,461**
Additions	47,201	5,630	9,390	827	**63,048**
Movement in foreign exchange	39	6,715	176	16	**6,946**
Disposals	-	(44)	(103)	(75)	**(222)**
Transfer	(71,986)	57,503	14,021	462	**-**
Balance at 30 June 2019	**6,805**	**192,669**	**66,636**	**4,123**	**270,233**
Adoption of AASB16 Lease accounting standard	-	-	7,637	3,573	**11,210**
Additions	2,315	5,895	8,641	274	**17,125**
Movement in foreign exchange	(2)	877	38	9	**922**
Disposals	-	-	-	(593)	**(593)**
Transfer	(7,252)	6,025	1,227	-	**-**
Balance at 30 June 2020	**1,866**	**205,466**	**84,179**	**7,386**	**298,897**
Accumulated depreciation:					
Balance at 30 June 2018	**-**	**(8,245)**	**(8,231)**	**(1,858)**	**(18,334)**
Depreciation charge	-	(5,673)	(7,837)	(1,816)	**(15,326)**
Disposals	-	26	80	62	**168**
Impairment	-	(3,282)	(3,967)	(180)	**(7,429)**
Movement in foreign exchange	-	(570)	(53)	(14)	**(637)**
Balance at 30 June 2019	**-**	**(17,744)**	**(20,008)**	**(3,806)**	**(41,558)**
Depreciation charge	-	(8,464)	(14,088)	(3,844)	**(26,395)**
Disposals	-	-	-	593	**593**
Movement in foreign exchange	-	82	8	17	**107**
Balance at 30 June 2020	**-**	**(26,125)**	**(34,088)**	**(7,040)**	**(67,253)**
Carrying value – 2020	**1,866**	**179,341**	**50,091**	**346**	**231,644**
Carrying value – 2019	**6,805**	**174,925**	**46,628**	**317**	**228,675**

Implementation of AASB16 Leases has increased the opening balance of property, plant and equipment by $11.2 million. A "right of use" asset is recognised for the leased item and a lease liability is recognised for lease payments due. "Right of use" asset additions during FY20 totalled $1.1 million.

Right of Use Asset	Communication assets $'000	Other assets $'000	TOTAL $'000
Adoption of AASB16 Lease accounting standard	7,637	3,573	11,210
Additions during the year	1,138	-	1,138
Depreciation	(3,489)	(2,193)	(5,682)
Carrying value – 2020	**5,286**	**1,380**	**6,666**

14 Intangible assets

	30 June 2020 $'000	30 June 2019 $'000
Carrying amounts of:		
Assets being developed	1,785	1,074
Rights and licences	59,884	47,294
Software	5,367	5,998
Customer acquisition costs & other intangible assets	4,506	4,427
Customer relationships, brands and trademarks	33,407	40,312
Goodwill	135,064	135,064
Total intangible assets	**240,013**	**234,169**

Movements	Assets being developed $'000	Rights and licences $'000	Software $'000	Customer acquisition costs & other intangible assets $'000	Customer, brand & trademarks $'000	Goodwill $'000	Total $'000
Cost or valuation:							
Balance as at 30 June 2018	**3,755**	**42,548**	**8,547**	**2,533**	**59,814**	**178,319**	**295,516**
Other additions	2,563	9,387	1,367	1,873	1,459	-	**16,649**
Disposal	-	-	(21)	(296)	-	-	**(317)**
Transfer	(5,244)	-	873	3,113	1,258	-	-
Movements in foreign exchange	-	750	1	33	-	-	**784**
Balance as at 30 June 2019	**1,074**	**52,685**	**10,767**	**7,256**	**62,531**	**178,319**	**312,632**
Additions	711	19,498	2,627	1,292	-	-	**24,128**
Movement in foreign exchange	-	32	-	(9)	-	-	**23**
Transfer	-	-	-	-	-	-	**-**
Balance as at 30 June 2020	**1,785**	**72,215**	**13,394**	**8,539**	**62,531**	**178,319**	**336,783**

Accumulated amortisation:							
Balance as at 30 June 2018	**-**	**(2,630)**	**(2,109)**	**(1,374)**	**(8,734)**	**-**	**(14,847)**
Amortisation charge	-	(2,740)	(2,673)	(1,525)	(13,485)	-	**(20,423)**
Disposal	-	-	13	81	-	-	**94**
Impairment	**-**	**-**	**-**	**-**	**-**	(43,255)	**(43,255)**
Movements in foreign exchange	-	(21)	-	(11)	-	-	**(32)**
Balance as at 30 June 2019	**-**	**(5,391)**	**(4,769)**	**(2,829)**	**(22,219)**	**(43,255)**	**(78,463)**
Amortisation charge	-	(7,035)	(3,258)	(1,210)	(6,905)	-	**(18,408)**
Movements in foreign exchange	-	95	-	6	-	-	**101**
Balance as at 30 June 2020	**-**	**(12,331)**	**(8,027)**	**(4,033)**	**(29,124)**	**(43,255)**	**(96,770)**
Carrying value – 2020	**1,785**	**59,884**	**5,367**	**4,506**	**33,407**	**135,064**	**240,013**
Carrying value – 2019	**1,074**	**47,294**	**5,998**	**4,427**	**40,312**	**135,064**	**234,169**

Goodwill has been allocated for impairment testing purposes to the following operating segments, which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes. The operating segments are comprised of cash-generating units or groups of cash-generating units.

	30 June 2020 $'000	30 June 2019 $'000
Connectivity	104,854	104,854
Services	-	-
Broadband	30,210	30,210
Total goodwill	**135,064**	**135,064**

Goodwill and intangible assets with an indefinite useful life are not subject to amortisation and are assessed for impairment at least annually, or whenever an indication of impairment arises.

An impairment loss relating to goodwill is recognised for the amount by which the carrying amount of a group of cash-generating units exceeds their recoverable amount. The recoverable amount for each group of cash-generating units is determined based on the higher of fair value in use less costs of disposal or value in use. An impairment loss recognised for goodwill is not reversed in subsequent periods.

The COVID-19 outbreak has developed rapidly in early calendar 2020, with measures taken to contain the virus having an adverse effect on economic activity and causing disruption to many businesses. As the outbreak continues to progress and evolve, it is extremely challenging to predict the full extent and duration of its impact on Superloop, in particular the Student accomodation revenue stream (part of the Guest WiFi business within the Broadband group of cash-generating units). Based on information available as at 30 June 2020, Management has made additional adjustments to the five-year business plan used in the Group's impairment testing in order to reflect the estimated impact. As at 30 June 2020, Management has assumed Guest WiFi revenues will continue to be impacted by COVID-19 in FY21, returning to pre COVID-19 levels in early FY22.

Management apply judgement to identify cash-generating units and groups of cash-generating units. Recoverable amounts and impairment assessment is determined using a value in use calculation. Value in use calculations require judgements to be made in relation to cash flow forecasts and projections, terminal value growth rates and discount rates. The forecast cash flows are based on the financial year ending 30 June 2021 budget approved by the Board with the cash flows beyond the budget period projected over 5 years using annual growth rates for each cash-generating unit based on historical earnings growth, current and forecast trading conditions and business plans. A terminal value growth rate is applied beyond the financial projection period and a post-tax discount rate has been assumed, representing the long-term average and includes a risk-premium given the stage in the business cycle of the Group's business.

Management have used the following key assumptions in determining the recoverable amount of each group of cash-generating units to which goodwill has been allocated:

	Terminal value growth rate		Discount rate	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
Connectivity	2.9%	3.0%	10.7%	10.89%
Broadband	2.5%	2.5%	10.7%	10.89%
Services	3.0%	1.5%	10.7%	10.89%

Management has reviewed sensitivities on the key assumptions on which the recoverable amounts are based and believe that any reasonable change would not cause the cash-generating units' carrying amounts to exceed their recoverable amounts. The sensitivity tests applied were to reduce the terminal value growth rate by 1.0%, or increase the post-tax discount rate from 10.7% to 11.5% for each cash-generating unit and groups of cash-generating units, which did not result in any cash-generating units' carrying amounts exceeding their recoverable amounts.

15 Deferred tax assets

	Note	30 June 2020 $'000	30 June 2019 $'000
Deferred tax assets attributable to:			
Employee benefits		1,434	1,201
Expenses deductible in future periods		3,697	2,750
Tax credits from tax losses		13,745	13,014
Deferred revenue		3,033	5,516
Future deduction of share issue costs		1,732	743
Total deferred tax assets		**23,641**	**23,224**
Set-off deferred tax liabilities pursuant to set-off provisions	20	(16,752)	(13,789)
Deferred tax assets recognised in the Consolidated Statement of Financial Position		**6,889**	**9,435**

At the reporting date, the Group has unused tax losses of $130.4 million available for offset against future profits. A deferred tax asset of $13.7 million has been recognised in respect of $61.7 million of such losses. No deferred tax asset has been recognised in respect of the remaining $68.7 million. Deferred tax assets are recognised where it is considered probable that they will be recovered against taxable profits in the future.

16 Trade and other payables

	30 June 2020 $'000	30 June 2019 $'000
Trade payables	13,299	39,126
Other payables	1,116	204
Accrued expenses	2,413	4,997
Other current financial payables	34	74
Current tax liabilities	219	2,988
Deferred consideration	500	2,940
Total trade and other payables	**17,581**	**50,329**

17 Interest-bearing loans and borrowings

The Group had interest bearing loans and borrowings as at 30 June 2020 of $58.4 million (30 June 2019: $89.2 million).

The Group has a $61.7 million four year revolving facility with ANZ and Westpac maturing on 28 October 2023. The facility can be used for working capital, capital expenditures and permitted acquisitions and is available to be drawn in multiple currencies. The Group is required to adhere to financial covenants, including leverage ratio, debt capitalisation ratio and interest cover ratio.

Bank guarantees to the value of $1.1 million have been issued under the facility.

The Group utilises an equipment vendor to provide funding for network equipment, entering into three year fixed rate instalment payment agreements. At 30 June 2020, a total of $3.9 million had been funded under this arrangement (30 June 2019: $6.3 million). In terms of the Consolidated Statement of Cash Flows, the impact of the equipment financing has been shown on a gross basis, with the amount of property, plant and equipment funded by the equipment financing included in the payments for property, plant and equipment and shown as a cash inflow in proceeds from borrowings.

	Notes	30 June 2020 $'000	30 June 2019 $'000
Current			
Equipment financing		2,499	2,462
Lease liability		3,390	-
Total current interest-bearing loans and borrowings		**5,889**	**2,462**
Non-current			
Equipment financing		1,386	3,885
Lease liability		3,398	-
Revolving debt facility drawn (net of transaction costs)	(A)	47,695	82,807
Total non-current interest-bearing loans and borrowings		**52,479**	**86,692**
Total interest-bearing loans and borrowings		**58,368**	**89,154**
Total revolving debt facility limit		61,700	120,000
Less bank guarantees issued under the facility		(1,095)	(1,082)
Less amounts drawn (before transaction costs)		(49,462)	(83,929)
Revolving debt facility available		**11,143**	**34,989**

(A) The drawn debt amount is recognised net of transaction costs which are amortised over the term of the facility using the effective interest rate method.

	30 June 2019 $'000	Financing cash flows	Net transaction costs	30 June 2020 $'000
Total interest-bearing loans and borrowings (excluding lease liability)	**89,154**	(36,929)	(645)	**51,580**

18 Employee benefits

	30 June 2020 $'000	30 June 2019 $'000
Current	2,188	2,679
Non-current	1,614	2,109
Total employee benefits	**3,802**	**4,788**

The employee benefits represents accrued annual leave and long service leave entitlements.

19 Deferred revenue

	30 June 2020 $'000	30 June 2019 $'000
Deferred revenue	41,765	38,462
Deferred installation fees	1,437	25
Total deferred revenue	**43,202**	**38,487**
Current	4,813	4,208
Non-current	38,389	34,279
Total deferred revenue	**43,202**	**38,487**

Deferred revenue includes long-term capacity arrangements (rights-of-use ('IRU') agreements) which provide customers exclusive access to fibre core capacity over an agreed contract term in addition to other customer contracts where payment has been received but services not yet provided. The IRU arrangements include the initial provisioning of the fibres, ongoing availability of capacity and maintenance of the infrastructure over the contract term which form part of an integrated service to the customer and is considered to be a single performance obligation. The transaction price is generally fixed, net of any upfront discounts given. The customer receives and consumes the benefit of the service simultaneously and revenue is recognised over time, as the service is performed. For other customer contracts, revenue is recognised once performance obligation is met.

The table below shows the movement of deferred revenue for the year.

Deferred revenue movement	30 June 2020 $'000	30 June 2019 $'000
Opening balance	**38,487**	**24,708**
Additions	11,408	19,712
Revenue recognised	(6,693)	(5,933)
Closing balance	**43,202**	**38,487**

20 Deferred tax liabilities

	30 June 2020 $'000	30 June 2019 $'000
Deferred tax liabilities attributable to:		
Deferred revenue	663	1,297
Customer acquisition and equipment installations costs	1,234	1,239
Property, plant and equipment and intangible assets	16,791	11,925
Cash flow hedges	-	(98)
Total deferred tax liabilities	**18,688**	**14,363**
Set-off of deferred tax liabilities pursuant to set-off provisions (Note 15)	(16,752)	(13,789)
Deferred tax liabilities recognised in the Consolidated Statement of Financial Position	**1,936**	**574**

21 Contributed equity

(A) SHARE CAPITAL

	30 June 2020 Number of Shares	30 June 2019 Number of Shares	30 June 2020 $'000	30 June 2019 $'000
Fully paid ordinary shares	365,866,416	253,301,037	525,115	432,811
Total share capital	**365,866,416**	**253,301,037**	**525,115**	**432,811**
Less: Issue costs			(10,610)	(6,528)
Contributed equity	**365,866,416**	**253,301,037**	**514,505**	**426,283**

(B) MOVEMENTS IN ORDINARY SHARE CAPITAL

Date	Details	Number of Shares	Issue Price $	Value $
30-Jun-18	**Balance**	**228,499,540**		**401,705,683**
17-Sept-18	Vesting of performance rights	97,093	2.32	225,256
5-Mar-19	Share placement	12,000,000	1.25	15,000,000
5-Mar-19	Entitlement Offer (Institutional Component)	5,977,188	1.25	7,471,485
27-Mar-19	Entitlement Offer (Retail Component)	6,727,216	1.25	8,409,020
30-Jun-19	**Balance**	**253,301,037**		**432,811,444**
30-Sep-19	Accelerated Entitlement Offer	17,703,183	0.82	14,516,610
30-Sep-19	Share placement	30,527,680	0.82	25,032,698
18-Oct-19	Retail Entitlement Offer	3,778,921	0.82	3,098,715
18-Oct-19	Retail Entitlement Offer	20,739,140	0.82	17,006,095
1-Nov-19	Share placement	39,816,455	0.82	32,649,493
30-Jun-20	**Balance**	**365,866,416**		**525,115,055**

(C) ORDINARY SHARES

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Group in proportion to the number of, and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share, is entitled to one vote.

Ordinary shares have no par value and the Group does not have a limited amount of authorised capital.

(D) DIVIDEND REINVESTMENT PLAN

The Group does not have a dividend reinvestment plan in place.

(E) CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In future, the Directors may pursue other funding options such as other debt, sale and leaseback of assets, additional equity and various other funding mechanisms as appropriate in order to undertake its projects and deliver optimum shareholders' return. The Group intends to maintain a gearing ratio appropriate for a company of its size and stage of development.

	30 June 2020 $'000	30 June 2019 $'000
Total borrowings (as per Note 17)	58,368	89,154
Less: cash and cash equivalents	(17,090)	(18,898)
Net debt / (surplus cash)	41,278	70,256
Total equity	394,799	346,158
Gearing ratio	10.5%	20.3%

The Group manages its capital structure by reviewing its gearing ratio to ensure it maintains an appropriate level of gearing. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total interest bearing financial liabilities and derivative financial instruments, less cash and cash equivalents. Total capital is calculated as equity, as shown in the Consolidated Statement of Financial Position. Excluding lease liabilities & net borrowing transaction costs, the gearing ratio was 8.4% as at 30 June 2020 (FY19: 16.9%).

22 Reserves

	30 June 2020 $'000	30 June 2019 $'000
Cash flow hedge reserve(1)	532	532
Share based payments	873	865
Foreign currency translation reserve(2)	6,368	4,869
Total reserves	**7,773**	**6,266**

(1) The cash flow hedge reserve represents the cumulative effective portion of gains or losses arising from changes in fair value of hedging instruments entered into as cash flow hedges. The cumulative gain or loss arising from changes in fair value of the hedging instruments that are recognised and accumulated in the cash flow hedge reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss, or is included in the carrying value of a fixed asset where the purpose of the hedge was to minimise the exposure on a contractual commitment to acquire or construct a fixed asset.

(2) The assets and liabilities of foreign operations are translated into the presentation currency (Australian dollars) using the exchange rates as at the reporting date. The revenues and expenses of the foreign operations are translated into the presentation currency using average exchange rates, which approximate the rate at the date of the transaction. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency translation reserve.

23 Accumulated losses

	30 June 2020 $'000	30 June 2019 $'000
Opening balance	(83,064)	(11,007)
Loss for the year	(41,088)	(72,057)
Dividends paid	-	-
Total accumulated losses	**(124,152)**	**(83,064)**

24 Dividends

No dividends were paid or declared in FY20 (FY19: Nil).

25 Key management personnel disclosures

(A) KEY MANAGEMENT PERSONNEL COMPENSATION

	30 June 2020 $	30 June 2019 $
Short term employee benefits	1,729,619	2,746,970
Post employment benefits	236,971	428,156
Other Long-term employee benefits	-	-
Share based payments	21,327	26,798
Total key management personnel compensation	**1,987,917**	**3,201,924**

Detailed remuneration disclosures are provided in the Remuneration Report.

(B) SHARE BASED PAYMENTS

During the year, Key Management Personnel and other employees of the Group participated in long-term incentive schemes. Total expense arising from share based payment transactions in the year to 30 June 2020 was $8,407 (FY19: $112,395).

There were no cancellations or modifications to the awards during the year.

(C) OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

There were no other transactions with Key Management Personnel during the year not otherwise disclosed in the report in Note 28.

26 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

(A) DELOITTE TOUCHE TOHMATSU

	30 June 2020 $	30 June 2019 $
Deloitte and related network firms*		
Audit or review of financial reports:		
- Group	424,969	444,938
- Subsidiaries	49,234	35,554
Other assurance and agreed-upon procedures under other legislation or contractual arrangements	17,779	17,173
Other services:		
- Tax services	-	24,136
Total remuneration of Deloitte Touche Tohmatsu	**491,982**	**521,801**

The Group may decide to employ the auditor (Deloitte) on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important. Details of the amounts paid or payable to the auditor for audit and non-audit services provided during the year are set out above.

The Board of Directors has considered the position and, in accordance with advice received from the Audit Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditor, as set out above, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor;
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

(B) NON-DELOITTE AUDIT FIRMS

Superloop Limited did not engage with any other non-Deloitte audit firms.

27 Commitments and contingencies

(A) CAPITAL COMMITMENTS

Capital expenditure contracted for at the end of each reporting year but not recognised as liabilities is as follows:

	30 June 2020 $'000	30 June 2019 $'000
Property, plant and equipment	729	6,002
Total capital commitments	**729**	**6,002**

Capital commitments relate to contractual commitments associated with network expansion.

(B) CONTINGENT ASSETS

The Group did not have any contingent assets during the year or as at the date of this report.

(C) CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities during the year or as at the date of this report.

28 Related party transactions

The following is a summary of the transactions with related parties.

Shared services agreement with Capital B
The Group has entered into a shared services agreement with Capital B Pty Ltd (Capital B), a company controlled by the Chairman of Superloop. Under the agreement, Capital B and Superloop provides certain services to/from the Group (e.g. administrative and information technology services) on an as needed basis and provided on arm's length terms. Either party may terminate the agreement for convenience on 60 days' written notice. For FY20, the total amount net payable in relation to the shared services agreement was $4,500 (2019: $1,884,000).

Customer agreement with Megaport
Superloop has entered into customer agreements for the provision of connectivity services with Megaport Limited and its operating subsidiaries (Megaport). The Chairman of Superloop is also the Chairman and significant shareholder of Megaport. The agreements are on the same terms as other agreements between Superloop and unrelated customers and the fees are at competitive market rates. During FY20, net fees earned from Megaport totalled $516,200 (2019: $380,609).

Customer agreement with Rising Sun Pictures
Superloop has entered into a customer agreement for the provision of connectivity services to Rising Sun Pictures. Non-Executive Director, Mr Tony Clark, is Managing Director of Rising Sun Pictures and has significant influence over the business. The agreement is on an arm's length basis. During FY20, fees earned from Rising Sun Pictures totalled $66,800 (2019: $56,600).

Consulting services provided to APX Partners Pty Ltd
The Chairman of the Superloop is also the founder and a shareholder of APX Partners Pty Ltd. APX Partners Pty Ltd are a party to the Joint Build Agreement with SubPartners Pty Ltd and other counterparties for the construction of the INDIGO West and INDIGO Central submarine cable systems (completed in May 2019). In addition to the above, the Group provides adhoc consulting services to APX Partners Pty Ltd. During FY20, fees earned from APX Partners Pty Ltd totalled $1.0 million (2019: Nil).

Long-term capacity agreement with Fiber Sense Pty Ltd
Superloop entered into a customer agreement in June 2018 with a former associate entity for the provision of long-term capacity. The agreement is on the same terms as other agreements between Superloop and unrelated customers and the fees in each service order form are at competitive market rates, deferred revenue release with respect to this agreement in FY20 totalled $413,600 (FY19: $395,400). Superloop sold its minority interest in the associate in June 2019, in part to the Chairman of Superloop. Remaining shareholders of the associate are unrelated parties. Refer to Note 12.

Supplier agreement with Cloudscene
Superloop has entered into a supplier agreement for the provision of marketing data services from Cloudscene. The Chairman of Superloop is the founder of Cloudscene and has significant influence over the business. The agreement is on an arm's length basis. During FY20, payments made to Cloudscene totalled $7,300 (2019: Nil).

PROVISION OF SERVICES TO / FROM RELATED PARTIES

	30 June 2020 $	30 June 2019 $
SALES OF GOODS / SERVICES		
Revenue earned from related parties	2,176,071	2,518,743
Proceeds from sale of investment in associate	-	9,797,307
AMOUNTS PAID TO RELATED PARTIES		
Provision of services to Superloop	191,187	408,817
BALANCE OUTSTANDING AT THE END OF THE YEAR		
Receivables	1,102,346	37,528
Trade and other payables	-	42,759

29 Reconciliation of loss after income tax to net cash flow from operating activities

	30 June 2020 $'000	30 June 2019 $'000
Profit / (loss) for the year after income tax	**(41,088)**	**(72,057)**
Adjustments for:		
Depreciation and amortisation	46,631	36,513
Impairment	-	50,683
Other adjustments	(9)	(257)
Interest expense	4,407	5,054
Gain on sale of assets	(16)	(789)
Change in operating assets and liabilities		
(Increase) / decrease in trade debtors	12,110	(15,952)
(Increase) / decrease in prepayments and other receivables	799	(927)
(Decrease) / increase in trade creditors and other payables	(9,545)	2,979
(Decrease) / increase in deferred revenue	(3,362)	13,778
(Decrease) / increase in provisions	(987)	(574)
(Decrease) / increase in tax related balances	3,950	(13,158)
Net cash from operating activities	**12,890**	**5,293**

30 Non-cash transactions

During the year, the Group entered into a number of intangible IRU non-cash investing activities which are not reflected in the consolidated statement of cash flows. FY20: 8.0 million (FY19: (Nil)).

31 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk. The Group'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 Group.

In terms of fair value measurement, the carrying value of the Group's financial assets are set out in Note 9 "Cash and cash equivalents" and Note 10 "Trade and other receivables". For all financial assets held at amortised cost the carrying values approximate fair value. The carrying value of the Group's financial liabilities are set out in Notes 16 "Trade and other payables" and Note 17 "Interest-bearing loans and borrowings". For the Trade and other payables the carrying values approximate fair value.

The Group holds the following financial instruments measured at fair value:

	Level 1 - Quoted prices in active markets $'000	Level 2 - Significant observable inputs $'000	Level 3 - Significant unobservable inputs $'000	Total
30 June 2020				
Financial assets measured at fair value				
Derivative financial assets	-	-	-	-
Total financial assets	**-**	**-**	**-**	**-**
Financial liabilities measured at fair value				
Deferred consideration	-	-	500	500
Derivative financial liabilities	-	-	-	-
Total financial liabilities	**-**	**-**	**500**	**500**
30 June 2019				
Financial assets measured at fair value				
Derivative financial assets	-	39	-	39
Total financial assets	**-**	**39**	**-**	**39**
Financial liabilities measured at fair value				
Deferred consideration	-	-	2,940	2,940
Derivative financial liabilities	-	74	-	74
Total financial liabilities	**-**	**74**	**2,940**	**3,014**

(A) MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange risk, price risk and interest rate risk.

(i) Foreign exchange risk

Superloop is exposed to exchange rate movements, in particular movements in the A$/US$ rate, A$/SG$, A$/HK$ and SG$/US$. Because a proportion of Superloop's payments for inventory and construction work are made or are expected to be made in foreign currency, primarily US dollars, movements in exchange rates impact on the amount paid for assets, inventory and construction work. Also, because a proportion of Superloop's revenues and profits are earned in Singapore and Hong Kong, movements in exchange rates impact on the translation of account balances in Superloop's Singapore and Hong Kong operations. Therefore, movements in exchange rates, particularly the A$/US$ rate, the A$/SG$, A$/HK$ and the SG$/US$ rate, may have an impact on Superloop's financial position and performance.

The Group has reduced the potential impact of exchange rate movements in contracted foreign currency obligations through the use of derivative foreign exchange contracts, none of which were open as at 30 June 2020.

The Group also has a multi-currency debt facility (refer (C)), which allows the Group to draw funds in a range of different currencies, providing the Group with another method to manage the potential adverse impacts of changes in exchange rate movements.

(ii) Price risk

The Group is not exposed to any equity securities price risk or commodity price risk.

(iii) Cash flow and fair value interest rate risk
Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates.

The Group's main interest rate risk arises from its cash at bank, term deposits (refer Note 9), and the Group's interest-bearing liabilities. The Group mitigates potential exposure to a movement in interest rates via the use of a derivative interest rate swap when required. The interest rate swap has the economic effect of converting borrowings from floating rates to fixed rates.

(iv) Sensitivity
At 30 June 2020, if interest rates had increased by 100 basis points or decreased by 100 basis points from the year end rates, and the cash balances remain constant for the year along with all other variables, profit before tax for the year would be impacted $495k higher / lower.

(B) CREDIT RISK

Credit risk arises from cash and cash equivalents, trade receivables, other receivables and loans receivable.

(i) Cash and cash equivalents
Deposits are placed with Australian banks.
The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Cash at bank and short term deposits

	30 June 2020 $'000	30 June 2019 $'000
AA rated	17,090	18,898
A+ rated	-	-
BBB+ rated	-	-
TOTAL	**17,090**	**18,898**

In determining the credit quality of the financial assets, Superloop has used the long term rating from Standard & Poor's.

(ii) Trade receivables
Customer credit risk is managed by performing a credit assessment of customers. The Group's standard payment terms are 30 days, but the Group may agree to longer payment terms. The Group does not require collateral in respect of financial assets. Outstanding customer receivables are monitored regularly.

The Group aims to minimise concentration of credit risk by undertaking transactions with a large number of customers. In addition, receivable balances are monitored on an ongoing basis with the intention that the Group's exposure to bad debts is minimised. As at 30 June 2020, the Group had $14.2 million customer trade receivables (refer Note 10).

(C) LIQUIDITY RISK

Superloop's business is capital intensive in nature, and the continued growth of the Company relies on the acquisition and development of new telecommunications infrastructure and ongoing maintenance of existing telecommunications infrastructure. Superloop requires sufficient access to debt and equity capital to fund this expenditure.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Failure to obtain capital on favourable terms may hinder Superloop's ability to expand and pursue growth opportunities, which may reduce competitiveness and have an adverse effect on the financial performance, position and growth prospects of the Company.

The Group believes the amended senior debt facility and equity raise completed September 2019, together with cash flows from operations, provides sufficient capital to fund its expected working capital requirements for at least the next 12 months.

Contractual maturities of financial liabilities	Within 12 months $'000	Between 1 and 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000	Carrying Amount $'000
30 June 2020					
Trade payables	17,581	-	-	17,581	17,581
Interest-bearing borrowings	5,889	52,479	-	58,368	58,368
Total non-derivatives	**23,470**	**52,479**	**-**	**75,949**	**75,949**
30 June 2019					
Trade payables	50,329	-	-	50,329	50,329
Interest-bearing borrowings	2,462	86,692	-	89,154	89,154
Total non-derivatives	**52,791**	**86,692**	**-**	**139,483**	**139,483**

32 Earnings per share

(A) EARNINGS PER SHARE

	30 June 2020 Cents	30 June 2019 Cents
Total basic earnings per share attributable to the ordinary equity holders of the Group	(12.33)	(30.52)

(B) DILUTED EARNINGS PER SHARE

	30 June 2020 Cents	30 June 2019 Cents
Total diluted earnings per share attributable to the ordinary equity holders of the Group	(12.33)	(30.52)

(C) RECONCILIATIONS OF EARNINGS USED IN CALCULATING EARNINGS PER SHARE

	30 June 2020 $'000	30 June 2019 $'000
Basic Earnings Per Share		
Profit attributable to the ordinary equity holders of the Group used in calculating basic losses per share	(41,088)	(72,057)
Diluted Earnings Per Share		
Profit from continuing operations attributable to the ordinary equity holders of the Group	(41,088)	(72,057)

(D) WEIGHTED AVERAGE NUMBER OF SHARES USED AS THE DENOMINATOR

	30 June 2020 Number of Shares	30 June 2019 Number of Shares
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	333,191,823	236,107,785
Effects of dilution from:		
Performance rights	-	-
Share options	-	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	333,191,823	236,107,785

Performance rights and Share Options granted to employees under the Performance Rights and Options Plan are considered to be potential ordinary shares. These have not been included in the calculation of diluted earnings per share because potential ordinary shares that would reduce a loss per share are not considered to be dilutive.

33 Subsidiaries

	Country of Incorporation	Class of Shares	30 June 2020 %	30 June 2019 %
Superloop (Australia) Pty Ltd[1]	Australia	Ordinary	100%	100%
Superloop (Singapore) Pte Ltd	Singapore	Ordinary	100%	100%
Superloop (Hong Kong) Limited	Hong Kong	Ordinary	100%	100%
Superloop (Japan) K.K.	Japan	Ordinary	100%	100%
APEXN Pty Ltd[1]	Australia	Ordinary	100%	100%
CINENET Systems Pty Ltd[1]	Australia	Ordinary	100%	100%
ACN 614 507 247 Pty Ltd[1]	Australia	Ordinary	100%	100%
BigAir Group Pty Ltd[1]	Australia	Ordinary	100%	100%
Clever Communications Pty Ltd[1]	Australia	Ordinary	100%	100%
Clever Communications Operations Pty Ltd[1]	Australia	Ordinary	100%	100%
Saise Pty Ltd[1]	Australia	Ordinary	100%	100%
Access Providers Group Pty Ltd[1]	Australia	Ordinary	100%	100%
Activ Australia Pty Ltd[1]	Australia	Ordinary	100%	100%
BigAir Universe Broadband Pty Ltd[1]	Australia	Ordinary	100%	100%
BigAir Community Broadband Pty Ltd[1]	Australia	Ordinary	100%	100%
Allegro Networks Pty Ltd[1]	Australia	Ordinary	100%	100%
Radiocorp Pty Ltd[1]	Australia	Ordinary	100%	100%
Link Innovations Pty Ltd[1]	Australia	Ordinary	100%	100%

	Country of Incorporation	Class of Shares	30 June 2020 %	30 June 2019 %
Intelligent IP Communications Pty Ltd[1]	Australia	Ordinary	100%	100%
BigAir Cloud Managed Services Pty Ltd[1]	Australia	Ordinary	100%	100%
Unistar Enterprises Pty Ltd[1]	Australia	Ordinary	100%	100%
Oriel Technologies Pty Ltd[1]	Australia	Ordinary	100%	100%
Integrated Data Labs Pty Ltd[1]	Australia	Ordinary	100%	100%
Applaud IT Pty Ltd[1]	Australia	Ordinary	100%	100%
Everywhere Internet Holdings Pty Ltd[1]	Australia	Ordinary	100%	100%
Everywhere Internet Systems Pty Ltd(1)	Australia	Ordinary	100%	100%
CyberHound Pty Ltd[1]	Australia	Ordinary	100%	100%
SubPartners Pty Ltd[1]	Australia	Ordinary	100%	100%
SubPartners Pte Ltd	Singapore	Ordinary	100%	100%
APX West Limited	Bermuda	Ordinary	100%	100%
SuperBB Pty Ltd[1]	Australia	Ordinary	100%	100%
RA WiFi Pty Ltd[1]	Australia	Ordinary	100%	100%
Nuskope[1]	Australia	Ordinary	100%	100%
GX2 Holdings Pty Ltd[1]	Australia	Ordinary	100%	100%
GX2 Technology Pty Ltd[1]	Australia	Ordinary	100%	100%
My Gossip Pty Ltd[1]	Australia	Ordinary	100%	100%
GX2 Communications Pty Ltd[1]	Australia	Ordinary	100%	100%
GX2 Technology Ltd	United Kingdom	Ordinary	100%	100%
Global Gossip LLC	USA	Ordinary	100%	100%
GX2 Technology Pte Ltd	Fiji	Ordinary	100%	100%
GX2 Technology Limited	New Zealand	Ordinary	100%	100%
Superloop (Operations) Pty Ltd[1]	Australia	Ordinary	100%	100%
Superloop (Services) Pty Ltd[1]	Australia	Ordinary	100%	100%
Superloop (Software) Pty Ltd[1]	Australia	Ordinary	100%	100%

(1) These wholly-owned subsidiaries are members of the Australian tax-consolidated group.

34 Events occurring after the reporting period

There are no matters or circumstances that occurred subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

35 Parent entity financial information

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements, except as set out below. Refer to Note 1 for a summary of the significant accounting policies relating to the Group.

	30 June 2020 $'000	30 June 2019 $'000
ASSETS		
Current assets	11,475	1,993
Non-current assets	537,127	502,922
TOTAL ASSETS	**548,602**	**504,915**
LIABILITIES		
Current liabilities	998	4,710
Non-current liabilities	58,432	90,592
TOTAL LIABILITIES	**59,430**	**95,302**
EQUITY		
Contributed equity	514,505	426,283
Dividends paid	(1,050)	(1,050)
Reserves	1,402	1,393
Accumulated losses	(25,685)	(17,013)
TOTAL EQUITY	**489,172**	**409,613**
Profit / (loss) for the year	(8,672)	(8,015)
Total comprehensive profit / (loss) for the period	(8,663)	(7,671)

(A) GUARANTEES ENTERED INTO BY THE PARENT ENTITY IN RELATION TO THE DEBTS OF ITS SUBSIDIARIES
As at 30 June 2020, Superloop Limited did not have any parent entity guarantees.

(B) CONTINGENT LIABILITIES OF SUPERLOOP LIMITED (PARENT ENTITY)
As a 30 June 2020, Superloop Limited did not have any contingent liabilities.

Directors' Declaration

In the directors' opinion:

a. the financial statements and notes set out on pages 26 to 68 are in accordance with the *Corporations Act 2001,* including:

   i. complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

   ii. giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the year ended on that date, and

At the date of this declaration, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable. Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board. The directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by 295A of the *Corporations Act 2001.*

This declaration is made in accordance with a resolution of the directors as per section 295(5) of the Corporations Act 2001.

Alexander (Drew) Kelton
Chief Executive Officer and Director

24 August 2020

Deloitte Touche Tohmatsu
ABN 74 490 121 060
Level 23, Riverside Centre
123 Eagle Street
Brisbane, QLD, 4000
Australia

Phone: +61 7 3308 7000
www.deloitte.com.au

Independent Auditor's Report to the Members of Superloop Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Superloop Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

(i) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the 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 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 & 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.

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

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

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 for 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.

Deloitte.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Carrying Value of Goodwill Assets As at the 30 June 2020 the Group's goodwill balance totals $135.1 million as disclosed in Note 14. The assessment of the recoverable amount of the goodwill and other intangible assets allocated to the cash generating units ("CGUs") or groups of CGUs requires management to exercise significant judgement including: ▪ the determination of and the allocation of goodwill to the CGUs or groups of CGUs; and ▪ the determination of the following key assumptions used in the calculation of the recoverable amount of each of the CGUs or groups of CGUs: - the cash flow forecasts; - terminal growth rates; and - discount rates.	In conjunction with our valuation specialists our procedures included, but were not limited to: ▪ obtaining an understanding of the process that management undertook to determine the CGUs or groups of CGUs and prepare the valuation models; ▪ evaluating the Group's identified CGUs and groups of CGUs and the allocation of goodwill to the carrying value of the CGUs and groups of CGUs based on our understanding of the Group's business. This evaluation included performing an analysis of the Group's internal reporting; ▪ assessing and challenging: - the cash flow forecasts by agreeing inputs in the cash flow models to relevant data including approved budgets and assessing forecasting accuracy by comparing historic forecasts to actual outcomes; - the market and terminal growth rates against relevant historical and industry data; and - the discount rates applied, by comparing the rates used to the discount rates calculated by our valuation specialists. ▪ performing sensitivity analysis on key assumptions; ▪ testing the mathematical accuracy of the valuation models; and ▪ assessing the appropriateness of the disclosures in Notes 3 and 14 to the financial statements.
Revenue recognition – appropriateness of revenue recorded from complex contracts As disclosed in Note 3, the allocation of the transaction price between performance obligations and the timing of revenue recognition associated with some of the Group's complex contracts involves the application of judgement due to the complexity and bespoke nature of the arrangements entered into with customers.	In conjunction with our financial reporting specialists, our procedures included, but were not limited to: • reviewing the underlying agreements to understand the substance of the transactions and specific nature of the service being provided; • assessing the appropriate application of the relevant accounting standards; • assessing the allocation of the transaction price between the performance obligations and the timing of revenue for each performance obligation; • agreeing the amounts recorded in the financial records to supporting documentation; and • assessing the appropriateness of the disclosures included in Note 3 to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, which we obtained prior to the date of this auditor's report, and also includes the following information which will be included in the Group's annual report (but does not include the financial report and our auditor's report thereon): Chairman Report, CEO Report, Business Overview and ASX Additional Information, which is expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, 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. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Chairman Report, CEO Report, Business Overview and ASX Additional Information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action.

Responsibilities of the Directors 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 ability of the Group 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 Group 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the 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 the 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and 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 Group'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 Group 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's 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 on the Remuneration Report

We have audited the Remuneration Report included in pages 14 to 24 of the Directors' Report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Superloop Limited, for the year ended 30 June 2020, 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.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Tendai Mkwananzi
Partner
Chartered Accountants
Brisbane, 24 August 2020