

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 2023

Previous period: For the half-year ended 31 December 2022

2. Results for announcement to the market

		% change		31 Dec 2023	31 Dec 2022
Revenues from ordinary activities	down	(0.5%)	to	9,149,730	9,200,019
Loss from ordinary activities after tax attributable to members	down	86.1%	to	(572,294)	(4,126,471)
Net loss for the half-year attributable to the members	down	86.1%	to	(572,294)	(4,126,471)

Dividends

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

Comments

The loss for the Group after providing for income tax amounted to \$572,294 (31 December 2022: loss of \$4,126,471).

3. Net tangible assets

	Reporting Period \$	Previous Period \$
Net tangible assets per ordinary security	0.0044	(0.0072)

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 2023.

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 2023.

8. Audit Of Financial Statements

This report is based on the attached half-year financial report which has been reviewed by our auditors.

9. Attachments

Details of attachments (if any):

The Interim Report of ActivePort Group Ltd and Controlled Entities for the half-year ended 31 December 2023 is attached.

10. Signed

A handwritten signature in blue ink, consisting of several loops and a horizontal line at the end.

Peter Christie
Chairman/ Interim Chief Executive Officer

Date: 29 February 2024

Interim Report

31 December 2023

**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 29 February 2024. 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 2023.

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 to customers that use it to orchestrate their networks and connect their customers to the cloud.

The network as a service (NaaS) 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 South East Asia.

Operating and financial review

ActivePort delivered outstanding results across all three segments of its business in the first half of FY24.

The focus for the managed services business in the last half of FY23 was to optimise for profit and the results began to show through in this first half of FY24.

The Global Edge NaaS product was ported to its go-live environment and is now in the final phases of testing ready for launch in H2 of FY24. Global Edge promises to deliver consistent recurring revenue growth as becomes a global platform capable of competing effectively in the burgeoning SD-WAN market.

The software business continued to deliver outstanding revenue results. Three new multi-million-dollar contracts were signed in the half with telco operators in Australia, Singapore and the UAE.

The technical team completed a number of new products that offer new revenue opportunities for the Group. Our deep packet inspection tool allows customers to analyse and optimise traffic on their networks at an application level, the LAN configuration product enables remote configuration of almost all devices on any network from any location and our foray into sub-sea fibre orchestration enables wholesale buyers to self-provision and optimise bandwidth at the wavelength level.

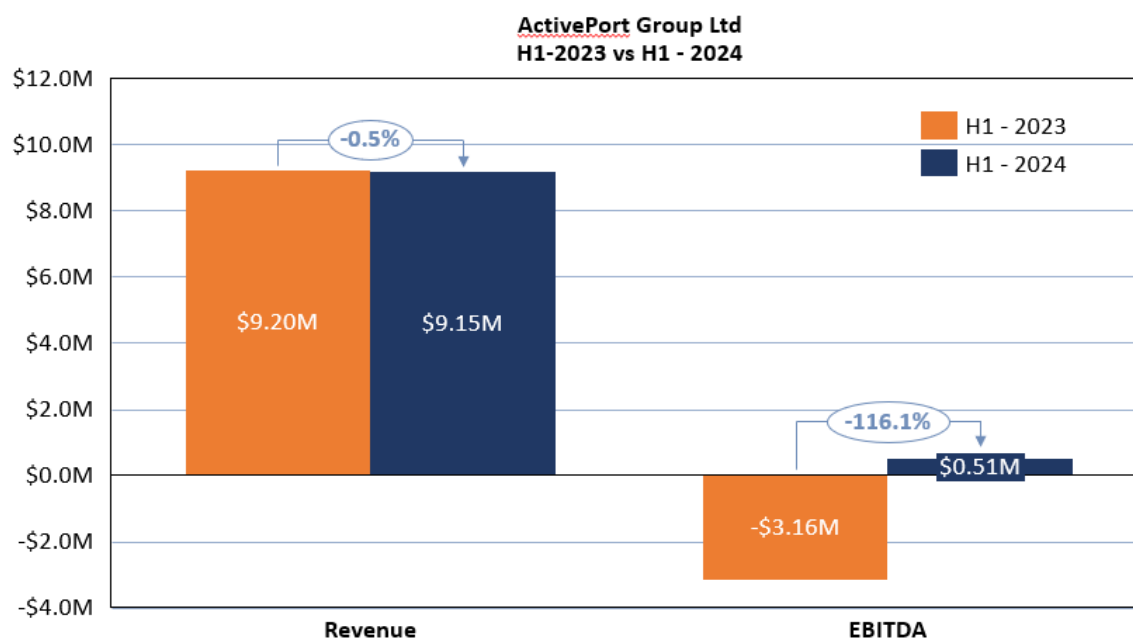
Directors' Report (continued)

Of particular interest is the new version of our GPU orchestration software. This product is used by telcos to deliver cloud gaming to their mobile network customers but can also be used for AI applications and other virtual compute applications. With our partner Radian Arc, we continue to deliver and evolve this solution to the extent that it is rapidly becoming known in the cloud gaming industry as a serious contender in the cloud gaming sphere alongside Amazon, GeForce Now, Xbox and PlayStation.

ActivePort Compute Version 3 is targeting high volume markets and promises to be the most cost effective, highly scalable, high performance streaming services in the market.

Despite tight financial constraints, the ActivePort team optimised for profit and continued to deliver new products and highly profitable software revenue.

The success of the group effort to optimise operations for profit shines through in the half year result with the positive EBITDA for the half year.



Cash receipts were constrained by some long-tailed projects that were incomplete in the reporting period that should resolve themselves in the second half.

Revenue remained strong with a greater contribution from highly profitable software offset by an intentionally lower revenue result from the services business as we optimised that part of the group for profit.

The loss for the Group after providing for income tax amounted to \$572,294 (31 December 2022: loss of \$4,126,471).

Dividends

No dividends were paid or proposed to be paid to members during the half year ended 31 December 2023 (31 December 2022: nil).

Directors' Report (continued)

Events after the reporting period

There has been no matter or circumstance that has arisen since 31 December 2023 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.

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, appearing to be "Peter Christie", with a horizontal line underneath it.

Peter Christie
Chairman/ Interim Chief Executive Officer
29 February 2024



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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the interim financial report of ActivePort Group Limited for the half-year ended 31 December 2023, 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 PARTNERS

MATTHEW BEEVERS
Partner

Perth, WA
Dated: 29 February 2024

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RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2023

	Note	Condensed Consolidated 31 December 2023	31 December 2022
		\$	\$
Revenue			
Sales of goods and services	3	9,149,730	9,200,019
Cost of goods sold	5	(3,464,141)	(5,328,225)
Gross profit		<u>5,685,589</u>	<u>3,871,794</u>
Other income	4	302,112	61,883
Expenses			
Distribution and marketing expenses		(34,585)	(77,098)
Net fair value loss on investments		(29,303)	(96,852)
Depreciation and amortisation		(631,121)	(766,382)
Administration expense		(818,981)	(698,729)
Employee benefits expense		(4,051,787)	(5,543,670)
Impairment of goodwill	10	(142,130)	-
Fair value increase in deferred consideration		(17,627)	(694,938)
Other expenses		<u>(382,457)</u>	<u>13,566</u>
Operating loss		<u>(120,290)</u>	<u>(3,930,426)</u>
Finance income		16,142	1,814
Finance costs	5	<u>(468,146)</u>	<u>(197,859)</u>
Loss before income tax expense	14	<u>(572,294)</u>	<u>(4,126,471)</u>
Income tax expense		-	-
Loss after income tax expense for the half year		<u>(572,294)</u>	<u>(4,126,471)</u>
Other comprehensive (loss)/income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation for a foreign operation		<u>(121)</u>	<u>1,039</u>
Other comprehensive (loss)/income for the half year, net of tax		<u>(121)</u>	<u>1,039</u>
Total comprehensive loss for the half-year		<u><u>(572,415)</u></u>	<u><u>(4,125,432)</u></u>
		Cents	Cents
Loss per share for loss			
Basic loss per share		(0.19)	(1.61)
Diluted loss per share		(0.19)	(1.61)

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

Condensed Consolidated Statement of Financial Position as at 31 December 2023

	Note	Condensed 31 December 2023 \$	Consolidated 30 June 2023 \$
Assets			
Current assets			
Cash and cash equivalents	6	2,298,757	1,157,074
Trade and other receivables	7	4,197,134	6,263,199
Income tax receivables		64,720	34,484
Contract assets		2,696,764	184,763
Inventories		62,091	63,192
Financial assets at fair value through profit or loss		27,927	57,231
Financial asset at amortised cost		685,978	2,450
Non-current assets classified as held for sale	8	1,053,240	-
Total current assets		11,086,611	7,762,393
Non-current assets			
Property, plant and equipment	9	126,176	1,177,929
Right-of-use assets		38,698	1,178,012
Intangibles	10	28,469,878	28,062,067
Financial asset at amortised cost		312,187	277,906
Total non-current assets		28,946,939	30,695,914
Total assets		40,033,550	38,458,307
Liabilities			
Current liabilities			
Trade and other payables		4,208,303	4,192,343
Contract liabilities	12	25,763	189,670
Borrowings	11	3,809,147	3,580,874
Lease liabilities		344,201	327,839
Employment benefits		713,014	548,877
Total current liabilities		9,100,428	8,839,603
Non-current liabilities			
Borrowings	11	86,555	375,792
Lease liabilities		923,766	1,104,613
Provisions		50,000	50,000
Total non-current liabilities		1,060,321	1,530,405
Total liabilities		10,160,749	10,370,008
Net assets		29,872,801	28,088,299
Equity			
Issued capital	13	43,218,326	41,001,655
Reserves		546,532	406,407
Accumulated losses		(13,892,057)	(13,319,763)
Total equity		29,872,801	28,088,299

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

Condensed Consolidated Statement of Changes in Equity for the half-year ended 31 December 2023

Condensed consolidated	Issued capital \$	Option reserves \$	Foreign exchange translation reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2022	36,970,539	1,028,433	(394)	(9,914,670)	28,083,908
Loss after income tax expense for the half-year	-	-	-	(4,126,471)	(4,126,471)
Other comprehensive income for the half-year, net of tax	-	-	1,039	-	1,039
Total comprehensive (loss)/income for the half-year	-	-	1,039	(4,126,471)	(4,125,432)
Transactions with owners in their capacity as owners:					
Issue of shares	3,158,812	-	-	-	3,158,812
Performance rights vested	-	(692,534)	-	692,534	-
Balance at 31 December 2022	<u>40,129,351</u>	<u>335,899</u>	<u>645</u>	<u>(13,348,607)</u>	<u>27,117,288</u>

Condensed 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 (Note 13)	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	<u>43,218,326</u>	<u>546,653</u>	<u>(121)</u>	<u>(13,892,057)</u>	<u>29,872,801</u>

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

Condensed Consolidated Statement of Cash Flows for the half-year ended 31 December 2023

Note	Condensed 31 December 2023	Consolidated 31 December 2022
	\$	\$
Operating activities:		
Receipts from customers (inclusive of GST)	7,715,874	8,449,992
Payments to suppliers and employees (inclusive of GST)	(10,388,910)	(10,368,584)
Interest and lease charges paid	(46,347)	(197,859)
Interest received	16,142	1,814
Government grant received	2,616,251	-
	<hr/>	<hr/>
Net cash used in operating activities	(86,990)	(2,114,637)
	<hr/>	<hr/>
Investing activities:		
Payments for property, plant and equipment	(13,036)	(40,010)
Payments for developed and purchase software	(878,899)	(1,257,403)
	<hr/>	<hr/>
Net cash used in investing activities	(891,935)	(1,297,413)
	<hr/>	<hr/>
Financing activities:		
Proceeds from borrowings	4,500	1,932,301
Share issue transaction costs	(160,709)	-
Proceeds from issue of shares	2,500,000	-
Repayment of borrowings	(65,585)	(217,162)
Repayment of lease liabilities	(157,598)	(134,229)
	<hr/>	<hr/>
Net cash from financing activities	2,120,608	1,580,910
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	1,141,683	(1,831,140)
Cash & cash equivalents at the beginning of the financial half-year	1,157,074	3,169,444
	<hr/>	<hr/>
Cash and cash equivalents at the end of the financial half-year	<u>2,298,757</u>	<u>1,338,304</u>

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

Notes to the Condensed Consolidated Financial Statements

Note 1. Material accounting policy information

These general purpose financial statements for the half-year reporting period ended 31 December 2023 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 2023 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 \$29,872,801 and net current assets of \$1,986,183 as at 31 December 2023 and incurred a loss of \$572,294 and net operating cash outflow of \$86,990 for the half-year ended 31 December 2023.

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

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

The Directors consider the going concern basis of preparation to be appropriate based on forecast cash flows and confidence in raising additional funds, if necessary. The Group does not expect significant change to market conditions. The Directors don't believe that it is going to be necessary for ATV to seek further capital for business as usual operations. In the remainder of the year ending 30 June 2024, ATV will be looking to expand operations in India, Africa, Middle East and Asia. This will involve growing the Group's partnerships, leveraging existing relationships and consideration on setting up ATV offices in strategic locations.

In the event that the Group is not successful in managing the discretionary expenditure as well as in raising funds from short term financing or from the issue of new equity, there exists a material uncertainty that may cast significant 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 consolidated entity is organised into four operating segments: ActivePort Software, Managed Service Provider (MSP), Network and Corporate Services.

	ActivePort Software	MSP	Network	Corporate services	Total
Consolidated – 31 Dec 2023	\$	\$	\$	\$	\$
Revenue					
Sales to external customers	4,188,398	3,775,854	1,155,575	29,903	9,149,730
Intersegment sales	241,720	10,096	-	-	251,816
Total sales revenue	4,430,118	3,785,950	1,155,575	29,903	9,401,546
Other income	(73,392)	-	-	375,504	302,112
Total segment revenue	4,356,726	3,785,950	1,155,575	405,407	9,703,658
Intersegment eliminations					(251,816)
Total revenue and other income					9,451,842
EBITDA	2,469,311	(241,954)	50,576	(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)
<i>Material items include:</i>					
Derecognition of right-of-use	-	-	-	(318,698)	(318,698)
Net fair value loss on financial assets	-	-	-	(29,303)	(29,303)
Assets					
Segment assets	5,349,643	(523,1180)	88,372	35,348,387	40,263,284
Intersegment eliminations					(229,734)
Total assets					40,033,550
<i>Total assets include:</i>					
Acquisition of non-current assets	1,453	10,000	-	48,713	60,166
Liabilities					
Segment liabilities	2,919,162	1,675,747	1,614,176	4,181,398	10,390,483
Intersegment eliminations					(229,734)
Total liabilities					10,160,749

Note 2. Operating segment information (continued)

Consolidated – 31 Dec 2022	ActivePort Software \$	MSP \$	Network \$	Corporate services \$	Total \$
Revenue					
Sales to external customers	3,556,531	4,526,414	1,117,076	-	9,200,019
Intersegment sales	274,867	16,407	-	58,954	350,228
Total sales revenue	3,831,398	4,542,821	1,117,076	58,954	9,550,249
Other income	17,715	5,461	-	38,707	61,883
Total segment revenue	3,849,113	4,548,282	1,117,076	97,661	9,612,132
Intersegment eliminations					(350,230)
Total revenue and income	3,849,113	4,548,282	1,117,076	97,661	9,261,902
EBITDA	445,654	(609,689)	(174,725)	(2,825,284)	(3,164,044)
Depreciation and amortisation					(766,382)
Interest revenue					1,814
Finance costs					(197,859)
Loss before income tax expense					(4,126,471)
Income tax benefit					-
Loss after income tax expense					(4,126,471)
<i>Material items include:</i>					
Net fair value loss on financial assets	-	-	-	(96,852)	(96,852)

Note 3. Sales of goods and services

	Condensed consolidated	
	31 December 2023	31 December 2022
	\$	\$
From continuing operations		
Revenue from contracts with customers		
Sale of goods	982,159	1,875,418
Rendering of services	8,073,458	7,173,215
	9,055,617	9,048,633
<i>Other revenue</i>		
Other revenue	94,113	151,386
Revenue from continuing operations	9,149,730	9,200,019

Note 3 Sales of goods and services (continued)

	Condensed consolidated	
	31 December 2023	31 December 2022
	\$	\$
<i>Revenue from contracts with customers</i>		
ActivePort software	4,150,264	2,627,254
Hardware sales	982,159	1,875,418
Licensing sale	717,549	564,228
Managed services	826,723	1,301,067
Network revenue	1,155,575	1,117,076
Professional fees	1,223,347	1,563,590
Other revenue	94,113	151,386
	<u>9,149,730</u>	<u>9,200,019</u>
<i>Disaggregation of revenue</i>		
The disaggregation of revenue from contracts with customers is as follows:		
<i>Geographical regions</i>		
Australia	8,876,029	7,594,745
New Zealand	12,471	-
Asia	108,047	183,904
Europe	153,183	1,421,370
	<u>9,149,730</u>	<u>9,200,019</u>
<i>Timing of revenue recognition</i>		
Goods delivered/services rendered at a point in time	5,174,159	5,012,067
Goods delivered/services rendered over time	3,975,571	4,187,952
	<u>9,149,730</u>	<u>9,200,019</u>

Note 4. Other income

	Condensed consolidated	
	31 December 2023	31 December 2022
	\$	\$
Sundry income	-	5,461
Research and development tax incentive rebate (1)	302,112	56,422
	<u>302,112</u>	<u>61,883</u>
Other income		

- (1) The estimated research and development tax incentive rebate recognized during the financial year ending on June 30, 2023, amounted to \$2,475,446. Out of this sum, \$1,615,554 was recognized as income in the profit and loss statement for the period. Subsequently, the actual research and development tax incentive rebate, received on November 27, 2023, totalled \$2,616,251, with \$1,917,666 recognized as a profit and loss item. This resulted in an increase in income of \$302,112.

Note 5. Expenses

	Condensed consolidated	
	31 December 2023	31 December 2022
	\$	\$
Loss before income tax from continuing operations includes the following specific expenses		
<i>Cost of goods sold</i>		
Cost of goods sold	3,464,141	5,328,225
<i>Finance costs</i>		
Interest and finance charges paid/payable on borrowings	422,678	129,941
Interest and finance charges paid/payable on lease liabilities	45,468	67,918
	468,146	197,859
<i>Other expenses</i>		
Loss on derecognition of right-of-use asset	318,698	-
Net foreign exchange loss	63,759	13,566
	382,457	13,566
<i>Superannuation expense</i>		
Defined contribution superannuation expense	415,558	490,235
<i>Impairment of goodwill</i>		
Impairment of goodwill	142,130	-

Note 6. Current assets - cash and cash equivalents

	Condensed consolidated	
	31 December 2023	30 June 2023
	\$	\$
Cash on hand	2,297,457	1,155,774
Cash at bank	1,300	1,300
	2,298,757	1,157,074

Note 7. Current assets – trade and other receivables

	Condensed consolidated	
	31 December 2023	30 June 2023
	\$	\$
Trade receivables	3,772,787	3,545,674
Less: Allowance for expected credit losses	(44,041)	(147,089)
	3,728,746	3,398,585
Prepayments	159,996	103,866
Research and development receivables	-	2,475,446
Other receivables	308,392	285,302
	4,197,134	6,263,199

Note 8. Current assets - non-current assets classified as held for sale

	Condensed consolidated 31 December 2023 \$	30 June 2023 \$
Plant and equipment	1,053,240	-

The Company holds hardware which is currently held for sale and is likely to be sold within twelve months from reporting date to a related party.

Note 9. Non-current assets - property, plant and equipment

	Condensed consolidated 31 December 2023 \$	30 June 2023 \$
Non-current assets		
Plant and equipment - at cost	491,771	1,535,053
Less: Accumulated depreciation	(399,635)	(401,673)
	<u>92,136</u>	<u>1,133,380</u>
Office furniture and equipment - at cost	98,617	95,547
Less: Accumulated depreciation	(70,883)	(58,322)
	<u>27,734</u>	<u>37,225</u>
Leasehold improvements - at cost	10,126	10,126
Less: Accumulated depreciation	(3,820)	(2,802)
	<u>6,306</u>	<u>7,324</u>
	<u>126,176</u>	<u>1,177,929</u>

Reconciliations

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

	Plant and equipment \$	Office furniture and equipment \$	Leasehold improvement s \$	Total \$
Consolidated				
Balance at 1 July 2023	1,133,380	37,225	7,324	1,177,929
Additions	57,095	3,071	-	60,166
Disposals	-	-	-	-
Reclassification to asset held for sale – at cost	(1,053,240)	-	-	(1,053,240)
Depreciation expense	(45,100)	(12,561)	(1,018)	(58,679)
Balance at 31 December 2023	<u>92,136</u>	<u>27,735</u>	<u>6,306</u>	<u>126,176</u>

Note 10. Non-current assets - intangibles

	Condensed consolidated	
	31 December	30 June
	2023	2023
	\$	\$
<i>Non-current assets</i>		
Goodwill	24,110,937	24,110,937
Less: Impairment	(142,130)	-
	<u>23,968,807</u>	<u>24,110,937</u>
Developed software – at cost	5,396,141	4,355,935
Less: Accumulated amortisation	(1,474,251)	(1,166,198)
	<u>3,921,890</u>	<u>3,189,737</u>
Developed intellectual property – at cost	303,750	303,750
Less: Accumulated amortisation	(145,467)	(114,842)
	<u>158,283</u>	<u>188,908</u>
Customer relationship – at cost	1,007,219	1,007,219
Less: Accumulated amortisation	(603,689)	(469,048)
	<u>403,530</u>	<u>538,171</u>
Purchased software – at cost	101,121	101,121
Less: Accumulated amortisation	(83,753)	(66,807)
	<u>17,368</u>	<u>34,314</u>
	<u><u>28,469,878</u></u>	<u><u>28,062,067</u></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
	\$	\$	\$	\$	\$	\$
Condensed consolidated						
Balance at 1 July 2023	24,110,937	3,189,737	188,908	538,171	34,314	28,062,067
Additions	-	1,040,206	-	-	-	1,040,206
Impairment (Note 1)	(142,130)	-	-	-	-	(142,130)
Amortisation expense	-	(308,053)	(30,625)	(134,641)	(16,946)	(490,265)
Balance at 31 December 2023	<u>23,968,807</u>	<u>3,921,890</u>	<u>158,283</u>	<u>403,530</u>	<u>17,368</u>	<u>28,469,878</u>

Note 1: The Group has assessed the carrying value of Intangibles for indicators of impairment as at 31 December 2023 and for Goodwill relating to its Future Broadband CGU, has recorded an impairment of \$142,130.

Note 11. Borrowings

	Condensed consolidated	
	31 December	30 June
	2023	2023
	\$	\$
<i>Current liabilities</i>		
Loan – Mark Middleton (1) and (Note 18)	228,994	157,386
Loan – Acurix Networks Pty Ltd (1) and (Note 18)	927,229	832,347
Loan – Grant Farrow (1)	41,256	26,738
Loan – Kathryn Soares	8,149	6,756
Loan – R&D financing (4)	1,861,593	1,861,593
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 – other	87,472	41,600
	<u>3,809,147</u>	<u>3,580,874</u>
<i>Non-current liabilities</i>		
Loan – Mark Middleton (1) and (Note 18)	-	113,509
Loan – Acurix Networks Pty Ltd (1) and (Note 18)	-	94,882
Loan – Grant Farrow (1)	-	17,745
Loan – Kathryn Soares (Note 18)	86,555	90,140
Loan – other	-	59,516
	<u>86,555</u>	<u>375,792</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 2023.

(4) 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 expected to be settled in March 2024.

Note 12. Current liabilities – contract liabilities

	Condensed consolidated	
	31 December	30 June
	2023	2023
	\$	\$
Contract liabilities	<u>25,763</u>	<u>189,670</u>

Note 12. Current liabilities – contract liabilities (continued)

Reconciliation

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

	Condensed consolidated	
	31 December	30 June
	2023	2023
	\$	\$
Opening balance	189,670	118,297
Payments received in advance	25,763	71,373
Transfer to revenue	(189,670)	-
	<u>25,763</u>	<u>189,670</u>

Note 13. Issued capital

	Condensed Consolidated			
	31 Dec 2023	30 Jun 2023	31 Dec 2023	30 Jun 2023
	Shares	Shares	\$	\$
Ordinary shares – fully paid	<u>317,147,874</u>	<u>291,442,807</u>	<u>43,218,326</u>	<u>41,001,655</u>

Movement in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2023	291,442,807		41,001,655
Capital raise	25 August 2023	23,500,000	\$0.10 each	2,350,000
Performance Rights Class G issued	13 October 2023	624,800	\$0.13 each	78,100
Performance Rights Class D issued	21 November 2023	80,267	\$0.13 each	10,033
Issue of 1,500,000 Ordinary Shares to Directors	21 November 2023	1,500,000	\$0.10 each	150,000
Capital raising costs		-		(371,462)
Share on issue 31 December 2023		<u>317,147,874</u>		<u>43,218,326</u>

Share options

Date	Expiry	Options	Exercise price
20 October 2020	31 October 2024	630,000	\$1.75 each
28 July 2021	30 September 2024	9,811,475	\$0.40 each
21 November 2023 (i)	30 November 2026	<u>19,500,000</u>	\$0.20 each
		<u>29,941,475</u>	

(i) Refer to Note 15

Note 13. Issued capital (continued)

Details	Expiry Date	Options	Exercise price
Options on issue 30 June 2023		12,331,475	
Options expired and unexercised	31 October 2023	(1,890,000)	\$0.30 each
Issue of attaching options to subscribers for shares issued on 25 August 23	30 November 2026	11,750,000	\$0.20 each
Issue of attaching options to Directors for shares issued on 21 November 23	30 November 2026	750,000	\$0.20 each
Issue of broker options to Bridge Street Capital Partners (note 15)	30 November 2026	4,000,000	\$0.20 each
Issue of lead manager options to Bridge Street Capital Partners (note 15)	30 November 2026	3,000,000	\$0.20 each
Options on issue 31 December 2023		<u>29,941,475</u>	

Note 14. Loss per share

	Condensed consolidated	
	31 December 2023	31 December 2022
	\$	\$
<i>Loss per share for profit from continuing operations</i>		
Loss after income tax	<u>(572,294)</u>	<u>(4,126,471)</u>
Profit after income tax attributable to the owners of ActivePort Group Ltd	<u>(572,294)</u>	<u>(4,126,471)</u>
	Cents	Cents
Basic earnings per share	(0.19)	(1.61)
Diluted earnings per share	(0.19)	(1.61)
	Numbers	Numbers
<i>Weighted average number of ordinary shares</i>		
Weighted average number of ordinary shares used in calculating basic loss per share	<u>308,419,439</u>	<u>255,419,562</u>
Weighted average number of ordinary shares used in calculating diluted loss per share	<u>308,419,439</u>	<u>255,419,562</u>

Note 15. Share based payment arrangements

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

	Number	Grant Date	Expiry date	Exercise price \$	Fair value at grant date \$
Options on issue					
Issued on 21 November 2023	7,000,000	30/11/2023	30/11/2026	0.20	210,755

On 21 November 2023, ActivePort Group Ltd (“ATV” or “Company”) issued 7,000,000 unlisted share options to Bridge Street Capital Partners pursuant to fees agreement for capital raising completed during the current period, comprising 4,000,000 broker options and 3,000,000 lead manager options exercisable at \$0.20 each and expiring on 30 November 2026. These options were priced using a Black-Scholes option pricing model using the input below:

Type of option	Call Option
Grant date share price	\$0.10
Exercise price	\$0.20
Expected volatility	69.71%
Option life	3 years
Interest rate	3.85%

Note 16. Dividends

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

Note 17. Contingent assets and liabilities

There are no significant contingencies as at 31 December 2023 (30 June 2023: Nil).

Note 18. Related party transactions

Ultimate parent entity

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

Transactions with related parties

The following transactions occurred with related parties:

	Condensed consolidated	
	31 December 2023	31 December 2022
	\$	\$
Purchase of goods and services:		
Payment for services to Radian Arc Limited (a director-related entity of Peter Christie).	15,408	-
Payment for services to Acurix Networks Pty Ltd (a related entity of Mark Middleton)	-	10,962
Sales of goods and services:		
Services provided to Radian Arc Limited (a director-related entity of Peter Christie) (i)	514,110	1,403,052
Services provided to Acurix Networks Pty Ltd (a related entity of Mark Middleton) (i)	12,000	798
Services provided to Nexion Networks (a director-related entity of Peter Christie) (i)	19,583	1,690
Interest:		
Interest on Hardware Lease receivable from Radian Arc Limited (a director-related entity of Peter Christie)	-	52,732

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

Receivable from and payable to related parties

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

	Condensed consolidated	
	31 December 2023	30 June 2023
	\$	\$
Current receivables:		
Services provided to Radian Arc Limited (a director-related entity of Peter Christie)	2,239,144	2,051,959
Services provided to Acurix Networks Pty Ltd (a related entity of Mark Middleton)	2,200	-
Services provided to Nexion Networks (a director-related entity of Peter Christie)	37,612	62,821
Current payables:		
Trade payables to Acurix Networks Pty Ltd (a related entity of Mark Middleton).	26,997	-
Trade payables to Nexion Networks Pty Ltd (a director-related entity of Peter Christie).	69,687	-

Note 18. 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:

	Condensed consolidated	
	31 December	30 June
	2023	2023
	\$	\$
<i>Current liabilities</i>		
Loan – Mark Middleton	228,994	157,386
Loan – Acurix Networks Pty Ltd	927,229	832,347
Loan – Kathryn Soares	8,149	6,756
<i>Non-current liabilities</i>		
Loan – Mark Middleton	-	113,509
Loan – Acurix Networks Pty Ltd	-	94,882
Loan – Kathryn Soares	86,555	90,140

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 2023 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 be "Peter Christie", with a horizontal line underneath it.

Peter Christie
Chairman/ Interim Chief Executive Officer

29 February 2024

RSM Australia Partners

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

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying interim financial report of ActivePort Group Limited (**Company**) and its subsidiaries (**Group**), which comprises the consolidated statement of financial position as at 31 December 2023, 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 significant 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 Limited 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 2023 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, which indicates that the Group incurred a loss of \$572,294 and had net operating cash outflows of \$86,990 for the half-year ended 31 December 2023. 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 Limited, 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 half-year financial report

The directors of the ActivePort Group Limited 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 half-year 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 2023 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.

A handwritten signature in blue ink that reads 'RSM'.

RSM AUSTRALIA PARTNERS

A handwritten signature in blue ink, appearing to read 'MATTHEW BEEVERS'.

MATTHEW BEEVERS
Partner

Perth, WA
Dated: 29 February 2024