

27 January 2022

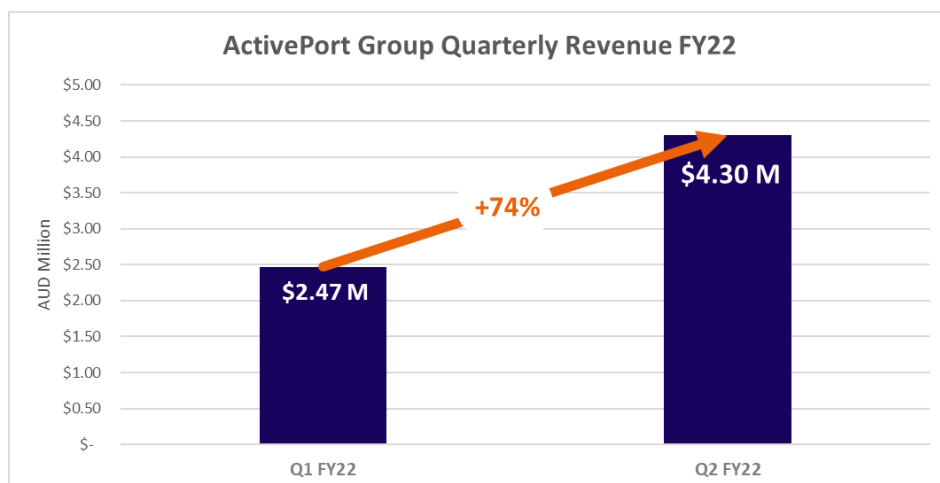
Quarterly Activities Report for the quarter ended 31 December 2021

ActivePort Group Ltd (“ActivePort” or “the Company”), (ASX:ATV) is pleased to report strong revenue growth for the second quarter of FY22 and rapid progress in deployment of software to its channel partners, globally.

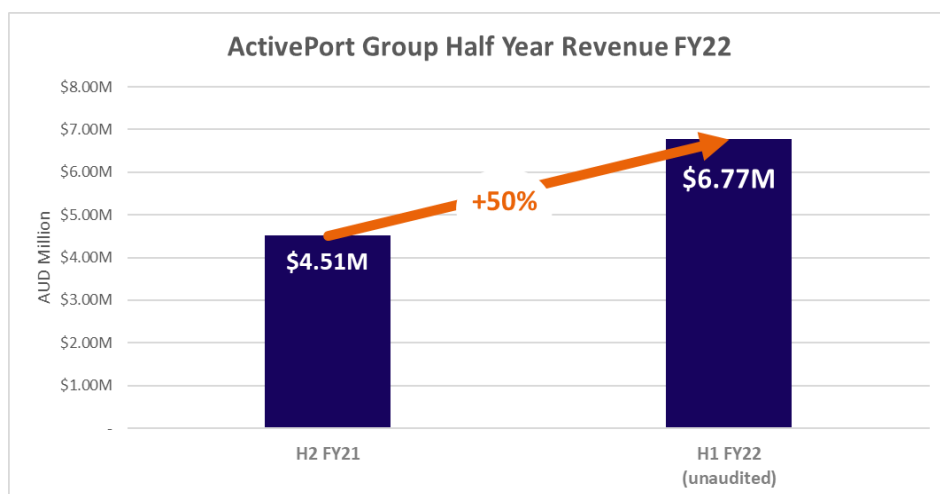
Highlights:

- Strong revenue growth from managed services and software licenses
- Deploying ActivePort software to 20 local channel partners in APAC
- Deploying ActivePort to 10 global telecommunications companies world-wide
- Progressing software sales agreements with customers in 11 countries

In Australia, ActivePort’s technology managed services business delivered \$4.3M of revenue, up 74% on Q1 and making a positive contribution to the Group’s cash position.



Half-year revenue is up 50% on the previous period.



The revenues shown in the charts above are proforma and assume the consolidated group was in place during those periods. The effective date of consolidation was 27 September 2021.



Commentary

ActivePort's strategy is to sell its network orchestration software globally via channel partners that are telecommunications companies and network service providers. Once our software is deployed and live, each partner pays a monthly minimum subscription plus additional fees for each service (port) they deploy to their end-user customers. 20 network service providers and 10 major telecommunications carriers are now promoting ActivePort's software to their customers across 11 countries and license revenue expected to build through the second half of FY22.

Karim Nejaim, ActivePort CEO, commented:

"Our first task was to contract our partners then work with them to promote our software to their customers. We've been extremely successful at signing on partners globally and now we're working to close sales via our new partners to deliver license revenue to ActivePort. With the amount of sales activity currently underway and the deals we are close to concluding, I expect software license revenue growth to accelerate throughout the second half."

Telecommunications Company Roll-Out

Under the Radian Arc referral agreement¹, ActivePort has delivered software to 10 major telecommunications companies in the countries listed below. Once live, ActivePort will receive a license and support fee per instance deployed from Radian Arc and additional fees for SD-WAN network ports deployed to the telco carriers' customers. In addition to this list, there are an additional 17 telecommunications companies in 13 countries completing negotiations with Radian Arc to receive ActivePort technology.

Telecommunications carrier installation location	Software deployment status ("Activating" is the last installation phase before fully operational)
USA (Miami)	Activating
Netherlands	Activating
Indonesia	Deployed
Malaysia	Deployed
Brazil (Rio de Janeiro)	Deployed
Brazil (Sao Paulo)	Deployed
Vietnam	Deployed
Macau	Shipped
Singapore	Shipped
Bahrain	Planning
Cambodia	Planning
Thailand	Planning

¹ - section 11.3 of the ActivePort Prospectus dated 13 August 2021

Global Technical Services

In each region where ActivePort is deploying to a major telco, ActivePort is appointing network service providers as partners to assist in pre-sales engineering, field deployment and technical support. During the quarter, ActivePort has successfully appointed partners with capacity to cover Australia, South-East Asia, Africa, India and the Middle East.

Research & Development

The R&D team signed off on a number of new products and features that will be officially released to the market in the second half, following completion of field trials that are currently underway.

Highlights include:

- ActivePortal 6.5 was released and includes features for private cloud orchestration including support for AMD's cloud graphics processing units (GPUs) and EPYC CPUs;
- Interfaces (APIs) for Australian telecommunications wholesalers that enable their customers to automatically provision last-mile network links in Australia;
- An edge router operating system with embedded SD-WAN and network function virtualisation (NFV) including certification of 9 major firewall products that customers can choose from to secure their networks.
- A virtual edge solution specifically engineered to suit customers such as banks and utilities that require higher levels of security than typical SD-WAN networks.

Software Sales

The sales team has completed a number of deals that once implemented will see an immediate up-tick in software license revenue. The team is also engaged in a number of large enterprise projects in Australia, India, Dubai, Malaysia and Africa that whilst competitive bids, should result in some significant contract wins in the second half.

The sales process is to (a) engage partners (b) deploy ActivePort technology (c) contract customers (d) deploy and invoice for software. Having successfully engaged partners and deployed technology, the sales team is now focussed on contracting customers to generate additional license revenue in the second half.

IPO Use of funds reconciliation

Pursuant to Listing Rule 4.7C2, the Company confirms that during the period since listing on the ASX on 18 October 2021, its expenditure incurred is in line with the Use of Funds as set out in its Prospectus, with a summary as shown in the table below:

Use of Funds under Prospectus ¹	Funds allocated under the Prospectus	Funds expended to 31 December 2021
Business growth and acquisitions	1,700,000	881,000
Global sales development	4,200,000	1,229,000
Product engineering and tech support	2,400,000	1,250,000
Capital raising and listing costs	870,000	837,000
Administration and other corporate costs	375,000	249,000
Working capital	2,595,000	427,000
	12,140,000	4,873,000

Note 1 – refer to the ActivePort Prospectus dated 13 August 2021 for full details.



Expenditure is aligned with the Prospectus and driven by development of the business both nationally and internationally and is in line with the ActivePort Group strategy.

In this use of funds, approximately \$2m was one-off costs driven by Capital Raise and Listing, outstanding administrative and legal payments and payments to staff and suppliers. Current projects will see monthly expenditure stabilise at \$1.5m to \$1.8m per quarter.

In accordance with Listing Rule 4.7C, payments made to related parties and their associates included in item 6.1 of the Appendix 4C comprise Director fees, salary and superannuation for the Director / CEO, the executive Chairman and executive and non-executive Directors, consistent with disclosures in the Prospectus.

Corporate

Initial Public Offering

The Initial Public Offering (IPO) of the Company was successfully completed on 27 September 2021, raising \$12m via the issue of 60m fully paid shares at \$0.20 per share.

About ActivePort Group Ltd

ActivePort Group Ltd is an Australian software company that engineers, delivers and supports a network and cloud orchestration product. ActivePort software lets customers manage all their cloud hosting and networking technology end-to-end, from one single screen. Using ActivePort's unique software, customers can create network connections, deliver cloud services, and manage their data at a local, national or global scale. The result is simplicity, agility, speed, and lower costs. ActivePort also delivers information technology managed services to enterprise customers.

For more information, please visit www.activeport.com.au

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This announcement has been authorised for release by the Board of ActivePort Group Ltd.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

ACTIVEPORT GROUP LTD

ABN

24 636 569 634

Quarter ended ("current quarter")

31 DECEMBER 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	2,715	3,075
1.2 Payments for		
(a) research and development	(590)	(923)
(b) product manufacturing and operating costs	(2,124)	(2,511)
(c) advertising and marketing	(66)	(78)
(d) leased assets	(8)	(15)
(e) staff costs	(2,317)	(2,787)
(f) administration and corporate costs	(1,379)	(1,574)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(3,769)	(4,813)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(4)	(4)
(d) investments	-	-
(e) intellectual property	-	-

Quarterly cash flow report for entities subject to Listing Rule 4.7B

	(f) other non-current assets	-	(4)
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	221	221
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	9	9
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material) ¹	-	759
2.6	Net cash from / (used in) investing activities	226	981

¹ – Cash acquired on acquisition of Vizstone Pty Ltd and Starboard Pty Ltd subsidiaries

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	12,000
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(792)	(798)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(149)	(149)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material) ¹	-	-
3.10	Net cash from / (used in) financing activities	(941)	11,053

Quarterly cash flow report for entities subject to Listing Rule 4.7B

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	12,695	986
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,769)	(4,813)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	226	981
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(941)	11,053
4.5	Effect of movement in exchange rates on cash held	(3)	1
4.6	Cash and cash equivalents at end of period	8,208	8,208

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	8,208	12,695
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	8,208	12,695

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	400
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

Note: The amount at 6.1 includes Director fees, salary and superannuation for the CEO, non-executive Chairman and non-executive Directors, consistent with disclosures in the Prospectus.

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities		
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 Total financing facilities		
7.5 Unused financing facilities available at quarter end		
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(3,769)
8.2 Cash and cash equivalents at quarter end (item 4.6)	8,208
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	8,208
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	2.2
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer:	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer:	

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

9. Additional Disclosure

Classes A to F Performance Rights

On 13 August 2021, ActivePort Group Ltd (“ATV” or “Company”) issued 7,118,220 Class A Performance Rights, 2,372,740 Class B Performance Rights, 2,372,740 Class C Performance Rights, 7,118,220 Class D Performance Rights, 2,372,740 Class E Performance Rights and 2,372,740 Class F Performance Rights (together “Performance Rights”). All Class A, B and C Performance Rights expire on 31 October 2022 and all Class D, E and F Performance Rights expire on 31 October 2023. On vesting, each Performance Right converts into one ordinary share in the Company.

The Performance Rights shall vest, subject to the Vesting Calculation, when the following vesting conditions have been achieved:

- **Class A Performance Rights:** the Company achieving a Total Pro-forma Revenue during the financial year ending on 30 June 2022 of at least 135% of the total ActivePort consolidated revenue for the previous financial year (**FY22 Deadline**);
- **Class B Performance Rights:** the vesting condition for some or all of the Class A Performance Rights is achieved and the value of the ActivePort contracted recurring consolidated revenue is at least 30% of the value of the Total Pro-forma Revenue counted towards the Class A Performance Rights Vesting Condition;
- **Class C Performance Rights:** the vesting condition for some or all of the Class A Performance Rights is achieved and at least 25% of the Class B contracted recurring revenue is derived directly from use of ActivePort software;
- **Class D Performance Rights:** the Company achieving a Total Pro-forma Revenue during the financial year ending on 30 June 2023 of at least 135% of the total ActivePort consolidated revenue for the financial year ending on 30 June 2022 (**FY23 Deadline**);
- **Class E Performance Rights:** the vesting condition for some or all of the Class D Performance Rights is achieved and the value of the ActivePort contracted recurring consolidated revenue is at least 50% of the value of the Total Pro-forma Revenue counted towards the Class D Performance Rights Vesting Condition; and
- **Class F Performance Rights:** the vesting condition for some or all of the Class D Performance Rights is achieved and at least 30% of the Class E contracted recurring revenue is derived directly from use of ActivePort software,

(each a **Vesting Condition**).

Where the Total Pro-forma Revenue achieved by the FY22 and FY23 Deadlines as a percentage of the respective comparison revenue target is:

- less than 135% of the previous financial year's total reported revenue - no Performance Rights will vest; or
- 135% or more of the previous financial year's total reported revenue, then such proportion (limited to a maximum of 100%) of the Class A and Class D Performance Rights will vest pro-rata to the amount by which the Total Pro-forma Revenue achieved exceeds 135% of the total ActivePort consolidated revenue for the previous financial year, as a percentage of 135% of the total ActivePort consolidated revenue for the previous financial year. For the purposes of the calculation pursuant to this paragraph; the Total Pro-forma Revenue applied to the Class A Performance Rights' Vesting Condition and vesting conditions that are dependent of the Class A vesting condition, is limited to a maximum of \$30,000,000; the Total Pro-forma Revenue applied to the Class D Performance Rights Vesting Condition and vesting conditions that are dependent of the Class D vesting condition, is limited to a maximum of \$75,000,000 (**Vesting Calculation**).

No Performance Rights have been converted or cancelled during the period of this report. No milestones pertaining to the Performance Rights were met during the period of this report.

9. Additional Disclosure (continued)

Deferred Consideration Shares

The consideration for the acquisitions of Starboard IT Pty Ltd ("**Starboard**") and Vizstone Pty Ltd ("**Vizstone**") included various tranches of ordinary shares in ActivePort Group Ltd to be issued based on the financial performance in financial years ended 30 June 2021, 2022 and 2023 ("FY21, FY22 and FY23") of each company ("**Deferred Consideration Shares**"). No Deferred Consideration Shares were issued based on the financial performance of the Acquisitions for FY21.

Deferred Consideration Shares for the Starboard acquisition

The consideration payable by the Company for the Starboard Acquisition includes the following Deferred Consideration Shares comprising fully paid ordinary shares of the Company at a deemed issue price of \$0.20 per share as follows:

- The number of ActivePort shares, with a deemed issue price of \$0.20, equivalent to 1x revenue valuation for any revenue invoiced in FY21 by Starboard which exceeds \$3,500,000 – **Starboard Tranche 1 Consideration**
- The number of ActivePort shares calculated using the formula below, with the numerator capped at \$5,000,000 – **Starboard Tranche 2 Consideration**

$$\frac{(\text{Starboard's FY22 revenue} - (\text{Starboard's FY21 revenue} \times 1.1)) \times 1}{\text{The higher of 80\% of ActivePort's 3 month VWAP (April to June 2022) and \$0.08}}$$

- On achievement of at least \$14,000,000 of reported revenue for FY23, the number of ActivePort shares calculated as \$2,000,000 divided by the higher of:
 - 80% of the Company's 3-month VWAP (April to June 2023); and
 - \$0.08 – **Starboard Tranche 3 Consideration**, (together "**the Starboard Consideration**")

The Company may, in its sole discretion, opt to satisfy a percentage, up to 100%, of the Tranche 1, 2, and/or 3 Consideration in cash.

No Deferred Consideration Shares for the Starboard acquisition have been issued, converted or cancelled during the period of this report. No milestones pertaining to Deferred Consideration Shares were met during the period of this report.

9. Additional Disclosure (continued)**Deferred Consideration Shares (continued)****Deferred Consideration Shares for the Vizstone acquisition**

The consideration payable by the Company for the Vizstone Acquisition includes the following Deferred Consideration Shares comprising fully paid ordinary shares of the Company at a deemed issue price of \$0.20 per share as follows:

- The number of ActivePort shares calculated using the formula below, with the numerator capped at \$5,000,000 – **Vizstone Tranche 1 Consideration**:

$$\frac{(\text{Vizstone's FY22 revenue} - (\text{Vizstone's FY21 revenue} \times 1.1)) \times 1}{\$0.08}$$

The higher of 80% of ActivePort's 3 month VWAP (April to June 2022) and \$0.08

- On achievement of at least \$14,000,000 of reported revenue for FY23, the number of ActivePort shares calculated as \$2,000,000 divided by the higher of:
 - 80% of the Company's 3-month VWAP (April to June 2023); and
 - \$0.08 – **Vizstone's Tranche 2 Consideration**, (together "the **Vizstone Consideration**")

The Company may, in its sole discretion, opt to satisfy a percentage, up to 100%, of the Tranche 1 and/or 2, Vizstone Consideration in cash.

No Deferred Consideration Shares for the Vizstone acquisition have been issued, converted or cancelled during the period of this report. No milestones pertaining to Deferred Consideration Shares were met during the period of this report.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 27 January 2022.....

Authorised by: The Board.....

(Name of body or officer authorising release – see note 4)

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – e.g. Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.