

28 February 2022

ASX Announcement

ActivePort Group Ltd (“**ActivePort**” or “**the Company**”), (ASX:ATV) is pleased to provide its half year report and Appendix 4D for the six months ended 31 December 2021.

ActivePort Group (which prior to listing consisted of ActivePort Group Ltd and ActivePort Pty Ltd) expanded via the acquisition of Vizstone Pty Ltd, Starboard IT Pty Ltd and Global Edge Network Limited and successfully listed on the ASX on 18 October 2021.

ActivePort reported strong revenue growth for the half-year ended 31 December 2021 and made rapid progress deploying its software to channel partners and telecommunications customers globally.

December 2021 highlights include:

- **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**

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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ActivePort Group Ltd

Level 28, 140 St Georges Terrace

Perth, Western Australia 6000

ABN: 24 636 569 634

This announcement has been authorised by the Board

Appendix 4D

(Rule 4.2A.3)

Half year report

Name of entity	ABN
ACTIVEPORT GROUP LTD	24 636 569 634

1. Details of the Reporting Period and the Previous Corresponding Period

Financial period ended ("current period")	Financial period ended ("previous period")
31 December 2021	31 December 2020

2. Results for Announcement to the Market

					\$'000
2.1	Revenues from ordinary activities	up	0%	to	4,673,475
2.2	Loss from ordinary activities after tax attributable to members	up	308%	to	3,379,072
2.3	Net loss for the period attributable to members	up	319%	to	3,466,053
2.4	Dividends	Amount per security		Franked amount per security	
	Interim dividend	\$Nil		\$Nil	
2.5	Record date for determining entitlements to the dividend			N/A	
2.6	Brief explanation of any of the figures in 2.1 to 2.4 above necessary to enable to figures to be understood				
	Please refer to the Directors' Report in the Half Year Report which has been subject to independent review by the Auditors, Nexia Perth for detailed explanation.				

3. NTA Backing

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	2 cents	(8.0 cents)

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4. Control Gained or Lost Over Entities

4.1	Name of entity (group of entities)	Global Edge Network Limited (“Global Edge”); Vizstone Pty Ltd (“Vizstone”); Starboard IT Pty Ltd (“Starboard”)
4.2	Date control gained or lost	Global Edge – 9 August 2021; Vizstone – 27 September 2021; Starboard – 27 September 2021.
4.3	Contribution of such entities to the reporting entity’s profit/(loss) from ordinary activities during the period (where material)	n/a - immaterial during this period

5. Dividends

The Company has not declared or paid any final dividends for the 2020/2021 year or interim dividend for current period.

6. Dividend Reinvestment Plans

The Company has no dividend reinvestment plan.

7. Details of Associates and Joint Venture Entities

n/a

8. Foreign Entities

Not Applicable.

9. If the accounts are subject to audit dispute or qualification, a description of the dispute or qualification.

n/a

Additional financial information is included in the following Half-Year Report, which has been reviewed by the Group’s auditors.

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ACTIVEPORT GROUP LTD

AND CONTROLLED ENTITIES

ABN 24 636 569 634

HALF-YEAR REPORT

FOR THE HALF-YEAR ENDED
31 DECEMBER 2021

ACTIVEPORT GROUP LTD
AND CONTROLLED ENTITIES

CONTENTS

	Pages
Directors' Report	3
Auditor's Independence Declaration	5
Condensed consolidated Statement of Financial Position	6
Condensed consolidated Statement of Profit or Loss and Other Comprehensive Income	7
Condensed consolidated Statement of Changes in Equity	8
Condensed consolidated Statement of Cash Flows	9
Notes to the Condensed Financial Statements	10
Directors' Declaration	22
Independent Auditor's Review Report	23

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ACTIVEPORT GROUP LTD AND CONTROLLED ENTITIES

DIRECTORS' REPORT

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the “consolidated entity” or “Group”) consisting of ActivePort Group Ltd (referred to hereafter as the “Company”, “ActivePort” or “parent entity”) and the entities it controlled at the end of, or during the half-year ended 31 December 2021.

Directors

The following persons were directors of the Company during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

P Christie
K Nejam
C Daly
K Soares (appointed 28 September 2021)

Principal Activities

The principal activity of ActivePort Group Ltd and the entities it controlled for the financial half-year ended 31 December 2021 was the sale and delivery of ActivePort’s innovative network orchestration software and the provision of enterprise-scale information technology management services.

Review of operations

The Group was formed via the amalgamation of Vizstone Pty Ltd, Starboard IT Pty Ltd and Global Edge Network Limited and listed on the ASX on 18 October 2021. ActivePort reported strong revenue growth for the half-year ended 31 December 2021 and made rapid progress deploying its software to channel partners and telecommunications customers globally.

Highlights:

- **Delivered strong revenue growth from managed services**
- **Contracted ActivePort software to 20 local channel partners in APAC**
- **Began the roll-out of ActivePort to 10 global telecommunications companies world-wide**
- **Progressed software sales agreements with customers spanning 11 countries**

Partner Roll-Out

ActivePort sells software to telecommunications companies, information technology service providers and internet service providers that then on-sell licenses to use ActivePort software to their customers. During the half year, ActivePort was successful in contracting 20 local channel partners in the Asia-Pacific region that will begin to generate accelerating license revenue growth in the second half of the year.

Under a referral agreement with one major channel partner, Radian Arc, ActivePort has begun delivery of its software to 10 major telecommunications companies with more anticipated in the second half of the financial year. 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.

Global Technical Services

In each region where ActivePort is deploying to a major telco, the Company is appointing network service providers as partners to assist in pre-sales engineering, field deployment and technical support. During the half-year, 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 of the financial year, following completion of field trials that are currently underway.

Highlights include:

ACTIVEPORT GROUP LTD AND CONTROLLED ENTITIES

DIRECTORS' REPORT

- 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; and
- 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 increase 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 of the financial year

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 of the financial year .

Managed Services

ActivePort's managed services businesses delivered strong results in the half-year, with one large contract late in December delivering a significant increase in revenue and driving quarter on quarter growth of 74%. With consolidation of the Group complete in the first half-year, the team is now able to focus on expanding the managed services business via a combination of organic growth and acquisitions in the second half of the financial year.

Significant changes in the State of Affairs

On 28 July 2021, the Company issued a total of 1,869,188 shares of \$0.16 each to directors as payments in lieu of directors fees payable totalling \$179,020.

On 9 August 2021, the Company issued 39,287,515 ordinary shares in the Company as consideration for the acquisition of 100% of Global Edge Networks Limited ("Global Edge").

On 13 August 2021, the 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 to Directors and selected personnel of the Company and its subsidiaries (see Note 11).

On 13 August 2021, the Company lodged a Prospectus for an offer of between 50,000,000 shares and 75,000,000 shares at an issue price of \$0.20 per share to raise a minimum of \$10,000,000 and a maximum of \$15,000,000 ("Offer"). The Company further lodged a Supplementary Prospectus on 24 August 2021, a Second Supplementary Prospectus on 3 September 2021 and a Third Supplementary Prospectus on 14 September 2021.

On 24 September 2021, the Company received a conditional approval letter from ASX Limited ("ASX") detailing conditions to be satisfied for admission of the Company to the Official List of ASX.

On 27 September 2021, the Offer closed, and was oversubscribed, raising \$12,000,000, and the Company issued 60,000,000 ordinary shares at \$0.20 each. Pursuant to the Offer, the Company issued 15,625,000 ordinary shares in the Company as consideration for the acquisition of 100% of Vizstone Pty Ltd ("Vizstone") and issued 17,500,000 ordinary shares in the Company as consideration for the acquisition of 100% of Starboard IT Pty Ltd ("Starboard"). The Company also has an obligation to issue additional ordinary shares as deferred consideration pursuant to the acquisition of Vizstone and Starboard, subject to those companies meeting certain hurdles (see Note 11).

On 27 September 2021, the Company issued 9,811,475 options exercisable at \$0.40 each and expiring on 30 September 2024 to nominees of Bridge Street Capital Partners as part of the fee for the capital raising pursuant to the Offer.

On 18 October 2021, the Company was admitted to the Official List of the ASX, and quotation of the Company's securities commenced on 20 October 2021.

ACTIVEPORT GROUP LTD AND CONTROLLED ENTITIES

DIRECTORS' REPORT

On 16 December 2021, at the Company's Annual General Meeting, the shareholders of the Company approved the establishment of an Incentive Share Plan. No shares have been issued pursuant to this Plan or up to the date of this report.

Business strategies

The Group is focused on developing its unique SD-WAN orchestration system for data networks.

Operating results for the period

	2021	2020	Change
	\$	\$	%
Revenue	4,673,475	-	100%
Net loss for the period	(3,466,053)	(826,546)	(319%)
Basic loss per share	(0.02)	(0.08)	75%
Diluted loss per share	(0.02)	(0.08)	71%

Significant events subsequent to reporting period

On 10 February 2022, the Company signed a 5-year lease for office premises in Sydney, with a commencement date of 1 June 2022 and a terminating date of 31 May 2027. On 17 February 2022, Company signed a 5-year lease for office premises in Perth, with a commencement date of 21 February 2022 and a terminating date of 20 February 2022.

COVID-19

The impact of the Coronavirus (COVID-19) pandemic is ongoing, and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The ongoing situation and its impact on the company is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

In the period following this report there will continue to be COVID-19 impacts but these are difficult to fully determine due to the uncertainty of future outbreaks, variants and governmental responses.

Dividends

No dividends have been declared or paid to shareholders during the half-year and at the date of this report.

Auditor's Independence Declaration

A copy of the auditor's independence declaration for the half-year ended 31 December 2021 as required under section 307C of the Corporations Act 2001 is set out on Page 5 and forms part of this Directors' Report.

This report is made in accordance with a resolution of the Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.



Peter Christie
Chairman
Perth, 28 February 2022

To the Board of Directors of ActivePort Group Limited

Auditor's Independence Declaration under section 307C of the *Corporations Act 2001*

I declare that to the best of my knowledge and belief, in relation to the review of the half-year financial report for the period ended 31 December 2021 there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.

Yours sincerely



Nexia Perth Audit Services Pty Ltd



M. Janse Van Nieuwenhuizen

Director

28 February 2022

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ACTIVEPORT GROUP LTD
AND CONTROLLED ENTITIES

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	NOTES	31 December 2021 \$	30 June 2021 \$
CURRENT ASSETS			
Cash and cash equivalents	12	8,209,234	986,989
Trade and other receivables	6	4,060,379	813,739
TOTAL CURRENT ASSETS		12,269,613	1,800,728
NON-CURRENT ASSETS			
Property, plant and equipment	7	96,935	101,025
Right of Use asset		39,927	52,476
Goodwill	13	23,706,423	8,744,589
Financial assets at amortised cost		-	240,000
Intangible assets	8	1,887,948	99,837
TOTAL NON-CURRENT ASSETS		25,731,233	9,237,927
TOTAL ASSETS		38,000,846	11,038,655
CURRENT LIABILITIES			
Trade and other payables	9	4,361,605	1,276,069
Borrowings		889,375	246,666
Lease liabilities		24,764	26,021
Provisions		498,523	69,074
Deferred Tax Liability		306,323	-
TOTAL CURRENT LIABILITIES		6,080,590	1,617,830
NON-CURRENT LIABILITIES			
Borrowings		1,621,329	1,622,815
Lease liabilities		15,317	27,071
TOTAL NON-CURRENT LIABILITIES		1,636,646	1,649,886
TOTAL LIABILITIES		7,717,236	3,267,716
NET ASSETS / (LIABILITIES)		30,283,610	7,770,939
EQUITY			
Issued capital	10	36,652,264	10,949,988
Reserves		335,899	59,451
Accumulated losses		(6,704,553)	(3,238,500)
TOTAL EQUITY		30,283,610	7,770,939

The consolidated statement of financial position should be read in conjunction with the notes to the financial statements.

ACTIVEPORT GROUP LTD
AND CONTROLLED ENTITIES

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	NOTE	31 December 2021 \$	31 December 2020 \$
Revenue			
Sales of goods and services	5	4,673,475	-
Cost of goods sold		<u>(3,222,183)</u>	<u>-</u>
Gross profit		<u>1,451,292</u>	<u>-</u>
Other income		1,678	24,939
Distribution and marketing expenses		(43,660)	-
Research and development expenses		(9,000)	-
Administration expenses		(1,023,272)	(626,558)
Employee benefits expense		(3,480,831)	(211,630)
Depreciation and amortisation		(234,567)	-
Other Expenses		<u>(40,712)</u>	<u>(13,297)</u>
Operating loss		<u>(3,379,072)</u>	<u>(826,546)</u>
Finance income		9,369	-
Finance costs		<u>(96,350)</u>	<u>-</u>
Loss before income tax expense		<u>(3,466,053)</u>	<u>(826,546)</u>
Income tax		<u>-</u>	<u>-</u>
Net loss for the period		<u>(3,466,053)</u>	<u>(826,546)</u>
Other comprehensive income for the period (net of tax)			
Items that maybe reclassified subsequently to profit and loss			
- Movement in foreign translation reserve		<u>-</u>	<u>-</u>
Total comprehensive loss for the period		<u>(3,466,053)</u>	<u>(826,546)</u>
Basic (cents per share)		<u>(0.02)</u>	<u>(0.08)</u>
Diluted (cents per share)		<u>(0.02)</u>	<u>(0.08)</u>

The consolidated statement of profit and loss and other comprehensive income should be read in conjunction with the notes to the financial statements.

ACTIVEPORT GROUP LTD
AND CONTROLLED ENTITIES

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

CONSOLIDATED ENTITY	Issued capital	Options reserve	Accumulated losses	Total
	\$	\$	\$	\$
Balance at 1 July 2020	531,728	-	(558,566)	(26,838)
Loss for the period	-	-	(826,546)	(826,546)
Total Comprehensive loss for the period	-	-	(826,546)	(826,546)
Transactions with owners in their capacity as owners				
Issue of shares	110,000	-	-	(110,000)
Share issue expenses	(59,451)	59,451	-	-
Balance at 31 December 2020	582,277	59,451	(1,385,112)	(743,384)
Balance at 1 July 2021	10,949,988	59,451	(3,238,500)	7,770,939
Loss for the period	-	-	(3,466,053)	(3,466,053)
Total Comprehensive loss for the period	-	-	(3,466,053)	(3,466,053)
Transactions with owners in their capacity as owners				
Issue of shares	26,781,573	-	-	26,781,573
Issue of options	-	276,448	-	276,448
Share issue expenses	(1,079,297)	-	-	(1,079,297)
Balance at 31 December 2021	36,652,264	335,899	(6,704,553)	30,283,610

The consolidated statement of changes in equity should be read in conjunction with the notes to the financial statements.

ACTIVEPORT GROUP LTD
AND CONTROLLED ENTITIES

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	NOTES	31 December 2021 \$	31 December 2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		2,801,844	-
Payments to suppliers and employees		(6,807,844)	(210,112)
Interest and finance lease charges paid		(69,477)	-
Interest received		9,369	11
Government grant received		-	24,928
Net cash flows used in operating activities		(4,066,108)	(185,173)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment in related party		(100)	-
Payments for property, plant and equipment		(15,540)	-
Proceeds from sale of property, plant and equipment	13	234,000	-
Payments for research and development		(774,208)	-
Cash acquired on business combination		759,222	-
Net cash flows used in investing activities		203,375	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		12,000,000	110,000
Transaction costs related to issue of shares		(802,749)	-
Repayment of borrowings		(99,262)	-
Repayment of lease liabilities		(13,011)	-
Net cash flows generated from financing activities		11,084,978	110,000
Net (decrease) / increase in cash and cash equivalents		7,222,245	(75,173)
Cash and cash equivalents at the beginning of the period		986,989	131,899
Effect of movement in exchange rates on cash held		-	-
Cash and cash equivalents at the end of the period	12	8,209,234	56,726

The consolidated statement of cash flows should be read in conjunction with the notes to the financial statements.

ACTIVEPORT GROUP LTD AND CONTROLLED ENTITIES

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

1. Reporting entity

ActivePort Group Ltd (the Company) is a company domiciled in Australia. These condensed consolidated interim financial statements (“interim financial statements”) comprise the Company and its subsidiaries at the end of, or during, the half-year ended 31 December 2021 (together referred to as the “Group”). These interim financial statements are presented in Australian dollars, which is the company’s functional and presentation currency.

ActivePort Group Ltd is a listed public company limited by shares, incorporated and domiciled in Australia. The Company listed on the Australian Securities Exchange (“ASX”) on 18 October 2021.

A description of the nature of the Group’s operations is included in the director’s report, which is not part of the financial statements.

The annual financial statements of the Group are available at <https://www.activeport.com.au/investor-centre/>

2. Basis of preparation

These interim financial statements are general purpose financial statements prepared in accordance with AASB 134 *Interim Financial Reporting* as issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001* as appropriate for “for-profit” oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

The principal accounting policies adopted are consistent with those adopted in the annual financial report for the year ended 30 June 2021, and the corresponding interim reporting period, unless otherwise stated, and the condensed consolidated interim financial statements have been prepared on the historical cost basis.

The interim financial statements do not include full disclosures of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial report.

These interim financial statements should be read in conjunction with the annual report of the Group for the year ended 30 June 2021, and any public announcements made by the Group during the interim period, in accordance with continuing disclosure requirements of the Corporations Act 2001.

The financial statements were authorised for issue in accordance with a resolution of the directors, on 28 February 2022.

3. Critical accounting judgements, estimates and assumptions

The preparation of the consolidated interim 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 estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The significant judgements made by Management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements for the year ended 30 June 2021.

4. Segment information

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity’s chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues. Management will also consider other factors

ACTIVEPORT GROUP LTD
AND CONTROLLED ENTITIES

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

For management purposes, the Group is organised into business units based on the types of services it provides and has identified two reportable segments:

Operating segments have been identified based on the information provided to the Chief Operating Decision Maker (“CODM”), being the Chief Executive Officer.

Half year ended 31 December 2021	Managed services	Hardware	Other	Total
	\$	\$	\$	\$
Revenues	1,456,250	2,177,403	1,039,822	4,673,475
Operating Expenses	373,748	2,288,332	560,103	3,222,184
Other expenses	-	-	4,597,482	4,597,482
Earnings before interest, tax, depreciation and amortisation	1,082,502	(110,929)	(4,117,763)	(3,146,190)
Depreciation and amortisation	-	-	(234,567)	(234,567)
Interest expense	-	-	(96,343)	(96,343)
Interest income and other income	-	-	11,047	11,047
Profit / (loss) before income tax	1,082,502	(110,929)	(4,437,626)	(3,466,053)
Income tax	-	-	-	-
Profit / (loss) after income tax	1,082,502	(110,929)	(4,437,626)	(3,466,053)

5. Revenue

	31 December 2021	31 December 2020
	\$	\$
Disaggregation of revenue		
The disaggregation of revenue from contracts with customers is as follows:		
Rendering of services	1,878,842	-
Hardware sales	2,177,403	-
Other income from customers	617,230	-
Revenues from contracts with customers	4,673,475	-
Timing of revenue recognition		
Services transferred at a point in time	2,601,654	-
Services transferred over time	2,071,821	-
	4,673,475	-

ACTIVEPORT GROUP LTD
AND CONTROLLED ENTITIES

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

		31 December 2021 \$	30 June 2021 \$
6.	Trade and Other Receivables		
	Trade receivables	2,683,814	410,075
	Other receivables	399,847	160,561
	Trade deposits	85,752	6,600
	Prepayments	890,966	236,503
		4,060,379	807,139
		4,060,379	807,139
		31 December 2021 \$	30 June 2021 \$
7.	Property, plant & equipment		
	Plant and equipment – at cost	159,514	105,650
	Less: Accumulated depreciation	(74,084)	(4,625)
		85,430	101,025
		85,430	101,025
	Office furniture and equipment – at cost	139,811	6,297
	Less: Accumulated depreciation	(128,306)	(6,297)
		11,505	-
		11,505	-
		96,935	101,025
		96,935	101,025

Reconciliation

Reconciliations of the written down value at the beginning and end of the current financial half-year are set out below:

	Plant and Equipment \$	Office Furniture and Equipment \$	Total \$
Balance at 1 July 2021	101,025	-	101,025
Additions	2,180	13,359	15,359
Additions through business combinations (refer to Note 13)	234,000	-	234,000
Disposals	(234,000)	-	(234,000)
Depreciation expense	(17,775)	(1,854)	(19,629)
Balance at 31 December 2021	85,430	11,505	96,935
	85,430	11,505	96,935

		31 December 2021 \$	30 June 2021 \$
8.	Intangible assets		
	Developed Software	1,804,887	-
	Software – purchased	83,061	99,837
		1,887,948	99,837
		1,887,948	99,837

ACTIVEPORT GROUP LTD
AND CONTROLLED ENTITIES

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	31 December 2021 \$	30 June 2021 \$		
Developed Software – at cost	1,990,499	-		
Less: Accumulated depreciation	(185,612)	-		
	1,804,887	-		
Software purchased – at cost	133,349	99,837		
Less: Accumulated depreciation	(50,288)	-		
	83,061	99,837		
	1,887,948	99,837		
	31 December 2021 \$	30 June 2021 \$		
9. Trade and Other Payables				
Trade payables	2,720,702	613,476		
GST payable	487,895	-		
PAYG withholding payable	569,181	132,196		
Superannuation payable	227,978	90,607		
Other payable	355,849	439,790		
	4,361,605	1,276,069		
10. Issued capital				
	31 December 2021 \$	30 June 2021 \$		
Paid up capital – ordinary shares	38,204,977	11,423,202		
Capital raising costs	(1,552,713)	(473,214)		
	36,652,264	10,949,988		
<u>Movements in ordinary share capital</u>	Date	Shares	Issue price	\$
Opening balance	1 July 2021	113,208,290		11,423,404
Shares issued in-lieu of Director's fees	28 July 2021	1,869,188	\$0.16	299,070
Shares issued on acquisition of Global Edge Network Limited	9 August 2021	39,287,515	\$0.20	7,857,503
Shares issued on acquisition of Vizstone Pty Ltd	27 September 2021	15,625,000	\$0.20	3,125,000
Shares issued on acquisition of Starboard IT Pty	27 September 2021	17,500,000	\$0.20	3,500,000
Shares issued at IPO	27 September 2021	60,000,000	\$0.20	12,000,000
Capital raising costs attributable to equity				(1,552,713)
Closing balance	31 December 2021	247,489,993		36,652,264
<u>Movements in Options on issue</u>	Date	Options	Exercise price	Expiry
Opening balance	1 July 2021	630,000	\$0.25 ea.	31 October 2022
	1 July 2021	1,890,000	\$0.30 ea.	31 October 2023
	1 July 2021	630,000	\$0.35 ea.	31 October 2024
		3,150,000		

ACTIVEPORT GROUP LTD
AND CONTROLLED ENTITIES

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

Options issued at IPO	27 September 2021	9,811,475	\$0.40 ea.	30 September 2024
Closing balance	31 December 2021	12,961,475		

On 27 September 2021, the Company issued 9,811,475 options exercisable at \$0.40 each and expiring on 30 September 2024 to nominees of Bridge Street Capital Partners as part of the fee for the capital raising pursuant to the IPO.

Grant Date	No. of Options	Exercise Price	Expiry Date	Risk free rate %	Share price on Grant Date	Fair value per Option	Fair value recognised
27 Sep 2021	9,811,475	\$0.40	30 Sep 2024	0.25%	\$0.20	\$0.0282	\$276,448

On 16 December 2021, at the Company's Annual General Meeting, the shareholders of the Company approved the establishment of an Incentive Share Plan. No shares have been issued pursuant to this Plan or up to the date of this report.

11. Share based payment arrangements

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

ACTIVEPORT GROUP LTD
AND CONTROLLED ENTITIES

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

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**).

Total Pro-forma Revenue for a financial year means the total consolidated revenue for that financial year of ActivePort Group Ltd plus the pre-acquisition revenue for that financial year of any subsidiaries acquired during that financial year.

Any Performance Rights not vested before their expiry date will lapse. The Performance Rights have remained on issue since their date of issue. No Performance Rights have been vested, converted or cancelled during the period of this report. No milestones pertaining to the Performance Rights were met during the six months ended 31 December 2021 and up to the date of this report.

Due to the short trading period since issue, the number of Performance Rights expected to vest is indeterminable, and therefore the amount recognised in relation to these Performance Rights for the period ended 31 December 2021 is \$Nil.

	31 December 2021	30 June 2021
12. Cash and Cash equivalents	\$	\$
For the purpose of the Statement of Cash Flows, cash and cash equivalents comprise the following amounts:		
Cash at bank and on hand	7,714,236	986,989
Term Deposit	494,998	-
Cash and cash equivalents	<u>8,209,234</u>	<u>986,989</u>

13. Business combinations

Acquisition of Global Edge Networks Limited

On 9 August 2021, the Company issued 39,287,515 ordinary shares in the Company as consideration for the acquisition of 100% of Global Edge Network Limited (“Global Edge”). The goodwill of \$8,519,680 represents the expected synergies from merging this business with the SD-WAN Orchestration business of ActivePort Group Ltd. The acquired business contributed loss after tax of \$ 19,957 to the consolidated entity for the period from 9 August 2021 to 31 December 2021.

Details of the Global Edge acquisition are as follows:

	Fair value \$
Cash and cash equivalents	33,840
Trade and other receivables	41,786
Property, plant and equipment	234,000
Trade and other payables	(318,998)
Provisions	-
Borrowings	(652,805)
Net assets acquired	<u>(662,177)</u>
Goodwill	<u>8,519,680</u>
Acquisition-date fair value of the total consideration transferred	<u>7,857,503</u>
Representing:	
Shares issued as a consideration	<u>7,857,503</u>
Acquisition costs expensed to profit or loss	-

ACTIVEPORT GROUP LTD
AND CONTROLLED ENTITIES

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	-
Less: cash and cash equivalents	-
Less: payments made in prior periods	-
Net cash used	-

The fair values of the entity's assets and liabilities have been measured provisionally. If new information is obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustment to the amounts above, the accounting for the acquisition will be revised.

Acquisition of Vizstone Pty Ltd

On 27 September 2021, the Company issued 15,625,000 ordinary shares in the Company as consideration for the acquisition of 100% of Vizstone Pty Ltd ("Vizstone"). The goodwill of \$4,313,740 represents the expected synergies from merging this business with the SD-WAN Orchestration business of ActivePort Group Ltd. The acquired business contributed revenues of \$3,000,105 and profit after tax of \$9,945 to the consolidated entity for the period from 27 September 2021 to 31 December 2021.

Details of the Vizstone acquisition are as follows:

	Fair value \$
Cash and cash equivalents	119,081
Trade and other receivables	464,069
Property, plant and equipment	-
Trade and other payables	(1,244,523)
Provisions	(194,042)
Borrowings	(333,325)
Net assets acquired	(1,188,740)
Goodwill	4,313,740
Acquisition-date fair value of the total consideration transferred	3,125,000
Representing:	
Shares issued as a consideration	3,125,000
Deferred consideration (see note 15)	-
Acquisition costs expensed to profit or loss	-
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	-
Less: cash and cash equivalents	-
Less: payments made in prior periods	-
Net cash used	-

The values identified in relation to the acquisition of Vizstone's assets and liabilities have been measured provisionally. If new information is obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustment to the amounts above, the accounting for the acquisition will be revised. See Deferred Consideration note below.

ACTIVEPORT GROUP LTD
AND CONTROLLED ENTITIES

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

Acquisition of Starboard IT Pty Ltd

On 27 September 2021, the Company issued 17,500,000 ordinary shares in the Company as consideration for the acquisition of 100% of Starboard IT Pty Ltd (“Starboard”). The goodwill of \$3,047,381 represents the expected synergies from merging this business with the SD-WAN Orchestration business of ActivePort Group Ltd. The acquired business contributed revenues of \$1,257,518 and profit after tax of \$132,593 to the consolidated entity for the period from 27 September 2021 to 31 December 2021.

Details of the Starboard acquisition are as follows

	Fair value \$
Cash and cash equivalents	606,301
Trade and other receivables	205,386
Property, plant and equipment	-
Trade and other payables	(274,242)
Provisions	(84,826)
Borrowings	-
Net assets acquired	452,619
Goodwill	3,047,381
Acquisition-date fair value of the total consideration transferred	3,500,000
Representing:	
Shares issued as a consideration	3,500,000
Deferred consideration (see note 15)	-
Acquisition costs expensed to profit or loss	-
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	-
Less: cash and cash equivalents	-
Less: payments made in prior periods	-
Net cash used	-

The values identified in relation to the acquisition of Starboard’s assets and liabilities have been measured provisionally. If new information is obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustment to the amounts above, the accounting for the acquisition will be revised. See Deferred Consideration note below.

A Purchase Price Allocation (PPA) under AASB 3 – Business Combinations has not been completed for the acquisition of Global Edge Ltd, Vizstone Pty Ltd and Starboard IT Pty Ltd. When preparing the Half Year Financial Information, ActivePort has allocated the purchase price to the book values of the assets and liabilities of the Acquisitions with the resultant balance being applied to goodwill.

ActivePort will undertake a full evaluation of the identifiable intangible assets acquired by its balance date of 30 June 2022, in accordance with AASB 3. The goodwill amount as currently presented includes any fair value movements of assets and liabilities as well as value of identified intangible assets. The goodwill and the assets and liabilities are reported as provisional amounts and are reflected in the Half Year Statement of Financial Position at 31 December 2021.

ACTIVEPORT GROUP LTD
AND CONTROLLED ENTITIES

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

14. Purchase Price Allocation

On 22 January 2021, ActivePort Group Ltd issued 8,443,708 ordinary shares as consideration of \$6,754,966 for the acquisition of 100% of the ordinary shares of ActivePort Pty Ltd. The company was acquired with the objective of the expected synergies from merging this business with the SD-WAN Orchestration business of ActivePort Group Ltd.

The fair values recognised in respect of the identifiable assets acquired and liabilities assumed are set out in the table below.

	Year ended 30 June 2021	Purchase Price Allocation	31 December 2021 \$
Total identifiable assets acquired and liabilities assumed at fair value			
Tangible Net Assets Acquired	(1,989,624)	-	(1,989,624)
Fair Value of Developed Software	-	1,225,291	1,225,291
Deferred Tax Liability (estimate)	-	(306,323)	(306,323)
Fair Value of Net Assets Required	(1,989,624)	918,969	(1,070,655)
Goodwill	8,744,591	(918,969)	7,825,622
Fair value of consideration	6,754,966	-	6,754,966
Representing:			
Shares issued as a consideration			6,754,966
Acquisition costs expensed to profit or loss			-
Cash used to acquire business, net of cash acquired:			
Acquisition-date fair value of the total consideration transferred			-
Less: cash and cash equivalents			-
Less: payments made in prior periods			-
Net cash used			-

ActivePort Pty Ltd began developing software in 2017 to orchestrate network connectivity from a customer premise to computer and data services in a cloud. ActivePort Pty Ltd was acquired by ActivePort Group Ltd on 21 January 2021 with the intention to commercialise the ActivePort product suite on acquisition.

ActivePort Group Ltd acquired ActivePort Pty Ltd's tangible net liabilities of \$1,989,623.56 on completion.

Management considers that a historical cost methodology is appropriate to value the Developed Software.

Management has assessed the useful life of the Developed Software to be 6.2 years based on BVR's 'Benchmarking Identifiable Intangibles and their Useful Lives in Business Combinations'.

15. Deferred Consideration

Deferred Consideration Shares

On 27 September 2021 and pursuant to the IPO, the Company issued 15,625,000 ordinary shares in the Company as consideration for the acquisition of 100% of Vizstone Pty Ltd ("Vizstone") and issued 17,500,000 ordinary shares in the Company as consideration for the acquisition of 100% of Starboard IT Pty Ltd ("Starboard"). The Company also has an obligation to issue additional ordinary shares as deferred consideration pursuant to the acquisition of Vizstone and Starboard, subject to those companies meeting certain hurdles.

**ACTIVEPORT GROUP LTD
AND CONTROLLED ENTITIES**

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

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 six months ended 31 December 2021 and up to the date of this report. No milestones pertaining to Deferred Consideration Shares were met during the six months ended 31 December 2021 and up to the date of this report.

At the reporting date, this liability is deemed to be a contingent liability.

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:**

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

- 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:

ACTIVEPORT GROUP LTD
AND CONTROLLED ENTITIES

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

- 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 six months ended 31 December 2021 and up to the date of this report. No milestones pertaining to Deferred Consideration Shares were met during the six months ended 31 December 2021 and up to the date of this report.

At the reporting date, this liability is deemed to be a contingent liability.

16. Commitments and Contingencies

The only changes to the commitments and contingencies disclosed in the most recent annual financial report are specified in Note 15.

17. Events after Reporting Date

In the interval between the end of the period and the date of this report, in the opinion of the Directors of the Company, no item, transaction or event of a material and unusual nature has occurred which is likely to significantly affect the operations of the Consolidated Entity, or the results of those operations, other than as set out below:

On 10 February 2022, the Company signed a 5-year lease for office premises in Sydney, with a commencement date of 1 June 2022 and a terminating date of 31 May 2027. On 17 February 2022, Company signed a 5-year lease for office premises in Perth, with a commencement date of 21 February 2022 and a terminating date of 20 February 2022.

The impact of the Coronavirus (COVID-19) pandemic is ongoing, and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The ongoing situation and its impact on the company is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

In the period following this report there will continue to be COVID-19 impacts but these are difficult to fully determine due to the uncertainty of future outbreaks, variants and governmental responses.

18. Related party transactions

Key management personnel

Remuneration arrangements of key management personnel are disclosed in the Group annual financial report.

The following table provides the total amount of transactions that were entered into the related parties for the relevant reporting period:

	Intercompany loans payable	Intercompany loans receivable
	\$	\$
ActivePort Pty Ltd	765,094	-
ActivePort (Infrastructure) Pty Ltd	1,312,272	-
Global Edge Network Ltd	-	197,534
Vizstone Pty Ltd	240,292	-

ACTIVEPORT GROUP LTD
AND CONTROLLED ENTITIES

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

This will not impact on the consolidated financial position or performance. Intercompany loans are eliminated on consolidation.

Transactions with other related parties

During the half- year, group entities entered into the following transactions with related parties that are not members of the Group:

	Consolidated	
	31 December	31 December
	2021	2020
	\$	\$
<i>Purchases of goods and services:</i>		
Payment for services to Acurix Networks Pty Ltd (a related entity of Mark Middleton).	7,780	-

	Consolidated	
	31 December	31 December
	2021	2020
	\$	\$
<i>Sales of goods and services:</i>		
Services provided to Radian Arc Limited (a director-related entity of Peter Christie).	248,305.	-

Receivable from and payable to other related parties:

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

	Consolidated	
	31 December	31 December
	2021	2020
	\$	\$
<i>Current receivable:</i>		
Services provided to Radian Arc Limited (a director-related entity of Peter Christie).	106,317	-

All transactions with related parties were conducted on a commercial basis and on arms-length terms.

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ACTIVEPORT GROUP LTD
AND CONTROLLED ENTITIES

DIRECTOR'S DECLARATION

In accordance with a resolution of the directors of ActivePort Group Ltd, we state that:

The directors declare that:

- (a). The financial statements and notes of the Consolidated Entity are in accordance with the Corporations Act 2001, including:
- (i) compliance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporation Regulations 2001*; and
 - (ii) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b). There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Peter Christie
Chairman
Perth, 28 February 2022

Independent Auditor's Review Report to the members of ActivePort Group Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of ActivePort Group Limited (the Company and its subsidiaries ("the Group")), which comprises the condensed consolidated statement of financial position as at 31 December 2021, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the Corporations Act 2001 including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review 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 annual 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 review report.

Responsibility of the Directors for the Interim Financial Report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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Auditor's Responsibility for the Review of the Interim Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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



Nexia Perth Audit Services Pty Ltd



Muranda Janse Van Nieuwenhuizen

Director

Perth

28 February 2022