

31 August 2022

Commentary on Financial Year Results

ActivePort Group Ltd (“ActivePort” or “the Company”), (ASX:ATV) is pleased to report a strong finish to FY22 with revenue increasing in its services business and software sales growing rapidly.

Results:

- **FY22 ActivePort Group (unaudited) consolidated revenue plus pre-acquisition revenue of subsidiaries for the full financial year is \$12.75M, up 53.6% on FY21;**
- **FY22 ActivePort Group (unaudited) consolidated revenue excluding pre-acquisition revenue of subsidiaries is \$10.6M;**
- **ActivePort Software revenue of \$0.86M, up 305% for the full year;**
- **Software contributed 6.8% to the company total full year revenue, up from 2.4% in H1.**

Business Update

ActivePort set out to grow its software revenue via three market strategies, channel sales, enterprise direct sales and self-service. We are pleased to report success on all three fronts with new implementations and rollouts across key vertical markets including telecommunications, retail, banking, and utility globally.

Our commercial approach has been validated with the Company signing agreements with a total contract value exceeding \$10M, and a strong pipeline of prospective customers heading into FY23.

ActivePort’s total revenue is still underpinned by our managed services businesses that are growing rapidly (48% YoY) and making a positive contribution to our bottom line. ActivePort operates on the East coast of Australia via our subsidiary, Starboard IT Pty Ltd and on the West coast via Vizstone Pty Ltd, both of which experienced strong growth on the back of some substantial new customer wins.

Software revenue is increasing, and we anticipate that it will continue to expand as a proportion of total revenue. Software revenue is important because it delivers long-term recurring cash flow with extremely high margins that can scale fast globally.

Our software business is gaining momentum with orders from the banking, utility, and retail sectors, proving the value of ActivePort’s innovative multi-vendor Orchestration platform. In FY22 ActivePort’s software sales exceeded expectations with new sales signed across Australia, Asia, and Africa. In Australia, our channel partners have identified a large sales pipeline of more than 1,000 SD-WAN ports and deployed ActivePort to many new customers. In Africa, we have a commitment to proceed with three banks and one large utility operator with over 350 sites and 1,200 devices that will use ActivePort’s SD-WAN and Orchestration solutions with a contract value in excess of \$2M.

Early in the year, we announced a circa. \$8.65M deal with Radian Arc Limited in Q3 (4 April 2022, ATV signs agreement with Radian Arc for private cloud) to deliver 11 private cloud infrastructure and hardware orchestration software instances to Radian Arc’s global customer base of telecommunications providers. Radian Arc has now successfully reached agreement to supply 36 carriers and as that roll-out progresses, we expect revenue to far exceed initial forecasts.

Mid-year, we purchased a local internet service provider, Future Broadband as a strategic investment in local loop provisioning expertise. Future Broadband makes a positive contribution to our revenue and earnings and has become the foundation of our self-service orchestration product, Global Edge. Global Edge will allow our customers to quickly create low-cost, fast, and secure global networks using the latest SD-WAN technology and services provided by our carrier and infrastructure partners.

ActivePort 's software is new and innovative and the market take-up we are seeing is extremely exciting. Ending FY22, the focus for the management team is on scaling the company as quickly and efficiently possible, whilst managing our cash reserves.

Update from previous market statements

Adjustments for our end of year financial statements have been made since Q4 4C, in preparation for end of year:

1. Reclassification of cash received from revenue to a balance sheet item for \$260K of income incorrectly classified.
2. \$290K of software revenue receivable has been deferred from FY22 to FY23. Note, the revenue is not lost, the adjustment is due to services not completed by June 30, that will now be completed in FY23.

About ActivePort Group Ltd

ActivePort Group Ltd is an Australian software company that engineers, delivers, and supports a network and cloud orchestration product. ActivePort software lets customers manage all their cloud hosting and networking technology end-to-end, from one single screen. Using ActivePort's unique software, customers can create network connections, deliver cloud services, and manage their data at a local, national, or global scale. The result is simplicity, agility, speed, and lower costs. ActivePort also delivers information technology managed services to enterprise customers.

For more information, please visit www.activeport.com.au

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This announcement has been authorised for release by the Board of ActivePort Group Ltd.