

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 2024
 Previous period:For the half-year ended 31 December 2023

2. Results for announcement to the market

		% change		31 Dec 2024	31 Dec 2023
Revenues from ordinary activities	down	(42%)	to	5,265,555	9,149,730
Loss from ordinary activities after tax attributable to members	up	438%	to	(3,079,465)	(572,294)
Net loss for the half-year attributable to the members	up	438%	to	(3,079,465)	(572,294)

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 \$3,079,465 (31 December 2023: loss of \$572,294).

3. Net tangible assets

	Reporting Period \$	Previous Period \$
Net tangible assets per ordinary security	<u>0.0029</u>	<u>0.0044</u>

4. Operating Results

For commentary on the financial results please refer to the information provided in the Directors Report in the attached interim financial report. The half-year report should be read in conjunction with the most recent annual report.

5. Details Of Entities Over Which Control Has Been Gained Or Lost During The Period

The Group did not gain or lose control over any entities during the half-year ended 31 December 2024.

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

The Group did not have any associates or participate in any joint ventures during the half-year ended 31 December 2024.

8. Audit of Financial Statements

This report is based on the attached half-year financial report which has been reviewed by our auditors. The auditor's review report includes a material uncertainty related to going concern, as follows:

We draw attention to Note 1 of the interim financial report, which indicates that the Group incurred a loss of \$3,079,465, had net operating cash outflows of \$1,474,982 and net financing cash outflows of \$1,453,674 for the half-year ended 31 December 2024. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

9. Attachments

Details of attachments (if any):

The Interim Report of ActivePort Group Ltd and Controlled Entities for the half-year ended 31 December 2024 is attached.

Interim Report

31 December 2024

**Activeport Group Ltd
and Controlled Entities**
ABN 24 636 569 634

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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 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:

Level 28
140 St Georges Terrace
Perth WA 6000

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 19 February 2025. The directors have the power to amend and reissue the financial statements.

Directors' Report

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 2024.

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	Executive chairman
C Daly	Non-executive director
K Soares	Executive director
M Middleton	Executive director

Principal activities

The Group's primary assets are its network orchestration software, its network-as-service platform, and its information systems managed services business.

The Activeport software business derives high-margin revenue by licensing its software telco operators, data centre owners and cloud service providers. Activeport's software products are used to orchestrate telco networks, automate connectivity to data centres and manage GPU-centric compute clusters in the cloud.

- The software as a service (SaaS) platform called Global Edge enables organisations to connect the operations to the cloud using a self-service web interface.
- The managed services business delivers mission critical information technology, services and support to enterprise customers across Australian and parts of Southeast Asia.

Operating and financial review

Consistent with our strategy at the end of the previous half of consolidation and focus on recurring revenue growth from SaaS and software license sales, H1 FY2025 delivered to expectations with revenue and operating costs net of one-off transactions being consistent with the previous corresponding period and the previous half. This trend toward consistent reporting will continue in the next half as the remaining restructuring costs end and our recurring revenue growth accelerates. Trading remains strong and that shows in our net liquidity defined as cash plus receivables less payables having increased by 18% on the compared to December 2023.

Our underlying performance has been regularly overshadowed by one-off transactions and this half was no different with continuing negotiations for a new agreement to license Activeport's GPU orchestration product to Radian Arc for a cash payment of \$4M. This transaction is expected to be completed by 30 June 2025 when conditions precedent have been met (refer to announcement dated 14 November 2024).

The Company continued to work hard on managing its balance sheet and successfully completed a placement (August 2024), a rights issue (October/November 2024) and received the 2024 R&D tax refund (December 2024) during the period. The result of this work was to reduce debt significantly from \$4.8M at 30 June 2024 to \$2.1M at the time of this report after taking into consideration the repayment post half year end of our R&D loan in full. The Company further expects that this balance will be reduced when the offset facility in the anticipated Radian Arc transaction is completed. Having repaid our R&D loan, the Company intends *not* to use R&D loans in future, and this will reduce the finance costs seen in our previous reports.

Directors' Report (continued)

Our consolidated business is delivering results as we strive to build our recurring revenue base and grow our gross margins. A number of significant new software license sales projects were added to the roster in the half year across Asia, India and the Middle East and our current longer-term large-scale projects with tier-one telcos in the region progressed steadily toward go-live and first revenue. Our new self-service ethernet products on our Australian SaaS platform progressed toward go-live in Q3 and we have roster of new revenue-earning features ready to roll-out for the remainder of the year.

AI remains a promising source of revenue for our GPU orchestration products created as a result of our work in the cloud gaming sector. The prototype V4.0 compute model will be ready for demonstration in the second half, and we continue to find new prospective projects in the AI and GPU sectors that could generate significant additional license revenue in the near future.

The data centre industry continues to expand rapidly, and our software is being assessed more-and-more by new projects that aim to automate connectivity between datacentres and between racks of compute equipment in those data centres.

With a full suite of edge-to-cloud orchestration software in-place, that's capable of servicing the largest global customers across telco, data centres and GPU, Activeport is perfectly positioned to meet its objective of growing recurring revenue above operating costs in calendar 2025.

Dividends

No dividends were paid or proposed to be paid to members during the half-year ended 31 December 2024 (31 December 2023: nil).

Events after the reporting period

On 6 January 2025, the Company repaid its short-term R&D tax credit loan (\$993,092) following receipt of its R&D tax refund totalling \$1,513,670.

In January 2025, the Company received commitments for a placement of \$2,000,000 to a new institutional investor and on 12 February issued 123,152,709 shares at an issue price of \$0.01624 in settlement of the placement.

Besides the items above, there has been no matter or circumstance that has arisen since 31 December 2024 that has significantly affected, or may significantly affect:

- the Group's operations in future financial years;
- the result of those operations in future financial years; or
- the Group's state of affairs in future financial years.

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.

Directors' Report (continued)

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

A handwritten signature in blue ink, consisting of several loops and a trailing line, positioned above a horizontal line.

Peter Christie
Chairman/ Interim Chief Executive Officer
25 February 2025

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the interim financial report of Activeport Group Ltd for the half-year ended 31 December 2024, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) The auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) Any applicable code of professional conduct in relation to the review.


RSM AUSTRALIA


MATTHEW BEEVERS
Partner

Perth, WA
Dated: 25 February 2025

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Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2024

		Consolidated	
	Note	31 December 2024	31 December 2023
		\$	\$
Revenue	3	5,265,555	9,149,730
Cost of goods sold	5	(3,140,992)	(3,464,141)
Gross profit		<u>2,124,563</u>	<u>5,685,589</u>
Other income	4	173,954	302,112
Net fair value gain/(loss) on investments		35,631	(29,303)
Distribution and marketing expenses		(23,762)	(34,585)
Administration expense	5	(5,013,260)	(5,501,889)
Other expenses	5	(9,832)	(542,214)
Loss for the year from continuing operations		<u>(2,712,706)</u>	<u>(120,290)</u>
Finance income		36,786	16,142
Finance costs	5	(403,545)	(468,146)
Net finance costs		<u>(366,759)</u>	<u>(452,004)</u>
Loss before income tax expense		<u>(3,079,465)</u>	<u>(572,294)</u>
Income tax expense		-	-
Loss after income tax expense for the half-year		(3,079,465)	(572,294)
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation for a foreign operation		114	(121)
Other comprehensive (loss)/income for the half-year, net of tax		<u>114</u>	<u>(121)</u>
Total comprehensive loss for the half-year		<u><u>(3,079,351)</u></u>	<u><u>(572,415)</u></u>
		Cents	Cents
Loss per share for loss			
Basic loss per share	12	(0.78)	(0.19)
Diluted loss per share	12	(0.78)	(0.19)

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

Consolidated Statement of Financial Position as at 31 December 2024

		Consolidated	
	Note	31 December 2024	30 June 2024
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	6	2,588,894	1,271,811
Trade and other receivables	7	3,554,828	5,338,452
Income tax receivables		71,029	75,642
Contract assets		2,013,950	2,083,556
Inventories		57,393	61,772
Financial assets at fair value through profit or loss		827,760	792,129
Financial asset at amortised cost		502,436	186,699
Total current assets		9,616,290	9,810,061
Non-current assets			
Property, plant and equipment		44,352	85,463
Right-of-use assets		71,254	95,116
Intangibles	8	22,076,749	21,243,487
Financial asset at amortised cost		310,905	748,476
Total non-current assets		22,503,260	22,172,542
Total assets		32,119,550	31,982,603
Liabilities			
Current liabilities			
Trade and other payables		3,454,763	3,860,821
Contract liabilities	10	207,171	313,760
Borrowings	9	3,016,181	4,678,019
Lease liabilities		397,349	400,614
Employment benefits		648,407	709,888
Total current liabilities		7,723,871	9,963,102
Non-current liabilities			
Borrowings	9	78,940	161,423
Lease liabilities		572,014	767,537
Provisions		50,000	50,000
Total non-current liabilities		700,954	978,960
Total liabilities		8,424,825	10,942,062
Net assets		23,694,725	21,040,541
Equity			
Issued capital	11	48,725,828	43,265,326
Reserves		483,166	545,918
Accumulated losses		(25,514,269)	(22,770,703)
Total equity		23,694,725	21,040,541

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

Consolidated Statement of Changes in Equity for the half-year ended 31 December 2024

Consolidated	Issued capital \$	Option reserves \$	Foreign exchange translation reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2023	41,001,655	406,407	-	(13,319,763)	28,088,299
Loss after income tax expense for the half-year	-	-	-	(572,294)	(572,294)
Other comprehensive loss for the half-year, net of tax	-	-	(121)	-	(121)
Total comprehensive loss for the half-year	-	-	(121)	(572,294)	(572,415)
Transactions with owners in their capacity as owners:					
Issue of shares	2,500,000	-	-	-	2,500,000
Performance rights exercised	88,133	(70,509)	-	-	17,624
Share issue expenses	(371,462)	210,755	-	-	(160,707)
Balance at 31 December 2023	43,218,326	546,653	(121)	(13,892,057)	29,872,801
Consolidated	Issued capital \$	Option reserves \$	Foreign exchange translation reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2024	43,265,326	546,653	(735)	(22,770,703)	21,040,541
Loss after income tax expense for the half-year	-	-	-	(3,079,465)	(3,079,465)
Other comprehensive income for the half-year, net of tax	-	-	114	-	114
Total comprehensive loss for the half-year	-	-	114	(3,079,465)	(3,079,351)
Transactions with owners in their capacity as owners:					
Issue of shares (Note 11)	6,017,657	-	-	-	6,017,657
Issue of options	-	152,023	-	-	152,023
Options expired	-	(335,899)	-	335,899	-
Share issue expenses (Note 11)	(557,155)	121,010	-	-	(436,145)
Balance at 31 December 2024	48,725,828	483,787	(621)	(25,514,269)	23,694,725

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

Consolidated Statement of Cash Flows for the half-year ended 31 December 2024

	Note	Consolidated 31 December 2024	31 December 2023
		\$	\$
Operating activities:			
Receipts from customers		5,903,257	7,715,874
Payments to suppliers and employees		(8,672,058)	(10,388,910)
Interest and lease charges paid		(237,942)	(46,347)
Interest received		18,091	16,142
Government grant received		1,513,670	2,616,251
		<u>(1,474,982)</u>	<u>(86,990)</u>
Net cash used in operating activities			
Investing activities:			
Payments for property, plant and equipment		(1,265)	(13,036)
Payments for developed and purchase software		(1,452,409)	(878,899)
		<u>(1,453,674)</u>	<u>(891,935)</u>
Net cash used in investing activities			
Financing activities:			
Proceeds from borrowings		-	4,500
Share issue transaction costs		(436,143)	(160,709)
Proceeds from issue of shares	11	6,017,657	2,500,000
Repayment of borrowings		(1,150,276)	(65,585)
Repayment of lease liabilities		(185,499)	(157,598)
		<u>4,245,739</u>	<u>2,120,608</u>
Net cash from financing activities			
Net increase in cash and cash equivalents		1,317,083	1,141,683
Cash & cash equivalents at the beginning of the financial half-year		1,271,811	1,157,074
		<u>2,588,894</u>	<u>2,298,757</u>
Cash and cash equivalents at the end of the financial half-year			

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

Notes to the Consolidated Financial Statements

Note 1. Material accounting policy information

These general purpose financial statements for the half-year reporting period ended 31 December 2024 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 2024 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 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 \$23,694,725 and net current assets of \$1,892,419 as at 31 December 2024 and incurred a loss after income tax of \$3,079,465 and net operating cash outflow of \$1,474,982 and net financing cash outflow of \$1,453,674 for the half-year ended 31 December 2024.

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 Company raised \$4,117,657 (gross) as part of a rights issue during the period and a further \$2,000,000 (gross) as part of a placement after the balance sheet date. The Company also entered into a binding term sheet for a perpetual licence of certain cloud gaming software for an upfront fee of \$4,000,000, which is discussed in note 16 (related parties).

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 believe that it Activeport has the ability to raise further capital, either as equity or debt, for business-as-usual operations.

In the event that the Group is not successful in managing the discretionary expenditure as well as in raising funds from short term financing or from the issue of new equity or settlement of the cloud gaming software licence, there exists a material uncertainty that may cast doubt on the Group's ability to continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The financial statements do not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

Note 2. Operating segment information

The reportable segments are identified on the basis of internal reports on the business units of the Group that are regularly reviewed by the Chief Operating Decision Makers, in order to allocate resources to the segment and assess its performance. These reportable segments offer different products and services, or service different customer types, and are managed separately. The Group's reportable segments are as follows:

- Activeport Software – Network orchestration software licenses to telcos and data centre operators globally;
- Activeport SaaS – Network ecosystem orchestration in Australia and New Zealand;
- Corporate – comprises of support services including property and Group overhead costs, consolidation and elimination journals which are not considered separately reportable segments.

During the period, Activeport restructured the way in which it reports combining its Managed Service Provider and Global Edge businesses. As a result, Activeport has realigned and represented the reporting of MSP in the prior year. This also reflects the way in which information is provided to and regularly reviewed by the Group's Chief Operating Decision Makers. The primary reporting measure of the reportable segments is revenue and earnings before interest which is consistent with the way management monitors and reports the performance of these segments.

The segment information for the half-year to December 2024 is as follows:

	Activeport Software \$	Activeport SaaS \$	Corporate services \$	Total \$
Consolidated – 31 Dec 2024				
Revenue				
Sales to external customers	521,012	4,723,895	20,648	5,265,555
Intersegment sales	124,198	5,585	-	129,783
Total sales revenue	645,210	4,729,480	20,648	5,395,338
Other income	173,954	-	-	173,954
Total segment revenue	819,164	4,729,480	20,648	5,569,292
Intersegment eliminations				(129,783)
Total revenue and other income				5,439,509
EBITDA	(52,838)	(243,271)	(1,731,904)	(2,028,013)
Depreciation and amortisation				(684,693)
Interest income				36,786
Finance costs				(403,545)
Loss before income tax expense				(3,079,465)
Income tax expense				-
Loss after income tax expense				(3,079,465)
Assets				
Segment assets	(1,060,490)	(2,024,783)	35,204,813	32,119,540
Intersegment eliminations				10
Total assets				32,119,550
<i>Total assets include:</i>				
Acquisition of non-current assets	1,451,771	309	-	1,452,080
Liabilities				
Segment liabilities	2,589,254	2,678,286	3,157,275	8,424,815
Intersegment eliminations				10
Total liabilities				8,424,825

Note 2. Operating segment information (continued)

The segment information for the corresponding period has been restated.

	ActivePort Software	Activeport SaaS	Corporate services	Total
	\$	\$	\$	\$
Consolidated – 31 Dec 2023				
Revenue				
Sales to external customers	4,188,398	4,931,4295	29,903	9,149,730
Intersegment sales	241,720	10,096	-	251,816
Total sales revenue	4,430,118	4,941,525	29,903	9,401,546
Other income	(73,392)	-	375,504	302,112
Total segment revenue	4,356,726	4,941,525	405,407	9,703,658
Intersegment eliminations				(251,816)
Total revenue and other income				9,451,842
EBITDA	2,469,311	(191,378)	(1,767,102)	510,831
Depreciation and amortisation				(631,121)
Interest income				16,142
Finance costs				(468,146)
Loss before income tax expense				(572,294)
Income tax expense				-
Loss after income tax expense				(572,294)

Note 3. Sales of goods and services

	Consolidated	
	31 December 2024	31 December 2023
	\$	\$
From continuing operations		
Revenue from contracts with customers		
Sale of goods	876,799	982,159
Rendering of services	4,314,499	8,073,458
	<u>5,191,298</u>	<u>9,055,617</u>
<i>Other revenue</i>		
Other revenue	74,257	94,113
Revenue from continuing operations	<u>5,265,555</u>	<u>9,149,730</u>
	Consolidated	
	31 December 2024	31 December 2023
	\$	\$
<i>Revenue from contracts with customers</i>		
ActivePort software	521,507	4,150,264
Hardware sales	876,799	982,159
Licensing sale	852,699	717,549
Managed services	560,659	826,723
Network revenue	1,182,934	1,155,575
Professional fees	1,196,700	1,223,347
Other revenue	74,257	94,113
	<u>5,265,555</u>	<u>9,149,730</u>

Note 3 Sales of goods and services (continued)

Disaggregation of revenue

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

	Consolidated	
	31 December 2024	31 December 2023
	\$	\$
<i>Geographical regions</i>		
Australia	5,188,681	8,876,029
New Zealand	11,980	12,471
Asia	49,754	108,047
Europe	15,140	153,183
	<u>5,265,555</u>	<u>9,149,730</u>
<i>Timing of revenue recognition</i>		
Goods delivered/services rendered at a point in time	1,499,160	5,174,159
Goods delivered/services rendered over time	3,766,395	3,975,571
	<u>5,265,555</u>	<u>9,149,730</u>

Note 4. Other income

	Consolidated	
	31 December 2024	31 December 2023
	\$	\$
Sundry income	108,669	-
Research and development tax incentive rebate ⁽¹⁾	65,285	302,112
Other income	<u>173,954</u>	<u>302,112</u>

- (1) The estimated research and development tax incentive rebate recognized during the financial year ending on June 30, 2024, amounted to \$1,448,385. Out of this sum, \$503,179 was recognised as income in the profit and loss statement for the period. Subsequently, the actual research and development tax incentive rebate, received on December 17, 2024, totalled \$1,513,670, with \$568,464 recognized as a profit and loss item. This resulted in an increase in income of \$65,285.

Note 5. Expenses

	Consolidated	
	31 December 2024	31 December 2023
	\$	\$
Loss before income tax from continuing operations includes the following specific expenses		
<i>Cost of goods sold</i>		
Cost of goods sold	3,140,992	3,464,141
<i>Finance costs</i>		
Interest and finance charges paid/payable on borrowings	366,551	422,678
Interest and finance charges paid/payable on lease liabilities	36,994	45,468
	403,545	468,146
<i>Other expenses</i>		
Loss on derecognition of right-of-use asset	-	318,698
Fair value increase in deferred consideration	-	17,627
Net foreign exchange loss	9,832	63,759
Impairment of goodwill	-	142,130
	9,832	542,214
<i>Superannuation expense</i>		
Defined contribution superannuation expense	323,242	415,558
<i>Administration expense</i>		
Depreciation and amortisation	684,693	631,121
Employment benefits expense	3,268,016	4,051,787
Other administration expense	1,060,551	818,981
	5,013,260	5,501,889

Note 6. Current assets - cash and cash equivalents

	Consolidated	
	31 December 2024	30 June 2024
	\$	\$
Cash at bank	2,588,894	1,271,811

Note 7. Current assets – trade and other receivables

	Consolidated	
	31 December 2024	30 June 2024
	\$	\$
Trade receivables	2,920,472	3,202,635
Less: Allowance for expected credit losses	(26,805)	(31,814)
	2,893,667	3,270,821
Prepayments	346,087	304,173
Research and development receivables	-	1,448,385
Other receivables	315,074	315,073
	3,554,828	5,338,452

Note 8. Non-current assets - intangibles

	Consolidated	
	31 December 2024	30 June 2024
	\$	\$
<i>Non-current assets</i>		
Goodwill	24,110,937	24,110,937
Less: Impairment	(8,069,386)	(8,069,386)
	<u>16,041,551</u>	<u>16,041,551</u>
Developed software – at cost	7,981,385	6,530,231
Less: Accumulated amortisation	(2,367,625)	(1,840,191)
	<u>5,613,760</u>	<u>4,690,040</u>
Developed intellectual property – at cost	303,750	303,750
Less: Accumulated amortisation	(206,384)	(175,758)
	<u>97,366</u>	<u>127,992</u>
Customer relationship – at cost	1,007,219	1,007,219
Less: Accumulated amortisation	(683,539)	(623,922)
	<u>323,680</u>	<u>383,297</u>
Purchased software – at cost	101,121	101,121
Less: Accumulated amortisation	(100,729)	(100,514)
	<u>392</u>	<u>607</u>
Total Intangibles	<u>22,076,749</u>	<u>21,243,487</u>

Reconciliations

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

	Goodwill	Developed software	Developed intellectual property	Customer relationships	Purchased software	Total
	\$	\$	\$	\$	\$	\$
Consolidated						
Balance at 1 July 2024	16,041,551	4,690,040	127,992	383,297	607	21,243,487
Additions	-	1,451,155	-	-	-	1,451,155
Amortisation expense	-	(527,435)	(30,626)	(59,617)	(215)	(617,893)
Balance at 31 December 2024	<u>16,041,551</u>	<u>5,613,760</u>	<u>97,366</u>	<u>323,680</u>	<u>392</u>	<u>22,076,749</u>

Goodwill Impairment Testing

SEGMENT NOTE	CASH-GENERATING UNITS
ACTIVEPORT SOFTWARE	Activeport Pty Ltd
ACTIVEPORT SAAS	Global Edge Network Pty Ltd

The Group tests whether goodwill and other indefinite life intangible assets have suffered any impairment on an annual basis. The recoverable amounts of the cash-generating units (CGUs) have been determined by a value-in-use calculations using a discounted cash flow model, based on a five-year project period together with a terminal value approved by management.

Note 8. Non-current assets – intangibles (continued)

Key assumptions are those to which the recoverable amount of an asset or cash-generating units is most sensitive. These key assumptions are:

Assumption	Approach used to determine the values
Revenue growth rate	<p>The revenue growth rate is based on past experience, revenue expectation on existing customer contracts along with current pipeline and ongoing opportunities.</p> <p>For Activeport Pty Ltd and Global Edge Network Pty Ltd, the average projected revenue growth rate of 50% (before discount) and 51.5% respectively are based on the current pipeline of work and for Activeport Pty Ltd, the current pipeline is discounted by 30% to reflect the risk of conversion.</p>
Terminal value	This is the weighted average growth rate used to extrapolate beyond the five-year period. Management believes the projected growth of 3% is prudent based on the management's understanding of the current market and possible new entrants to the sector.
Pre-tax discount rate	An estimate of time value of money and the consolidated entity's weighted average cost of capital, the risk-free rate, market and specific risk premiums relating to the relevant segments and the volatility of the share price relative to market movements.

The following key assumptions were used in the discounted cash flow model for each CGU identified in the Group:

	Activeport Pty Ltd	Global Edge Network Pty Ltd	Future Broadband	Starboard IT Pty Ltd	Vizstone Pty Ltd
Goodwill Balance at 1 July 2024	7,825,621	8,215,930	-	-	-
Impairment	-	-	-	-	-
Balance at 31 December 2024	7,825,621	8,215,930	-	-	-
Pre-tax discount rate	20.86%	21.15%	-	-	-
Average projected revenue growth rate	50%	51.5%	-	-	-
Cash flow growth rate for terminal value	3%	3%	-	-	-

	Activeport Pty Ltd	Global Edge Network Pty Ltd	Future Broadband	Starboard IT Pty Ltd	Vizstone Pty Ltd
Goodwill Balance at 1 July 2023	7,825,621	8,215,930	142,130	3,069,625	4,857,631
Impairment	-	-	(142,130)	(3,069,625)	(4,857,631)
Balance at 30 June 2024	7,825,621	8,215,930	-	-	-
Pre-tax discount rate	20.86%	21.15%	21.15%	14.97%	13.06%
Average projected revenue growth rate	51.9%	37.5%	11.0%	16.0%	6.0%
Cash flow growth rate for terminal value	3%	3%	3%	3%	3%

From above, the recoverable amount of Activeport Pty Ltd CGU and Global Edge Network Pty Ltd CGU exceeded their carrying amount.

Note 9. Borrowings

	Consolidated	
	31 December	30 June
	2024	2024
	\$	\$
<i>Current liabilities</i>		
Loan – Mark Middleton ⁽¹⁾ (Note 16)	128,994	228,994
Loan – Acurix Networks Pty Ltd ⁽¹⁾ (Note 16)	169,366	927,229
Loan – Grant Farrow ⁽¹⁾	36,355	36,355
Loan – Kathryn Soares	12,364	9,057
Loan – R&D financing ⁽⁴⁾	993,092	1,213,591
Loan – Wentworth Williams Auditing Pty Ltd ⁽²⁾	300,000	300,000
Loan – SK Advisory Pty ⁽³⁾	71,454	71,454
Loan – R4 Trading ⁽²⁾	283,000	283,000
Loan – Radian Arc	1,021,556	1,550,549
Loan – other	-	57,790
	<u>3,016,181</u>	<u>4,678,019</u>
<i>Non-current liabilities</i>		
Loan – Kathryn Soares (Note 16)	78,940	82,823
Loan – Radian Arc	-	78,600
	<u>78,940</u>	<u>161,423</u>

(1) These loans arose following the acquisition of Activeport Pty Ltd in January 2021, incurs interest at 8% per annum.

(2) These loans arose as part of the Global Edge Network Limited (previously Datacenter Limited) acquisition, incurs interest at 10% per annum.

(3) This loan arose as part of the Global Edge Network Limited (previously Datacenter Limited) acquisition. They are under review with the relevant parties and disclosed as current liabilities as at 31 December 2024.

(4) Total short-term R&D tax credit loan reduced to \$1.0M provided by Mitchell Asset Management with interest rate at 24% per annum. The loan was repaid in full on 6 January 2025.

Note 10. Current liabilities – contract liabilities

	Consolidated	
	31 December	30 June
	2024	2024
	\$	\$
Contract liabilities	<u>207,171</u>	<u>313,760</u>

Reconciliation

Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:

	Consolidated	
	31 December	30 June
	2024	2024
	\$	\$
Opening balance	313,760	189,670
Payments received in advance	479,512	313,760
Transfer to revenue	(586,101)	(189,670)
	<u>207,171</u>	<u>313,760</u>

Note 11. Issued capital

	Consolidated			
	31 Dec 2024	30 Jun 2024	31 Dec 2024	30 Jun 2024
	Shares	Shares	\$	\$
Ordinary shares – fully paid	561,824,378	317,941,525	48,725,828	43,265,326

Movement in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2024	317,941,525		43,265,326
Capital raise - placement	16 August 2024	35,500,000	\$0.05 each	1,775,000
Capital raise – rights issue	13 November 2024	130,232,853	\$0.02 each	2,604,657
Capital raise – rights issue shortfall	20 November 2024	70,650,000	\$0.02 each	1,413,000
Capital raise – placement (directors)	27 November 2024	2,500,000	\$0.05 each	125,000
Capital raise – rights issue shortfall	16 December 2024	5,000,000	\$0.02 each	100,000
Capital raising costs		-		(557,155)
Share on issue	31 December 2024	561,824,378		48,725,828

Share options

Details	Date	Expiry	Options	Exercise price
Attaching options to placement	21 November 2023	30 November 2026	19,500,000	\$0.20 each
Zero Exercise Price Options (class H)	27 November 2024	27 November 2029	7,800,000	Nil
Zero Exercise Price Options (class I)	27 November 2024	27 November 2029	7,800,000	Nil
Zero Exercise Price Options (class J)	27 November 2024	27 November 2029	10,400,000	Nil
Attaching options to placement	27 November 2024	30 November 2026	31,400,000	\$0.20 each
Attaching options to rights issue	27 November 2024	27 November 2027	76,662,867	\$0.10 each
			<u>153,562,867</u>	

Movement on share options

Details	Expiry Date	Options	Exercise price
Options on issue 1 July 2024		29,941,475	
Options expired	30 Sept 2024	(9,811,475)	\$0.40 each
Options expired	31 Oct 2024	(630,000)	\$0.35 each
Issue of attaching options to subscribers for rights issue	27 Nov 2027	43,410,896	\$0.10 each
Issue of options to lead manager of rights issue	27 Nov 2027	5,209,314	\$0.10 each
Issue of options to subscribers for rights issue shortfall	27 Nov 2027	25,216,657	\$0.10 each
Issue of options to lead manager of rights issue shortfall	27 Nov 2027	2,826,000	\$0.10 each
Attaching options to new shares for placement	30 Nov 2026	17,750,000	\$0.20 each
Issue of options to lead manager of placement	30 Nov 2026	12,400,000	\$0.20 each
Issue of options to directors for placement	30 Nov 2026	1,250,000	\$0.20 each
Issue of options to directors and key management personnel (note 13)	27 Nov 2029	26,000,000	nil
Options on issue 31 December 2024		<u>153,562,867</u>	

Note 12. Loss per share

	Consolidated	
	31 December 2024	31 December 2023
	\$	\$
<i>Loss per share for profit from continuing operations</i>		
Loss after income tax	(3,079,465)	(572,294)
Loss after income tax attributable to the owners of ActivePort Group Ltd	(3,079,465)	(572,294)
	Cents	Cents
Basic earnings per share	(0.78)	(0.19)
Diluted earnings per share	(0.78)	(0.19)
	Numbers	Numbers
<i>Weighted average number of ordinary shares</i>		
Weighted average number of ordinary shares used in calculating basic loss per share	394,959,606	308,419,439
Weighted average number of ordinary shares used in calculating diluted loss per share	394,959,606	308,419,439

Note 13. Share based payment arrangements

The following share-based payments arrangements were issued during the reporting period:

Options on issue	Number	Grant Date	Expiry date	Exercise price	Fair value at grant date
				\$	\$
Zero Exercise Price Options (class H)	7,800,000	27 Nov 2024	27 Nov 2029	Nil	0.0097
Zero Exercise Price Options (class I)	7,800,000	27 Nov 2024	27 Nov 2029	Nil	0.0079
Zero Exercise Price Options (class J)	10,400,000	27 Nov 2024	27 Nov 2029	Nil	0.0066
Options to Lead Manager – Rights Issue	5,209,314	13 Nov 2024	27 Nov 2027	0.10	0.0047
Options to Lead Manager – Shortfall	2,826,000	13 Nov 2024	27 Nov 2027	0.10	0.0047
Options to Lead Manager - Placement	12,400,000	27 Nov 2024	30 Nov 2026	0.20	0.0035

On 27 November 2024, the Company issued 26,000,000 unlisted zero exercise price share options (ZEPOs) under the company's Employee Incentive Securities Plan to provide a performance incentive component in the remuneration package of key management personnel. The ZEPOs were issued at a nil issue price. The Class H ZEPOs, Class I ZEPOs and Class J ZEPOs will vest on achieving 30-day VWAP of at least \$0.10, \$0.15 and \$0.20 respectively. These options were valued using the Monte Carlo option pricing model.

During the period, the Company issued options to lead managers for a rights issue and placement were valued using the Black Scholes option pricing model.

The following inputs were used:

Type of option	Class H ZEPO	Class I ZEPO	Class J ZEPO	Lead Manager Options – Rights Issue	Lead Manager Options – Placement
Grant date share price	\$0.017	\$0.017	\$0.017	\$0.020	\$0.017
Exercise price	Nil	Nil	Nil	\$0.100	\$0.200
VWAP Hurdle	\$0.10	\$0.15	\$0.20	Nil	Nil
Expected volatility	90%	90%	90%	90%	90%
Option life	5 years	5 years	5 years	3 years	3 years
Interest rate	4.05%	4.05%	4.05%	4.22%	3.97%

Note 14. Dividends

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

Note 15. Contingent liabilities and commitments

There are no significant contingencies as at 31 December 2024 (30 June 2024: Nil).

There are no outstanding capital commitments as at 31 December 2024 (30 June 2024: Nil).

Note 16. 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:

	Consolidated	
	31 December 2024	31 December 2023
	\$	\$
Purchase of goods and services:		
Payment for services to Radian Arc Limited (a director-related entity of Peter Christie) ¹ .	-	15,408
Payment for services to Acurix Networks Pty Ltd (a related entity of Mark Middleton)	12,191	-
Payment for services to Nexion Networks Pty Ltd (a director-related entity of Peter Christie)	42,962	-
Sales of goods and services:		
Services provided to Radian Arc Limited (a director-related entity of Peter Christie) ¹	302,120	514,110
Services provided to Acurix Networks Pty Ltd (a related entity of Mark Middleton)	6,125	12,000
Services provided to Nexion Networks (a director-related entity of Peter Christie)	14,648	19,583

Note 1: Radian Arc ceased being a related party effective 14 November 2024 when Mr Christie resigned as director of that entity.

Receivable from and payable to related parties

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

	Consolidated	
	31 December 2024	30 June 2024
	\$	\$
Current receivables:		
Radian Arc Limited (a director-related entity of Peter Christie) ¹	-	2,506,779
Nexion Networks Pty Ltd (a director-related entity of Peter Christie)	22,072	-
Acurix Networks Pty Ltd ((a related entity of Mark Middleton)	138	-
Current payables:		
Trade payables to Acurix Networks Pty Ltd (a related entity of Mark Middleton)	34,053	27,242
Trade payables to Nexion Networks Pty Ltd (a director-related entity of Peter Christie)	36,134	10,132
Trade payables to Radian Arc Limited (a director-related entity of Peter Christie) ¹	-	1,629,149

Note 1: Radian Arc ceased being a related party effective 14 November 2024 when Mr Christie resigned as director of that entity

Note 16. Related party transactions (continued)

Loan from and payable to related parties

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

	Consolidated	
	31 December	30 June
	2024	2024
	\$	\$
<i>Current liabilities</i>		
Loan – Mark Middleton	128,994	228,994
Loan – Acurix Networks Pty Ltd	169,366	927,229
Loan – Kathryn Soares	12,364	9,057
Loan – Radian Arc ¹	-	1,550,549
<i>Non-current liabilities</i>		
Loan – Kathryn Soares	78,940	82,823
Loan – Radian Arc ¹	-	78,600

Note 1: Radian Arc ceased being a related party effective 14 November 2024 when Mr Christie resigned as director of that entity

Note 17. Fair value estimation

The Group's principal financial instruments comprise receivables, payables, interest bearing borrowings and overdrafts, cash, and short-term deposits. All financial instruments are carried at amounts not materially different from their fair values as at 31 December 2024.

The carrying value of trade and other receivables and payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The directors consider that the change in interest rates will not cause a significant impact on the fair values of the financial liabilities. No financial liabilities instruments are carried at fair value.

The carrying amount of financial assets measured at fair value through profit and loss is principally calculated based on quoted prices (unadjusted) that are observable in the active market. Where no price information is available from a quoted market source, fair value is estimated based on the recent comparable transactions.

The Group uses the following hierarchy to categorise the inputs to the valuation method used based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Note 17. Fair value estimation (continued)

Assets	Fair Value Hierarchy Level (1,2 or 3)	Classification	Consolidated	
			31 December 2024	30 June 2024
			\$	\$
Listed ordinary shares	1	at fair value through profit or loss	21,199	36,842
Unlisted ordinary shares	3	at fair value through profit or loss	806,561	755,287
Total assets			827,760	792,129

There were no transfers between levels during the financial half-year.

Movements in level 3 assets during the current financial half-year are set out below:

	Ordinary shares at fair value through profit or loss	Total
Consolidated	\$	\$
Balance at 1 July 2024	755,287	755,287
Gains recognised	51,274	51,274
Balance at 31 December 2024	806,561	806,561

The level 3 assets and liabilities unobservable inputs and sensitivity are as follows:

Description	Unobservable inputs	Range (weighted average)	Sensitivity
Ordinary shares at fair value through profit or loss	Share price	\$0.3774 - 0.3799 per share	1% change would increase/decrease fair value by \$8,000

Note 18. Events after the reporting period

On 6 January 2025, the Company repaid its short-term R&D tax credit loan (\$993,092) following receipt of its R&D tax refund totalling \$1,513,670.

In January 2025, the Company received commitments for a placement of \$2,000,000 to a new institutional investor and on 12 February issued 123,152,709 shares at an issue price of \$0.01624 in settlement of the placement.

Directors' Declaration

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 2024 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

A handwritten signature in blue ink, appearing to read "Peter Christie", written over a horizontal line.

Peter Christie
Chairman/ Interim Chief Executive Officer

25 February 2025

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ACTIVEPORT GROUP LTD

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying interim financial report of Activeport Group Ltd (**Company**) and its subsidiaries (**Group**), which comprises the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of material accounting policies and other explanatory information, and the directors' declaration of the Group comprising the Company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Activeport Group Ltd is not in accordance with the *Corporations Act 2001* including:

- (a) Giving a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the half-year ended on that date; and
- (b) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Material uncertainty related to going concern

We draw attention to Note 1 of the interim financial report, which indicates that the Group incurred a loss of \$3,079,465, had net operating cash outflows of \$1,474,982 and net financing cash outflows of \$1,453,674 for the half-year ended 31 December 2024. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

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Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibility for the review of the financial report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (**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 Activeport Group Ltd, would be in the same terms if given to the directors as at the time of this auditor's review report.

Directors' responsibility for the interim financial report

The directors of the Activeport Group Ltd 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 is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, 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 2024 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.



RSM AUSTRALIA



MATTHEW BEEVERS
Partner

Perth, WA
Dated: 25 February 2025

