

ActivePort Group Ltd and Controlled Entities
Appendix 4E
Preliminary final report

1. Group details

Name of entity:	ActivePort Group Ltd and Controlled Entities
ABN:	26 636 569 634
Reporting period:	For the year ended 30 June 2022
Previous period:	For the year ended 30 June 2021

2. Results for announcement to the market

The FY22 Schedule 4E provides the FY22 annual report information from the date of ActivePort Group Ltd and its subsidiaries operating results from the date that control was gained over those subsidiaries. See section 4 of the appendix 4E for further information.

			\$
Revenues from ordinary activities	up	2399.4% to	10,638,545
Loss from ordinary activities after tax	up	77.6% to	(4,760,008)
Loss for the year	up	77.6% to	(4,760,008)

Dividends

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

Comments

The loss for the Group after providing for income tax amounted to \$4,760,008 (30 June 2021: \$2,679,934).

3. Net tangible assets

Net tangible assets per ordinary security for the year ended 30 June 2022 0.0086 Cents (30 June 2021: Net tangible liabilities 0.0091 Cents)

4. Control gained over entities

Control was gained over the following entities during the year:

- Vizstone Pty Ltd	(Acquired 27 September 2021)
- Starboard IT Pty Ltd	(Acquired 27 September 2021)
- Global Edge Network Limited	(Acquired 9 August 2021)
- Future Broadband	(Acquired 16 April 2022)

	\$
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities before income tax during the period (where material)	(451,547)
Profit/(loss) from ordinary activities before income tax of the controlled entity (or group of entities) for the whole of the previous period (where material)	184,899

5. Loss of control over entities

Not applicable.

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6. Dividends

Current period

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

Previous period

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

7. Dividend reinvestment plans

Not applicable.

8. Attachments

Details of attachments (if any):

The unaudited Preliminary Annual Report of ActivePort Group Ltd and Controlled Entities for the year ended 30 June 2022 is attached which comprises the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows and relevant notes. Additional disclosure information will be included within the Audited Annual Report.

ActivePort Group Ltd and Controlled Entities

ABN 26 636 569 634

Preliminary Annual Report - 30 June 2022

ActivePort Group Ltd and Controlled Entities
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2022

	Note	Consolidated 2022 \$	2021 \$
Revenue			
Sales of goods and services	2	10,638,545	425,638
Cost of goods sold		<u>(6,256,672)</u>	<u>(69,894)</u>
Gross profit		<u>4,381,873</u>	<u>355,744</u>
Net fair value loss on investments		(107,686)	-
Other income	3	2,424,146	24,928
Expenses			
Distribution and marketing expenses		(132,950)	(6,414)
Research and development expenses		-	(34,920)
Administration expense	5	(1,985,328)	(514,421)
Employee benefits expense	6	(8,024,067)	(2,377,868)
Depreciation and amortisation	4	(984,093)	(21,096)
Other expenses		<u>(47,384)</u>	<u>(47,764)</u>
Operating loss		<u>(4,475,489)</u>	<u>(2,621,811)</u>
Finance income		33,772	5,723
Finance costs		<u>(246,133)</u>	<u>(63,846)</u>
Loss before income tax expense		<u>(4,687,850)</u>	<u>(2,679,934)</u>
Income tax expense		<u>(72,158)</u>	<u>-</u>
Loss after income tax expense for the year		<u>(4,760,008)</u>	<u>(2,679,934)</u>
Other comprehensive loss			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		<u>(394)</u>	<u>-</u>
Other comprehensive loss for the year, net of tax		<u>(394)</u>	<u>-</u>
Total comprehensive loss for the year		<u><u>(4,760,402)</u></u>	<u><u>(2,679,934)</u></u>
		Cents	Cents
Earnings per share for loss			
Basic earnings loss share	16	(13.32)	(7.50)
Diluted loss per share	16	(13.32)	(7.50)

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

ActivePort Group Ltd and Controlled Entities
Consolidated statement of financial position
As at 30 June 2022

	Note	Consolidated 2022 \$	2021 \$
Assets			
Current assets			
Cash and cash equivalents		3,169,444	986,989
Trade and other receivables	7	5,417,971	807,139
Contract assets		141,349	-
Inventories		74,303	-
Financial assets	9	611,702	6,600
Total current assets		<u>9,414,769</u>	<u>1,800,728</u>
Non-current assets			
Financial assets at fair value through profit and loss	8	151,488	-
Property, plant and equipment	10	255,604	101,025
Right-of-use assets		2,101,130	52,476
Intangibles	11	28,322,080	8,844,426
Financial assets	9	-	240,000
Total non-current assets		<u>30,830,302</u>	<u>9,237,927</u>
Total assets		<u>40,245,071</u>	<u>11,038,655</u>
Liabilities			
Current liabilities			
Trade and other payables	12	3,489,495	1,276,069
Contract liabilities		118,297	-
Borrowings	13	234,933	246,666
Lease liabilities		61,828	-
Income tax liabilities		71,030	-
Employee benefits		512,046	69,074
Provisions		100,000	-
Total current liabilities		<u>4,587,629</u>	<u>1,591,809</u>
Non-current liabilities			
Borrowings	13	2,016,109	1,622,815
Lease liabilities		2,244,120	53,092
Deferred tax		558,128	-
Total non-current liabilities		<u>4,818,357</u>	<u>1,675,907</u>
Total liabilities		<u>9,405,986</u>	<u>3,267,716</u>
Net assets		<u>30,839,085</u>	<u>7,770,939</u>
Equity			
Issued capital		36,970,539	10,949,988
Reserves		1,867,054	59,451
Accumulated losses		(7,998,508)	(3,238,500)
Total equity		<u>30,839,085</u>	<u>7,770,939</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

ActivePort Group Ltd and Controlled Entities
Consolidated statement of changes in equity
For the year ended 30 June 2022

	Issued capital \$	Option reserve \$	Foreign exchange translation reserve \$	Accumulated losses \$	Total equity \$
Consolidated					
Balance at 1 July 2020	531,728	-	-	(558,566)	(26,838)
Loss after income tax expense for the year	-	-	-	(2,679,934)	(2,679,934)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(2,679,934)	(2,679,934)
Transactions with owners in their capacity as owners:					
Issue of shares	10,783,326	-	-	-	10,783,326
Issue of options	-	59,451	-	-	59,451
Share issue expenses	(365,066)	-	-	-	(365,066)
Balance at 30 June 2021	<u>10,949,988</u>	<u>59,451</u>	<u>-</u>	<u>(3,238,500)</u>	<u>7,770,939</u>
	Issued capital \$	Option reserves \$	Foreign exchange translation reserve \$	Accumulated losses \$	Total equity \$
Consolidated					
Balance at 1 July 2021	10,949,988	59,451	-	(3,238,500)	7,770,939
Loss after income tax expense for the year	-	-	-	(4,760,008)	(4,760,008)
Other comprehensive loss for the year, net of tax	-	-	(394)	-	(394)
Total comprehensive loss for the year	-	-	(394)	(4,760,008)	(4,760,402)
Transactions with owners in their capacity as owners:					
Issue of shares	27,589,489	-	-	-	27,589,489
Issue of options	-	1,807,997	-	-	1,807,997
Share issue expenses	(1,568,938)	-	-	-	(1,568,938)
Balance at 30 June 2022	<u>36,970,539</u>	<u>1,867,448</u>	<u>(394)</u>	<u>(7,998,508)</u>	<u>30,839,085</u>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

ActivePort Group Ltd and Controlled Entities
Consolidated statement of cash flows
For the year ended 30 June 2022

	Note	Consolidated 2022 \$	2021 \$
Operating activities:			
Receipts from customers		11,093,936	175,542
Payments to suppliers and employees		(18,559,427)	(2,540,245)
Interest and lease charges paid		(246,133)	(3,379)
Interest received		33,772	74
Government grant received		117	24,928
Income tax paid		(1,860,246)	-
Net cash used in operating activities		(9,537,981)	(2,343,080)
Investing activities:			
Proceeds from/(payments for) property, plant and equipment	10	-	(211,785)
Loans to other entities		-	(240,000)
Cash acquired on business combination	14	-	2,450
Purchase of investments		(259,174)	-
Additional cost in relation to Acquisition of ActivePort Pty Ltd		(24,002)	-
Net cash used in investing activities		(283,176)	(449,335)
Financing activities:			
Repayment of borrowings		-	(60,000)
Proceeds from issue of shares		12,003,875	3,722,745
Payment of principal portion of lease liabilities		(263)	(15,240)
Net cash from financing activities		12,003,612	3,647,505
Net increase in cash and cash equivalents		2,182,455	855,090
Cash and cash equivalents at the beginning of the financial year		986,989	131,899
Cash and cash equivalents at the end of the financial year		<u>3,169,444</u>	<u>986,989</u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

ActivePort Group Ltd and Controlled Entities
Notes to the consolidated financial statements
30 June 2022

Note 1. Summary of significant accounting policies

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

The financial report is based on accounts which are in the process of being audited and have been prepared in accordance with ASX listing rule 4.3A. As such, this preliminary report does not include all the notes that are included in an annual financial report.

Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results.

Note 2. Sales of goods and services

	Consolidated	
	2022	2021
	\$	\$
<i>Revenue from contracts with customers</i>		
Hardware	3,194,463	370,585
Other revenue	67,338	55,053
Managed service	1,888,413	-
Professional fees	4,150,326	-
Software	863,789	-
ActivePort software	474,216	-
	<u>10,638,545</u>	<u>425,638</u>

Note 3. Other income

	Consolidated	
	2022	2021
	\$	\$
Government grants – Cash Boost stimulus	117	24,928
Sundry income	8,653	-
Research and development recovery	2,415,376	-
	<u>2,424,146</u>	<u>24,928</u>

ActivePort Group Ltd and Controlled Entities
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Note 4. Depreciation and amortisation

	Consolidated	
	2022	2021
	\$	\$
Depreciation for property, plant and equipment	78,808	10,922
Depreciation for right-of-use assets	205,078	10,174
Amortisation for intangibles	700,207	-
	<u>984,093</u>	<u>21,096</u>

Note 5. Administration expense

	Consolidated	
	2022	2021
	\$	\$
Professional fees	1,294,929	348,488
Occupancy	137,261	36,610
Expected credit losses	102,389	95,343
Other administration expenses	450,749	33,980
	<u>1,985,328</u>	<u>514,421</u>

Note 6. Employee benefits expense

	Consolidated	
	2022	2021
	\$	\$
Salaries and wages	6,980,112	2,185,149
Superannuation expense	634,097	64,468
Other employment expense	409,858	128,251
	<u>8,024,067</u>	<u>2,377,868</u>

Note 7. Trade and other receivables

	Consolidated	
	2022	2021
	\$	\$
<i>Current assets</i>		
Trade receivables	1,676,847	410,075
Less: Allowance for expected credit losses	(21,741)	-
	<u>1,655,106</u>	<u>410,075</u>
Other receivables	1,915,828	160,561
Other receivables	52,048	236,503
R&D receivable	1,794,989	-
	<u>5,417,971</u>	<u>807,139</u>

ActivePort Group Ltd and Controlled Entities
Notes to the consolidated financial statements
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Note 8. Financial assets at fair value through profit and loss

	Consolidated 2022 \$	2021 \$
<i>Non-current assets</i>		
Unlisted ordinary shares	151,488	-
	<u>151,488</u>	<u>-</u>
<i>Reconciliation</i>		
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:		
Opening fair value	-	-
Additions	259,174	-
Fair value loss	(107,686)	-
	<u>151,488</u>	<u>-</u>
Closing fair value	151,488	-

Note 9. Financial assets

	Consolidated 2022 \$	2021 \$
<i>Current assets</i>		
Pledged bank deposits	514,998	-
Term deposits	96,704	6,600
	<u>611,702</u>	<u>6,600</u>
<i>Non-current assets</i>		
Loan to Vizstone Pty Ltd (i)	-	240,000
	<u>-</u>	<u>240,000</u>

(i) On 4 February 2021, the Group provided a loan of \$240,000 to Vizstone Pty Ltd, a company that became a 100% subsidiary during the current year. The loan was secured, repayable on or before 31 December 2022 and accrued interest at 6% per annum.

Note 10. Property, plant and equipment

	Consolidated 2022 \$	2021 \$
<i>Non-current assets</i>		
Plant and equipment - at cost	235,924	105,650
Less: Accumulated depreciation	(48,753)	(4,625)
	<u>187,171</u>	<u>101,025</u>
Office furniture and equipment - at cost	88,362	6,297
Less: Accumulated depreciation	(29,278)	(6,297)
	<u>59,084</u>	<u>-</u>
Leasehold improvements - at cost	10,126	-
Less: Accumulated depreciation	(777)	-
	<u>9,349</u>	<u>-</u>
	<u>255,604</u>	<u>101,025</u>

ActivePort Group Ltd and Controlled Entities
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Note 11. Intangibles

	Consolidated	
	2022	2021
	\$	\$
<i>Non-current assets</i>		
Goodwill	24,110,937	8,744,589
Developed software - at cost	3,500,544	-
Less: Accumulated amortisation	(500,555)	-
	2,999,989	-
Developed intellectual property - at cost	303,750	-
Less: Accumulated amortisation	(43,599)	-
	260,151	-
Customer relationships - at cost	1,007,219	-
Less: Accumulated amortisation	(122,774)	-
	884,445	-
Purchased software - at cost	99,837	99,837
Less: Accumulated amortisation	(33,279)	-
	66,558	99,837
	<u>28,322,080</u>	<u>8,844,426</u>

Note 12. Trade and other payables

	Consolidated	
	2022	2021
	\$	\$
<i>Current liabilities</i>		
Trade payables	2,369,087	613,476
PAYG withholding payable	459,909	132,196
Superannuation payable	122,777	90,607
GST payable	94,612	-
Other payables and accruals	443,110	439,790
	<u>3,489,495</u>	<u>1,276,069</u>

Trade payables are non-interest bearing and are predominately settled on 30 to 60 day terms.

ActivePort Group Ltd and Controlled Entities
Notes to the consolidated financial statements
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Note 13. Borrowings

	Consolidated	
	2022	2021
	\$	\$
<i>Current liabilities</i>		
Loan Glenn & Marilyn Farrow	234,933	246,666
<i>Non-current liabilities</i>		
Loan Mark Middleton	307,849	351,116
Loan Acurix Networks Pty Ltd	995,195	1,203,873
Loan Grant Farrow	58,611	67,826
Loan Wentworth Williams Auditing Pty Ltd	300,000	-
Loan SK Advisory Pty	71,454	-
Loan R4 Trading	283,000	-
	<u>2,016,109</u>	<u>1,622,815</u>

Note 14. Business combinations

Vizstone Pty Ltd

On 27 September 2021, ActivePort Group Ltd issued 15,625,000 ordinary shares and as consideration of \$3,125,000 for the acquisition of 100% of the ordinary shares of Vizstone Pty Ltd. Deferred consideration in the form of performance shares have been recognised at a fair value of \$743,129 giving total consideration of \$3,868,129. The goodwill of \$4,833,632 represents the expected synergies from merging the businesses. The acquired business contributed revenues of \$5,548,730 and loss after tax of \$371,817 to the Group for the period from 27 September 2021 to 30 June 2022. The values identified in relation to the acquisition of Vizstone Pty Ltd are final as at 30 June 2022.

Details of the acquisition are as follows:

	Fair value
	\$
Cash and cash equivalents	119,081
Trade and other receivables	500,151
Trade and other payables	(1,289,242)
Provisions	(194,040)
Intercompany	(245,647)
Borrowings	(79,043)
Customer relationships	297,650
Deferred tax liability	(74,413)
Net liabilities acquired	(965,503)
Goodwill	4,833,632
Acquisition-date fair value of the total consideration transferred	<u>3,868,129</u>
Representing:	
Shares issued as a consideration	3,125,000
Fair value of deferred consideration - performance shares	743,129
	<u>3,868,129</u>

ActivePort Group Ltd and Controlled Entities
Notes to the consolidated financial statements
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Note 14. Business combinations (continued)

Starboard IT Pty Ltd

On 27 September 2021, ActivePort Group Ltd issued 17,500,000 ordinary shares as consideration of \$3,500,000 for the acquisition of 100% of the ordinary shares of Starboard IT Pty Ltd. Deferred consideration in the form of performance shares have been recognised at a fair value of \$554,420 giving total consideration of \$4,054,420. The goodwill of \$3,069,624 represents the expected synergies from merging the businesses. The acquired business contributed revenues of \$3,601,766 and income after tax of \$190,462 to the Group for the period from 27 September 2021 to 30 June 2022. The values identified in relation to the acquisition of Starboard IT Pty Ltd are final as at 30 June 2022.

Details of the acquisition are as follows:

	Fair value \$
Cash and cash equivalents	605,119
Trade and other receivables	151,719
Prepayments	2,383
Contract asset	51,284
Income tax liabilities	(64,129)
Trade and other payables	(208,930)
Provisions	(84,827)
Customer relationships	709,569
Deferred tax liability	(177,392)
	<hr/>
Net assets acquired	984,796
Goodwill	3,069,624
	<hr/>
Acquisition-date fair value of the total consideration transferred	<u><u>4,054,420</u></u>
Representing:	
Shares issued as a consideration	3,500,000
Fair value of deferred consideration - performance shares	554,420
	<hr/>
	<u><u>4,054,420</u></u>

Global Edge Network Ltd

On 9 August 2021, ActivePort Group Ltd issued 39,287,515 ordinary shares as consideration of \$7,857,503 for the acquisition of 100% of the ordinary shares of Global Edge Network Ltd. The goodwill of \$8,215,930 represents the expected synergies from merging the businesses. The acquired business contributed revenues of \$nil and loss after tax of \$26,668 to the Group for the period from On 9 August 2021 to 30 June 2022. The values identified in relation to the acquisition of Global Edge Network Ltd are final as at 30 June 2022.

ActivePort Group Ltd and Controlled Entities
Notes to the consolidated financial statements
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Note 14. Business combinations (continued)

Details of the acquisition are as follows:

	Fair value \$
Cash and cash equivalents	33,840
Trade and other receivables	41,741
Prepayments	44
Property, plant and equipment	234,000
Trade and other payables	(318,998)
Borrowings	(652,804)
Developed IP	303,750
	<hr/>
Net liabilities acquired	(358,427)
Goodwill	8,215,930
	<hr/>
Acquisition-date fair value of the total consideration transferred	<u><u>7,857,503</u></u>
Representing:	
Shares issued as a consideration	<u><u>7,857,503</u></u>

Future Broadband

On 16 April 2022, ActivePort Group Ltd issued 2,175,000 ordinary shares as consideration of \$304,500 for the acquisition of 100% of the ordinary shares of Future Broadband. Deferred consideration in the form of performance shares have been recognised at a fair value of \$234,000 giving total consideration of \$538,500. The goodwill of \$142,130 represents the expected synergies from merging the businesses. The acquired business contributed revenues of \$363,243 and loss after tax of \$295,826 to the Group for the period from On 16 April 2022, to 30 June 2022. The values identified in relation to the acquisition of Future Broadband are final as at 30 June 2022.

Details of the acquisition are as follows:

	Fair value \$
Cash and cash equivalents	12,286
Trade and other receivables	6,646
Trade and other payables	(16,147)
Borrowings	(110,904)
	<hr/>
Net liabilities acquired	(108,119)
Goodwill	309,120
	<hr/>
Acquisition-date fair value of the total consideration transferred	<u><u>201,001</u></u>
Representing:	
Shares issued as a consideration	<u><u>201,000</u></u>

ActivePort Group Ltd and Controlled Entities
Notes to the consolidated financial statements
30 June 2022

Note 15. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in :

Name	Principal place of business / Country of incorporation	Ownership interest	
		2022 %	2021 %
ActivePort Pty Ltd	Australia	100.00%	100.00%
ActivePort (Infrastructure) Pty Ltd (dormant, non-trading) (1)	Australia	100.00%	100.00%
ActivePort (New Zealand) Limited	Australia	100.00%	-
ActivePort (Singapore) PTE. Ltd	Australia	100.00%	-
ActivePort (Finance) Pty Ltd	Australia	100.00%	-
Vizstone Pty Ltd	Australia	100.00%	-
Starboard IT Pty Ltd	Australia	100.00%	-
Global Edge Network Ltd	Australia	100.00%	-
Future Broadband	Australia	100.00%	-

(1) Incorporated on 5 May 2021.

Note 16. Loss per share

The calculation of basic loss per share is based on the net loss from ordinary activities attributable to equity holders of the Group for the year of \$4,760,008 (2021: loss of \$2,679,934) and the weighted average of 220,579,273 (2021: 35,730,724) ordinary shares on issue during the year.

The calculation of diluted loss per share is based on the net loss from ordinary activities attributable to equity holders of the Group for the year of \$4,760,008 (2021: loss of \$2,679,934) and the weighted average of 231,147,333 (2021: 35,730,724) ordinary shares on issue during the year.

In accordance with AASB 133 Earnings per Share, potential ordinary shares in the form of options and convertible notes are antidilutive when their conversion to ordinary shares decrease loss per share from continuing operations. The calculation of diluted earnings/(losses) per share does not assume conversion, exercise, or other issue of potential ordinary shares that would have an antidilutive effect on earnings/(losses) per share. Also, the share split on 1 April 2021 has been applied retrospectively when calculating the loss per share and diluted loss per share.