28 Feb 2023

Half Year Financial Report

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 2022.

ActivePort accomplished strong revenue and gross profit growth, exceeding sales forecasts for the period. The results continue to validate the unique cloud and network orchestration offering, with growing global market demand.

Highlights July – December 2022

- Group revenue grew by 96.9% to 9.2M compared to the same period last year
- Gross profit jumped by 166.8% to 3.8M compared to the same period last year
- Company delivering on strategy to increase software revenue and invest in R&D
- Deployment of ActivePort into 12 telecommunication customers globally, across 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

Investor relations
ActivePort Group Ltd
Investor.relations@activeport.com.au

Media relations
Lisa Jones, ActivePort Group
lisa.jones@activeport.com.au

www.linkedin.com/company/activeport-group-ltd

ActivePort Group Ltd
Suite 3, level 4, 46 Colin Street
West Perth, Western Australia 6005
ABN: 24 636 569 634

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

ActivePort Group Ltd and Controlled Entities
Appendix 4D
Half-year report

1. Company details

Name of entity:	ActivePort Group Ltd and Controlled Entities
ABN:	24 636 569 634
Reporting period:	For the half-year ended 31 December 2022
Previous period:	For the half-year ended 31 December 2021

2. Results for announcement to the market

				$
Revenues from ordinary activities	up	96.9%	to	9,200,019
Loss from ordinary activities after tax	up	19.1%	to	(4,126,471)
Loss for the half-year	up	19.1%	to	(4,126,471)

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

Comments
The loss for the Group after providing for income tax amounted to $4,126,471 (31 December 2021: $3,466,053).

3. Net tangible assets

	Reporting period $	Previous period $
Net tangible assets per ordinary security	(0.0072)	(0.0120)

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period
There were no dividends paid, recommended or declared during the current financial period.

Previous period
There were no dividends paid, recommended or declared during the previous financial period.

7. Details of associates and joint venture entities

Not applicable.

8. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

---

9. Attachments

Details of attachments (if any):

The Interim Report of ActivePort Group Ltd and Controlled Entities for the half-year ended 31 December 2022 is attached.

---

10. Signed

Karim Nejaim

Managing Director/ Chief Executive Officer

Signed ___________________________ Date: 28 February 2023

ActivePort Group Ltd and Controlled Entities

ABN 24 636 569 634

Interim Report - 31 December 2022

ActivePort Group Ltd and Controlled Entities
Contents
31 December 2022

General information

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

ActivePort Group Ltd is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 3 Level 4
46 Colin Street
West Perth WA 6005

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 February 2023. The directors have the power to amend and reissue the financial statements.

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the "**Group**") consisting of ActivePort Group Ltd (referred to hereafter as the "**Company**", "**ATV**" or "**parent entity**") and the entities it controlled at the end of, or during the financial half-year ended 31 December 2022.

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 Nejaim
C Daly
K Soares

Principal activities
The Group's primary assets are its network orchestration software and its information systems managed services business.

Scope of activities
The Group derives high-margin revenue by licensing its software to customers that use it to orchestrate their networks and connect their customers to the cloud.

The Group's primary focus for the half-year was to close large licence deals for its software solution and deliver solutions to those customers.

During the period, the Group:

- Delivered managed services for core enterprise information technology systems to its customers;
- Delivered its orchestration software under both on-premise and software-as-a -service licensing models;
- Delivered graphics Processing (**GPU**) hardware and ActivePort software via our partner, Radian Arc (www.radianarc.io) to telecommunications companies for them to deliver cloud gaming solutions to their customers; and
- Developed new software features and functions for our core product and our ActivePort customers.

Operating and financial review
The loss for the Group after providing for income tax amounted to $4,126,471 (31 December 2021: $3,466,053).

ATV operating environment and risk
In our October 2021 Prospectus, the Group communicated our operational and financial risks across several categories. We consistently ensure we understand and monitor our risks to mitigate negative impacts whilst capitalising on opportunities to deliver value to customers and shareholders. Our stated risks, mitigations and how we have performed are outlined below.

During the financial half-year ended 31 December 2022, our business drivers were focused on:

People- attracting, developing, and retaining highly skilled, diverse and engaged talent and building a community where people can truly be themselves.

Finance- build a robust financial position from which to scale business operations and new growth opportunities.

Systems and processes- strengthen our ways of working, data, and customer systems to manage business risks and build for our future.

Customers- provide unique software technology solutions for customers focusing on consistent delivery and excellent customer experience.

Managing our limited history
Throughout the half-year ended 31 December 2022, we set out to build a solid foundation of principles and practices within our people, our capabilities, and our Board to establish and scale the business.

- *People*- we have a strong focus on hiring skilled and experienced administration, sales, engineering, and operational staff and effectively managing performance.
- *Systems and processes*- our Board meets weekly on operational issues and key areas of focus for management.
- *Finance*- we operate a highly structured and rigorous cash and expense approval and management process.

Contractual and customer risk
Maintaining performance against contracts and retaining customers is essential to the ongoing ability of the Group to remain a going concern. The Group enters into long term contracts to rent use of its information technology infrastructure to customers. This recurring revenue is fundamental to the ongoing ability for the Group to generate revenue. Whilst our contracts typically have 5-year terms, customers can terminate for a range of reasons including non-performance and breach.

Customers - in the half-year ended 31 December 2022, our customer feedback and rapid uplift in our sales pipeline has increased our market presence and on-going business with existing customers. This has generated a strong customer base and pipeline within several countries including Australia, India, Malaysia, Indonesia, Canada, USA, and Africa.

Systems and processes and customer- we continue to build upon and advance our strong delivery capability and project management with key customer stakeholders and partners, keeping regular communication and cadence on projects and technology updates.

Supplier relationships
The Group is dependent on ongoing mutually beneficial relationships with key suppliers. Termination or failure to renew agreements with such suppliers could impact on the provision of services by the Group, which would have a material adverse effect on the Group's operations and financial position.

Systems and processes - on the back of building strong relationships with key suppliers we have seen revenue growth in both services and software, despite industry wide supply chain issues and the ongoing impacts of COVID-19. Supplier management is a top priority for both management and the Board for the longer term and there is CEO/Chairman engagement on a regular basis with key partners and suppliers.

Privacy and data

Collection risk and cyber security
ATV software is built with security management and management of cyber threat as a core part of our design capability. Our software can detect and manage cyber threats as a base part of the software design. There is a risk that the Group's procedures and systems may not stop or detect cyberattacks, data theft and hacking from obtaining unauthorised access to confidential data collected by the Group. We continually monitor, update and track our systems and processes to mitigate this risk.

Technological developments
The ATV Chief Technology Officer and senior management meet weekly to review the technology roadmap and validate this against competition and market requirements via the sales and product teams. This process enables the team to adapt to technological changes and subsequently the risk of any adverse effect on the Group's business, operating results, and financial position.

During the half-year ended 31 December 2022, our customers and demand for our product validated the technical capability of ActivePort software. There is minimal direct competition in the Orchestration market, and we have proven the value of our product in the SD-WAN market.

Protection of intellectual property rights
The commercial value of the Group's intellectual property assets is dependent on any relevant legal protections.

ATV Intellectual Property management is one of the Group's highest priorities, and this has been reflected in the drafting and ongoing management of all contracts and deals with customers and partners.

Rapid growth risk
The Group has experienced significant growth over the half-year ended 31 December 2022 and this is expected to continue for the remainder of the financial year ending 30 June 2023. Management has started several projects to develop operational capabilities both onshore and off, and has expansion plans for Africa, Middle East, South-East Asia and India.

Future acquisitions
As part of its growth strategy, the Group may make further acquisitions of complementary businesses or enter into strategic alliances with third parties.

COVID-19 risk
The outbreak of the coronavirus disease (**COVID-19**) is impacting global economic markets. The Group has implemented a wide range of strategies to mitigate the risks posed by COVID-19 in line with relevant government protocols to minimise the risks for all employees, contractors, customers and visitors. The Directors monitor changes and impacts of COVID-19 on the Group’s future business and financial performance.

Foreign exchange
The Group will be operating in a variety of jurisdictions, outside of Australia and as such, expects to generate revenue and incur costs and expenses in foreign currencies. Consequently, movements in currency exchange rates may adversely or beneficially affect the Group’s results or operations and cash flows. For example, the appreciation or depreciation of the US dollar relative to the Australian dollar would result in a foreign currency loss or gain. Any depreciation of currencies in foreign jurisdictions in which the Group operates may result in lower than anticipated revenue, profit and earnings of the Group.

Insurance coverage
The Group has insured its operations in accordance with industry practice.

The Group has also arranged and maintained insurance coverage for its employees, as well as directors' and officers' liability insurance, however it does not currently propose to arrange and maintain business interruption insurance or insurance against claims for certain property damage. The Group management reviews its insurance requirements periodically with the Board.

Price of shares
ActivePort is focused on building and converting a strong sales pipeline, expanding our global reach, partner enablement and careful management of operating cost in the year ended 30 June 2023 and beyond. ActivePort expects to continue to report strong revenue growth coupled with an ongoing reduction net operating cost.

Significant changes in the state of affairs
During the half-year ended 31 December 2022, the Group’s Board agreed to appoint Zachary Friend as Group’s new joint CFO & Corporate Counsel.

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

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

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

On behalf of the directors

Karim Nejaim
Managing Director/ Chief Executive Officer

28 February 2023

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 2022 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

NPAS

Nexia Perth Audit Services Pty Ltd

M. Janse Van Nieuwenhuizen
Director

28 February 2023

Nexia Perth Audit Services Pty Ltd
ACN 145 447 105
Level 3, 88 William Street
Perth WA 6000
GPO Box 2570, Perth WA 6001
p +61 8 9463 2463
f +61 8 9463 2499
e audit@nexiaperth.com.au
w nexia.com.au

ActivePort Group Ltd and Controlled Entities
Condensed Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2022

	Note	Condensed consolidated 31 December 2022 $	31 December 2021 $
Revenue			
Sales of goods and services	2	9,200,019	4,673,475
Cost of goods sold		(5,328,225)	(3,222,183)
Gross profit		3,871,794	1,451,292
Net fair value loss on investments	3	(96,852)	-
Other income	4	61,883	1,678
Expenses			
Distribution and marketing expenses		(77,098)	(43,660)
Research and development expenses		-	(9,000)
Administration expense	6	(698,729)	(1,023,272)
Employee benefits expense	7	(5,543,670)	(3,480,831)
Depreciation and amortisation	5	(766,382)	(234,567)
Fair value increase in deferred consideration	12	(694,938)	-
Other expenses		13,566	(40,712)
Operating loss		(3,930,426)	(3,379,072)
Finance income	8	1,814	9,369
Finance costs	9	(197,859)	(96,350)
Loss before income tax expense		(4,126,471)	(3,466,053)
Income tax expense		-	-
Loss after income tax expense for the half-year		(4,126,471)	(3,466,053)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation for a foreign operation		1,039	-
Other comprehensive income for the half-year, net of tax		1,039	-
Total comprehensive loss for the half-year		(4,125,432)	(3,466,053)
		Cents	**Cents**
Loss per share for loss			
Basic loss per share		(1.61)	(0.02)
Diluted loss per share		(1.61)	(0.02)

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

ActivePort Group Ltd and Controlled Entities
Condensed Consolidated statement of financial position
As at 31 December 2022

	Note	Condensed consolidated 31 December 2022 $	30 June 2022 $
Assets			
Current assets			
Cash and cash equivalents		1,338,304	3,169,444
Trade and other receivables		5,702,255	5,417,971
Contract assets		138,328	141,349
Inventories		65,327	74,303
Financial assets at fair value through profit or loss		54,635	151,488
Current tax assets		68,629	-
Financial asset at amortised cost		-	116,704
Total current assets		7,367,478	9,071,259
Non-current assets			
Trade and other receivables		216,040	-
Property, plant and equipment		223,986	255,604
Right-of-use assets		1,915,110	2,101,130
Intangibles	10	28,529,987	27,773,797
Financial asset at amortised cost		494,998	494,998
Total non-current assets		31,380,121	30,625,529
Total assets		38,747,599	39,696,788
Liabilities			
Current liabilities			
Trade and other payables		4,321,452	3,627,674
Contract liabilities		140,323	118,297
Borrowings	11	3,454,473	234,933
Lease liabilities		469,651	352,729
Employee benefits		645,674	512,046
Provisions	12	334,000	2,797,873
Total current liabilities		9,365,573	7,643,552
Non-current liabilities			
Borrowings	11	511,709	2,016,109
Lease liabilities		1,753,029	1,953,219
Total non-current liabilities		2,264,738	3,969,328
Total liabilities		11,630,311	11,612,880
Net assets		27,117,288	28,083,908
Equity			
Issued capital	13	40,129,351	36,970,539
Reserves		336,544	1,028,039
Accumulated losses		(13,348,607)	(9,914,670)
Total equity		27,117,288	28,083,908

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

ActivePort Group Ltd and Controlled Entities
Condensed Consolidated statement of changes in equity
For the half-year ended 31 December 2022

Condensed consolidated	**Issued capital $**	**Option reserve $**	**Foreign exchange translation reserve $**	**Accumulated losses $**	**Total equity $**
Balance at 1 July 2021	10,949,988	59,451	-	(3,238,500)	7,770,939
Loss after income tax expense for the half-year	-	-	-	(3,466,053)	(3,466,053)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive loss for the half-year	-	-	-	(3,466,053)	(3,466,053)
Transactions with owners in their capacity as owners:					
Issue of shares (note 13)	26,781,573	-	-	-	26,781,573
Issue of options (note 13)	-	276,448	-	-	276,448
Share issue expenses (note 13)	(1,079,297)	-	-	-	(1,079,297)
Balance at 31 December 2021	36,652,264	335,899	-	(6,704,553)	30,283,610

Condensed consolidated	**Issued capital $**	**Option reserves $**	**Foreign exchange translation reserve $**	**Accumulated losses $**	**Total equity $**
Balance at 1 July 2022	36,970,539	1,028,433	(394)	(9,914,670)	28,0843,908
Loss after income tax expense for the half-year	-	-	-	(4,126,471)	(4,126,471)
Other comprehensive income for the half-year, net of tax	-	-	1,039	-	1,039
Total comprehensive (loss)/income for the half-year	-	-	1,039	(4,126,471)	(4,125,432)
Transactions with owners in their capacity as owners:					
Issue of shares (note 13)	3,158,812	-	-	-	3,158,812
Performance rights vested	-	(692,534)	-	692,534	-
Balance at 31 December 2022	40,129,351	335,899	645	(13,348,607)	27,117,288

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

ActivePort Group Ltd and Controlled Entities
Condensed Consolidated statement of cash flows
For the half-year ended 31 December 2022

	Note	Condensed consolidated 31 December 2022 $	31 December 2021 $
Operating activities:			
Receipts from customers		8,449,992	2,801,844
Payments to suppliers and employees		(10,368,584)	(6,807,844)
Interest and lease charges paid		(197,859)	(69,477)
Interest received		1,814	9,369
Net cash used in operating activities		(2,114,637)	(4,066,108)
Investing activities:			
Payments for property, plant and equipment		(40,010)	(15,540)
Payments for developed and purchase software		(1,257,403)	(774,208)
Investment in related entity		-	(100)
Cash acquired on business combination		-	759,222
Proceeds from disposal of property, plant and equipment		-	234,001
Net cash (used in)/from investing activities		(1,297,413)	203,375
Financing activities:			
Proceeds from issue of shares		-	12,000,000
Share issue transaction costs		-	(802,749)
Proceeds from borrowings - Fundsquire		1,932,301	-
Repayment of borrowings		(217,162)	(99,262)
Repayment of lease liabilities		(134,229)	(13,011)
Net cash from financing activities		1,580,910	11,084,978
Net (decrease)/increase in cash and cash equivalents		(1,831,140)	7,222,245
Cash and cash equivalents at the beginning of the financial half-year		3,169,444	986,989
Cash and cash equivalents at the end of the financial half-year		1,338,304	8,209,234

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

Note 1. Significant accounting policies

These general purpose financial statements for the half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' 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'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the Group during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

New or amended Accounting Standards and Interpretations adopted

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

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

Going concern

The Group reported had a net asset position of $27,117,288 (30 June 2022: $28,083,908) and net current liabilities of $1,966,403 (30 June 2022: current net assets of $1,427,707) as at 31 December 2022 and incurred a loss of $ 4,126,471 (31 December 2021: $ 3,466,053) and net operating cash outflow of $2,114,637 (31 December 2021: $ 4,066,108) for the half-year ended 31 December 2022.

The Group's ability to continue as a going concern and meet its debts and future commitments as and when they fall due is dependent on a number of factors, including:

- delivery of existing and new products through the Group's distribution network to generate sales revenues and positive cash flows; and
- the ability of the Group to raise additional funding.

The Directors consider the going concern basis of preparation to be appropriate based on forecast cash flows and confidence in raising additional funds, if necessary. The Group does not expect significant change to market conditions. The Directors don't believe that it is going to be necessary for ATV to seek further capital for business as usual operations. In the remainder of the year ending 30 June 2023, ATV will be looking to expand operations in India, Africa, Middle East and Asia. This will involve growing our partnerships, leveraging existing relationships and consideration on setting up ATV offices in strategic locations. In the event that the Group is not successful in managing the discretionary expenditure as well as generating revenue, the Directors are confident that ATV would be able to raise funds from short term financing or from the issue of new equity.

Note 2. Sales of goods and services

	Condensed consolidated	
	31 December 2022 $	31 December 2021 $
Revenue from contracts with customers		
Hardware sales	1,875,418	2,177,401
ActivePort software	2,627,254	175,587
Managed services	3,224,414	1,280,663
Other revenue	464,418	506,390
Maintenance service	564,228	389,638
Licensing sale	444,287	143,796
	9,200,019	4,673,475

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

Geographical regions		
Australia	7,594,745	4,673,475
Asia	183,904	-
Europe	1,421,370	-
	9,200,019	4,673,475
Timing of revenue recognition		
Goods delivered/services rendered at a point in time	5,012,067	2,601,654
Goods delivered/services rendered over time	4,187,952	2,071,821
	9,200,019	4,673,475

Note 3. Net fair value loss on investments

	Condensed consolidated	
	31 December 2022 $	31 December 2021 $
Net fair value loss on investments in listed ordinary shares	(96,852)	-

Note 4. Other income

	Condensed consolidated	
	31 December 2022 $	31 December 2021 $
Sundry income	5,461	1,678
Research and development tax incentive rebate	56,422	-
Other income	61,883	1,678

Note 5. Depreciation and amortisation

	Condensed consolidated	
	31 December 2022 $	31 December 2021 $
Depreciation for property, plant and equipment	71,628	19,629
Depreciation for right-of-use assets	236,981	12,550
Amortisation for intangibles	457,773	202,388
	766,382	234,567

Note 6. Administration expense

	Condensed consolidated	
	31 December 2022 $	31 December 2021 $
Professional fees	492,997	780,558
Occupancy expenses	195,052	74,262
Expected credit losses recovery	(1,807)	-
Other administration expenses	12,487	168,452
	698,729	1,023,272

Note 7. Employee benefits expense

	Condensed consolidated	
	31 December 2022 $	31 December 2021 $
Wages and salaries	4,974,505	3,208,168
Superannuation expense	490,235	249,348
Other employment expense	78,930	23,315
	5,543,670	3,480,831

Note 8. Finance income

	Condensed consolidated	
	31 December 2022 $	31 December 2021 $
Interest income	1,814	-
Other finance income	-	9,369
	1,814	9,369

Note 9. Finance costs

	Condensed consolidated	
	31 December 2022 $	31 December 2021 $
Interest and finance charges paid on borrowings	129,941	94,612
Interest and finance charges paid on lease liabilities	67,918	1,738
	197,859	96,350

Note 10. Intangibles

	Condensed consolidated	
	31 December 2022 $	30 June 2022 $
Non-current assets		
Goodwill	24,110,937	24,110,937
Developed software - at cost	4,097,258	2,884,579
Less: Accumulated amortisation	(618,887)	(432,873)
	3,478,371	2,451,706
Developed intellectual property - at cost	303,750	303,750
Less: Accumulated amortisation	(84,717)	(43,599)
	219,033	260,151
Customer relationships - at cost	1,007,219	1,007,219
Less: Accumulated amortisation	(336,602)	(122,774)
	670,617	884,445
Purchased software - at cost	134,633	99,837
Less: Accumulated amortisation	(83,604)	(33,279)
	51,029	66,558
	28,529,987	27,773,797

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

Condensed consolidated	Goodwill $	Developed software $	Developed intellectual property $	Customer relationships $	Purchased software $	Total $
Balance at 1 July 2022	24,110,937	2,451,706	260,151	884,445	66,558	27,773,797
Additions	-	1,212,679	-	-	1,284	1,213,963
Amortisation expense	-	(186,014)	(41,118)	(213,828)	(16,813)	(457,773)
Balance at 31 December 2022	24,110,937	3,478,371	219,033	670,617	51,029	28,529,987

Sensitivity
The directors have made judgements and estimates in respect of impairment testing of goodwill and intangibles. The assumptions used in the sensitivity analysis at 30 June 2022 remain unchanged at 31 December 2022.

The following key assumptions were used in the discounted cash flow model:

Note 10. Intangibles (continued)

- Activeport Pty Ltd - 16.3% pre-tax discount rate and 32% per annum projected revenue growth rate.
- Global Edge & Future Boardband - 16.3% pre-tax discount rate and 71% per annum projected revenue growth rate
- Starboard IT - 14.8% pre-tax discount rate and 35% per annum projected revenue growth rate
- Vizstone - 14.8% pre-tax discount rate and 35% per annum projected revenue growth rate

The above pre-tax discount rate reflects management's estimate of the time value of money and the consolidated entity's weighted average cost of capital adjusted, the risk free rate and the volatility of the share price relative to market movements.

Management believes the above projected revenue growth rates are prudent and justified, based on the general slowing in the market. Management have estimated the above revenue growth in accordance with the acquisition strategy and have no reason to revise this estimation based on current performance.

There were no other key assumptions.

Note 11. Borrowings

	Condensed consolidated	
	31 December 2022 $	30 June 2022 $
Current liabilities		
Loan Glenn & Marilyn Farrow (1)	46,533	234,933
Loan - Grant Farrow (2)	22,818	-
Loan - Acurix Networks PL (2)	605,926	-
Loan - Mark Middleton (2)	108,511	-
Loan - DX Platforms (3)	(1,650)	-
Loan - Prospa Loan (3)	85,580	-
Loan - Wentworth Williams Auditing Pty Ltd (3)	71,454	-
Loan - SK ADVISORY PTY (3)	300,000	-
Loan - R4 Trading (3)	283,000	-
Loan - Fundsquire R&D (4)	1,932,301	-
	3,454,473	234,933
Non-current liabilities		
Loan Mark Middleton (2)	162,384	307,849
Loan Acurix Networks Pty Ltd (2)	321,303	995,195
Loan Grant Farrow (2)	28,022	58,611
Loan Wentworth Williams Auditing Pty Ltd (3)	-	300,000
Loan SK Advisory Pty (3)	-	71,454
Loan R4 Trading (3)	-	283,000
	511,709	2,016,109

(1) This loan arose following the acquisition of ActivePort Pty Ltd in January 2021, incurs interest at 10% per annum, and is a related party loan.

(2) These loans arose following the acquisition of ActivePort Pty Ltd in January 2021, incur interest at 6% per annum, and are related party loans.

(3) These loans arose as part of the Global Edge Network Limited (previously Datacenter Limited) acquisition.

(4) The Company obtained an R&D facility funding from Fundsquire Pty Ltd which is payable once the R&D refund for the 2021 and 2022 income tax period is received from the Australian Tax Office. The interest rates for the Fundsquire facility are as below:

Note 11. Borrowings (continued)

- Drawdown to 30 November 2022 - 1.25% per month;
- On and from the 30 November 2022 until the 31 January 2023 - 1.75 % per month; and
- On and from the 31 January 2023 until repayment – 2.5% per month.

Note 12. Provisions

	Condensed consolidated 31 December 2022 $	30 June 2022 $
Current liabilities		
Deferred consideration shares	234,000	2,697,873
Lease make good	100,000	100,000
	334,000	2,797,873

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 ("FY2021, FY2022 and FY2023") of each company ("**Deferred Consideration Shares**"). No Deferred Consideration Shares were issued based on the financial performance of the Acquisitions for FY2021.

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 FY2021 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**

$$\frac{\text{(Vizstone's FY2022 revenue – (Vizstone's FY2021 revenue x 1.1) x 1}}{\text{The higher of 80\% of ActivePort's 3 month VWAP (April to June 2022) and \$0.08}}$$

- On achievement of at least $14,000,000 of reported revenue for FY2023, 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.

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**:

$$\frac{\text{(Vizstone's FY2022 revenue – (Vizstone's FY2021 revenue x 1.1) x 1}}{\text{The higher of 80\% of ActivePort's 3 month VWAP (April to June 2022) and \$0.08}}$$

Note 12. Provisions (continued)

- On achievement of at least $14,000,000 of reported revenue for FY2023, 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.

During Q2FY2023, the following Deferred Consideration Shares have been issued.

Entity	Tranche of Deferred Consideration Shares	Issued	Value per share $
Starboard	Tranche 2	8,996,327	899,633
Vizstone	Tranche 1	22,591,784	2,259,178

Lease make good
The provision represents the present value of the estimated costs to make good the premises leased by the Group at the end of the respective lease terms.

Movements in provisions
Movements in each class of provision during the current financial half-year, other than employee benefits, are set out below:

Condensed consolidated - 31 December 2022	Lease make good $	Deferred consideration $
Carrying amount at the start of the half-year	100,000	2,697,873
Fair value adjustment of deferred consideration		694,938
Issuance of deferred consideration shares (i)	-	(3,158,811)
Carrying amount at the end of the half-year	100,000	234,000

(i) On 7 December 2022, the Company issued $3,158,811 worth of deferred consideration shares in relation to the acquisition of Starboard IT Pty Ltd and Vizstone Pty Ltd.

Note 13. Issued capital

	Condensed consolidated 31 December 2022 $	Condensed consolidated 30 June 2022 $
Paid up capital - ordinary shares (note a)	41,698,289	38,539,477
Capital raising costs capitalised	(1,568,938)	(1,568,938)
	40,129,351	36,970,539

(a) Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Group in proportion to the number of and amounts paid on the shares held. The fully paid shares have no par value. There are no externally imposed capital requirements.

Note 13. Issued capital (continued)

Voting at meetings is now conducted via a poll. Every member present at a meeting in person or by proxy shall have one vote.

The following issues of ordinary shares and options have occurred since incorporation.

Details	Date	Shares	Issue price	$
Balance	Shares on issue at 1 July 2020	9,080,000		640,078
Pre-IPO capital raise	20 October 2020	220,000	$0.50 each	110,000
Issue of shares (1)	22 January 2021	8,443,708	$0.80 each	6,754,966
Pre-IPO capital raise	1 February 2021	2,485,500	$0.80 each	1,988,400
Pre-IPO capital raise	26 February 2021	55,000	$0.80 each	44,000
Shares on issue 5 for 1 share split (2)	1 April 2021	81,136,832		-
Pre-IPO capital raise	May 2021	11,637,250	$0.16 each	1,861,960
Pre-IPO capital raise	June 2021	150,000	$0.16 each	24,000
Capital raising costs		-		(473,416)
Shares on issue 30 June 2021		113,208,290		10,949,988
In lieu of directors fees	28 July 2021	1,869,188	$0.16 each	299,070
Global Edge Acquisition	9 August 2021	39,287,515	$0.20 each	7,857,503
Starboard, Vizstone Acquisition and IPO	27 September 2021	93,125,000	$0.20 each	18,625,000
Share based payment - KP	20 May 2022	187,500	$0.16 each	30,000
Future broadband Acquisition	28 May 2022	2,175,000	$0.14 each	304,500
Capital raising costs		-		(1,095,522)
Shares on issue 30 June 2022		249,852,493		36,970,539

Details	Date	Shares	Issue price	$
Balance	Shares on issue at 1 July 2022	249,852,493		36,970,539
Vesting of Class A and Class B Performance	28 October 2022	8,878,640	$0 each	-
Rights		-		-
Deferred Consideration shares for acquisition	7 December 2022	8,996,327	$0.10 each	899,634
of Starboard IT Pty Ltd		-		-
Deferred shares to non-related party for	7 December 2022		$0.10 each	
acquisition		10,008,160		1,000,816
of Vizstone Pty Ltd		-		-
Deferred shares to related party for acquisition	7 December 2022	12,583,624	$0.10 each	1,258,362
of Vizstone Pty Ltd		-		-
Shares on issue 31 December 2022		290,319,244		40,129,351

(1) Shares issued pursuant to the acquisition of 100% of the issued share capital of ActivePort Pty Ltd. The value of the consideration shares was $6,754,966.

(2) On 1 April 2021, the Group received shareholder approval for a 5 for 1 share split of its issued share capital. This resulted in every 1 share on issue (20,284,208) being subdivided into 5 new shares (101,421,040).

(b) Share options

Date	Expiry	Options	Exercise price
20 October 2020 (1)	31 October 2023	378,000	$1.50 each
20 October 2020 (1)	31 October 2024	126,000	$1.75 each
		504,000	

Note 13. Issued capital (continued)

Option on issue after 5 for 1 securities split

20 October 2020 (2)	31 October 2023	1,890,000	$0.30 each
20 October 2020 (2)	31 October 2024	630,000	$0.35 each
28 July 2021	30 September 2024	9,811,475	$0.40 each
Options on issue 31 December 2022		12,331,475	

(1) These options were valued at $59,451.

(2) On 1 April 2021, the Group received shareholder approval for a 5 for 1 share split of its issued share capital. This resulted in every 1 option on issue (630,000) being subdivided into 5 new options (3,150,000).

On 7 December 2022, the Company issued $3,158,811 worth of deferred consideration shares in relation to the acquisition of Starboard IT Pty Ltd and Vizstone Pty Ltd. The issue of these shares decreased the deferred consideration provision by $2,463,873 and share option reserve balance by $694,938.

Note 14. Share based payment arrangements

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 expired 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 (**FY2022 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 (**FY2023 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:

Note 14. Share based payment arrangements (continued)

- 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**).

Total Pro-forma Revenue for a financial year for Class A to F Performance Rights 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.

On 24 June 2022, 459,240 Class A Performance Rights, 153,080 Class B Performance Rights, 153,080 Class C Performance Rights, 459,240 Class D Performance Rights, 153,080 Class E Performance Rights and 153,080 Class F Performance Rights, lapsed in accordance with their terms and conditions due to the holder ceasing to be an officer (and employee, if applicable) of the Company.

On 28 October 2022, 6,658,980 Class A Performance Rights and 2,219,660 Class B Performance Rights vested as they had met their vesting conditions and consequently 8,878,640 ordinary shares were issued on 28 October 2022, pursuant to the vesting of those Performance Rights. Also on 28 October 2022, 2,219,660 Class C Performance Rights lapsed as they were no longer capable of meeting their vesting conditions.

No other Performance Rights have been cancelled since their date of issue.

The remaining 6,658,980 Class D Performance Rights, 2,219,660 Class E Performance Rights and 2,219,660 Class F Performance Rights, remain on issue. No Class D, E or F Performance Rights have been converted or cancelled during the period of this report.

On 20 May 2022, ATV issued 2,000,000 Class G Performance Rights. All Class G Performance Rights expire on 31 May 2024. On vesting, each Performance Right converts into one ordinary share in the Company.

For Class G Performance Rights, **Adjusted Revenue** means total consolidated revenue excluding one-off or extraordinary revenue items; revenue received in the form of government grants, allowances, rebates or other hand-outs and revenue that has been "manufactured" to achieve the Vesting Condition. **Total Revenue** for a financial year means the Adjusted Revenue for that financial year of Digital Immortality Pty Ltd (ACN 615 117 998) (Digital Immortality) for that financial year, excluding subsidiaries of Digital Immortality that were acquired for consideration provided by ActivePort Group Ltd (ACN 636 569 634) (ActivePort) or subsidiaries of ActivePort other than Digital Immortality.

The Class G Performance Rights shall vest, subject to the Class G Vesting Calculation, where Total Revenue during the financial year ending 30 June 2023 (**FY2023 Revenue**) is at least AUD$3.2 million.

Where Future Broadband's FY2023 Revenue is:

- Less than AUS $1 million, no Class G Performance Rights will vest; or
- AUD$1 million or greater, then such proportion (limited toa maximum of 100%) of the Class G Performance Rights will vest as calculated by the amount that the FY2023 Revenue exceeds the total revenue during the financial year ending 30 June 2022 (FY2022 Revenue) divided by the amount that FY2023 Revenue exceeds FY2022 Revenue to a maximum of 100%. (**Vesting Calculation**)

Note 15. Dividends

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

Note 16. Contingencies

There are no significant contingencies as at 31 December 2022 (30 June 2022: Nil).

Note 17. Related party transactions

Ultimate parent entity
ActivePort Group Ltd is the ultimate parent, based and listed in Australia.

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

	Condensed consolidated	
	31 December 2022 $	31 December 2021 $
Purchase of goods and services:		
Payment for services to Acurix Networks Pty Ltd (a related entity of Mark Middleton)	10,962	7,780
Sales of goods and services:		
Services provided to Radian Arc Limited (a director-related entity of Peter Christie) (i)	1,403,052	248,305
Services provided to Acurix Networks Pty Ltd (a related entity of Mark Middleton) (i)	798	-
Services provided to Nexion Networks (a director-related entity of Peter Christie) (i)	1,690	-
Interest:		
Interest on Hardware Lease receivable from Radian Arc Limited (a director-related entity of Peter Christie)	52,732	-

(i) Amount invoiced less GST as amount in revenue excludes GST.

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

	Condensed consolidated	
	31 December 2022 $	30 June 2022 $
Current receivables:		
Services provided to Radian Arc Limited (a director-related entity of Peter Christie)	526,289	1,679,651
Hardware Lease receivable from Radian Arc Limited (a director-related entity of Peter Christie)	1,464,916	-
Services provided to Acurix Networks Pty Ltd (a related entity of Mark Middleton)	966	-
Services provided to Nexion Networks (a director-related entity of Peter Christie)	1,859	-
Current payables:		
Radian Arc Limited (a director-related entity of Peter Christie)	-	472,828
Acurix Networks Pty Ltd (a related entity of Mark Middleton)	12,978	23,940

Loans to/from related parties
Please refer to note 11 for interest-bearing related party loans.

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

Note 18. Events after the reporting period

The Group entered into an R&D facility agreement with Mitchell Asset Management which gives the Group access to 85% of its estimated R&D refund amount for FY2023. On 15 February 2023, the company made a drawdown of $1,074,000 under this facility agreement.

No other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

ActivePort Group Ltd and Controlled Entities
Directors' declaration
31 December 2022

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the financial half-year ended on that date; and

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

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

Karim Nejaim
Managing Director/ Chief Executive Officer

28 February 2023

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

Report on the Interim Financial Report

Conclusion

We have reviewed the Interim 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 2022, 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 Interim 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 2022 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* (ASRE 2410). 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 Interim 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 Interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Nexia Perth
Audit Services Pty Ltd
ACN 145 447 105
Level 3, 88 William Street
Perth WA 6000
GPO Box 2570, Perth WA 6001
p +61 8 9463 2463
f +61 8 9463 2499
e audit@nexiaperth.com.au
w nexia.com.au

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

Our responsibility is to express a conclusion on the Interim 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 Interim 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 2022 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 an Interim 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.

NPAS

Nexia Perth Audit Services Pty Ltd

Muranda Janse Van Nieuwenhuizen
Director

Perth
28 February 2023