



## LETTER FROM OUR BOARD

The Directors are pleased to submit to shareholders the unaudited results and financial statements for the year ended 30 June 2024.

### Review of operations and outlook

The Directors are pleased to report that the group has delivered a much-improved performance with a welcome return to profitability. Despite the prevalent economic headwinds, the Directors are confident that the improvements made across all business units will sustain this performance.

Group Revenue grew by \$1.347m (6.5%), to \$22.098m.

Total comprehensive income for the year ended 30 June 2024 was \$0.151m, compared to a loss of \$10.967m in 2023. In the prior year, Kilimanjaro had been severely impacted by the write-off of goodwill, based on a worst-case scenario of the dispute with MYOB. We have successfully renegotiated our bank loan.

### Kilimanjaro Consulting Business

As signalled in our interim report, general economic conditions in both Australia and New Zealand remain tough. Leveraging off our ability to improve efficiency through the use of technology, our clients continued to invest modestly. Coupled with productivity improvements and management of costs, Kilimanjaro was able to return a much-improved performance in the second half of the year.

Table 1: Comparison 2023 to 2024

	Revenue (000's)	Operating Profit (000's)
<b>Full Year 2024</b>	20,687	1,324
2nd Half 2024	11,037	1,376
1st Half 2024	9,650	(52)
<b>Full Year 2023</b>	19,501	362
2nd Half 2023	10,604	820
1st Half 2023	8,897	(458)

Changes in product margins and a shift in the business product mix led to a slight reduction in recurring revenue, however contracted revenue increased significantly. Our Acumatica (formerly MYOB Advanced) base now exceeds 300 clients. As the transition from Exo to Acumatica continues, the product mix margin will be restored.

Table 2: Recurring and Contracted Revenue

	<b>Recurring Revenue</b>	<b>Contracted Revenue</b>	<b>Total Recurring and Contracted Revenue</b>	<b>Total Revenue</b>
<b>Full Year 2024</b>	4.449m	4.787m	9.236m	20.687m
<b>Full Year 2023</b>	4.481m	4.171m	8.652m	19.501m

The cooperation between Kilimanjaro and MYOB drives our success and our relationship has benefitted from a renewed focus by MYOB on their partner channel.

The rebrand of MYOB Advanced to MYOB Acumatica<sup>1</sup> positions this product squarely in the mid-market, where Kilimanjaro has built market-leading capability to service larger more complex organisations. Acumatica remains the fastest-growing cloud SaaS ERP system in the world, internationally recognised and multi-award winning. Acumatica’s continued investment in AI and automation makes it an attractive solution for mid-market organisations. Kilimanjaro is the largest player in both the MYOB Acumatica space as well as the MYOB Exo space in Australian and New Zealand.

Marketing activity and sales effort both required additional resources to maintain our progress in difficult economic conditions, and increased competition. In New Zealand, business owners are likening the current economic circumstances to the GFC and Covid. As our business thrives in times of strong business confidence, the current circumstances are particularly challenging.

Good management of costs and incremental improvements in efficiency have enabled Kilimanjaro to return a significantly better result this year than last. We are particularly proud of the high levels of productivity in our teams, our high Net Promoter Score, and our Client Retention. Our organisational culture has been maintained despite our growth, enabling us to provide an attractive workplace for our highly skilled people

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<sup>1</sup> <https://kilimanjaro-consulting.com/posts/2024/07/16/formerly-advanced-myob-acumatica/>

## iSell

After many years of struggle to move from on-premise software to the cloud, we now have a solid and stable product and are getting some wins in the market. As a quoting tool for Managed Service Providers (MSP's) IT Quoter provides an elegant solution for the quote-to-procurement cycle, with data feeds from the major suppliers. The addition of portals should make the product more competitive. Aggressive cost-cutting has reduced the losses. Total revenue growth was 14.5%.

## Datagate

Off the back of success in the US markets, Datagate plans to further expand geographically, and continue to grow recurring revenue. The Datagate board has elected to take the opportunity to build market share now, rather than throttle back growth to achieve break-even.

Growth in recurring revenue in Datagate was 24.8%.

Enprise Group has subscribed for the recent rights issue in Datagate, seeking to acquire a further 35,714 shares at \$2.80 per share. The capital raise will extend the runway towards break-even.

A major change in the accounting treatment of the Datagate numbers is the application of IFRS2 to the employee share options. A cost of approximately \$0.312m was booked to Datagate to recognise the cost of these options, and Enprise has recognised our share of that in these accounts.

If Enprise Group's 2,446,738 shares in Datagate were valued at the August 2024 rights issue price of \$2.80 per share, the value of our investment would be \$6,850,866.

## Vadacom

Enprise Group has a 6.35% investment in Vadacom Holdings. Although a smaller player in the VOIP telecommunications space, Vadacom continues to deliver dividends to the Group and provide a good return on our investment.

## Future Plans

Our recently announced acquisition of a share in Recipe Marketing<sup>2</sup>, an award-winning HubSpot Platinum Solutions Partner, brings expertise in an area closely aligned to our MYOB business.

HubSpot is an AI-powered customer platform with software, integrations, and resources to connect marketing, sales, and customer service.

The two businesses operate in the same market space and have similar ethics and culture. There are opportunities for cross-referrals of clients, and cross-utilisation of skills. We welcome Recipe Marketing to the family.

The Board of Directors wishes to thank all employees of the Group, including management, for their hard work and exceptional dedication, without which these results would not have been possible.

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<sup>2</sup> <https://www.nzx.com/announcements/436778>

## **About Enprise Group**

Listed on the New Zealand Stock Exchange (NZX), Enprise Group (ENS) is an investment vehicle for high-growth tech companies that complement its core ERP capability. Enprise Group is invested in five businesses – the wholly owned companies Kilimanjaro Consulting Pty Ltd and Kilimanjaro Consulting Ltd, subsidiary iSell, joint venture Datagate Innovation, and a holding in Vadacom. Kilimanjaro Consulting is MYOB's number one partner in Australia and New Zealand. iSell is a primary provider of cloud business systems to the IT Reseller market world-wide. Datagate Innovation provides SaaS Telecom Billing for MSPs in the U.S, U.K, Australia, New Zealand and Canada. Vadacom specialises in cloud phone system software development and unified communications solutions for Australian and New Zealand businesses.