ACTIVEPORT GROUP LTD
ACN 636 569 634
SECOND SUPPLEMENTARY PROSPECTUS

IMPORTANT INFORMATION

This is the second supplementary prospectus (**Second Supplementary Prospectus**) intended to be read with the prospectus dated 13 August 2021 (**Prospectus**) and supplementary prospectus dated 24 August 2021 (**First Supplementary Prospectus**) issued by ActivePort Group Ltd (ACN 636 569 634) (**Company**).

This Second Supplementary Prospectus is dated 3 September 2021 and was lodged with the Australian Securities and Investments Commission (**ASIC**) on that date. The ASIC, the ASX and their respective officers take no responsibility for the contents of this Second Supplementary Prospectus.

This Second Supplementary Prospectus should be read together with the Prospectus and First Supplementary Prospectus. Other than as set out below, all details in relation to the Prospectus and the First Supplementary Prospectus remain unchanged. Terms and abbreviations defined in the Prospectus have the same meaning in this Second Supplementary Prospectus. If there is a conflict between the Prospectus, the First Supplementary and this Second Supplementary Prospectus, this Second Supplementary Prospectus will prevail.

This Second Supplementary Prospectus will be issued with the Prospectus and the First Supplementary Prospectus in hard copy or as an electronic copy and may be accessed on the Company's website at www.ActivePort.com.au.

This is an important document and should be read in its entirety. If you do not understand it, you should consult your professional advisers without delay.

The Directors believe that the changes in this Second Supplementary Prospectus are not materially adverse from the point of view of an investor.

1. BACKGROUND

By this Second Supplementary Prospectus, the Company makes the amendments to the Prospectus as set out in Section 2. The amendments to the Prospectus outlined in Section 2 below should be read in conjunction with the Prospectus and First Supplementary Prospectus.

2. AMENDMENTS TO THE PROSPECTUS

2.1 Closing Date

The Closing Date as detailed in the Indicative Timetable of the Offer contained in Section 3 is amended from 6 September 2021 to **10 September 2021**.

2.2 Acquisition Agreements

(a) Sections 11.2.1 of the Prospectus is deleted and replaced with the following:

"The consideration payable by the Company to Starboard for the acquisition comprising fully paid ordinary shares in the capital of the Company at a

*deemed issue price of $0.20 per share (**Starboard Purchaser Shares**) is as follows:*

(i) (**Initial Consideration**): the issue of 17,500,000 Starboard Purchaser Shares on completion of the Starboard Acquisition (**Starboard Completion**);

(ii) (**Tranche 1 Consideration**): that number of Starboard Purchaser Shares, with a deemed issue price of $0.20 per Starboard Purchaser Share, equivalent to 1x revenue valuation for any revenue invoiced in financial year 2021 (being from 1 July 2020 to 30 June 2021) by Starboard which exceeds $3,500,000 (**Tranche 1 Purchaser Shares**). (Based on the Company's current management accounts no Tranche 1 Consideration will be issued as revenue did not exceed $3,500,000);

(iii) **Tranche 2 Consideration**: that number of Purchaser Shares calculated using the following formula:

$$\frac{(Starboard's\ FY22\ revenue - (Starboard's\ FY21\ revenue\ x\ 1.1)\ x\ 1)}{\boldsymbol{The\ higher\ of}\ 80\%\ of\ ActivePort's\ 3\ month\ VWAP\ (April\ to\ June\ 2022)\ \boldsymbol{and\ \$0.08}}$$

The value of the numerator:

$$Starboard's\ FY22\ revenue - (Starboard's\ FY21\ revenue\ x\ 1.1)\ x\ 1)$$

in this formula is capped at $5,000,000 for the purposes of calculating the number of Tranche 2 Purchaser Shares to be issued (if any);

(iv) **Tranche 3 Consideration**: on achievement of at least $14,000,000 of reported Revenue for the financial year ending June 30, 2023, that number of Purchaser Shares calculated as $2,000,000 divided by the higher of:

(A) 80% of the Company's 3-month VWAP (April to June 2023); and

(B) **$0.08**,

*(together the **Initial Consideration, Tranche 1, 2, & 3 Consideration**, the **Starboard Consideration**).*

*For the purposes of calculating the Tranche 2 & 3 Consideration, **Revenue** includes all revenue earned by Starboard and any revenue earned by any business acquired by Starboard using the Company's cash reserves and debt instruments but not acquired using scrip of the Company.*

*The parties further acknowledge and agree that the Company will not be required to issue the Starboard Purchaser Shares for the Tranche 1, 2 & 3 Consideration until the reported Revenue for the purposes of the calculation of the Tranche 1, 2, & 3 Consideration has been verified by the Company's auditor based on Starboard's audited accounts **(no later than 30 November 2021 for Tranche 1, 30 November 2022 for Tranche 2 and 30 November 2023 for the Tranche 3 Consideration otherwise these milestones will lapse and no Purchaser Shares will be issuable)**.*

*The parties acknowledge and agree that the Company may, subject to ASX approval, in its sole discretion, opt to satisfy a percentage, up to 100%, of the Tranche 1, 2, and/or 3 Consideration in cash (**Cash Payment**). Where a Cash Payment is made, this will have the effect of reducing the relevant Tranche 1, 2 and/or 3 Consideration by that amount.*

The parties acknowledge and agree that the Starboard Purchaser Shares that the Company may issue to the Starboard in relation to the Tranche 1, 2 and 3 Consideration will be subject to the Company obtaining shareholder approval for the issue of those Starboard Purchaser Shares at its next general meeting (which must be held within 90 days of the Company being required to the issue the relevant Starboard Purchaser Shares as part of the Consideration, or such other time as agreed between the parties).

The parties acknowledge and agree that up to $600,000 of the initial consideration might be paid in cash or un-escrowed shares rather than escrowed shares, subject to ASX rules and approval, Company obtaining shareholder approval and agreement by Starboard and Company."

For clarity the changes to the Starboard Acquisition Agreement are bolded and in red above.

(b) "The consideration payable by the Company to Vizstone for the acquisition comprising fully paid ordinary shares in the capital of the Company at a deemed issue price of $0.20 per share (**Vizstone Purchaser Shares**) is as follows:

(i) (**Initial Consideration**): the issue of 15,625,000 Vizstone Purchaser Shares on completion of the Vizstone Acquisition (Vizstone Completion);

(ii) **Tranche 1 Consideration**: that number of Purchaser Shares calculated using the following formula:

$$\frac{(Vizstone's\ FY22\ revenue - (Vizstone's\ FY21\ revenue\ x\ 1.1)\ x\ 1)}{\boldsymbol{The\ higher\ of}\ 80\%\ of\ ActivePort's\ 3\ month\ VWAP\ (April\ to\ June\ 2022)\ \boldsymbol{and}\ \boldsymbol{\$0.08}}$$

The value of the numerator:

$$Vizstone's\ FY22\ revenue - (Vizstones\ FY21\ revenue\ x\ 1.1)\ x\ 1)$$

in this formula is capped at $5,000,000 for the purposes of calculating the number of Tranche 2 Purchaser Shares to be issued (if any);

(iii) **Tranche 2 Consideration**: on achievement of at least $14,000,000 of reported Revenue for the financial year ending June 30, 2023, that number of Purchaser Shares calculated as $2,000,000 divided by the higher of:

(A) 80% of the Company's 3-month VWAP (April to June 2023); and

(B) **$0.08,**

(together the ***Initial Consideration, Tranche 1 & 2 Consideration****, the* ***Vizstone Consideration****).*

For the purposes of calculating the Tranche 1 & 2 Consideration, ***Revenue*** *includes all revenue earned by Vizstone and any revenue earned by any business acquired by Vizstone using the Company's cash reserves and debt instruments but not acquired using scrip of the Company.*

The parties further acknowledge and agree that the Company will not be required to issue the Vizstone Purchaser Shares for the Tranche 1 & 2 Consideration until the reported Revenue for the purposes of the calculation of the Tranche 1 & 2 Consideration has been verified by the Company's auditor based on Vizstone's audited accounts ***(no later than 30 November 2022 for Tranche 1 and 30 November 2023 for Tranche 2 otherwise these milestones will lapse and no Purchaser Shares will be issuable)****.*

*The parties acknowledge and agree that the Company may, in its sole discretion, opt to satisfy a percentage, up to 100%, of the Tranche 1 and/or 2 Consideration in cash (****Cash Payment****). Where a Cash Payment is made, this will have the effect of reducing the relevant Tranche 1 and/or 2 Consideration by that amount.*

The parties acknowledge and agree that the Vizstone Purchaser Shares that the Company may issue to the Vizstone in relation to the Tranche 1 and 2 Consideration will be subject to the Company obtaining shareholder approval for the issue of those Vizstone Purchaser Shares at its next general meeting (which must be held within 90 days of the Company being required to the issue the relevant Vizstone Purchaser Shares as part of the Consideration, or such other time as agreed between the parties)."

For clarity the changes to the Vizstone Acquisition Agreement are bolded and in red above.

(c) For the avoidance of doubt, terms of the the Deferred Consideration Shares also include the following:

(i) *will not be quoted on ASX. The Company must apply for official quotation of any Shares to be issued upon achievement of the Deferred Consideration Share Milestones;*

(ii) *are not transferable;*

(iii) *do not confer on the holder an entitlement to vote (except as otherwise required by law);*

(iv) *does not entitle a holder (in their capacity as a holder of a Deferred Consideration Share) to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues;*

(v) *do not carry an entitlement to a dividend;*

(vi) *do not entitle the holder to:*

(A) a return of capital, whether in a winding up, upon a reduction of capital or otherwise;

(B) participate in the surplus profits or assets of the Company upon winding up;

(viii) will convert on a 1:1 basis and any Shares issued upon achievement of the Milestones will, upon issue, rank pari passu in all respects with other existing Shares; and

(ix) will automatically lapse and no Shares will be issued if the relevant Milestones have not been achieved and verified by the relevant lapse dates as highlighted in sections 2.2(a) and 2.2(b) of this Second Supplementary Prospectus.

2.3 Independent Expert's Report

(a) A new Annexure D is included which will contain the independent expert's report (**IER**), as annexed to this Second Supplementary Prospectus.

The IER is necessary under ASX Guidance Note 19, as the total number of Performance Rights to be issued to the Directors and Key Management Personnel as well as the Deferred Consideration Shares to be issued to the vendors of Starboard and Vizstone exceeds 10% of the total Shares that the Company will has on issue at the date of its admission to quotation on ASX. The IER opines on whether the issue of the Performance Rights and the Deferred Consideration Shares is fair and reasonable to the non-participating shareholders.

The IER has concluded that the issue of the Performance Rights and the Deferred Consideration Shares is **FAIR AND REASONABLE** to the non-participating shareholders.

(b) The Corporate Directory on page iii is amended to include below "Share Registry*" the following:

"***Independent Expert***

RSM Corporate Australia Pty Ltd
Level 32, Exchange Tower,
2 The Esplanade,
PERTH WA 6000"

(c) A new Section 12.4 is inserted to contain the following:

"12.4 Information required by ASX Guidance Note 19

The following additional information is provided with respect to the Deferred Consideration Shares proposed to be issued to the Vendors on satisfaction of the relevant Milestones:

(a) details of the Deferred Consideration Shares are set out in Sections 11.2.1 and 11.2.2;

(b) the Vendors are the shareholders of Starboard and Vizstone. The Vendors are not related parties of the Company, however under the terms of the Vizstone Acquisition Agreement, Vizstone has the right to appoint a nominee director to the Board (Kathryn Soares);

(c) *upon the achievement of the relevant Milestones, the relevant number of Deferred Consideration Shares will be issued to the Vendors in accordance with the Acquisition Agreements. If the applicable Milestone(s) is not met before the relevant expiry dates, the relevant Deferred Consideration Shares will lapse and no new Shares will be issued;*

(d) *the proposed issue of the Deferred Consideration Shares to the Vendors are included as part of the consideration payable (assuming achievement of the Milestones) so that a portion of the consideration for the Acquisitions is directly linked to the financial performance of each of Vizstone and Starboard. Each of the Milestones are connected to the Starboard and Vizstone businesses being acquired by the Company and the Company's growth objectives, protecting Shareholders from the dilutionary impact of issuing the Shares at settlement, without the certainty of having satisfied material performance objectives that are directly related to the financial performance of Starboard and Vizstone;*

(e) *details of Starboard and Vizstone are set out in Section 7.9 and the Independent Expert's Report respectively;*

(f) *the Board considers that the quantum of the consideration payable for the Acquisitions reflects reasonable fair value. The consideration payable was determined by the Board, following arm's length negotiations with Starboard and Vizstone, having regard to:*

(i) *the value of the Starboard and Vizstone businesses and the Board's assessment of the future prospects of the Starboard and Vizstone businesses;*
(ii) *recent market examples of comparable transactions;*
(iii) *the proposed market capitalisation of the Company on Admission; and*
(iv) *the fact that part of the consideration payable will be deferred and that the Milestones are directly tied to the future financial performance of the Starboard and Vizstone businesses and will only be realised in the event that the relevant Milestone is satisfied.*
(v) *Accordingly, the Board considers the number of Deferred Consideration Shares potentially issuable as being appropriate and equitable;*
(vi) *all Deferred Consideration Shares are to be (if issued) as fully paid ordinary Shares in the capital of the Company, ranking pari-passu with all other Shares on issue at the time of issue;*
(vii) *the Deferred Consideration Shares are consistent with the base requirements for performance securities set out in section 9 of ASX Guidance Note 19 (no securities will be issuable until the Milestones are achieved);*
(viii) *the Deferred Consideration Shares are compliant with sections 10 and 11 of ASX Guidance Note 19 for the following reasons:*
(ix) *the number of Deferred Consideration Shares issuable on satisfaction of the relevant Milestone are calculated by reference to a formula that delivers a fixed outcome so that investors and analysts can readily understand and have reasonable certainty as to the impact on the Company's capital structure if the Milestone is achieved. To this end the Company will also seek Shareholder*

approval for each Tranche if and when that Tranche becomes issuable;

(x) the Milestones are objectively fair and reasonable. None of the examples set out in section 10 of ASX Guidance Note 19 that are unacceptable to ASX apply to the Deferred Consideration Shares;

(xi) there is an appropriate and demonstrable nexus between each of the Milestones and the Acquisition, as illustrated by the following:

(A) the Deferred Consideration Shares are being issued to the Starboard and Vizstone Shareholders, assuming achievement of the Milestones, as part of the Consideration for the sale of Starboard and Vizstone to the Company. Accordingly, the Milestones are specifically linked to the future revenue generation of Starboard and Vizstone, which the Company will acquire via the Acquisition;

(B) the Milestones are specifically linked to the financial and operation outcomes attaching to the success of the Starboard and Vizstone businesses;

(C) the Milestones are directly tied to the future performance and revenue generation of Starboard and Vizstone; and

(D) the achievement of the revenue Milestones will disregard:

(I) revenue received in the form of government grants, allowances, rebates or other hand-outs; and

(II) revenue that has been manufactured to achieve the Milestones;

(E) revenue counted towards achievement of the Milestones will include all revenue earned by Starboard and Vizstone and any revenue earned by any business acquired by Starboard and Vizstone using the Starboard and Vizstone's cash reserves and debt instruments but not acquired using scrip of Activeport;

(F) Activeport is not required to issue any Deferred Consideration Shares until the reported revenue for the purposes of the calculation of the Deferred Consideration Shares has been verified by the Activeport's auditor;

(xii) the Milestones are clearly articulated by reference to objective criteria and have reasonable certainty as to the circumstances in which the performance milestones will be taken to have been met.

(xiii) an expiry date is set by which the relevant Milestones are to be achieved for the Deferred Consideration Shares to be issued, and if the Milestones are not achieved by those expiry dates, the Deferred Consideration Shares will not be issued to the Vendor; and

(xiv) as the Company will apply to be listed on the ASX and the Deferred Consideration Shares (if/when issued) equate to greater than 10% of

the proposed number of Shares on issue at the date of admission to the ASX, Section 13 of ASX Guidance Note 19 requires the Independent Expert's Report on Deferred Consideration be included in this Prospectus (please refer to Annexure A. The Independent Expert has concluded that the issue of the Deferred Consideration Shares under each Milestone is ***FAIR AND REASONABLE*** *to non-associated Shareholders.*"

(g) Section 12.6 is amended to include the following after the last paragraph:

"*RSM Corporate Australia Pty Ltd has given its written consent to be named in this Prospectus in the form and context in which it is named and to the inclusion of its Independent Expert's Report in this Prospectus contained in Annexure D of this Prospectus*."

(h) Section 12.7 is amended to include the following after the last paragraph:

"*RSM Corporate Australia Pty Ltd has acted as Independent Expert and has prepared the Independent Expert's Report on Deferred Consideration Shares and Performance Rights which is included in Annexure D. The Company estimates it will pay RSM Corporate Australia Pty Ltd a total of up to $25,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, RSM Corporate Australia Pty Ltd has not received fees from the Company for any other services.*"

(i) The Glossary is amended to include the following after the definition of "Group"

"***Independent Expert*** *means RSM Corporate Australia Pty Ltd.*

Independent Expert's Report *or* ***IER*** *means the report prepared by the Independent Expert as annexed at Annexure D.*"

2.4 Miscellaneous

All references to Sections are amended accordingly to take account of the insertion of the new Section 12.4.

3. DIRECTORS' AUTHORISATION

This Second Supplementary Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Second Supplementary Prospectus with the ASIC.

Mr Peter Christie
Executive Chairman
For and on behalf of ActivePort Group Ltd

ANNEXURE D – INDEPENDENT EXPERT'S REPORT

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM Corporate Australia Pty Ltd ABN 82 050 508 024 (“RSM Corporate Australia Pty Ltd” or “we” or “us” or “ours” as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide (“FSG”). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- who we are and how we can be contacted;
- the financial services that we will be providing you under our Australian Financial Services Licence, Licence No 255847;
- remuneration that we and/or our staff and any associates receive in connection with the financial services that we will be providing to you;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

Financial services we will provide

For the purposes of our report and this FSG, the financial service we will be providing to you is the provision of general financial product advice in relation to securities.

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

General Financial Product Advice

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

Benefits that we may receive

We charge various fees for providing different financial services. However, in respect of the financial service being provided to you by us, fees will be agreed, and paid by, the person who engages us to provide the report and such fees will be agreed on either a fixed fee or time cost basis. You will not pay to us any fees for our services; the Company will pay our fees. These fees are disclosed in the Report.

Except for the fees referred to above, neither RSM Corporate Australia Pty Ltd, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Remuneration or other benefits received by our employees

All our employees receive a salary.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Associations and relationships

RSM Corporate Australia Pty Ltd is beneficially owned by the partners of RSM Australia, a large national firm of chartered accountants and business advisers. Our directors are partners of RSM Australia Partners.

From time to time, RSM Corporate Australia Pty Ltd, RSM Australia Partners, RSM Australia and / or RSM Australia related entities may provide professional services, including audit, tax and financial advisory services, to financial product issuers in the ordinary course of its business.

Complaints resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints should be directed to The Complaints Officer, RSM Corporate Australia Pty Ltd, P O Box R1253, Perth, WA, 6844.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination. If a complaint is received in advance of a shareholder meeting or other key date where shareholders or investors may be making decisions which are influenced by our report, we will make all reasonable efforts to respond to complaints prior to that date.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Australian Financial Complaints Authority (“AFCA”). AFCA is an independent dispute resolution scheme that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about AFCA are available at the AFCA website www.afca.org.au. You may contact AFCA directly by email, telephone or in writing at the address set out below.

Australian Financial Complaints Authority
GPO Box 3
Melbourne VIC 3001
Toll Free: 1800 931 678
Email: info@afca.org.au

Time limits may apply to make a complaint to AFCA, so you should act promptly or consult the AFCA website to determine if or when the time limit relevant to your circumstances expires.

Contact details

You may contact us using the details set out at the top of our letterhead on page 5 of this report.

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3 September 2021

The Directors
ActivePort Group Limited
Perth WA 6000

Dear Directors

1. Introduction

1.1 This Independent Expert's Report (the "Report" or "IER") has been prepared to accompany a Supplementary Prospectus of ActivePort Group Limited ("ActivePort" or "the Company"). The initial Prospectus was issued on 13 August 2021 seeking to raise a minimum of $10.0 million and a maximum of $15.0 million, and to support an application to list the Company on the ASX.

1.2 The Prospectus disclosed that a binding terms sheet and a share exchange agreement had been signed for two proposed acquisitions which are conditional on the successful listing of the Company:

- 100% of the equity of Starboard Pty Ltd ("Starboard"); and
- 100% of the equity of Vizstone Pty Ltd ("Vizstone").

(together "the Acquisitions")

1.3 The consideration for the Acquisitions includes various tranches of ordinary shares in ActivePort which will be issued on completion ("Initial Consideration") and based on the financial performance in FY21, FY22 and FY23 of each company ("Deferred Consideration Shares"). The shares will be issued to the vendors of Starboard and Vizstone (collectively "the Vendors").

1.4 The proposed Deferred Consideration Shares meet the definition of performance securities, being securities that convert into ordinary shares if and when certain performance milestones are achieved, under the guidance of ASX Guidance Note 19: Performance Securities ("GN 19").

1.5 In addition, the Company has issued Performance Rights to key management personnel ("KMP") with vesting conditions based on the financial performance of ActivePort in FY22 and FY23 ("the KMP Performance Rights").

1.6 The Directors of the Company have requested that RSM Corporate Australia Pty Ltd (“RSM”), being independent and qualified for the purpose, express an opinion as to whether the proposed issue of Deferred Consideration Shares and the issue of KMP Performance Rights is fair and reasonable to non-participating security holders (“Non-Associated Shareholders”).

2. Summary and conclusion

Opinion – Deferred Consideration Shares

2.1 In our opinion, and for the reasons set out in Sections 11 and 12 of this Report, the proposed issue of Deferred Consideration Shares in relation to the Starboard and Vizstone Acquisitions is **fair and reasonable** to the Non-Associated Shareholders of ActivePort.

Approach

2.2 The Acquisitions include the proposed issue of performance securities which could convert into aggregate shares greater than 10% of the issued share capital. In such circumstances, GN 19 requires an expert to opine on whether the proposed issue of the performance securities is fair and reasonable to the Non-Associated Shareholders.

2.3 In expressing this opinion, the ASX expects the independent expert to assume that the relevant performance milestones have been met, assess the impact that would have on the value of the entity, and then determine whether the resulting number of ordinary shares to be issued by the entity to the holder of the performance shares is fair and reasonable in the circumstances.

2.4 GN 19 notes that the independent expert can express a broader view on an issue of performance shares in circumstances where they are unable to conclude that the issue is fair or reasonable, but could be regarded as in the best interests of the entity and Non-Associated Shareholders to proceed with the issue.

2.5 In assessing whether the proposed issue of the Deferred Consideration Shares is fair and reasonable to the Non-Associated Shareholders, we have considered Australian Securities and Investment Commission ("ASIC") Regulatory Guide 111 – *Content of Expert Reports* ("RG 111"), which provides specific guidance as to how an expert is to appraise transactions.

2.6 RG111 states that a transaction is reasonable if it is fair. It might also be reasonable if, despite not being fair, there are sufficient reasons for security holders to accept the offer in the absence of any alternate option. In our assessment of the reasonableness of the proposed issue of the Deferred Consideration Shares, we have given consideration to commercial advantages and disadvantages to the Non-Associated Shareholders as a consequence of the proposed issue of the Deferred Consideration Shares.

2.7 We have considered whether or not the proposed issue of the Deferred Consideration Shares is "fair" and "reasonable" to the Non-Associated Shareholders by:

- Assessing the likely impact on the value of ActivePort of the incremental revenue that will be generated should the revenue hurdles attached to the Deferred Consideration Shares be met, and the resulting number of shares to be issued by ActivePort to the Vendors (fairness); and

- Undertaking an analysis of the other factors relating to the proposed issue of the Deferred Consideration Shares which are likely to be relevant to the Non-Associated Shareholders (reasonableness).

Fairness

2.8 Consistent with the guidance in GN 19, we have considered the fairness of the proposed issue of Deferred Consideration Shares by determining:

- the likely impact on the value of ActivePort of the incremental revenue that will be generated assuming that the performance conditions are met;

- the resulting number of shares to be issued by ActivePort to the Vendors assuming that the performance conditions are met; and

- the implied value per ActivePort Share to be issued to the Vendors at each vesting date.

2.9 Our conclusion on fairness is then based on whether the implied value per ActivePort share is greater than the IPO offer price of $0.20, being the price which non-participating shareholders have paid to acquire shares in ActivePort. In effect, we are assessing whether the Non-Associated Shareholders are expected to receive more value per ActivePort share issued to the Vendors if the Deferred Consideration Shares vest, than the current investment value of an ActivePort Share.

2.10 We note that the number of ActivePort shares to be issued to the Vendors on achievement of the performance conditions will be determined based on the higher of 80% of the 3-month volume weighted average price ("VWAP") of ActivePort shares at the vesting date, and $0.08.

2.11 The impact of the $0.08 floor price, results in a maximum number of shares which can be issued of 62.5 million for the tranches which relate to the FY22 revenue generated by Starboard and Vizstone ("FY22 Performance Hurdles") and 25.0 million for the tranches which relate to the FY23 revenue generated by Starboard and Vizstone ("FY23 Performance Hurdle") for each of the Acquisitions.

2.12 Given the above, there are two scenarios under which the issue price of the Deferred Consideration Shares may be determined:

- if the price is determined based on 80% of the 3-month VWAP of ActivePort shares, we consider that the value of the shares being issued could be below market value at the vesting date; and

- if the price is determined based on the floor price of $0.08, then we consider that the shares could be issued at a price that is either at or above the market value of the shares issued at the vesting date.

2.13 We have made the following assumptions in our assessment of fairness:

- the performance conditions are met for the FY22 Performance Hurdle and FY23 Performance Hurdle tranches of Deferred Consideration Shares (consistent with the guidance in GN 19) at the maximum possible level; and

- the number of shares to be issued is based on 80% of the IPO offer price (being a proxy for the traded VWAP of ActivePort) as we cannot predict the future share price performance of ActivePort.

2.14 We have considered the Starboard and Vizstone Deferred Consideration Shares separately, as set out in the table below:

Table 1 Fairness of Deferred Consideration Shares

Assessment of fairness - Deferred Consideration Shares	Ref		Value per Share
Starboard Acquisition:			
Implied value of ActivePort Share to be issued to the Vendor - FY22 Performance Hurdle		$	0.26
Implied value of ActivePort Share to be issued to the Vendor - FY23 Performance Hurdle		$	0.66
Vizstone Acquisition:			
Implied value of ActivePort Share to be issued to the Vendor - FY22 Performance Hurdle		$	0.22
Implied value of ActivePort Share to be issued to the Vendor - FY23 Performance Hurdle		$	0.42

Source: RSM analysis

2.15 The table above indicates that the implied values of each ActivePort Share to be issued to the Vendors after achieving the Deferred Consideration Shares performance conditions is greater than the IPO offer price of $0.20, i.e. ActivePort Shareholders are receiving more value per ActivePort Share to be issued if the performance conditions are met. On this basis, we consider the proposed issue of the Deferred Consideration Shares to be **fair** to Non-Associated Shareholders.

Reasonableness

2.16 RG 111 establishes that an offer is reasonable if it is fair. It might also be reasonable if, despite not being fair, there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the offer closes. As such, we have also considered the following factors in relation to the reasonableness aspects of the proposed issue of Deferred Consideration Shares.

2.17 The key advantages of the proposed issue of the Deferred Consideration Shares are:

Advantages	Details
The proposed issue is fair	The proposed issue of the Starboard and Vizstone Deferred Consideration Shares is fair to the Non-Associated Shareholders.
The achievement of the performance conditions is value accretive	The achievement of the vesting conditions is expected to increase the assessed value of the Group. Our analysis indicates that if the performance conditions are met, there is likely to be significant value accretion which the ActivePort Shareholders will participate in.
The Consideration is structured to align the interests of Shareholders, Vendors and management	The structure of the Consideration, being the issue of Deferred Consideration Shares based on revenue hurdles, ensures that the interests of Shareholders, Vendors and management are aligned.
The ownership of Starboard and Vizstone is expected to drive growth in ActivePort software uptake	Our assessment of fairness in relation to the issue of the Deferred Consideration Shares has only considered the potential impact on the value of ActivePort directly from the incremental revenue generated by Starboard and Vizstone. The rationale for the transaction is to accelerate the growth of ActivePort software and provide a core resource base to support on-boarding of new customers. Therefore, it is likely that, should the performance conditions be exceeded by Starboard and Vizstone, this could have also drive incremental value into the core ActivePort business.

2.18 The key disadvantages of the proposed issue of the Deferred Consideration Shares are:

Disadvantages	Details
Dilution of Shareholders	The proposed issue of the Deferred Consideration Shares would dilute the shareholding of the current ActivePort Shareholders, with the maximum potential shareholding interest of the Starboard Vendors being 30% and the Vizstone Vendors being 29.5% (assuming all performance conditions are met and no other shares are issued).
Deferred Consideration Shares could be issued at below current market value to the Vendors	As the issue price for the Deferred Consideration Shares is determined based on 80% of the 3-month VWAP of ActivePort, the shares being issued may be issued a price that is below market value. This would effectively provide the Vendors with a benefit as they would obtain shares in ActivePort at below market value, resulting in a greater number of shares being issued to them.

2.19 We are not aware of any alternative proposals which may provide a greater benefit to the Non-Associated Shareholders of ActivePort at this time.

2.20 In our opinion, the position of the Non-Associated Shareholders of ActivePort if the proposed issue of Deferred Consideration Shares occurs is more advantageous than if it does not. Therefore, in the absence of any other relevant information and/or a superior offer, we consider that the proposed issue of Deferred Consideration Shares is **reasonable** for the Non-Associated Shareholders of ActivePort.

Opinion – KMP Performance Rights

2.21 In our opinion, and for the reasons set out in Sections 13 and 14 of this Report, the issue of KMP Performance Rights is **fair and reasonable** to the Non-Associated Shareholders of ActivePort.

Approach

2.22 Similar to the approach adopted for the Deferred Consideration Shares, we have considered whether or not the issue of the KMP Performance Rights is "fair" and "reasonable" to the Non-Associated Shareholders by:

- Assessing the likely impact on the value of ActivePort of the incremental revenue that will be generated should the revenue hurdles attached to the KMP Performance Rights be met, and the resulting number of shares to be issued by ActivePort to the KMP (fairness); and
- Undertaking an analysis of the other factors relating to the issue of the KMP Performance Rights which are likely to be relevant to the Non-Associated Shareholders (reasonableness).

Fairness

2.23 Consistent with the guidance in GN 19, we have considered the fairness of the issue of KMP Performance Rights by determining:

- the likely impact on the value of ActivePort of the incremental revenue that will be generated assuming that the vesting conditions are met;
- the resulting number of shares to be issued by ActivePort to the KMP assuming that the vesting conditions are met for the FY22 Performance Hurdles and FY23 Performance Hurdles; and
- the implied value per ActivePort Share to be issued to the KMP at each vesting date.

2.24 The table below sets out our assessment of the fairness of the KMP Performance Rights:

Table 2 Fairness of KMP Performance Rights

Assessment of fairness – KMP Performance Rights	Ref	Value per Share
Implied value of ActivePort Share to be issued to the Vendor - FY22 Performance Hurdle		$ 0.38
Implied value of ActivePort Share to be issued to the Vendor - FY23 Performance Hurdle		$ 0.51

Source: RSM analysis

2.25 The table above indicates that the implied values of each ActivePort Share to be issued to the KMP after achieving the vesting conditions is greater than the IPO offer price of $0.20, i.e. ActivePort Shareholders are receiving more value per ActivePort Share to be issued if the vesting conditions are met. On this basis, we consider the issue of the KMP Performance Rights to be **fair** to Non-Associated Shareholders.

Reasonableness

2.26 RG 111 establishes that an offer is reasonable if it is fair. It might also be reasonable if, despite not being fair, there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the offer closes. As such, we have also considered the following factors in relation to the reasonableness aspects of the issue of KMP Performance Rights.

2.27 The key advantages of the issue of the KMP Performance Rights are:

Advantages	Details
The issue is fair	The issue of the KMP Performance Rights is fair to the Non-Associated Shareholders.
The achievement of the vesting conditions is value accretive	The achievement of the vesting conditions is expected to increase the assessed value of the Group. Our analysis indicates that if the vesting conditions are met, there is likely to be significant value accretion which all ActivePort Shareholders will participate in.
The KMP Performance Rights are structured to align the interests of Shareholders and management	The structure of the KMP Performance Rights, being based on revenue hurdles and focused on both the nature and source of that revenue, ensures that the interests of Shareholders and management are aligned.

2.28 The key disadvantages of the issue of the KMP Performance Rights are:

Disadvantages	Details
Dilution of Shareholders	The conversion of the KMP Performance Rights into ordinary shares on vesting would dilute the shareholding of the current ActivePort Shareholders as the total number of KMP Performance Rights amounts to 10% of the expected issued capital of ActivePort assuming a minimum subscription to the Capital Raising and completion of the Acquisitions.

2.29 We are not aware of any alternative proposals which may provide a greater benefit to the Non-Associated Shareholders of ActivePort at this time.

2.30 In our opinion, the position of the Non-Associated Shareholders of ActivePort if the issue of KMP Performance Rights occurs is more advantageous than if it does not. Therefore, in the absence of any other relevant information and/or a superior offer, we consider that the issue of KMP Performance Rights is **reasonable** for the Non-Associated Shareholders of ActivePort.

3. Summary of the Performance Securities

Overview

3.1 Pursuant to the existing binding terms sheet and share exchange agreement, the Company has agreed to acquire:

(a) 100% of the issued share capital of Vizstone; and

(b) 100% of the issued share capital of Starboard.

3.2 The consideration payable on the Acquisitions comprises of initial scrip consideration as well as various tranches of performance securities which vest based on the performance of Vizstone and Starboard over the 2021 to 2023 financial years. The key terms of the Acquisitions and the various tranches of consideration are discussed below.

3.3 If the Acquisitions complete, then Vizstone and Starboard would become 100% subsidiaries of ActivePort together with its existing subsidiaries (collectively "the Group").

3.4 Additionally, the Company has issued performance shares to Key Management Personnel. The vesting of these shares is attached to the performance of ActivePort over the 2022 and 2023 financial years. The key terms of the KMP Performance Shares are discussed below.

3.5 The Deferred Consideration Shares and the KMP Performance Rights are classified as performance securities under ASX Guidance Note 19 'Performance Securities' ("GN 19"). Shareholder approval is being sought for the issue of the Deferred Consideration Shares for the purposes of ASX Listing Rules 6.1. and for the issue of the KMP Performance Rights under ASX Listing Rule 10.14 and 10.16.

Summary of the Acquisitions

The Starboard Acquisition

3.6 The Company has agreed to acquire 100% of the fully paid ordinary shares in the capital of Starboard free from encumbrances.

3.7 Completion of the Starboard Acquisition is subject to and conditional upon a number of conditions precedent, including:

- ASX granting conditional approval for the Company to be admitted to the official list of ASX and for its securities to be granted quotation on terms and conditions acceptable to the Company;
- The Company obtaining all necessary shareholder, regulatory and third-party approvals pursuant to the ASX Listing Rules, the *Corporations Act 2001* (Cth) and any other law to allow the Company to lawfully complete the matters set out in this Terms Sheet; and
- completion of a legal and technical due diligence by the Company on Starboard's business and operations, to the sole satisfaction of the Company.

3.8 The consideration payable by the Company for the Starboard Acquisition comprises fully paid ordinary shares of the Company at a deemed issue price of $0.20 per share as follows:

- 17,500,000 ordinary ActivePort shares on completion – **Starboard Initial Consideration**;
- The number of ActivePort shares, with a deemed issue price of $0.20, equivalent to 1x revenue valuation for any revenue invoiced in FY21 by Starboard which exceeds $3,500,000 – **Starboard Tranche 1 Consideration**;

- The number of ActivePort shares calculated using the formula below, with the numerator capped at \$5,000,000 – **Starboard Tranche 2 Consideration:**

    - $\frac{(Starboard's\ FY22\ revenue - (Starboard's\ FY21\ revenue\ x\ 1.1)\ x\ 1)}{The\ higher\ of\ 80\%\ of\ ActivePort's\ 3\ month\ VWAP\ and\ \$0.08}$

- On achievement of at least \$14,000,000 of reported revenue for FY23, the number of ActivePort shares calculated as \$2,000,000 divided by the higher of:

    - 80% of the Company's 3-month VWAP (April to June 2023); and

    - \$0.08 – **Starboard Tranche 3 Consideration**,

(together "the Starboard Consideration")

3.9 The Company may, in its sole discretion, opt to satisfy a percentage, up to 100%, of the Tranche 1, 2, and/or 3 Consideration in cash.

The Vizstone Acquisition

3.10 The Company has agreed to acquire 100% of the fully paid ordinary shares of Vizstone free from encumbrances.

3.11 Completion of the Vizstone Acquisition is conditional upon the satisfaction or waiver of the following conditions precedent:

- the Company successfully completing a capital raising in an amount of not less than \$5 million;

- the Company receiving a letter from ASX confirming that ASX will grant conditional quotation of the Vizstone Shares on the official list of ASX, on terms acceptable to the Company;

- the Company confirming in writing to the Vendors, that it is satisfied in its sole discretion with its due diligence review of the business, assets, operations, financial position and financial performance of the Company; and

- the Company obtaining, in a form satisfactory to the Company, all third party approvals, consents and regulatory approvals necessary to allow the Company to complete the matters set out in this Agreement.

3.12 The consideration payable by the Company for the Vizstone Acquisition comprises fully paid ordinary shares of the Company at a deemed issue price of \$0.20 per share as follows:

- 15,625,000 ordinary ActivePort shares on completion – **Vizstone Initial Consideration**;

- The number of ActivePort shares calculated using the formula below, with the numerator capped at \$5,000,000 – **Vizstone Tranche 1 Consideration**:

$$\frac{(Vizstone's\ FY22\ revenue - (Vizstone's\ FY21\ revenue\ x\ 1.1)\ x\ 1)}{The\ higher\ of\ 80\%\ of\ ActivePort's\ 3\ month\ VWAP\ and\ \$0.08}$$

- On achievement of at least \$14,000,000 of reported revenue for FY23, the number of ActivePort shares calculated as \$2,000,000 divided by the higher of:

    - 80% of the Company's 3-month VWAP (April to June 2023); and

    - \$0.08 - **Vizstone Tranche 2 Consideration**;

(together "the Vizstone Consideration")

3.13 The Company may, in its sole discretion, opt to satisfy a percentage, up to 100%, of the Tranche 1 and/or 2, Vizstone Consideration in cash.

KMP Performance Rights

3.14 In addition, the Company has issued performance securities to key management personnel. The following key terms apply to the KMP Performance Rights:

- Total Pro-Forma Revenue for a financial year means the total consolidated revenue for that financial year of ActivePort plus the pre-acquisition revenue for that financial year of any subsidiaries acquired during that financial year.
- Contracted Recurring Consolidated Revenue for a financial year means consolidated revenue generated from ongoing contracts with customers as recorded in the Group's contracts register, in accordance with AASB 15 Revenue from Contracts with Customers.
- ActivePort Software means the software known as "ActivePort" which is solely marketed, and revenue is solely generated, through those entities within the Group who have ActivePort in their company name. As such the contracts which the Company derives revenue from the "ActivePort" software will only be signed with these entities (quarantining them from the other subsidiaries).

3.15 The KMP Performance Rights will vest when the following vesting conditions have been achieved:

- **Class A Performance Rights**: the Company achieving a Total Pro-forma Revenue in FY22 of at least 135% of the total ActivePort consolidated revenue for the previous financial year (FY22 Deadline);
- **Class B Performance Rights**:
  - the vesting condition for some or all of the Class A Performance Rights is achieved; and
  - the value of the ActivePort Contracted Recurring Consolidated Revenue is at least 30% of the value of the Total Pro-forma Revenue counted towards the Class A Performance Rights Vesting Condition;
- **Class C Performance Rights**:
  - the vesting condition for some or all of the Class A Performance Rights is achieved; and
  - at least 25% of the Class B contracted recurring revenue is derived directly from use of ActivePort Software;
- **Class D Performance Rights**: the Company achieving a Total Pro-forma Revenue in FY23 of at least 135% of the total ActivePort consolidated revenue for FY22 (FY23 Deadline);
- **Class E Performance Rights**:
  - the vesting condition for some or all of the Class D Performance Rights is achieved; and
  - the value of the ActivePort Contracted Recurring Consolidated Revenue is at least 50% of the value of the Total Pro-forma Revenue counted towards the Class D Performance Rights Vesting Condition; and
- **Class F Performance Rights**:
  - the vesting condition for some or all of the Class D Performance Rights is achieved; and
  - at least 30% of the Class E contracted recurring revenue is derived directly from use of ActivePort Software,

(each a "Vesting Condition").

3.16 Performance Rights are not transferrable and will automatically lapse upon the earlier to occur of:

- 31 October 2022 for Class A, B and C Performance Rights and 31 October 2023 for Class D, E and F Performance Rights;
- if the relevant Vesting Condition attached to a class of Performance Rights has not been achieved by the relevant Deadline; or
- The holder ceases to be an officer of the Company.

3.17 The total number of KMP Performance Rights issued is 23,727,400 to six recipients, comprising the three current Directors of ActivePort, the Chief Technology Officer, Chief Financial Officer and Company Secretary. The table below sets out the number of KMP Performance Rights by class and vesting condition.

Table 3 KMP Performance Rights

KMP Performance Rights	Number
Class A Performance Rights FY22 Revenue = 135% of FY21 Revenue	7,118,220
Class B Performance Rights Recurring Revenue being 30% of Class A Revenue	2,372,740
Class C Performance Rights ActivePort Revenue being 25% of Class B Revenue	2,372,740
Total FY22 Performance Rights	**11,863,700**
Class D Performance Rights FY23 Revenue = 135% of FY22 Revenue	7,118,220
Class E Performance Rights Recurring Revenue being 50% of Class D Revenue	2,372,740
Class F Performance Rights ActivePort Revenue being 30% of Class E Revenue	2,372,740
Total FY23 KMP Performance Rights	**11,863,700**
Total KMP Performance Rights	**23,727,400**

Source: Company

Rationale for the Issue of Performance Securities

3.18 The directors of ActivePort have been seeking business opportunities which display growth, are already profitable and can be used to help the ActivePort technology reach a broader range of customers. The telecommunications sector has recently experienced growth, both organically and via acquisition opportunities, and has been largely resilient during COVID-19.

3.19 ActivePort has conditionally agreed to acquire two information technology service providers, Vizstone and Starboard, to accelerate its growth and provide a core resource base to support on-boarding of new customers. The inclusion of Deferred Consideration Shares as part of the consideration for these acquisitions aligns the Vendors' motivations with those of ActivePort Shareholders by rewarding revenue growth in Vizstone and Starboard with an additional shareholding interest in ActivePort, and therefore linking the potential dilution of existing ActivePort shareholders to future performance .

Impact on ActivePort's Capital Structure

3.20 The table below sets out a summary of the capital structure of ActivePort prior to and post the Capital Raising and issue of KMP Performance Rights. The Deferred Consideration Shares would only be issued if the performance conditions are met in future years and therefore there would be no change to the capital structure of ActivePort until such time as they are achieved. Furthermore, the number of ordinary shares which would be issued on achievement of the performance conditions will vary depending on both the traded share price of ActivePort and the actual financial performance of Starboard and Vizstone. This is considered further in Sections 11 and 12 of our Report.

3.21 The table shows that current Shareholders of ActivePort will hold 65% of the issued share capital assuming minimum subscription under the Capital Raising (57.8% on a fully diluted basis), and 58.8% assuming maximum subscription (52.4% on a fully diluted basis) before the issue of any Deferred Consideration Shares.

Table 4 Share structure of ActivePort pre and post IPO

	Prior to Proposed Issue		Post IPO and Issue (Minimum Capital Raise)		Post IPO and Issue (Maximum Capital Raise)	
Shares on issue:						
Current shares on issue	154,364,993	100.0%	154,364,993	65.0%	154,364,993	58.8%
Capital Raise - proposed IPO	-	0.0%	50,000,000	21.1%	75,000,000	28.6%
Starboard Acquisition - Initial Consideration	-	0.0%	17,500,000	7.4%	17,500,000	6.7%
Vizstone Acquisition - Initial Consideration	-	0.0%	15,625,000	6.6%	15,625,000	6.0%
Total undiluted Shares on issue	**154,364,993**	**100%**	**237,489,993**	**100%**	**262,489,993**	**100%**
Performance Rights						
KMP Performance Rights	-	-	23,727,400	100.0%	23,727,400	100.0%
Total Performance Rights on issue	**-**	**-**	**23,727,400**	**100%**	**23,727,400**	**100%**
Options:						
Current options on issue	3,150,000	100.0%	3,150,000	27.8%	3,150,000	21.8%
Lead manager options	-	0.0%	8,176,230	72.2%	11,289,700	78.2%
Total Options on issue	**3,150,000**	**100%**	**11,326,230**	**100%**	**14,439,700**	**100%**
Fully diluted position:						
Non-Associated share / option holders	157,514,993	100.0%	157,514,993	57.8%	157,514,993	52.4%
Starboard Vendor Shareholders	-	0.0%	17,500,000	6.4%	17,500,000	5.8%
Vizstone Vendor Shareholders	-	0.0%	15,625,000	5.7%	15,625,000	5.2%
KMP Share / Rights holders	-	0.0%	23,727,400	8.7%	23,727,400	7.9%
Other new Share / option holders	-	0.0%	58,176,230	21.3%	86,289,700	28.7%
Total diluted Shares on issue	**157,514,993**	**100%**	**272,543,623**	**100%**	**300,657,093**	**100%**

Source: Company

4. Scope of the Report

4.1 In determining whether the proposed issue of Deferred Consideration Shares and KMP Performance Rights is "fair" and "reasonable" we have given regard to the views expressed by ASIC in Regulatory Guide 111 ("RG 111").

4.2 RG 111 provides ASIC's views on how an expert can help security holders make informed decisions about transactions. Specifically, it gives guidance to experts on how to evaluate whether or not a proposed transaction is fair and reasonable.

4.3 RG 111 states that the expert's report should focus on:

- The issues facing the security holders for whom the report is being prepared: and
- The substance of the transaction rather than the legal mechanism used to achieve it.

4.4 Our assessment of the issue of the Deferred Consideration Shares and KMP Performance Rights is based on economic, market and other conditions prevailing at the date of this Report.

ASX Guidance Note 19: Performance Securities

4.5 ASX Guidance Note 19: Performance Securities ("GN 19") was revised on 12 March 2021 and includes a new requirement, in certain circumstances, for companies to commission an independent expert when issuing performance securities.

4.6 An Independent Expert Report is required in the following two situations:

- For a listed entity that proposes to issue performance securities covered by GN 19, where the number of ordinary shares that will be issued upon achievement of the milestone is greater than 10% of the number of ordinary shares on issue at the date the performance securities will be issued (subject to exclusions in relation to arm's length control transaction securities, ordinary course of business remuneration securities or ordinary course of business acquisition securities); or
- For an entity that is applying to be listed, that proposes to issue performance securities covered by GN 19, where the number of ordinary shares that will be issued upon achievement of the milestone is greater than 10% of the number of ordinary shares on issue at the date of admission to quotation.

4.7 GN 19 states that an entity must obtain a report from an independent expert that complies with RG 111 and that opines on whether the issue of the performance securities in question is fair and reasonable to non-participating shareholders.

4.8 In expressing this opinion, ASX expects the independent expert to assume that the relevant performance milestones have been met, assess the impact that would have on the value of the entity, and then determine whether the resulting number of ordinary shares to be issued by the entity to the holder of the performance shares is fair and reasonable in the circumstances.

4.9 GN 19 notes that the independent expert can express a broader view on an issue of performance shares in circumstances where they are unable to conclude that the issue is fair or reasonable, but could be regarded as in the best interests of the entity and non-associated shareholders to proceed with the proposed issue of performance securities.

4.10 The Deferred Consideration Shares and the KMP Performance Rights are classified as performance securities under GN 19. The Directors of the Company have therefore requested that RSM express an opinion as to whether the proposed issue of Deferred Consideration Shares and KMP Performance Rights is fair and reasonable to the Non-Associated Shareholders.

5. Profile of ActivePort

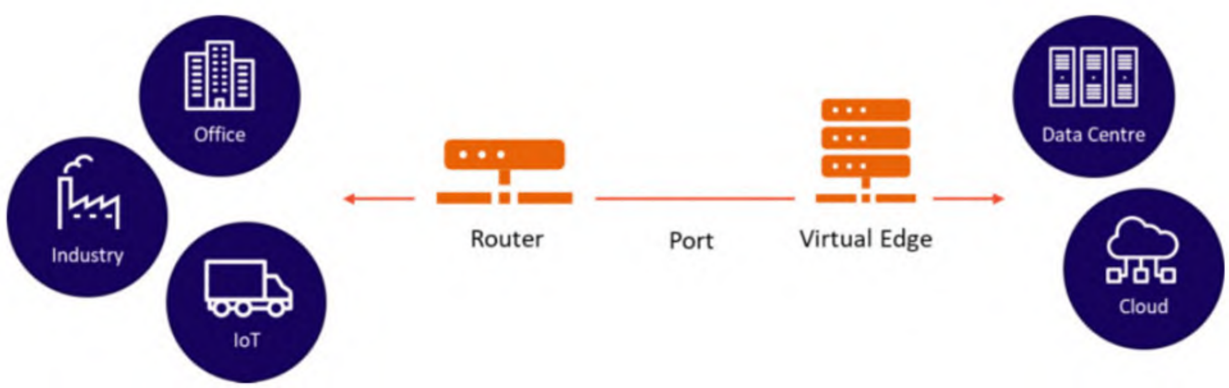
Background

5.1 ActivePort is an Australian unlisted public company incorporated on 2 October 2019 as Vserv Federation Ltd. ActivePort changed its name to ActivePort Group Ltd on 20 November 2020.

5.2 ActivePort is the holding company of ActivePort Pty Ltd and was incorporated for the purposes of acquiring the ActivePort technology (held by ActivePort Pty Ltd) and listing on the ASX. ActivePort Pty Ltd was acquired by ActivePort Group Ltd in January 2021, with a series of capital raisings then being undertaken to provide funding for product commercialisation and growth.

5.3 The Company's core asset, the ActivePort software, is used to orchestrate network connectivity from the "Virtual Edge" of the network at a customer's premises to data and Cloud services. A connection made using ActivePort software is called a "Port" and the Company charges a licence fee for use of its software and a per-port, per-month fee to enable revenue growth as the customer increases its scale.

Figure 1 ActivePort Orchestration Software



5.4 ActivePort has also created a set of network access points into datacentres at strategic locations around the world. Customers use these points of presence (PoPs) to make software defined wide area network (SD-WAN) connections from their premises into third-party carrier networks for global data transit and Cloud connectivity. ActivePort sells access to these PoPs on a "per dollars per gigabit per second basis".

5.5 The ActivePort software allows users to create, configure, monitor, and manage network services and Cloud services on a global scale. Some of the benefits of the ActivePort software include being device agnostic, cloud centric and network independent.

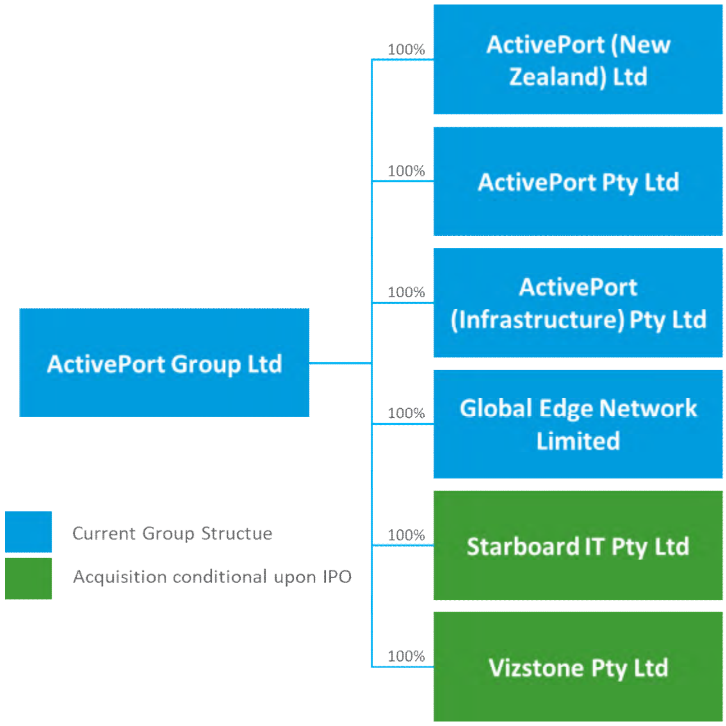
5.6 The Company is primarily a software company, but in its initial growth phase it engages with customers through the following ways:

- Sell Through – ActivePort delivers its product to Telco providers and Internet Service Providers ("ISPs") and then works with the provider's internal sales team to resell ActivePort as their own branded SD-WAN and network solution;
- Sell-With – ActivePort has established relationships with other technology providers to integrate the ActivePort software with their own solutions and ActivePort then sells to their customers; and
- Direct Sales – selling direct to larger enterprise customers.

5.7 ActivePort has conditionally agreed to acquire two information technology service providers, Vizstone and Starboard, to accelerate its growth and provide a core resource base to support on-boarding of new customers.

5.8 ActivePort's group structure after the proposed Acquisitions is shown below.

Figure 2 ActivePort's proposed group structure



Directors and management

5.9 The directors and key management of ActivePort as at the date of this Report are summarised in the table below.

Table 5 Directors and Key Management of ActivePort

Director	Title	Summary
Peter Christie	Executive Chairman	Mr Peter Christie has over 30 years of experience in the IT industry working across different information technology fields from enterprise application software down through middleware, servers, operating systems, networks, and data centres. Mr Christie has expertise across many different aspects of the IT industry including software development, global network management and enterprise systems implementation.
Karim Nejaim	Executive Director and Chief Executive Officer	Mr Karim Nejaim has over 25 years of experience in telecommunications, most recently at Telstra, where he was Executive Director - Product Engineering until June 2020. Previously, Mr Nejaim held positions of Director Global Enterprise Product Engineering and Director Network Services and Facilities. Mr Nejaim has also held several senior executive roles at Optus and the broader SingTel group, in particular Group Vice President, IP Core Engineering, Vice President, Converged Services Engineering and Head of Strategy and Planning for the Networks Division.

Chris Daly	Non-Executive Director	Mr Chris Daly has over 30 years of management and supervisory experience in businesses operating in the contracting, fabrication, sales, equipment rental and construction sectors. Mr Daly also has experience in managing businesses with a focus on financial management, job costing, business processes and safety and standards accreditation.
Kathryn Soares	Proposed Director	Ms Kathryn Soares is an information technology business owner and manager with over 30 years of experience in delivering ICT solutions across multiple industry sectors. Ms Soares started her career with Platinum Technology in Chicago (later CA technologies) before moving to Sun Microsystems in Melbourne. In 2009, Ms Soares established Vizstone, a Perth based ICT provider looking after the Energy Market.

Key Management	Title	Summary
Mark Middleton	Chief Technical Officer	Mr Mark Middleton is the architect of the ActivePort Software and founder of the ActivePort Group. He has over 34 years of experience as a technologist across software development, data centre infrastructure development, network engineering and wide area networks and software engineering.
Robert Molkenthin	Chief Financial Officer	Mr Robert Molkenthin has over 25 years of corporate finance experience from senior CFO positions across Australia, Europe and the USA. He also has public company experience, including raising capital, completing IPO's and managing ASX compliance.
Steven Norris	Head of Global Sales	Mr Steven Norris has a 26-year career in sales, marketing and product management in the IT&T sector. Mr Norris worked at TPG Telecom for 14 years in several roles, most recently as Northern Region Manager, with prior roles as State Manager and Head of Business and Corporate. Previously, he was the Solution Sales Manager at Netcomm, the Business Unit Manager at Unite!, and ran product for the system Integration business unit at Commander.
Simon Love	Global Head Infrastructure	Mr Simon Love began his career as a Transmission Engineer 28 years ago and has built a career in leadership roles including Vice-President Fixed and Satellite Services, General Manager Technology Strategy & Planning and Director of Transmission & Access Engineering for Optus. Mr Love joined ActivePort from his role as General Manager, Fixed Networks for Visionstream.
Jack Toby	Company Secretary	Mr Jack Toby has extensive experience as Company Secretary and Chief Financial Officer of several listed public companies and major corporations over the last 30 years.

Source: Company

Financial information of ActivePort

5.10 The information in the following section provides a summary of the financial performance of ActivePort for FY20 and the six month period ended 31 December 2020 ("YTD21") as extracted from the audited and reviewed financial statements of the Company.

5.11 The auditor of ActivePort, Stantons International, has issued an unqualified audit opinion on the financial statements for the year ended 30 June 2020 and an unqualified review conclusion on the financial statements for the six month period ended 31 December 2020. However, the auditor drew attention to a material uncertainty related to going concern given the Company's loss-making position and net asset deficiency at 30 June 2020.

5.12 The financial statements note that the ability of the Company to continue as a going concern is subject to the Company generating sufficient cash flows from its existing businesses, and/or raising further equity or loan funds to meet the Company's liabilities and commitments as they fall due.

Financial performance

5.13 The following table sets out a summary of the consolidated, audited financial performance of ActivePort for the year ended 30 June 2020 and six months ended 21 December 2020, being the first 14 months of operations since its incorporation on 20 October 2019.

Table 6 ActivePort historical financial performance

$000's	6 Mths ended 31-Dec-20 Reviewed	Year Ended 30-Jun-20 Audited
Income		
Interest received	0	0
Cash Boost Stimulus	25	75
Total Income	**25**	**75**
Expenses		
Legal and professional fees	(627)	(261)
Travelling	(212)	(346)
Wages and salaries	-	(4)
Other expenses	(13)	(22)
Total Expenses	**(851)**	**(633)**
Loss before taxation	**(827)**	**(559)**
Income tax expense	-	-
Loss for the period	**(827)**	**(559)**

Source: Company Financials

5.14 ActivePort recorded a net loss after income tax of $827k in YTD21 and a net loss after income tax of $559k for FY20.

5.15 ActivePort had no revenue generating activities in the period reviewed as the group structure did not include the trading entity of ActivePort Pty Ltd at the time. The proforma profit and loss statement in the Prospectus including ActivePort Pty Ltd shows revenue of $309k and a combined net loss after tax of $896k.

5.16 The cashflow boost stimulus was received from the ATO as a COVID 19 pandemic related stimulus payment.

5.17 The expenses primarily relate to legal and professional fees, and wages and salaries which have been incurred in advance of the acquisition of ActivePort Pty Ltd in January 2021, the proposed Acquisitions of Vizstone and Starboard, together with costs related to preparation for the listing process.

Financial position

5.18 The table below sets out a summary of the consolidated financial position of ActivePort as at 30 June 2020 and 31 December 2020.

Table 7 ActivePort historical financial position

$'000s	31-Dec-20 Reviewed	30-Jun-20 Audited
Current Assets		
Cash and cash equivalents	57	132
Trade and other receivables	27	35
Funds held in trust	1,958	-
Total Current Assets	**2,042**	**167**
Total Assets	**2,042**	**167**
Current Liability		
Trade and other payables	2,762	184
Provisions	24	10
Total Current Liabilities	**2,786**	**194**
Total Liabilities	**2,786**	**194**
Net Liabilities	**(743)**	**(27)**
Equity		
Issued capital	582	532
Reserves	59	-
Accumulated losses	(1,385)	(559)
Total Equity	**(743)**	**(27)**

Source: Company

5.19 At 31 December 2020, the net asset deficiency of ActivePort was $743k primarily due to the accumulated trading losses.

5.20 The trade and other payables liability is broken down further in the table below.

Table 8 Trade and other payables

$000's	31-Dec-20	30-Jun-20
Trade payables	233	7
Accruals	544	173
Superannuation payable	7	4
PAYG payable	19	-
Capital raising subscriptions held in trust	1,958	-
Trade and other payables	**2,762**	**184**

Source: Company

5.21 During December 2020, the Company initiated a Pre-IPO capital raising for a minimum of $1,000,000 which was contingent on the completion of certain legal agreements to secure the copyright to the ActivePort software. Cash deposits for the Pre-IPO capital raising of $1,958,400 at $0.80 per share had been received prior to 31 December 2020 but the securities for the capital raising were not issued until February 2021. The amount raised, $1,958,400 was therefore recorded as both as asset for the funds held in trust, and as a liability for the securities to be issued as at 31 December 2020.

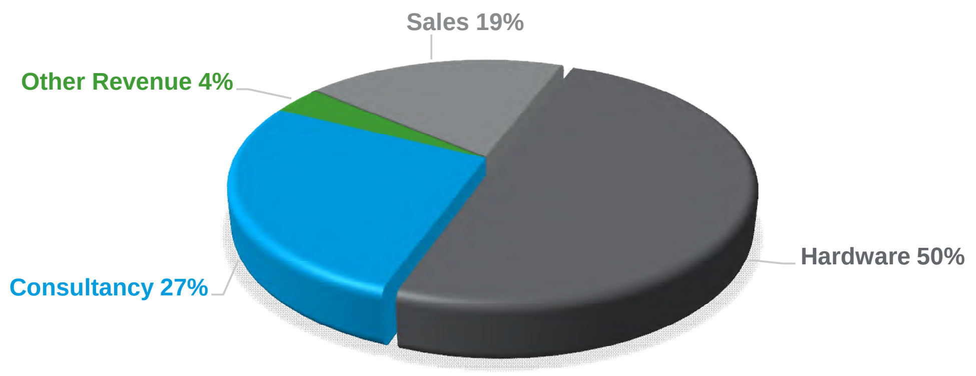
Events after 31 December 2020

5.22 On 22 January 2021, the Company acquired 100% of ActivePort Pty Ltd. Consideration for the acquisition was the issue of 8,443,708 ActivePort ordinary shares with a deemed value of $6,754,966 ($0.80 per share).

5.23 The proforma consolidated statement of profit or loss disclosed in the Prospectus shows revenue of $309,000 generated by ActivePort in the six month period to 31 December 2020, other income of $20k and total operating costs of $399,000 resulting in a net loss of $70,000.

5.24 For the full year to 30 June 2021, the ActivePort group has recorded revenue of $745,000 with the graph below showing the composition of ActivePort revenue. Over the 12 month period, approximately 50% was derived from one-off hardware sales associated with a client build project, 27% from consulting income for services related to customer set-up and integration projects, and 19% from licence fee and port fee income for existing customers.

Figure 3 Revenue breakdown of ActivePort



5.25 The Company is in discussions with over 40 potential customers in Australia and a further 20 internationally, including managed service providers and telcos. Currently there are four customers actively licensing the ActivePort software and a further five in the installation phase.

Capital structure

5.27 ActivePort has 154,364,993 ordinary shares on issue at the date of the Report. The Top 20 shareholders are set out below.

Table 9 ActivePort Top 20 shareholders

Rank	Name	Total Units	% Issued Share Capital
1	Herdsman Lake Capital Asia Pte Ltd	39,000,000	25.26%
2	Mr Grant Alan Farrow <G Farrow Family A/C>	17,942,880	11.62%
3	Mark Scott Middleton + Ms Andrea Jane Middleton <Middleton Family A/C>	17,942,880	11.62%
4	Smart Capital Investments Pty Ltd	7,914,885	5.13%
5	Certane Ct Pty Ltd <Richlink High-Tech Investment A/C>	7,187,500	4.66%
6	Mr Michael Patrick Glynn <Mg Family Investment A/C>	6,332,780	4.10%
7	Professional Consulting Pty Ltd <Ajrp Super Fund A/C>	4,919,655	3.19%
8	Herdsman Lake Capital Pty Ltd	4,318,260	2.80%
9	Pine Street Pty Ltd <Pine Street A/C>	4,000,000	2.59%
10	Nelson Consulting Group Pty Ltd <Sanur Lifestyle A/C>	1,885,625	1.22%
11	Sk Advisory Pty Ltd <Sk Superannuation Fund A/C>	1,459,310	0.95%
12	Francis Chu	1,315,505	0.85%
13	Perin Properties Pty Ltd	1,308,955	0.85%
14	Claude L Daly & Sons Pty Ltd <Chris Daly Family A/C>	1,233,285	0.80%
15	Professional Consulting Pty Ltd <Rps Family A/C>	1,109,955	0.72%
16	Perin Nominees Pty Ltd <The Perin Superannuation Fund A/C>	1,085,290	0.70%
17	Coopers Lane Investments Pty Ltd <M & L Brown Family A/C>	1,000,000	0.65%
18	Pine Street Pty Ltd <Pine Street Super Fund A/C>	1,000,000	0.65%
19	Tidal Nominees Pty Ltd <Taslewis Super Fund A/C>	1,000,000	0.65%
20	Creative Solutions (Nsw) Pty Ltd <Corn Investment A/C>	986,630	0.64%
	Total Top 20 Shareholding	**122,943,395**	**79.64%**
	Others	31,421,598	20.36%
	Total issued capital	**154,364,993**	**100.00%**

Source: Company

5.28 The Company also has 3,150,000 share options currently on issue, comprising:

- 630,000 options exercisable at $0.25 each and expiring on 31 October 2022;
- 1,890,000 options exercisable at $0.30 each and expiring on 31 October 2023, and
- 630,000 options exercisable at $0.35 each and expiring on 31 October 2024.

6. Profile of Starboard

Background

6.1 Starboard IT Pty Ltd is an Australian company established approximately 5 years ago and based in Sydney, providing services across NSW and Victoria.

6.2 Starboard specialises in the implementation, support and security of IT network and server infrastructure, virtualisation, and cloud technologies, positioning them to deliver ActivePort to a wide range of organisations.

6.3 The customer base covers a broad range of verticals with a particular focus on the financial services market as well as transport, government and non-profit organisations, with Starboard servicing businesses ranging from start-ups to ASX200 listed multi-nationals.

Directors and management

6.4 The directors of Starboard are Timothy Wilson, Richard Hulme and Steven Kelly.

6.5 Steven Kelly is also the company secretary of Starboard.

Financial information of Starboard

6.6 The information in the following section provides a summary of the financial performance of Starboard for the financial year 2020 and the six month period ended 31 December 2020.

6.7 The auditor of Starboard, Nexia Australia, has issued an unqualified audit opinion on the financial statements for the financial year 2020 and an unqualified review conclusion on the financial statements for the six month period ended 31 December 2020.

Financial performance

6.8 The following table sets out a summary of the financial performance of Starboard for FY19, FY20 and YTD20.

6.9 In FY20, Starboard received $226k in JobKeeper and cash boost payments as a result of government COVID-19 stimulus payments, and $23k for YTD20.

6.10 The profit for the company after income tax amounted to $268k for YTD20, $109k and $182k in FY20 and FY19 respectively. Starboard paid dividends of $5k in FY20 and $75k in FY19.

6.11 Starboard derives revenue from the implementation of ICT services (consulting income), provision of managed services and cloud hosting services. The revenue breakdown of Starboard for theFY20 is shown below with staff augmentation services (labour charges for consultants) accounting for 64%, projects for 24% and managed services at 4%.

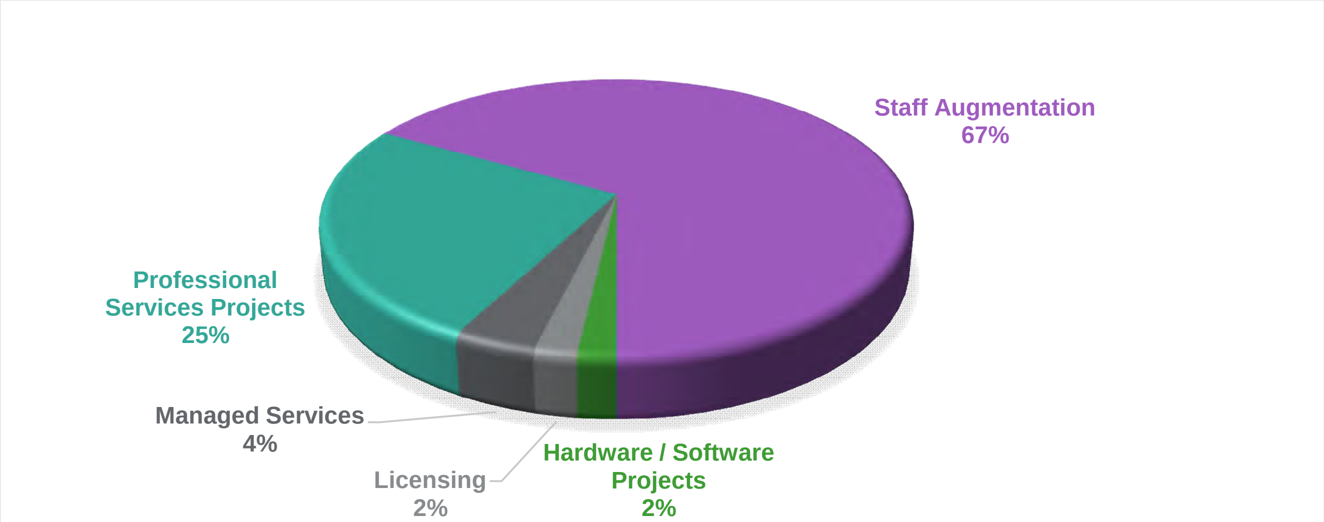
6.12 The top ten customers in FY21 accounted for 92% of the total revenue generated by Starboard, which amounted to $3.62 million as stated in the draft management accounts.

Table 10 Starboard historic financial performance

$000's	6 Mths ended 31-Dec-20 Reviewed	Year Ended 30-Jun-20 Audited	Year Ended 30-Jun-19 Audited
Revenue	1,546	3,116	3,506
Other Income	237	226	-
Interest revenue	-	-	1
Total income	**1,783**	**3,342**	**3,506**
Cost of sales	(89)	(122)	(157)
Gross Profit	**1,694**	**3,220**	**3,349**
GP%	**95%**	**96%**	**96%**
Expenses			
Employee benefits expense	(1,022)	(2,213)	(2,386)
Depreciation expense	(3)	(14)	(21)
Consultants	(206)	(578)	(530)
Occupancy	(27)	(104)	(55)
Administration	(24)	(107)	(12)
Other expenses	(31)	(92)	(73)
Finance costs	(1)	(2)	(0)
Total Expenses	**(1,313)**	**(3,109)**	**(3,077)**
Profit before income tax	**381**	**111**	**272**
Income tax expense	(113)	(2)	(90)
Loss for the period	**268**	**109**	**182**

Source: Company Financials

Figure 4 Revenue of Starboard



Financial position

6.13 The table below sets out a summary of the financial position of Starboard as at 31 December 2020 and 30 June 2020.

Table 11 Starboard historical financial position

$'000s	31-Dec-20 Reviewed	30-Jun-20 Audited
Current Assets		
Cash and cash equivalents	650	288
Trade and other receivables	198	322
Income tax refund date	-	20
Total Current Assets	**848**	**629**
Non-Current Assets		
Property, plant and equipment	-	-
Deferred tax assets	42	-
Total Non-Current Assets	**42**	**-**
Total Assets	**889**	**629**
Current Liabilities		
Trade and other payables	244	379
Income tax	94	-
Employee benefits	112	78
Total Current Liabilities	**449**	**458**
Total Liabilities	**449**	**458**
Net Assets	**440**	**172**
Equity		
Issued capital	-	-
Retained earnings	440	171
Total Equity	**440**	**172**

Source: Company

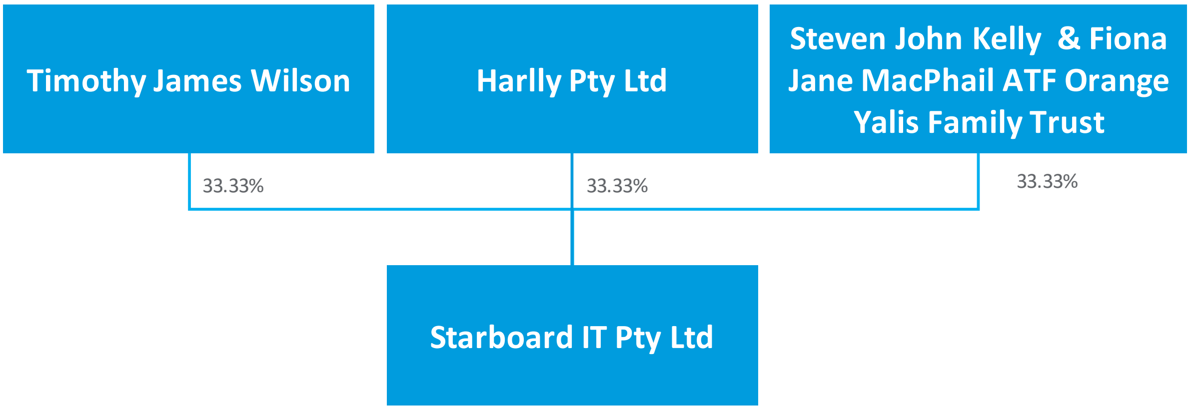
6.14 The net assets position for Starboard was $440k at 31 December 2020 compared to $172k at 30 June 2020.

6.15 Starboard had $52k of plant and equipment (at cost) which is fully depreciated at 31 December 2020.

Capital structure

6.16 Starboard has 300 ordinary shares on issue. The shareholding structure of Starboard as at the date of this report is set out below.

Table 12 Starboard Shareholder Structure



Source: Company

7. Profile of Vizstone

Background

7.1 Vizstone Pty Ltd is an Information and Communications Technology (ICT) solutions provider which specialises in providing cloud, security and information technology infrastructure services. Vizstone was registered in 2009 and is based in Perth, Western Australia

7.2 Vizstone currently service various industries across the Asia Pacific markets including mining, oil and gas, corporate, education, government and not-for-profit. Vizstone also services Floating Production Storage and Offloading installations off the coastlines of Western Australia, Victoria, Thailand, Singapore, Vietnam, Brazil, Africa and Malaysia.

Directors and management

7.3 The directors of Vizstone are Kathryn Soares and Benjamin Chan.

7.4 Kathryn Soares is also the company secretary for Vizstone.

Financial information of Vizstone

7.5 The information in the following section provides a summary of the financial performance and the financial position of Vizstone for the financial year 2020, financial year 2019 and the six month period ended December 2020. This information has been extracted from the financial statements of Vizstone.

7.6 The auditor of Vizstone, Nexia Australia, has issued an unqualified audit opinion on the financial statements for the financial year 2020 and an unqualified review conclusion on the financial statements for the six month period ended 31 December 2020. However, the auditor drew attention to a material uncertainty related to going concern given the Company's loss-making position and net asset deficiency at 31 December 2020 and 30 June 2020.

7.7 The financial statements were prepared on a going concern basis noting that Vizstone had entered into the sale agreement with ActivePort.

Financial performance

7.8 The following table sets out a summary of the financial performance of Vizstone in FY19, FY20 and YTD20.

Table 13 Vizstone historical financial performance

$'000s	6 Mths ended 31-Dec-20 Reviewed	Year Ended 30-Jun-20 Audited	Year Ended 30-Jun-19 Audited
Revenue			
Sale of goods	794	2,999	2,081
Services rendered	1,221	3,514	2,830
Other income	189	218	3
Interest Revenue	1	-	-
Total Revenue	**2,204**	**6,732**	**4,914**
Expenses			
Salaries and wages	(1,030)	(1,770)	(1,167)
Office rental and utilities	(16)	(92)	(76)
Cost of sales	(1,162)	(4,419)	(3,207)
Administration	(42)	(278)	(206)
Interest expense	(11)	(75)	(64)
Depreciation	-	-	(12)
Advertising & Marketing	(5)	(155)	(289)
Other expenses from ordinary activities	(130)	-	-
Total Expenses	**(2,396)**	**(6,790)**	**(5,022)**
Loss before income tax expense	**(192)**	**(58)**	**(108)**
Income tax expense	-	-	-
Loss for the period	**(192)**	**(58)**	**(108)**

Source: Company Financials

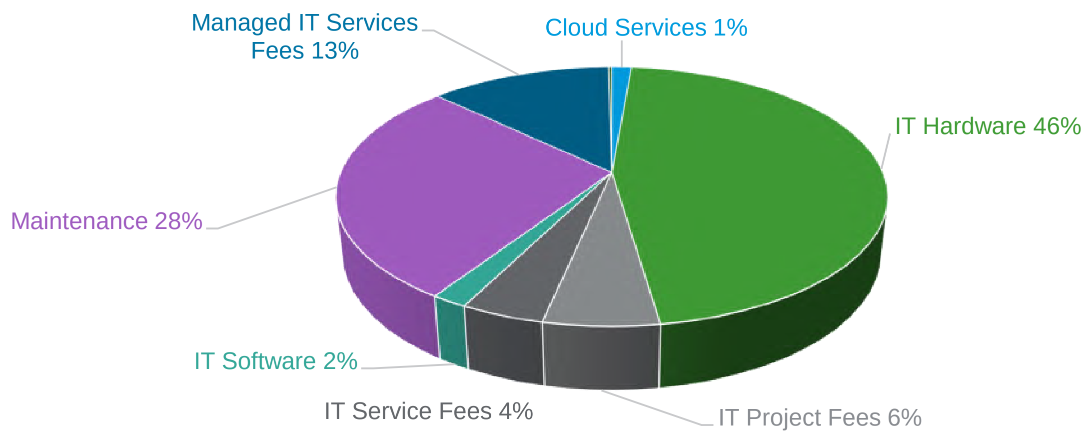
7.9 For the half-year ended 31 December 2020, the Company recorded a loss of $192k, and losses of $58k and $108k in FY20 and FY19 respectively.

7.10 Vizstone received JobKeeper and cash flow boost COVID-19 stimulus payments from the government in YTD20 and FY20 which is classified as Other Income above.

7.11 Vizstone's three main streams of revenue are sales revenue for IT hardware, service fees for Managed IT services and Maintenance charges. The revenue breakdown for FY20 is shown in the diagram below.

7.12 The top ten customers of Vizstone accounted for 100% of the revenue in FY21.

Figure 5 Revenue breakdown of Vizstone



Source: Company

Financial position

7.13 The table below sets out a summary of the financial position of Vizstone as at 31 December 2020 and 30 June 2020.

Table 14 Vizstone historical financial position

$000's	31-Dec-20 Reviewed	30-Jun-20 Audited
Assets		
Cash and cash equivalents	71	56
Trade and other receivables	381	767
Total current assets	**452**	**822**
Plant and equipment	-	-
Other	-	10
Total non-current assets	**-**	**10**
Total assets	**453**	**833**
Liabilities		
Trade and other payables	1,093	1,182
Borrowings	57	61
Provisions	194	186
Total current liabilities	**1,344**	**1,429**
Borrowings	176	280
Total non-current liabilities	**176**	**280**
Total liabilities	**1,520**	**1,708**
Net assets	**(1,068)**	**(876)**
Equity		
Issued capital	12	12
Accumulated losses	(1,080)	(888)
Total equity	**(1,068)**	**(876)**

Source: Company

7.14 At 31 December 2020, the Company had a working capital deficit of $892k (current assets less current liabilities) and a net liability position of $1,068k compared to $876k as at 30 June 2020.

7.15 Vizstone has significant trade payables and taxation liabilities owing at 31 December 2020. These conditions indicate a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, the financial statements were prepared on a going concern basis as Vizstone had entered into an agreement with ActivePort to acquire all of the ordinary share capital of Vizstone. Should this acquisition not eventuate then the Company may not be considered a going concern.

Capital structure

7.16 Vizstone has 2,370 A Class shares on issue. The shareholding structure of Vizstone as at the date of this report is set out below.

Table 15 Vizstone Shareholder Structure

Source: Company

8. Industry Analysis

8.1 ActivePort operates in the enterprise networking sector of the Telecommunications Industry. ActivePort sells its software to telecommunications carriers (Telcos), internet service providers (ISPs) and enterprise customers.

8.2 As the internet has become pervasive, faster, cheaper and more reliable, enterprise networking has been able to transition from Telco-centric Multiprotocol Label Switching ("MLPS") networks (data forwarding technology that controls the flow of network traffic) to Cloud-centric SD-WAN networks. SD-WAN allows customers to control their network usage, bandwidth, prioritisation, and security independently of the underlying hardware. ActivePort's software is designed to facilitate this transition to new technologies.

Figure 6 Networking Illustration

8.3 The use of cloud hosting services and cloud-based network management is expected to continue growing, allowing businesses to obtain these as services rather than making capital investments in their own equipment and data storage.

Growth over the past five years

8.4 The Australian Telecommunications industry and the Cloud Hosting sub-sector has performed strongly over the past five years.

8.5 Outsourcing has become a key aspect of many modern businesses, which has provided strong support for industry operators. More businesses have been seeking out industry services as computers and smartphones have become increasingly widespread and sophisticated, and data processing has grown in complexity.

8.6 Rising domestic internet traffic, and the expanding volume and availability of data have all driven industry revenue growth over the past five years.

8.7 The COVID-19 pandemic has also accelerated many of these trends by increasing demand for remote working environments and business web platforms, particularly due to domestic and international travel restrictions.

Industry Outlook

> Industry revenue is projected to grow over the next five years, as corporate and government entities continue outsourcing their data processing and web hosting requirements.

8.8 IBISWorld shows a forecast annualised increase in revenue of 7.7% over the five years through 2026-27, to $2.9 billion.

8.9 This trend has primarily been driven by the COVID-19 pandemic, which has resulted in firms investing heavily in the cloud and remote working capabilities. An anticipated recovery of the economy following the COVID-19 pandemic will support business confidence and increase demand for industry services. Industry operators will therefore be able to demand higher fees by offering specialised and made-to-order services.

8.10 Communications processes are also rapidly transforming, increasing demand for web hosting services for mobile applications. The growing online connectivity and businesses' greater understanding of the cost-saving opportunities of IT outsourcing.

8.11 However, rising cybersecurity concerns could limit the rate at which corporations move their operations to cloud servers, restricting domestic revenue growth. Increasing regulations, such as the Telecommunications and Other Legislation Amendment (Assistance and Access) Act 2018 (TOLA), have made some firms concerned about the safety of data hosted on Australian servers and transferred on Australian communications channels, further restricting growth.

8.12 An anticipated recovery of the economy following the COVID-19 pandemic will support business confidence and increase demand for industry services. Ongoing trends such as increased outsourcing and price competition in the web hosting segment are anticipated to result in profit margins remaining largely stable over the next five years.

9. Valuation approach

9.1 In determining the approach to assess whether the proposed issue of Deferred Consideration Shares and issue of the KMP Performance Rights is fair and reasonable to the Non-Associated Shareholders, we have considered the guidance contained in GN 19 and RG 111.

9.2 GN 19 states that the independent expert is expected to assume that the relevant performance milestones have been met, assess the impact that would have on the value of the entity, and then determine whether the resulting number of ordinary shares to be issued by the entity to the holder of the performance shares is fair and reasonable in the circumstances.

9.3 We have addressed the Deferred Consideration Shares and KMP Performance Rights separately in our assessment.

Deferred Consideration Shares

9.4 Consistent with the guidance in GN 19, we have considered the fairness of the proposed issue of Deferred Consideration Shares by determining:

- the likely impact on the value of ActivePort of the incremental revenue that will be generated assuming that the performance conditions are met;
- the resulting number of shares to be issued by ActivePort to the Vendors assuming that the performance conditions are met; and
- the implied value per ActivePort Share to be issued to the Vendors at each vesting date.

9.5 Our conclusion on fairness is then based on whether the implied value per ActivePort share is greater than the IPO offer price of $0.20, being the price which non-participating shareholders have paid to acquire shares in ActivePort.

9.6 Effectively, that the Shareholders of ActivePort are receiving *no less in value* per ActivePort Share issued to the Vendors on the achievement of each performance milestone than they have paid for their share investment in ActivePort.

KMP Performance Rights

9.7 Consistent with the guidance in GN 19 and our approach for the Deferred Consideration Shares, we have considered the fairness of the issue of KMP Performance Rights by comparing the implied hypothetical value of each ActivePort Share to be issued to the KMP after the vesting of each performance condition with the value of each ActivePort Share to be issued as part of the capital raising associated with the IPO.

Selection of Valuation methodologies

9.8 There are a number of methodologies which RG 111 proposes to be appropriate for an expert to consider in valuing a business or shares in a company. These methodologies are outlined in Appendix E.

9.9 In order to assess the likely impact on the value of ActivePort of the incremental revenue that will be generated, assuming that the vesting conditions are met, and on the basis that the milestones are related to the generation of incremental revenue, we have utilised a multiple of revenue valuation methodology.

10. Valuation – Assessment of Appropriate Revenue Multiple

10.1 The assessment of the appropriate revenue multiple that would apply to assess the likely impact on the value of ActivePort of the incremental revenue that will be generated, assuming that the vesting conditions are met, requires consideration of a number of factors including:

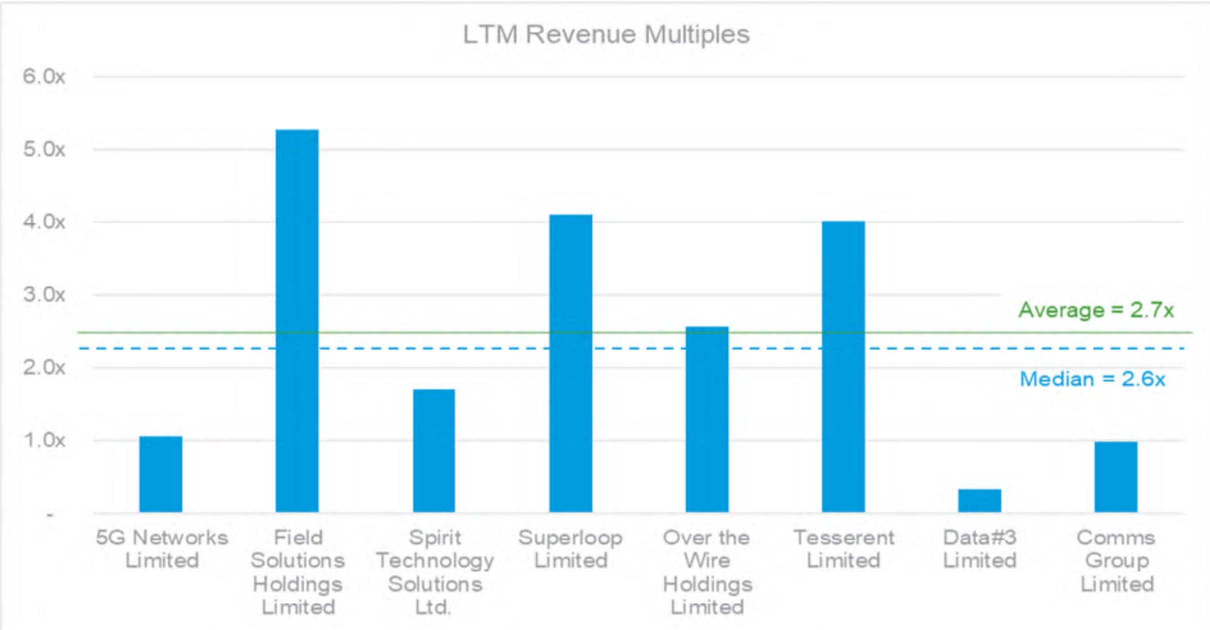
- size and lifecycle of the company;
- expected growth prospects of the company;
- level of competition and expected growth prospects of the industry;
- trading multiples attributed by the market to other industry participants; and
- multiples paid by the market in recent acquisitions of industry participants.

10.2 Given the operations and services provided by ActivePort, Starboard and Vizstone, in selecting the appropriate multiple to be applied we have considered the listed company multiples of companies that operate in the Australian IT services and network orchestration sectors of the telecommunications industry.

10.3 Details of the comparable companies are set out in Appendix F and the comparable company multiple analysis is set out in Appendix G.

10.4 The following chart sets out the last twelve months ("LTM") revenue multiples for these listed companies based on share prices as at 31 August 2021:

Figure 7: Comparable listed company revenue multiples



10.5 We make the following comments in relation to the comparable companies considered:

- the median market capitalisation of the comparable companies is $211 million;
- the mean and median revenue multiples across all companies was 2.7x and 2.6x, respectively (on non-controlling basis); and

- the smallest company by market capitalisation, Field Solutions Holdings Limited, had a revenue multiple of 5.3x and the largest by market capitalisation, Data#3 Limited had a revenue multiple of 0.3x indicating that smaller, fast growing entities trade at higher multiples;
- the comparable companies are all significantly larger than Starboard, Vizstone and ActivePort which bring benefits from diversification and economies of scale.

10.6 We note that 5G Networks Limited and Superloop Limited also construct and operate telecommunications infrastructure, which is not a part of ActivePort's strategy. Whilst Field Solutions Holdings Limited, Spirit Technology Solutions Ltd, Over the Wire Holdings Limited and Tesserent Limited focus on the provision of IT managed services or internet security services. We consider Comms Group Limited to be the most directly comparable company to ActivePort (as a standalone entity), whilst Starboard and Vizstone are most comparable to Spirit Technology Solutions and Over the Wire Holdings.

10.7 Many of the selected companies are pursuing a growth by acquisition strategy and therefore we have also undertaken a review of the revenue multiples implied by recent transactions involving companies within this sector, as set out in the table below.

Table 16 Comparable Transactions Revenue Multiples

Date	Target Company	Country	Buyer	Transaction Value $M	% sought	Implied Enterprise Value $M	Revenue LTM $'M	EV/Revenue Multiple LTM
4/08/2020	Seer Security Pty Ltd	Australia	Tesserent Limited	20.4	100%	20.38	7.6	2.7x
11/09/2020	Airloom Holdings Pty Ltd	Australia	Tesserent Limited	15.2	100%	15.20	27.0	0.6x
19/04/2021	Secure Logic Pty Ltd (Managed Security)	Australia	Tesserent Limited	20.9	100%	20.87	9.0	2.3x
30/10/2020	Digital Sense Hosting Pty Ltd	Australia	Over the Wire Holdings Limited	39.3	100%	39.25	18.3	2.1x
31/08/2020	J2 Australia Cloud Connect/Zintel Comms	Australia	Over the Wire Holdings Limited	36.0	100%	36.00	19.0	1.9x
12/02/2020	North Sydney Data Centre of Server	Australia	5G Networks Limited	2.0	100%	2.00	1.3	1.5x
9/07/2020	National Business Of Colocation Australia P/L	Australia	5G Networks Limited	3.5	100%	3.47	4.2	0.8x
10/11/2020	Webcentral Group Limited	Australia	5G Networks Limited	64.5	46%	73.87	58.6	1.3x
1/07/2020	Voice Print Data Group	Australia	Spirit Technology Solutions Ltd.	28.9	100%	28.90	15.0	1.9x
1/09/2020	Reliance IT/ Beachhead Group/ Altitude IT	Australia	Spirit Technology Solutions Ltd.	12.6	100%	12.56	12.0	1.0x
3/12/2020	Intalock Technologies Pty Ltd	Australia	Spirit Technology Solutions Ltd.	22.6	100%	22.58	23.6	1.0x
	Min			**2.0**		**2.0**	**1.3**	**0.6x**
	Max			**64.5**		**73.9**	**58.6**	**2.7x**
	Average			**24.2**		**25.0**	**17.8**	**1.6x**
	Median			**20.9**		**20.9**	**15.0**	**1.5x**

Source: S&P Capital IQ

10.8 This analysis shows the revenue multiples (on a controlling basis) paid in recent transactions have ranged from 0.6x to 2.7x, with an average of 1.6x and a median of 1.5x. The transactions with a smaller enterprise value tend to attract lower multiples.

10.9 The acquisitions made by Tesserent Limited are predominantly in the cyber security consulting sector, whilst the 5G Networks acquisitions mainly relate to data centres. We consider the most comparable transactions to Starboard and Vizstone to be those made by Over the Wire Holdings and Spirit Technology Solutions.

10.10 We have considered whether the three businesses of Starboard, Vizstone and the consolidated ActivePort group would attract different revenue multiples.

10.11 We have also considered the following factors when assessing an appropriate revenue multiple to apply for Starboard, Vizstone and ActivePort:

- the overall size of each business;
- the split of recurring revenue and project works;
- the nature of the customer base;

- the revenue growth trend in recent periods;
- the expected growth potential of products and services;
- the underlying profitability of each business; and
- developed IP.

10.12 On the above basis, we have determined the appropriate revenue multiples that would apply to assess the likely impact on value of the incremental revenue that will be generated, assuming that the vesting conditions are met, as set out in the table below:

Table 17 Assessed Revenue Multiples

Business	Assessed Revenue Multiple
Starboard	1.50x
Vizstone	1.25x
ActivePort (consolidated group)	2.50x

Source: RSM Analysis

10.13 We note the assessed multiples for Starboard and Vizstone are broadly consistent with the average multiples seen in recent transactions, whilst the multiple for the ActivePort consolidated group references the average comparable company traded multiple.

11. Is the Proposed Issue of Deferred Consideration Shares Fair?

11.1 In order to consider whether the proposed issue of Deferred Consideration Shares is fair, we have assessed the likely impact on the value of ActivePort of the incremental revenue that will be generated should the revenue hurdles attached to the Deferred Consideration Shares be met, and then determined the resulting value per ActivePort share to be issued to the Vendors.

11.2 Our conclusion on fairness is then based on whether the implied value per ActivePort share is greater than the IPO offer price of $0.20, being the value at which Non-Associated Shareholders are investing in ActivePort. In effect, we are assessing whether the Non-Associated Shareholders are receiving more value per ActivePort share issued to the Vendors if the Deferred Consideration Shares vest.

11.3 We have considered the Starboard and Vizstone Deferred Consideration Shares separately.

Starboard Deferred Consideration Shares

11.4 The four tranches of consideration for the Starboard acquisition comprise:

- Initial Consideration of 17,500,000 ActivePort Shares – no vesting conditions attached;
- Tranche 1 Consideration based on FY21 revenue exceeding $3.5 million – Starboard's FY21 revenue did not exceed this amount and therefore no ActivePort Shares will be issued under this tranche;
- Tranche 2 Consideration based on the incremental growth in FY22 revenue above 110% of FY21 revenue, capped at $5.0 million; and
- Tranche 3 Consideration based on FY23 revenue exceeding $14.0 million, with the value of Shares to be issued set at $2.0 million.

11.5 We also note that the number of ActivePort Shares to be issued under Tranche 2 and Tranche 3 is to be calculated by dividing by the higher of 80% of ActivePort's 3- month VWAP at the vesting date or $0.08. This $0.08 floor price effectively sets a maximum number of ActivePort Shares that can be issued for each of the tranches.

11.6 Our assessment of fairness has been based on the number of ActivePort Shares being calculated based on 80% of the IPO offer price (being a proxy for the traded share price VWAP) as we are unable to predict the future share price performance of the Company at each vesting date.

11.7 The number of ActivePort Shares which would be issued under each tranche of consideration, and the required revenue hurdles to be met to achieve the maximum number of Shares to be issued, are set out in the following table.

Table 18 Starboard Consideration Summary

Starboard Consideration	Starboard Revenue Hurdle $	Minimum Number of Shares	Maximum Number of Shares	IPO Price Number of Shares
Initial Consideration		17,500,000	17,500,000	17,500,000
Tranche 1 Consideration 1x revenue invoiced in FY21 > $3.5 million **not achieved – FY21 revenue was $3.21m*	-	-	-	-
Tranche 2 Consideration 1x revenue invoiced in FY22 > 110% of FY21 revenue *(capped at $5.0 million value)*	8,535,819	-	62,500,000	31,250,000
Tranche 3 Consideration FY23 revenue > $14.0 million *(set at $2.0 million value)*	14,000,000	-	25,000,000	12,500,000
Total Starboard Vendor Shares		**17,500,000**	**105,000,000**	**61,250,000**
Total ActivePort Shares on issue *(assuming above Vendor Shares are issued)*		237,489,993	349,989,993	306,239,993
Starboard Vendor Shares % of total ActivePort Shares on Issue		7.4%	30.0%	20.0%

Source: RSM Analysis

11.8 We note that the FY22 revenue hurdle stated in the table above is the required level to hit the $5.0 million cap in value for Tranche 2 Consideration, if Starboard invoices more than 110% of FY21 revenue (i.e. over $3.54 million) then the incremental revenue would be used to determine the number of shares to be issued to the Vendors (up to the capped value of $5.0 million).

11.9 The minimum number of shares is based on no vesting conditions being met, i.e. the FY22 revenue is less than $3.54 million and FY23 revenue is less than $14.0 million, and shows the Starboard Vendors holding 7.4% of the issued capital of ActivePort. The maximum number of shares is based on the $0.08 floor price and shows the Starboard Vendors holding 30% of the issued capital of ActivePort.

11.10 As noted above, for the purposes of our fairness assessment we have adopted the IPO offer price as a proxy for the VWAP of ActivePort and have therefore calculated the number of shares to be issued in each tranche at 80% of $0.20. This results in the Starboard Vendors holding 20% of the issued capital of ActivePort if both the Tranche 2 and Tranche 3 Consideration is paid.

11.11 We have then applied our adopted revenue multiples as set out in the previous section to the revenue hurdles calculated above to assess the value of the incremental revenue generated by Starboard to ActivePort shareholders.

11.12 Our assessment of the value per ActivePort Share for each tranche is set out in the table below:

Table 19 Starboard Value per Deferred Consideration Share

	$
Tranche 2 Consideration:	
FY22 incremental revenue ($8.54m less $3.21m in FY21)	5,321,438
Adopted revenue multiple	1.5x
Incremental Value to ActivePort Shareholders	**7,982,157**
Number of ActivePort Shares to be issued to Vendors	31,250,000
Implied Value per ActivePort Share issued – Tranche 2	**$ 0.26**
Tranche 3 Consideration:	
FY23 incremental revenue ($14.0m less $8.54m in FY22)	5,464,181
Adopted revenue multiple	1.5x
Incremental Value to ActivePort Shareholders	**8,196,271**
Number of ActivePort Shares to be issued to Vendors	12,500,000
Implied Value per ActivePort Share issued – Tranche 3	**$ 0.66**

Source: RSM Analysis

11.13 The implied value per ActivePort Share issued is greater than the IPO offer price of $0.20 under both tranches at $0.26 for Tranche 2 and $0.66 for Tranche 3. This effectively means that ActivePort Shareholders are receiving more value per ActivePort Share issued to the Vendors if the Tranche 2 and Tranche 3 Deferred Consideration Shares vest.

11.14 We have therefore assessed that the proposed issue of Starboard Deferred Consideration Shares is **fair** to the Non-Associated Shareholders of ActivePort.

Vizstone Deferred Consideration Shares

11.15 The three tranches of consideration for the Vizstone acquisition comprise:

- Initial Consideration of 15,625,000 ActivePort Shares – no vesting conditions attached;
- Tranche 2 Consideration based on the incremental growth in FY22 revenue above 110% of FY21 revenue, capped at $5.0 million; and
- Tranche 3 Consideration based on FY23 revenue exceeding $14.0 million, with the value of Shares to be issued set at $2.0 million.

11.16 We also note that the number of ActivePort Shares to be issued under Tranche 2 and Tranche 3 is to be calculated by dividing by the higher of 80% of ActivePort's 3-month VWAP at the vesting date or $0.08. This $0.08 floor price effectively sets a maximum number of ActivePort Shares that can be issued for each of the tranches.

11.17 Our assessment of fairness has been based on the number of ActivePort Shares being calculated based on 80% of the IPO offer price (being a proxy for the traded share price VWAP) as we are unable to predict the future share price performance of the Company at each vesting date.

11.18 The number of ActivePort Shares which would be issued under each tranche of consideration, and the required revenue hurdles to be met to achieve the maximum number of Shares to be issued, are set out in the following table.

Table 20 Vizstone Consideration Summary

Vizstone Consideration	Vizstone Revenue Hurdle $	Minimum Number of Shares	Maximum Number of Shares	IPO Price Number of Shares
Initial Consideration		15,625,000	15,625,000	15,625,000
Tranche 1 Consideration 1x revenue invoiced in FY22 > 110% of FY21 revenue *(capped at $5.0 million value)*	9,805,907	-	62,500,000	31,250,000
Tranche 2 Consideration FY23 revenue > $14.0 million *(set at $2.0 million value)*	14,000,000	-	25,000,000	12,500,000
Total Vizstone Vendor Shares		**15,625,000**	**103,125,000**	**59,375,000**
Total ActivePort Shares on issue *(assuming above Vendor Shares are issued)*		237,489,993	349,989,993	306,239,993
Vizstone Vendor Shares % of total ActivePort Shares on Issue		6.6%	29.5%	19.4%

Source: RSM Analysis

11.19 We note that the FY22 revenue hurdle stated in the table above is the required level to hit the $5.0 million cap in value for Tranche 1 Consideration, if Vizstone invoices more than 110% of FY21 revenue (i.e. over $4.81 million) then the incremental revenue would be used to determine the number of shares to be issued to the Vendors (up to the capped value of $5.0 million).

11.20 The minimum number of shares is based on no vesting conditions being met, i.e. the FY22 revenue is less than $4.81 million and FY23 revenue is less than $14.0 million, and shows the Vizstone Vendors holding 6.6% of the issued capital of ActivePort. The maximum number of shares is based on the $0.08 floor price and shows the Vizstone Vendors holding 29.5% of the issued capital of ActivePort.

11.21 As noted above, for the purposes of our fairness assessment we have adopted the IPO offer price as a proxy for the VWAP of ActivePort and have therefore calculated the number of shares to be issued in each tranche at 80% of $0.20. This results in the Vizstone Vendors holding 19.4% of the issued capital of ActivePort if both the Tranche 1 and Tranche 2 Consideration is paid.

11.22 We have then applied our adopted revenue multiples as set out in the previous section to the revenue hurdles calculated above to assess the value of the incremental revenue generated by Vizstone to ActivePort shareholders.

11.23 Our assessment of the value per ActivePort Share for each tranche is set out in the table below:

Table 21 Vizstone Value per Deferred Consideration Share

	$
Tranche 1 Consideration:	
FY22 incremental revenue ($9.81m less $4.37m in FY21)	5,436,901
Adopted revenue multiple	1.25x
Incremental Value to ActivePort Shareholders	**6,796,126**
Number of ActivePort Shares to be issued to Vendors	31,250,000
Implied Value per ActivePort Share issued – Tranche 1	**$ 0.22**
Tranche 2 Consideration:	
FY23 incremental revenue ($14.0m less $9.81m in FY22)	4,194,093
Adopted revenue multiple	1.25x
Incremental Value to ActivePort Shareholders	**5,242,617**
Number of ActivePort Shares to be issued to Vendors	12,500,000
Implied Value per ActivePort Share issued – Tranche 2	**$ 0.42**

Source: RSM Analysis

11.24 The implied value per ActivePort Share issued is greater than the IPO offer price of $0.20 under both tranches at $0.22 for Tranche 1 and $0.42 for Tranche 2. This effectively means that ActivePort Shareholders are receiving more value per ActivePort Share issued to the Vendors if the Tranche 1 and Tranche 2 Deferred Consideration Shares vest.

11.25 We have therefore assessed that the proposed issue of Vizstone Deferred Consideration Shares is **fair** to the Non-Associated Shareholders of ActivePort.

12. Is the Proposed Issue of Deferred Consideration Shares Reasonable?

12.1 RG111 establishes that an offer is reasonable if it is fair. If an offer is not fair it may still be reasonable after considering the specific circumstances applicable to the offer. In our assessment of the reasonableness of the proposed issue of the Deferred Consideration Shares, we have given consideration to commercial advantages and disadvantages to the Non-Associated Shareholders as a consequence of the proposed issue of the Deferred Consideration Shares.

12.2 We are not aware of any alternative proposal that might offer the Non-Associated Shareholders the same or greater value than the proposed Acquisitions and issue of Deferred Consideration Shares.

Advantages and disadvantages

12.3 In assessing whether the Non-Associated Shareholders are likely to be better off if the proposed issue of Deferred Consideration Shares proceeds, than if it does not, we have also considered various advantages and disadvantages that are likely to accrue to the Non-Associated Shareholders.

Advantages of the Deferred Consideration Shares

Advantages	Details
The proposed issue is fair	The proposed issue of both the Starboard and Vizstone Deferred Consideration Shares is fair to the Non-Associated Shareholders.
The achievement of the performance conditions is value accretive	The achievement of the vesting conditions is expected to increase the assessed value of the Group. Our analysis indicates that if the vesting conditions are met, there is likely to be significant value accretion which the ActivePort Shareholders will participate in.
The Consideration is structured to align the interests of Shareholders, Vendors and management	The structure of the Consideration, being the issue of Deferred Consideration Shares based on revenue hurdles, ensures that the interests of Shareholders, Vendors and management are aligned.
The ownership of Starboard and Vizstone is expected to drive growth in ActivePort software uptake	Our assessment of fairness in relation to the issue of the Deferred Consideration Shares has only considered the potential impact on the value of ActivePort directly from the incremental revenue generated by Starboard and Vizstone. The rationale for the transaction is to accelerate the growth of ActivePort software and provide a core resource base to support on-boarding of new customers. Therefore, it is likely that, should the vesting conditions be exceeded by Starboard and Vizstone, this could have also driven incremental value into the core ActivePort business.

Disadvantages of the Deferred Consideration Shares

Disadvantages	Details
Dilution of Shareholders	The proposed issue of the Deferred Consideration Shares would dilute the shareholding of the current ActivePort Shareholders, with the maximum potential shareholding interest of the Starboard Vendors being 30% and the Vizstone Vendors being 29.5% (assuming all vesting conditions are met and no other shares are issued).
Deferred Consideration Shares could be issued at below current market value to the Vendors	As the issue price for the Deferred Consideration Shares is determined based on 80% of the 3-month VWAP of ActivePort, the shares being issued may be issued a price that is below market value. This would effectively provide the Vendors with a benefit as they are obtaining shares in ActivePort at below market value, resulting in a greater number of shares being issued to them.

Conclusion on Reasonableness

12.4 In our opinion, the proposed issue of Deferred Consideration Shares is more advantageous to the Non-Associated Shareholders than not. Therefore, in the absence of any other relevant information and/or a superior offer, we consider that the proposed issue of Deferred Consideration Shares is **reasonable** for the Non-Associated Shareholders of ActivePort.

13. Is the Issue of KMP Performance Rights Fair?

13.1 We have considered whether the issue of KMP Performance Rights is fair by adopting a consistent approach with our assessment of the proposed issue of Deferred Consideration Shares. We have therefore evaluated the likely impact on the value of ActivePort of the incremental revenue that will be generated should the revenue hurdles attached to the KMP Performance Rights be met, and then determined the resulting value per ActivePort share to be issued to the KMP.

13.2 Our conclusion on fairness is then based on whether the implied value per ActivePort share is greater than the IPO offer price of $0.20, being the value at which Non-Associated Shareholders are investing in ActivePort. In effect, we are assessing whether the Non-Associated Shareholders are receiving more value per ActivePort share issued to the KMP if the KMP Performance Rights vest.

13.3 We have assessed the six classes of KMP Performance Rights based on those classes which vest dependent on financial performance in FY22 (Classes A to C) and those which vest depending on financial performance in FY23 (Classes D to E), summarised as follows:

- Classes A to C – Total Pro-Forma Revenue for FY22 at least 135% of total consolidated revenue in FY21, of which at least 30% is derived from Contracted Recurring Consolidated Revenue, and of which at least 25% is derived from the use of ActivePort Software; and

- Classes D to F – Total Pro-Forma Revenue for FY23 at least 135% of total consolidated revenue in FY22, of which at least 50% is derived from Contracted Recurring Consolidated Revenue, and of which at least 30% is derived from the use of ActivePort Software.

13.4 The number of ActivePort Shares which would be issued under each class of KMP Performance Rights, and the required revenue hurdles to be met, are set out in the following table.

Table 22 KMP Performance Rights Summary

	Revenue Hurdle $	Number of Shares
Class A Performance Rights FY22 Revenue = 135% of FY21 Revenue	6,903,908	7,118,220
Class B Performance Rights Recurring Revenue being 30% of Class A Revenue	2,071,172	2,372,740
Class C Performance Rights ActivePort Revenue being 25% of Class B Revenue	517,793	2,372,740
Total FY22 Performance Rights		**11,863,700**
Class D Performance Rights FY23 Revenue = 135% of FY22 Revenue	9,320,276	7,118,220
Class E Performance Rights Recurring Revenue being 50% of Class D Revenue	4,660,138	2,372,740
Class F Performance Rights ActivePort Revenue being 30% of Class E Revenue	1,398,041	2,372,740
Total FY23 KMP Performance Rights		**11,863,700**
Total KMP Performance Rights		**23,727,400**

Source: RSM Analysis

13.5 We have then applied our adopted revenue multiples as set out in Section 10 to the revenue hurdles calculated above to assess the value of the incremental revenue generated to ActivePort shareholders.

13.6 Our assessment of the value per ActivePort Share is set out in the table below:

Table 23 Value per KMP Performance Rights

	$
Classes A to C:	
FY22 incremental revenue ($6.90m less $5.11m in FY21)	1,789,902
Adopted revenue multiple	2.5x
Incremental Value to ActivePort Shareholders	**4,474,755**
Number of ActivePort Shares to be issued to Vendors	11,863,700
Implied Value per ActivePort Share issued – Classes A to C	**$ 0.38**
Classes D to F:	
FY23 incremental revenue ($9.32 less $6.90m in FY22)	2,416,368
Adopted revenue multiple	2.5x
Incremental Value to ActivePort Shareholders	**6,040,920**
Number of ActivePort Shares to be issued to Vendors	11,863,700
Implied Value per ActivePort Share issued – Classes D to F	**$ 0.51**

Source: RSM Analysis

13.7 The implied value per ActivePort Share issued is greater than the IPO offer price of $0.20 for both sets of KMP Performance Rights at $0.38 for Classes A to C and $0.51 for Classes D to F. This effectively means that ActivePort Shareholders are receiving more value per ActivePort Share issued to the KMP if the KMP Performance Rights vest.

13.8 We have therefore assessed that the issue of KMP Performance Rights is **fair** to the Non-Associated Shareholders of ActivePort.

14. Is the Issue of KMP Performance Rights Reasonable?

14.1 RG111 establishes that an offer is reasonable if it is fair. If an offer is not fair it may still be reasonable after considering the specific circumstances applicable to the offer. In our assessment of the reasonableness of the issue of the KMP Performance Rights , we have given consideration to commercial advantages and disadvantages to the Non-Associated Shareholders as a consequence of the issue of the KMP Performance Rights.

Advantages and disadvantages

14.2 In assessing whether the Non-Associated Shareholders are likely to be better off as a result of the issue of KMP Performance Rights than not, we have also considered various advantages and disadvantages that are likely to accrue to the Non-Associated Shareholders.

Advantages of the KMP Performance Rights

Advantages	Details
The issue is fair	The issue of the KMP Performance Rights is fair to the Non-Associated Shareholders.
The achievement of the vesting conditions is value accretive	The achievement of the vesting conditions is expected to increase the assessed value of the Group. Our analysis indicates that if the vesting conditions are met, there is likely to be significant value accretion which all ActivePort Shareholders will participate in.
The KMP Performance Rights are structured to align the interests of Shareholders and management	The structure of the KMP Performance Rights, being based on revenue hurdles and focused on both the nature and source of that revenue, ensures that the interests of Shareholders and management are aligned.

Disadvantages of the KMP Performance Rights

Disadvantages	Details
Dilution of Shareholders	The conversion of the KMP Performance Rights into ordinary shares on vesting would dilute the shareholding of the current ActivePort Shareholders as the total number of KMP Performance Rights amounts to 10% of the expected issued capital of ActivePort assuming a minimum subscription to the Capital Raising and completion of the Acquisitions.

Conclusion on Reasonableness

14.3 In our opinion, the issue of KMP Performance Rights is more advantageous to the Non-Associated Shareholders than not. Therefore, in the absence of any other relevant information and/or a superior offer, we consider that the issue of KMP Performance Rights is **reasonable** for the Non-Associated Shareholders of ActivePort.

14.4 If in doubt as to the analysis and opinions set out in this Report, Shareholders should consult an independent advisor.

Yours faithfully

RSM CORPORATE AUSTRALIA PTY LTD

N MARKE
Director

J AUDCENT
Director

APPENDICES

A. DECLARATIONS AND DISCLAIMERS

Declarations and Disclosures

RSM Corporate Australia Pty Ltd holds Australian Financial Services Licence 255847 issued by ASIC pursuant to which they are licensed to prepare reports for the purpose of advising clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate reconstructions or share issues.

Qualifications

Our report has been prepared in accordance with professional standard APES 225 "Valuation Services" issued by the Accounting Professional & Ethical Standards Board.

RSM Corporate Australia Pty Ltd is beneficially owned by the partners of RSM Australia Pty Ltd (RSM) a large national firm of chartered accountants and business advisors.

Ms Nadine Marke and Mr Justin Audcent are directors of RSM Corporate Australia Pty Ltd. Both Ms Marke and Mr Audcent are Chartered Accountants with extensive experience in the field of corporate valuations and the provision of independent expert's reports for transactions involving publicly listed and unlisted companies in Australia.

Reliance on this Report

This report has been prepared solely for the purpose of assisting Shareholders of the Company in considering the Proposed Issue of Performance Securities. We do not assume any responsibility or liability to any party as a result of reliance on this report for any other purpose.

Reliance on Information

Statements and opinions contained in this report are given in good faith. In the preparation of this report, we have relied upon information provided by the Directors and management of ActivePort Group Limited and we have no reason to believe that this information was inaccurate, misleading or incomplete. RSM Corporate Australia Pty Ltd does not imply, nor should it be construed that it has carried out any form of audit or verification on the information and records supplied to us.

The opinion of RSM Corporate Australia Pty Ltd is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

In addition, we have considered publicly available information which we believe to be reliable. We have not, however, sought to independently verify any of the publicly available information which we have utilised for the purposes of this report.

We assume no responsibility or liability for any loss suffered by any party as a result of our reliance on information supplied to us.

Disclosure of Interest

At the date of this report, none of RSM Corporate Australia Pty Ltd, RSM, Nadine Marke, Justin Audcent, nor any other member, director, partner or employee of RSM Corporate Australia Pty Ltd and RSM has any interest in the outcome of the Proposed Transaction, except that RSM Corporate Australia Pty Ltd are expected to receive a fee of approximately $25,000 based on time occupied at normal professional rates for the preparation of this report. The fees are payable regardless of ActivePort Group Limited receives Shareholder approval for the Proposed Issue of Performance Securities, or otherwise.

Consents

RSM Corporate Australia Pty Ltd consents to the inclusion of this report in the form and context in which it is included with the Notice of Extraordinary General Meeting and Explanatory Memorandum to be issued to Shareholders. Other than this report, none of RSM Corporate Australia Pty Ltd or RSM Australia Pty Ltd or has been involved in the preparation of the Notice of Extraordinary General Meeting and Explanatory Memorandum. Accordingly, we take no responsibility for the content of the Notice of General Meeting and Explanatory Statement.

B. SOURCES OF INFORMATION

In preparing this Report we have relied upon the following principal sources of information:

- ActivePort Prospectus;
- Starboard Binding Terms Sheet;
- Vizstone Share Exchange Agreement;
- Audited financial statements for ActivePort for the year ended 30 June 2020 and reviewed financial statements for the period ended 31 December 2020;
- Consolidation schedule of ActivePort Group as at 30 June 2021;
- Analysis of ActivePort revenue for the years ended 30 June 2020 and 2021;
- Audited financial statements for Starboard for the year ended 30 June 2020 and reviewed financial statements for the period ended 31 December 2020;
- Management accounts of Starboard for the year ended 30 June 2021;
- Analysis of Starboard revenue for the years ended 30 June 2020 and 2021;
- Audited financial statements for Vizstone for the year ended 30 June 2020 and reviewed financial statements for the period ended 31 December 2020;
- Management accounts of Vizstone for the year ended 30 June 2021;
- Analysis of Vizstone revenue for the years ended 30 June 2020 and 2021;
- Top 20 Shareholding of ActivePort;
- ASIC extracts for Starboard and Vizstone;
- IBIS World industry report;
- S&P Capital IQ database; and
- Discussions with Directors and Management of ActivePort.

C. GLOSSARY OF TERMS

Term or Abbreviation	Definition
$	Australian dollar
Acquisition	The proposed acquisition of 100% of Starboard and 100% of Vizstone
Act	Corporations Act 2001 (Cth)
ActivePort	ActivePort Group Limited
APES	Accounting Professional & Ethical Standards Board
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
ASX Listing Rules	The listing rules of ASX as amended from time to time
Company	ActivePort Group Limited
Control basis	As assessment of the Fair Value on an equity interest, which assumes the holder or holders have control of the entity in which the equity is held
Deferred Consideration Shares	ActivePort Shares to be issued to the Vendors on achievement of specified performance conditions
Directors	Directors of the Company
Explanatory Statement	The explanatory statement accompanying the Notice
Fair Value	The amount at which an asset could be exchanged between a knowledgeable and willing but not anxious seller and a knowledgeable and willing but not anxious buyer, both acting at arm's length
FME	Future Maintainable Earnings
FOS	Financial Ombudsman Service
FSG	Financial Services Guide
FYxx	Financial year ended 30 June 20XX
FY22 Performance Hurdles	Performance conditions relating to revenue generated in FY22
FY23 Performance Hurdles	Performance conditions relating to revenue generated in FY23
GN 19	ASX Guidance Note 19: Performance Securities
Group	ActivePort and its subsidiaries (including Starboard and Vizstone on completion of the Acquisitions)
IER	This Independent Expert Report
Initial Consideration	ActivePort Shares to be issued to the Vendors on completion of Acquisitions
ISP	Internet Service Provider
KMP	Key Management Personnel
KMP Performance Rights	Performance Rights issued to the KMP
LTM	Last twelve months
Non-Associated Shareholders	Non-participating security holders
Option or Options	Unlisted options to acquire Shares with varying vesting conditions
Report	This Independent Expert's Report prepared by RSM dated 3 September 2021

Resolution	The resolutions set out in the Notice
RG 111	ASIC Regulatory Guide 111 Content of Expert Reports
RSM	RSM Corporate Australia Pty Ltd
S&P Capital IQ	An entity of Standard and Poors which is a third party provider of company and other financial information
Share or ActivePort Share	Ordinary fully paid share in the capital of the Company
Shareholder	A holder of Share
Starboard	Starboard Pty Ltd
Starboard Consideration	Consideration to be paid for the acquisition of Starboard by ActivePort
Vendors	The vendors of Starboard and Vizstone
Vesting Condition	Vesting condition attached to KMP Performance Rights
Vizstone	Vizstone Pty Ltd
Vizstone Consideration	Consideration to be paid for the acquisition of Vizstone by ActivePort
VWAP	Volume weighted average share price
YTD21	Six months ended 31 December 2020

D. VALUATION METHODOLOGIES

In assessing the Fair Value of a Share, we have considered a range of valuation methodologies. RG 111 proposes that it is generally appropriate for an expert to consider using the following methodologies:

- the discounted cash flow ("DCF") method and the estimated realisable value of any surplus assets;
- the application of earnings multiples to the estimated future maintainable earnings or cash flows added to the estimated realisable value of any surplus assets;
- the amount which would be available for distribution on an orderly realisation of assets;
- the quoted price for listed securities; and
- any recent genuine offers received.

We consider that the valuation methodologies proposed by RG 111 can be split into three valuation methodology categories, as follows.

Market based methods

Market based methods estimate the Fair Value by considering the market value of a company's securities or the market value of comparable companies. Market based methods include;

- the quoted price for listed securities; and
- industry specific methods.

The recent quoted price for listed securities method provides evidence of the fair market value of a company's securities where they are publicly traded in an informed and liquid market.

Industry specific methods usually involve the use of industry rules of thumb to estimate the fair market value of a company and its securities. Generally, rules of thumb provide less persuasive evidence of the fair market value of a company than other market based valuation methods because they may not account for company specific risks and factors.

Income based methods

Income based methods estimate value by calculating the present value of a company's estimated future stream of earnings or cash flows. Income based methods include:

- discounted cash flow;
- capitalisation of future maintainable earnings.

The DCF technique has a strong theoretical basis, valuing a business on the net present value of its future cash flows. It requires an analysis of future cash flows, the capital structure and costs of capital and an assessment of the residual value or the terminal value of the company's cash flows at the end of the forecast period. This method of valuation is appropriate when valuing companies where future cash flow projections can be made with a reasonable degree of confidence.

The capitalisation of future maintainable earnings is generally considered a short form DCF, where an estimation of the Future Maintainable Earnings ("FME") of the business, rather than a stream of cash flows is capitalised based on an appropriate capitalisation multiple. Multiples are derived from the analysis of transactions involving comparable companies and the trading multiples of comparable companies.

Asset based methods

Asset based methodologies estimate the Fair Value of a company's securities based on the realisable value of its identifiable net assets. This approach is particularly appropriate for businesses with relatively high asset values compared to earnings and cash flows

Asset based methods include:

- orderly realisation of assets method;
- liquidation of assets method; and
- net assets on a going concern basis.

The value achievable in an orderly realisation of assets is estimated by determining the net realisable value of the assets of a company which would be distributed to security holders after payment of all liabilities, including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner.

The liquidation of assets method is similar to the orderly realisation of assets method except the liquidation method assumes that the assets are sold in a shorter time frame. The liquidation of assets method will result in a value that is lower than the orderly realisation of assets method and is appropriate for companies in financial distress or where a company is not valued on a going concern basis.

The net assets on a going concern method estimates the market values of the net assets of a company but, unlike the orderly realisation of assets method, it does not take into account realisation costs. This method is appropriate when companies are not profitable, a significant proportion of the company's assets are liquid, or for asset holding companies.

E. COMPARABLE COMPANIES ANALYSIS

Ticker	Company Name	Country	Market Capitalisation $'M	Enterprise Value $'M	EBITDA LTM $'M	Revenue LTM $'M	Revenue NTM $'M	EV/Revenue Multiple LTM	EV/Revenue Multiple NTM
ASX:5GN	5G Networks Limited	Australia	125.4	98.2	12.6	91.7	110.0	1.1x	0.9x
ASX:FSG	Field Solutions Holdings Limited	Australia	97.4	99.3	1.8	18.8	-	5.3x	-
ASX:ST1	Spirit Technology Solutions Ltd.	Australia	169.6	175.1	9.0	102.8	152.5	1.7x	1.1x
ASX:SLC	Superloop Limited	Australia	476.1	453.3	10.2	110.5	261.9	4.1x	1.7x
ASX:OTW	Over the Wire Holdings Limited	Australia	253.7	290.2	22.7	112.8	136.3	2.6x	2.1x
ASX:TNT	Tesserent Limited	Australia	256.9	275.1	0.9	68.4	-	4.0x	-
ASX:DTL	Data#3 Limited	Australia	823.8	646.3	42.5	1,955.2	2,176.5	0.3x	0.3x
ASX:CCG	Comms Group Limited	Australia	28.6	25.0	-	25.2	-	1.0x	-
	Min		**28.6**	**25.0**	**-**	**18.8**	**-**	**0.3x**	**-**
	Max		**823.8**	**646.3**	**42.5**	**1,955.2**	**2,176.5**	**5.3x**	**2.1x**
	Average		**278.9**	**257.8**	**12.5**	**310.7**	**354.7**	**2.7x**	**0.9x**
	Median		**211.7**	**225.1**	**9.6**	**97.2**	**123.2**	**2.6x**	**0.9x**

F. COMPARABLE COMPANIES DESCRIPTIONS

Company		Description
5G Networks Limited	ASX:5GN	5G Networks Limited operates as a licensed telecommunications carrier in Australia. The company offers data connectivity, cloud and data centre, and managed services. It provides cloud-based solutions and network services; and operates fibre and wireless infrastructure, management of cloud computing environment, and data centre facilities. In addition, the company engages in domain name registrations and renewals, website and email hosting, website development, search engine marketing, and social advertising campaigns for businesses. 5G Networks Limited was incorporated in 2013 and is headquartered in Melbourne, Australia.
Field Solutions Holdings Limited	ASX:FSG	Field Solutions Holdings Limited, a telecommunications carrier and technology company, provides connectivity and business solutions for rural, regional, and remote areas in Australia. It offers cloud computing, cloud application development, and cloud software development services. The company provides various end-to-end solutions from concept and strategy, to design, implementation, and support; and designs and builds custom software systems; establishes private and public cloud hosting services. It also designs and deploys private networks; migrates existing products and software to the cloud; manages, monitors, and optimizes cloud and network infrastructure; and builds disaster recovery scenarios. In addition, the company offers business and enterprise, government, and residential solutions, such as internet access, private network, enterprise voice solutions, and managed services; and regional access network, including fibre and fixed wireless spectrum to broadband solutions. Field Solutions Holdings Limited was incorporated in 2004 and is based in Belrose, Australia.
Spirit Technology Solutions Ltd.	ASX:ST1	Spirit Technology Solutions Ltd. provides information technology (IT) and telecommunications services to small and medium size businesses in Australia. It offers managed IT services, including enterprise grade managed Wi-Fi, cyber security, networking, disaster recovery, online backup, and desktop/laptop maintenance services, as well as infrastructure as a service; and Internet services for apartments, green fields, students, and connected communities, as well as for business. The company also provides unified communications; Smart ISDN solution for cloud transition; and phone name solutions. The company was formerly known as Spirit Telecom Limited and changed its name to Spirit Technology Solutions Ltd. in October 2020. Spirit Technology Solutions Ltd. is based in South Melbourne, Australia.
Superloop Limited	ASX:SLC	Superloop Limited engages in the design, development, construction, and operation of independent telecommunications infrastructure in the Asia Pacific region. It offers network solutions for wholesale, enterprise, and channel customers. The company is also involved in the operation of a fixed wireless network; and provision of outsourced cloud and managed services, and cyber security and cyber safety services. In addition, it manages and delivers broadband solutions for campus environments, including student accommodations, hotels, and schools; and offers residential and small business broadband services through fixed wireless or fixed line NBN services. The company was founded in 2014 and is headquartered in Brisbane, Australia.
Over the Wire Holdings Limited	ASX:OTW	Over the Wire Holdings Limited provides telecommunication, cloud, and IT solutions to business customers in Australia and New Zealand. The company offers data networks and internet, voice, data centre co-location, cloud, and managed services. It provides cloud solutions, such as private cloud, public cloud connects, and colocation; connect solutions, including business internet, private networks, SD-WAN, and hybrid networks; collaborate solutions comprising business VoIP, hosted PBX, Microsoft teams calling, mobile fleet, and converged voice and data; and security and IT support solutions, including IT support services and data security. The company was formerly known as Impirical Pty Ltd and changed its name to Over the Wire Holdings Limited in September 2015. The company was founded in 2007 and is headquartered in Brisbane, Australia.

Tesserent Limited	ASX:TNT	Tesserent Limited provides a range of Internet security services in Australia and internationally. The company operates through three segments: Pure Security Group, North, and IT Security Managed Services. Its Internet security services include Internet Security-as-a-Service, security penetration testing, consulting, and software licensing. The company offers managed security services, including managed firewall, managed security information and event management, email filtering and security, web filtering and security, data centre and colocation, and threat hunting. It also provides security consulting services, such as security audit, security culture as a service, and penetration testing; connectivity solutions, including point-to-point and multi-point internet services, as well as managed SD-WAN that combines public and private networks into a single, agile, and virtualized solutions; and operates security operations centre. The company serves education, manufacturing, transport and logistics, finance, insurance and legal, and government sectors. Tesserent Limited was incorporated in 2015 and is based in Box Hill, Australia.
Data#3 Limited	ASX:DTL	Data#3 Limited, together with its subsidiaries, provides information technology solutions and services in Australia and Fiji. The company offers cloud solutions, such as public cloud and private cloud services, and modern data centre solutions in hybrid IT environment; modern workplace solutions, including collaboration, end user devices, systems management, and printing; and security solutions comprising cloud and network security, identity and access management, data security and privacy, infrastructure and end point security, and security monitoring and analytics. It also provides data and analytics solutions, such as business analytics, customer management, IoT, location-based analytics, and technology intelligence solutions; and connectivity solutions consists of IT-OT networking, SD-WAN, and software-defined and wireless networks. In addition, the company offers consulting, procurement, resourcing, project, and managed services. Data#3 Limited was founded in 1977 and is headquartered in Brisbane, Australia.
Comms Group Limited	ASX:CCG	Comms Group Limited engages in the information and communication technology (ICT) business. The company provides hosted voice, data, enterprise networks, and cloud-based communication and communication enablement services to business customers. It offers SD-WAN technology that allows replacing expensive carrier-controlled MPLS networks with a public Internet-based solution; managed mobility services; cloud connect for any business that requires network access to connect to public cloud platforms; and enterprise-grade wireless LAN (WiFi) services. The company also provides global PBX, SIP trunking, wholesale voice, and voice and web conferencing services; and managed, cloud firewall, architect, and delivering services, as well as Microsoft Teams calling services. It serves corporate customers in Australia, New Zealand, Singapore, and internationally. The company was formerly known as CommsChoice Group Limited and changed its name to Comms Group Limited in November 2020. Comms Group Limited was incorporated in 2017 and is headquartered in Sydney, Australia.

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