

30 April 2024

Quarterly Activities Report

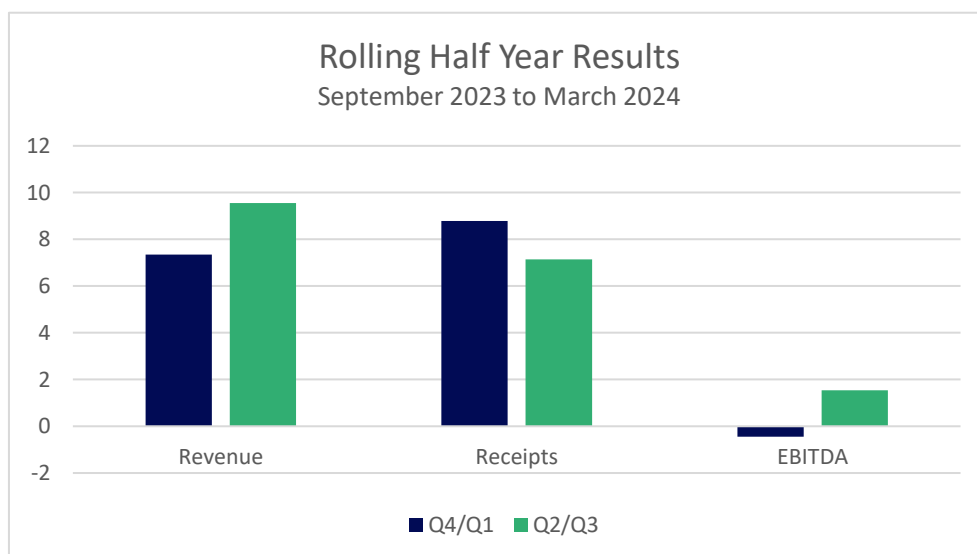
For the quarter ending 31 March 2024

ActivePort Group Ltd (“ActivePort” or “the Company” or “Group”), (ASX:ATV) focussed on completing contracts with new customers, closing out existing projects to collect cash and engineering new software products for delivery in Q4.

Cash receipts remained strong at \$3.4M for the quarter and the group EBITDA was near neutral at (\$20K) on revenue of \$3.32M (all un-audited). Software sales for the quarter were stable, albeit with a number of new potential major telco contracts in Australia and India, pending final solution design and contract completion. Following the restructure of the managed services business, revenue in that division began its path back to positive growth, posting a 4% quarterly increase in revenue and slightly positive EBITDA.

Business Highlights:

- Began delivery of a new core orchestration software project in Southeast Asia for a telecommunications operator that ranks as one of the largest in the region with more than 42 million network subscribers.
- Engaged with our Middle East telco partner (see previous quarterly announcement of a significant sale in the region) to market and deploy ActivePort software to 6 major telecommunications operators in the region.
- Completed deployment of ActivePort software to EDM (Electricidade de Moçambique) via Bravantic (Portugal) that sees Mozambique’s national energy operator manage its communications network using ActivePort’s software.
- Delivered two new telco’s into live production with ActivePort cloud orchestration software for gaming and deployed one new telco ready for production in Q4.
- Entered the last phase of development of our version 3 cloud gaming software platform, engineered to address the high-volume deployment requirements of the high-density markets such as India and Indonesia.
- Completed the managed firewall solution that will underpin our new software as a service (SaaS) implementation of ActivePort called Global Edge due for public launch in Q4.



Software

Software deployment and integration settled into a regular cadence with existing projects rolling out in a number of global regions and new projects being scoped and specified, ready for contract completion in Q4.

Software revenue and receipts to-date have been “lumpy” quarter-on-quarter due to some customers choosing to make up-front license payments in lieu of monthly payments. Heading into Q4, all of our new contracts are weighted toward recurring revenue which should see our monthly revenue settle into a regular pattern of quarterly recurring revenue growth with matching cash receipts, albeit with a short-term drop in total revenue booked for the year.

The acceptance of our orchestration software in the telco sector has been exceptional and we continue to add new tier-1 telco customers to our sales pipeline.

Network as a Service

Our Global Edge product continues to evolve with the new managed firewall feature, an essential element of our NBN-centric technical strategy in Australia ready for release. Our Global Edge customers can use this feature to improve their network performance and security by leveraging the NBN’s underlying fibre infrastructure to its fullest extent.

Managed Services

Rationalisation has seen our managed services businesses improve their profitability and the teams are now fully focussed on growth. This is reflected in the quarterly result with revenue up 4% for the quarter.

Engineering

Our engineering group delivered a raft of new features in the quarter that create opportunities for new revenue streams. These features included:

- The managed firewall solution for both our orchestration product and the SaaS implementation, Global Edge.
- Version 3.0 of our cloud gaming platform, engineered for both Windows and Android games and fully integrated from client streaming through to the GPU.
- Version 6.8 of our core orchestration platform that includes a raft of new features across the entire solution suite.
- New billing integration features that help our telecommunications carrier customers improve their customer service and shorten the time from order to cash.

Cash Management

We are pleased to have agreed on a service credit facility with Radian Arc Ltd, our largest debtor to clear the backlog of invoices outstanding and enable us to accelerate development of the cloud gaming platform without drawing on working capital. The facility of \$3.9M consolidates older outstanding amounts due for services previously rendered and provides \$1.7M of new capital to fund our growth through to cash positive operations. The facility is subject to Radian Arc finalising its Series B funding round.

In accordance with Listing Rule 4.7C, payments made to related parties of \$134,000 and their associates reflected in item 6.1 and \$71,000 reflected in item 6.2 of the Appendix 4C for this quarter comprises fees, salary and superannuation for Directors.

About ActivePort Group Ltd

ActivePort is an Australian company delivering network orchestration software solutions, tailored to the global telecommunications and information technology sectors. The company derives revenue from three business units: the ActivePort orchestration software, the Global Edge network-as-a-service portal www.globaledge.network and general IT managed services.

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

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ActivePort Group Ltd

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

Appendix 4C

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

Name of entity

ACTIVEPORT GROUP LTD

ABN

24 636 569 634

Quarter ended ("current quarter")

31 March 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	3,416	10,631
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(1,866)	(6,477)
(c) advertising and marketing	(3)	(26)
(d) leased assets	-	(52)
(e) staff costs	(1,553)	(5,089)
(f) administration and corporate costs	(909)	(2,412)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	9
1.5 Interest and other costs of finance paid	(21)	(93)
1.6 Income taxes paid	-	(24)
1.7 Government grants and tax incentives	-	2,348
1.8 Other	-	-
1.9 Net cash from / (used in) operating activities	(935)	(1,185)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	(13)
(d) investments	-	-
(e) intellectual property	(414)	(1,273)

	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(414)	(1,286)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	2,500
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(175)
3.5	Proceeds from borrowings	-	5
3.6	Repayment of borrowings	(7)	(71)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material) ¹	-	-
3.10	Net cash from / (used in) financing activities	(7)	2,259

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,576	1,473
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(935)	(1,185)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(414)	(1,286)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(7)	2,259
4.5	Effect of movement in exchange rates on cash held	5	(36)
4.6	Cash and cash equivalents at end of period	1,225	1,225

5.	Reconciliation of cash and cash equivalents	Current quarter	Previous quarter
	at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	\$A'000	\$A'000
5.1	Bank balances	880	2,298
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (Bank Guarantee)	345	278
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,225	2,576

6.	Payments to related parties of the entity and their associates	Current quarter
		\$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(134)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	(71)

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

The amount at 6.1 relates to fees (including superannuation, where applicable) paid to the Directors (including for their executive roles, where applicable).

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	1,980	1,973
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	100	47
7.4 Total financing facilities	2,080	2,020
7.5 Unused financing facilities available at quarter end		60
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
1. A \$100,000 unsecured principal and interest line of credit facility with Prospa Advance Pty Ltd. The interest rate is 0.077% daily rate at the Disclosure Date. 2. Total short-term R&D tax credit loan of \$1.896M provided by Mitchell Asset Management based on 80% of expected FY2023 R&D tax refund with interest rate at 14% per annum.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(935)
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,228
8.3 Unused finance facilities available at quarter end (item 7.5)	60
8.4 Total available funding (item 8.2 + item 8.3)	1,288
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	1.37
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: The company has agreed on a service credit facility with Radian Arc for \$3.9m which consolidates older outstanding amounts due and provides \$1.7m of new capital. The Company is expecting receipts of \$2.2m in Q4 which will reduce the net cash used in operating activities.	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: The company has agreed on a service credit facility with Radian Arc for \$3.9m which consolidates older outstanding amounts due and provides \$1.7m of new capital. The credit facility is subject to Radian Arc finalising its Series B funding round.	

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

Answer: Yes, on the basis of the Radian Arc credit facility.

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

Compliance statement

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

Date: 30 April 2024

Authorised by: The Board.

Notes

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