

25 July 2024

# Quarterly Activities Report

For the quarter ending 30 June 2024

ActivePort Group Ltd (“ActivePort” or “the Company” or “Group”), (ASX:ATV) is pleased to have delivered a strong finish to FY24 with positive net cash from operations of \$2,021,000 from \$5,783,000 of receipts in Q4 and total customer receipts of \$16,414,000 for the year.

The company achieved major delivery milestones in Q4 with the completion of major projects in Africa, India, Australia and Canada. On the back of completing these projects, the team instigated a number of new projects with telco operators in Australia, India, Malaysia and Indonesia that will generate strong recurring revenue heading into the second half of FY25.

We are very excited to have completed our B2B Network Enterprise Orchestration portal (NEO) on our Global Edge SaaS platform. Global Edge already has a growing base of internet service providers (ISP’s) and managed service providers (MSP’s) using the wholesale SaaS products in Australia, Africa and Asia and this new enterprise solution will accelerate recurring revenue growth in this division of our business.

## Business Highlights:

- Strong finish to the year with \$5.8M of cash receipts and \$2M of cash from operations in Q4.
- Annual receipts of \$16.4M and \$1.4M of net cash from operations for the full financial year.
- Break even operating result for the year that is well ahead of FY23 and a strong positive outcome when R&D incentives are included.
- Significant multi-million dollar software projects were completed in the year and phase two initiatives for some of these customers were started in Q1 of FY25.
- A number of significant new software projects for telco customers in Australia and Asia were started late in Q4 that should deliver strong recurring revenue from the second half of FY25.
- Global Edge NEO, our new B2B network enterprise orchestration portal was completed for launch in July 2024 and should add compounding growth to the recurring revenue base through FY25.
- Android operating system support was added to our GPU orchestration platform for cloud gaming and 24 telcos are now live with Activeport’s GPU orchestration software of the 70 contracted to-date.

## ActivePort Group Consolidated Results

The group bottom line result was up on FY23 and excess operating costs of \$5M were extracted in from efficiency initiatives. R&D investment increased by just over \$1M for the year as the company focussed on development of new products and features that will accelerate recurring revenue growth in FY25 and beyond.

\$'M	Q1	Q2	Q3	Q4	Total FY24
Revenue	2.77	6.12	3.19	2.87	14.95
COGS	1.83	1.63	1.72	1.68	6.86
Gross Profit	0.94	4.49	1.47	1.19	8.09
OPEX	2.05	2.23	1.74	2.11	8.13
Net operating position	-1.11	2.26	-0.27	-0.92	-0.04

Note (1): The above table are draft financials and subject to audit

### Software Business Unit Results

The software business unit delivered another strong net operating result in FY24 from its highly profitable enterprise software license revenue.

These, plus the new customer projects started in Q4, promise to deliver long term recurring revenue growth heading into the second half of FY25. This should continue to compound as more telecommunications operators adopt Activeport's unique orchestration software.

\$'M	Q1	Q2	Q3	Q4	Total FY24
Revenue	0.24	3.70	0.75	0.47	5.16
COGS	0.21	0.18	0.17	0.22	0.78
Gross Profit	0.03	3.52	0.58	0.25	4.38
Gross Profit %	13%	95%	77%	53%	85%
OPEX (excl dep'n)	0.46	0.43	0.27	0.43	1.59
Net operating position	-0.43	3.09	0.31	-0.18	2.80

Note (1): The R&D Tax refund is estimated to be \$1.5m for FY24 and has not been included in table above.

Note (2): The above table are draft financials and subject to audit.

### Global Edge Business Unit Results

Global Edge for wholesale ISP and MSP customers was launched in the first half of FY24 and delivered significant new projects that will begin to appear in top line revenue as they come on stream in Q1 of FY25. The launch of NEO, Global Edge's B2B enterprise portal adds a faster path to revenue from self-service SaaS that should accelerate customer acquisition to drive recurring revenue growth throughout FY25.

\$'M	Q1	Q2	Q3	Q4	Total FY24
Revenue	0.57	0.59	0.55	0.55	2.26
COGS	0.54	0.51	0.54	0.52	2.11
Gross Profit	0.03	0.08	0.01	0.03	0.15
OPEX	0.02	0.03	0.01	0.01	0.07
Net operating position	0.01	0.05	-	0.02	0.08

Note (1): The above table are draft financials and subject to audit

### Managed Services Business Unit Results

The managed service business unit remained stable in a tough IT services market. In FY25, this business unit will be folded into the Global Edge SaaS operation to leverage the considerable customer service expertise and technical skills of their staff in Sydney and Perth. The combination of this expertise and the unique Global Edge SaaS platform should deliver strong revenue growth and higher net margins for the business unit combination.

\$'M	Q1	Q2	Q3	Q4	Total FY24
Revenue	1.96	1.83	1.89	1.85	7.53
COGS	1.08	0.94	1.01	0.94	3.97
Gross Profit	0.88	0.89	0.88	0.91	3.56
OPEX	0.96	0.98	0.91	1.10	3.95
Net operating position	-0.08	-0.09	-0.03	-0.19	-0.39

Note (1): The above table are draft financials and subject to audit

In accordance with Listing Rule 4.7C, payments made to related parties of \$135,000 and their associates reflected in item 6.1 and \$83,000 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](http://www.globaledge.network) and general IT managed services.

For more information, please visit [www.activeport.com.au](http://www.activeport.com.au)

#### Investor relations

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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")**

30 June 2024

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	5,783	16,414
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(1,881)	(8,358)
(c) advertising and marketing	(3)	(29)
(d) leased assets	-	(52)
(e) staff costs	(972)	(6,061)
(f) administration and corporate costs	(671)	(3,083)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	10
1.5 Interest and other costs of finance paid	(236)	(329)
1.6 Income taxes paid	-	(24)
1.7 Government grants and tax incentives	-	2,348
1.8 Other (note 6)	-	524
<b>1.9 Net cash from / (used in) operating activities</b>	<b>2,021</b>	<b>1,360</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(9)	(22)
(d) investments	-	-
(e) intellectual property	(942)	(2,739)

	(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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(951)</b>	<b>(2,761)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
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	(649)	(720)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material) <sup>1</sup>	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(649)</b>	<b>1,610</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	1,225	1,473
4.2	Net cash from / (used in) operating activities (item 1.9 above)	2,021	1,360
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(951)	(2,761)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(649)	1,610
4.5	Effect of movement in exchange rates on cash held	(30)	(66)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>1,616</b>	<b>1,616</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	1,271	880
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (Bank Guarantee)	345	345
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,616</b>	<b>1,225</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(135)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	(83)
<p><i>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.</i></p> <p>The amount at 6.1 relates to fees (including superannuation, where applicable) paid to the Directors (including for their executive roles, where applicable).</p>		

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<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	1,200
7.2 Credit standby arrangements	1,530	-
7.3 Other (please specify)	100	31
7.4 <b>Total financing facilities</b>	<b>3,610</b>	<b>1,231</b>
7.5 <b>Unused financing facilities available at quarter end</b>		<b>2,379</b>
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.	
	<ol style="list-style-type: none"> <li>Total short-term R&amp;D tax credit loan of \$1.98M provided by Mitchell Asset Management secured against property of the business with a fixed interest rate at 14% per annum and a default rate of 2% per month. The facility is rolled over monthly.</li> <li>The credit standby arrangement is part of the initial drawdown on Radian Arc \$3.9m capital facility (refer to announcement of 30 April 2024 and 8 May 2024). Any additional \$118k draw down each month for 12 months and \$78.6k for the last 3 months of the facility would attract interest of 9% unless being offset against any additional services rendered by ActivePort to Radian Arc.</li> <li>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.</li> </ol>	

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	2,021
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,616
8.3 Unused finance facilities available at quarter end (item 7.5)	2,379
8.4 Total available funding (item 8.2 + item 8.3)	3,995
8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	N/A
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?
	Answer:

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

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

Answer:

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

## 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: 25 July 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.
6. An adjustment of \$524,000 has been included in section 1.8 of operating activities to adjust the capitalised development costs for prior quarters as part of the review for R&D Tax Incentive scheme. The corresponding adjustment is shown in section 2.1 (e).