

30 January 2025

Quarterly Activities Report

For the quarter ending 31 December 2024

Activeport Group Ltd (ASX:ATV) (**Activeport** or **Company**) delivered consistent revenue and costs across the first two quarters of 2025 and is positioned to accelerate growth from this recurring revenue baseline with limited fixed cost growth.

Following the restructure undertaken in FY24, Activeport reached a consistent baseline of recurring revenue from its two core segments, **software licensing** and **Software-as-a Service**. Operating costs were also stable, demonstrating that the restructure is complete and the company is rightsized to deliver positive expanding operating margins on a stable cost base.

Projects delivered in Q2 will generate steadily increasing recurring revenue throughout the second half and ramp in FY26 as the company pursues its goal of recurring revenue exceeding operating costs in the first half of FY26.

Q2 FY25 Highlights

- Revenue stable at \$2.5M for the quarter, down marginally on Q1;
- Net cash used in operating and investing activities including R&D investment of \$1.16M;
- R&D tax refund received for \$1.52M;
- Cash and cash equivalents at the end of the period of \$2.6M (excluding the \$4M Radiant Arc license agreement and \$2M placement following the Rights Issue);

Activities for the Quarter

The first two quarters delivered stable revenue and costs, positioning the company to deliver consistent revenue reporting across its two segments of SaaS and Software licenses.

	Q1	Q2	Variance
SaaS Revenue	\$2,467,461	\$2,261,998	(8.3%)
Software Revenue	\$262,935	\$258,572	(1.7%)
Group Revenue	\$2,730,396	\$2,520,570	(7.7%)

Note: These revenue amounts are on an accrual basis and not on a cash basis.

A new agreement to license Activeport's GPU orchestration product to Radian Arc for cash payment of \$4M was contracted but not booked to revenue due to its conditionality (see announcement dated 14 November 2024). Lower cash receipts in the quarter was due to an accumulation of receivables related to this transaction, due to close in Q3.

The Rights issue was successfully completed and along with an associated placement raised \$6.1M against a target of \$5.3M (before costs), of which \$2M is due to be remitted to Activeport in Q3 (see announcement dated 21 January 2025).

The operating activities in the first half including receipt of a R&D tax refund of \$1.52M in Q2 and has delivered a significant improvement in Activeport's balance sheet that will be reflected in the upcoming half-year report.

Chairman and CEO, Peter Christie said "We've established a baseline of recurring revenue across our two core software-related revenue streams and the team has been working hard to complete projects that will deliver strong, consistent growth through the second half."

Christie continued: "I'm excited about our Q3 roll-out of bandwidth-on-demand using the FibreconX network in Australia, the new projects we're deploying for international telco and data centre operators and the potential revenue upside our version 4.0 GPU orchestration software might offer".

Other Activities

In accordance with Listing Rule 4.7C, payments made to related parties of \$142,000 and their associates reflected in item 6.1 and \$98,000 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 December 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	2,453	5,801
1.2 Payments for		
(a) research and development	(142)	(319)
(b) product manufacturing and operating costs	(2,033)	(3,780)
(c) advertising and marketing	(3)	(4)
(d) leased assets	(13)	(20)
(e) staff costs	(1,526)	(2,975)
(f) administration and corporate costs	(630)	(1,563)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	19	22
1.5 Interest and other costs of finance paid	(142)	(212)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	1,520	1,520
1.8 Other	-	-
1.9 Net cash from / (used in) operating activities	(497)	(1,530)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	(667)	(1,392)

	(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	(667)	(1,392)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	3,358	5,133
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	(294)	(429)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(256)	(456)
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	2,808	4,248

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	948	1,272
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(497)	(1,530)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(667)	(1,392)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,808	4,248
4.5	Effect of movement in exchange rates on cash held	(3)	(9)
4.6	Cash and cash equivalents at end of period	2,589	2,589

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,555	948
5.2	Call deposits	34	-
5.3	Bank overdrafts	-	-
5.4	Other	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,589	948

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	(142)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	(98)
<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>		

7.	Financing facilities <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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	1,000	1,000
7.2	Credit standby arrangements	1,530	1,021
7.3	Other (please specify)	100	-
7.4	Total financing facilities	2,630	2,021
7.5	Unused financing facilities available at quarter end		609
7.6	<p>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.</p> <ol style="list-style-type: none"> 1. Loan facility: Total short-term R&D tax credit loan balance of \$1.0M provided by Mitchell Asset Management secured against property of the business with interest rate at 24% per annum. The facility was repaid on 6 January 2025. 2. Credit standby arrangement: This is part of the initial drawdown on Radian Arc \$3.9m capital facility. 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. 3. Other facility: A \$100,000 unsecured principal and interest line of credit facility with Prospra Advance Pty Ltd. The interest rate is 0.077% daily rate at the Disclosure Date. 		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(497)
8.2	Cash and cash equivalents at quarter end (item 4.6)	2,589
8.3	Unused finance facilities available at quarter end (item 7.5)	609
8.4	Total available funding (item 8.2 + item 8.3)	3,198
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	6.4
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer:	
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer:	

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

Answer:

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

9. Additional Disclosure

Zero Exercise Price Options (ZEPOs)

On 27 November 2024, the Company issued 7,800,000 Class H ZEPOs, 7,800,000 Class I ZEPOs and 10,400,000 Class J ZEPOs.

30 Day VWAP means the volume weighted average price per Share calculated over the 30 days on which sales in the Company's ordinary shares are recorded before the day on which the calculation is made.

Each ZEPO entitles the holder to subscribe for one Share upon exercise of the ZEPO. No consideration is payable upon the exercise of each ZEPO.

Each ZEPO will expire at 5:00 pm (WST) on the date that is five (5) years from the date of issue (Expiry Date). Any ZEPO not exercised on or before the Expiry Date will automatically lapse on the Expiry Date.

Vesting of the ZEPOs will terminate on 30 November 2027. Vesting conditions that have not been met by 30 November 2027 will no longer be capable of being satisfied.

The ZEPOs will vest upon satisfaction of the following vesting conditions:

- (i) Class H ZEPOs: will vest upon the Company achieving a 30 Day VWAP which is equal to or greater than \$0.10 per Share;
- (ii) Class I ZEPOs: will vest upon the Company achieving a 30 Day VWAP which is equal to or greater than \$0.15 per Share; and
- (iii) Class J ZEPOs: will vest upon the Company achieving a 30 Day VWAP which is equal to or greater than \$0.20 per Share;

(each a Vesting Condition).

Each ZEPO that has vested by 30 November 2027 pursuant to its vesting condition being met or vested pursuant to a proportion of its vesting condition being met, will lapse on the Expiry Date.

Each ZEPO that has not vested by 30 November 2027 pursuant to its vesting condition not being met or vested pursuant to a proportion of its vesting condition not being met will automatically lapse upon the earlier to occur of:

- (i) 30 November 2027; and
- (ii) the holder ceasing to be an officer (and employee, if applicable) of the Company.

For the avoidance of doubt, a ZEPO will not lapse in the event the relevant Vesting Condition is met before the relevant 30 November 2027 and the Shares the subject of an Exercise Notice are deferred in accordance with the ZEPO terms and conditions.

Once vested, the ZEPOs are exercisable at any time on or prior to the Expiry Date (Exercise Period).

Where there is a Change of Control, all Vesting Conditions are deemed to be automatically waived and advised by written notice to the holder.

The ZEPOs may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the ZEPO certificate (Notice of Exercise).

A Notice of Exercise is only effective on and from the date of receipt of the Notice of Exercise (Exercise Date).

Within 10 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of ZEPOs specified in the Notice of Exercise;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge

with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the ZEPOs.

Shares issued on exercise of the ZEPOs rank equally with the then issued shares of the Company.

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

There are no participation rights or entitlements inherent in the ZEPOs and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the ZEPOs without exercising the ZEPOs.

All ZEPOs have remained on issue since their date of issue.

No ZEPOs has been cancelled, vested or exercised since their date of issue. None of the ZEPOs vesting conditions have been met since their date of issue.

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 January 2025

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.