



Enprise Group Limited

Unaudited Results Announcement

for the year ended 30 June 2023

Enprise Group Limited

Unaudited Consolidated Statement of Comprehensive Income for the year ended 30 June 2023

	30 June 2023 \$'000	30 June 2022 \$'000
Revenue from contracts with customers	20,657	18,744
Employee expense	(16,026)	(15,057)
Other operating costs	(6,169)	(5,501)
Other gains/(losses) - net	(77)	32
Operating profit/(loss)	(1,615)	(1,782)
Equity earnings/(losses) from associates and joint ventures	(330)	(556)
Other gains/(losses) related to associates and joint ventures	-	8
Impairment of intangible assets	(7,720)	-
Finance cost - net	(209)	(90)
Profit/(loss) before income tax	(9,874)	(2,420)
Income tax benefit	(742)	227
Profit/(loss) for the period	(10,616)	(2,193)
Other Comprehensive Income		
<i>Items that may be reclassified to profit or loss</i>		
Foreign currency translation differences	(6)	155
<i>Items that will not be reclassified to profit or loss</i>		
Changes in the fair value of investments through other comprehensive income	(157)	(60)
Total other comprehensive income/(loss) for the period, net of tax	(163)	95
Total comprehensive income/(loss) for the period	(10,779)	(2,098)
Profit/(loss) for the period is attributable to:		
Non-Controlling Interest	(221)	(357)
Owners of Enprise Group Limited	(10,395)	(1,836)
	(10,616)	(2,193)
Total comprehensive income/(loss) for the period is attributable to		
Non-Controlling Interest	(221)	(357)
Owners of Enprise Group Limited	(10,558)	(1,741)
	(10,779)	(2,098)
Earnings per share from profit/(loss) for the period attributable to ordinary shareholders of the Enprise Group Limited		
Basic and diluted earnings/(loss) per share (cents per share)	(61.50)	(11.36)

Enprise Group Limited

Unaudited Consolidated Statement of Financial Position as at 30 June 2023

	30 June 2023	30 June 2022
	\$'000	\$'000
Current assets		
Cash and cash equivalents	1,178	1,546
Trade and other receivables	3,105	3,190
Contract assets	852	831
Current tax assets	24	-
Staff receivables	12	-
Total current assets	5,171	5,567
Non-current assets		
Investments in associates, joint ventures	912	285
Investments in other entities	471	627
Staff receivables	17	-
Property plant and equipment	328	406
Intangible assets	3,142	11,173
Right-of-use assets	1,098	1,340
Deferred tax asset	1,289	2,197
Loans to related parties	32	73
Other non-current assets	36	552
Total non-current assets	7,325	16,653
Total assets	12,496	22,220
Current liabilities		
Trade and other payables	3,505	2,963
Provisions	1,775	1,696
Contract liabilities	1,520	2,582
Current tax liabilities	-	19
Borrowings	2,096	1,183
Lease liabilities	357	495
Total current liabilities	9,253	8,938
Non-current liabilities		
Provisions	190	302
Lease liabilities	876	970
Deferred tax liability	531	656
Total non-current liabilities	1,597	1,928
Total liabilities	10,850	10,866
Net assets	1,646	11,354
Equity		
Share capital	12,092	11,010
Foreign exchange translation reserve	345	351
Financial assets at FVOCI reserve	371	528
Retained earnings / (accumulated losses)	(11,101)	(696)
Equity attributable to the owners of Enprise Group Limited	1,707	11,193
Non-controlling interests	(61)	161
Total equity	1,646	11,354
Total assets per share (\$ per share)	0.72	1.38
Net tangible assets per share (\$ per share)	(0.14)	(0.01)

Enprise Group Limited

Unaudited Consolidated Statement of Changes in Equity for the year ended 30 June 2023

	Share capital	Foreign exchange translation reserve	Financial assets at FVOCI reserve	Retained earnings / (accumulated losses)	Non- controlling interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2021	11,010	196	588	1,444	555	13,793
<i>Transactions with shareholders in their capacity as owners</i>						
Dividends paid	-	-	-	(404)	-	(404)
Transactions with non-controlling interests	-	-	-	100	(37)	63
Total transactions with shareholders	-	-	-	(304)	(37)	(341)
<i>Comprehensive income</i>						
Profit/(loss) for the period	-	-	-	(1,836)	(357)	(2,193)
Other comprehensive income	-	155	(60)	-	-	95
Total comprehensive income net of tax	-	155	(60)	(1,836)	(357)	(2,098)
Balance at 30 June 2022	11,010	351	528	(696)	161	11,354
Balance at 1 July 2022	11,010	351	528	(696)	161	11,354
<i>Transactions with shareholders in their capacity as owners</i>						
Dividends paid	-	-	-	-	-	-
New shares issued (note 4)	1,082	-	-	-	-	1,082
Transactions with non-controlling interests	-	-	-	(10)	(1)	(11)
Total transactions with shareholders	1,082	-	-	(10)	(1)	1,071
<i>Comprehensive income</i>						
Loss for the period	-	-	-	(10,395)	(221)	(10,616)
Other comprehensive income/(loss)	-	(6)	(157)	-	-	(163)
Total comprehensive income/(loss) net of tax	-	(6)	(157)	(10,395)	(221)	(10,779)
Balance at 30 June 2023	12,092	345	371	(11,101)	(61)	1,646

Enprise Group Limited

Unaudited Consolidated Statement of Cash Flows for the year ended 30 June 2023

	Note	30 June 2023 \$'000	30 June 2022 \$'000
Operating activities			
Cash was provided from:			
Receipts from customers		28,610	26,154
Government assistance		-	4
Interest received		6	1
		28,616	26,159
Cash was applied to:			
Payments to suppliers & employees		29,111	26,163
Interest paid		239	122
Income tax paid		3	20
		29,353	26,305
Net cash inflow/(outflow) from operating activities	5	(737)	(146)
Investing activities			
Cash was provided from:			
Loans repaid by staff		2	-
Loans repaid by related parties		42	16
		44	16
Cash was applied to:			
Purchase of property, plant and equipment		77	181
Software development costs		516	305
Investment in equity accounted joint venture		434	-
Convertible note		-	500
Purchase of business		-	325
		1,027	1,311
Net cash inflow/(outflow) from investing activities		(983)	(1,295)
Financing activities			
Cash was provided from:			
Proceeds from issue of shares		1,052	-
Proceeds from bank borrowings		723	1,000
Proceeds from issue of shares in iSell Pty Limited to non-controlling interests		-	136
		1,775	1,136
Cash was applied to:			
Dividends paid		-	404
Purchase of shares in iSell Pty Limited from non-controlling interests		11	74
Repayment of lease liabilities		595	612
Repayment of bank borrowings		388	188
Repayment of other borrowings		42	12
		1,036	1,290
Net cash inflow/(outflow) from financing activities		739	(154)
Net increase/(decrease) in cash and cash equivalents held		(981)	(1,595)
Net foreign exchange differences		(6)	5
Cash and cash equivalents at beginning of the period		1,216	2,806
Cash and cash equivalents at end of the period	6	229	1,216

Enprise Group Limited

Notes to Accompany the Unaudited Results Announcement for the year ended 30 June 2023

1 CHANGES IN ACCOUNTING POLICIES

(a) Changes in accounting policies

There have been no changes in accounting policies with the exception of the estimated useful life of software, all policies have been applied consistently over the current year. Please refer to the accounting policies contained within the audited financial statements for the year ended 30 June 2022.

(b) Critical accounting judgements and estimates

In the process of applying the Group's accounting policies and the application of accounting standards, a number of estimates and judgements have been made. The estimates and underlying assumptions are based on historical experience and adjusted for current market conditions and other factors, including expectations of future events that are considered to be reasonable under the circumstances. The most significant of these of relevance to the reported results for the 2023 year include:

Impairment testing - goodwill and other intangible assets The group's intangible assets have been assessed by management and has resulted in an impairment of all the goodwill in the cash generating units.

An independent assessment of the fair value of Kilimanjaro was conducted at 30 June 2023, for the purpose of considering the fair value less cost of disposal of the cash generating units. The Level 3 fair value estimate was lower than the carrying value of the Kilimanjaro cash generating units, and indicated a fair value which would indicate impairment in the worst case scenario, including allowance for costs of disposal. The board decided to accept the worse case scenario given the on-going dispute with MYOB and the negative impact this is having on the financial performance of the cash generating units.

An independent assessment of the fair value of iSell was conducted at 30 June 2023, for the purpose of considering the fair value less cost of disposal of the cash generating unit. The Level 3 fair value estimate was higher than the carrying value of the iSell cash generating unit, and indicated a fair value which would indicate no further impairment of all the goodwill taken at 31 December 2022, including allowance for costs of disposal and non-controlling interests share of the intangible assets.

Deferred tax The group has only recognised a deferred tax asset on the timing differences in its statement of financial position as at the reporting date. Significant judgement is required in determining if the utilisation of deferred tax assets is probable. The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. To determine the future taxable profits, reference is made to the latest forecasts of future earnings of the Group and relevant tax law is considered to determine the availability of the losses to offset against the future taxable profits.

(c) Changes in accounting policies

Intangible assets - software amortisation The directors have revisited the expected useful life and benefit of "In-house" developed software and determined that the completed software be amortised on a straight-line basis over the period of 4 years.

2 SEGMENT INFORMATION

The Group is organised into two reportable operating segments based on the business segments. These segments form the basis of internal reporting used by management and the Board of Directors to monitor and assess performance and assist with strategic decisions. The Board of Directors is the Group's chief operating decision maker (CODM). Management has determined the operating segments based on the information reviewed by the Board of Directors and the Chief Executive Officer for the purposes of allocating resources and assessing performance.

(a) Operational performance - business segments

	Revenue		Operating profit	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	\$'000	\$'000	\$'000	\$'000
Kilimanjaro Consulting	19,407	17,618	208	351
iSell	1,201	1,093	(955)	(1,249)
Corporate	49	33	(868)	(884)
	20,657	18,744	(1,615)	(1,782)
Equity earnings of associates and joint ventures			(330)	(548)
Impairment of intangible assets			(7,720)	-
Net interest expense			(209)	(90)
Profit/(loss) before taxation			(9,874)	(2,420)
Income Tax			(742)	227
Net profit/(loss) attributable to shareholders			(10,616)	(2,193)

Enprise Group Limited

Notes to Accompany the Unaudited Results Announcement for the year ended 30 June 2023

2 SEGMENT INFORMATION (CONTINUED)

(b) Operational performance - Geographic segments

	Revenue	
	30 June 2023	30 June 2022
	\$'000	\$'000
New Zealand	7,027	6,066
Australia	13,458	12,474
EMEA*	154	152
North America	16	9
Asia	2	43
	20,657	18,744

* Europe, Middle East and Africa

(c) Interest, depreciation and amortisation

	Interest revenue		Interest expense		Depreciation and amortisation expense	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
New Zealand	17	22	199	92	290	292
Australia	3	-	30	20	1,240	1,062
	20	22	229	112	1,530	1,354

(d) Balance sheet information

	Non-current assets other than financing and deferred tax		Total assets		Total liabilities	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Kilimanjaro Consulting	1,814	9,052	7,922	16,688	9,186	11,374
iSell	2,755	3,867	2,949	4,150	1,995	878
Corporate	912	285	4,442	5,227	2,486	2,459
	5,481	13,204	15,313	26,065	13,667	14,711
Inter-segment elimination	-	-	(2,817)	(3,845)	(2,817)	(3,845)
	5,481	13,204	12,496	22,220	10,850	10,866
New Zealand	1,831	3,119	6,876	9,832	4,966	5,566
Australia	3,650	10,085	7,839	15,764	8,103	8,676
	5,481	13,204	14,715	25,596	13,069	14,242
Inter-segment elimination	-	-	(2,219)	(3,376)	(2,219)	(3,376)
	5,481	13,204	12,496	22,220	10,850	10,866

3 REVENUE

(a) Revenue streams

	30 June 2023	30 June 2022
	\$'000	\$'000
Revenue from Enterprise software and licences	4,476	4,852
Revenue from services and support	13,214	11,398
Revenue from iSell	1,201	1,093
Revenue from hosting services	1,762	1,388
Revenue from other fees	4	13
	20,657	18,744

Enprise Group Limited

Notes to Accompany the Unaudited Results Announcement for the year ended 30 June 2023

3 REVENUE (CONTINUED)

(a) Revenue by geographical location

30 June 2023	Revenue from software and licences \$'000	Revenue from services and support \$'000	Revenue from iSell \$'000	Revenue from hosting services \$'000	Revenue from other fees \$'000	Total \$'000
New Zealand	1,605	4,538	179	703	2	7,027
Australia	2,871	8,676	850	1,059	2	13,458
EMEA*	-	-	154	-	-	154
North America	-	-	16	-	-	16
Asia	-	-	2	-	-	2
	4,476	13,214	1,201	1,762	4	20,657

* Europe, Middle East and Africa

30 June 2022	Revenue from software and licences \$'000	Revenue from services and support \$'000	Revenue from iSell \$'000	Revenue from hosting services \$'000	Revenue from other fees \$'000	Total \$'000
New Zealand	1,870	3,466	124	598	8	6,066
Australia	2,982	7,932	765	790	5	12,474
EMEA*	-	-	152	-	-	152
North America	-	-	9	-	-	9
Asia	-	-	43	-	-	43
	4,852	11,398	1,093	1,388	13	18,744

Kilimanjaro Consulting revenue	30 June 2023 \$'000	30 June 2022 \$'000
Recurring revenue from Enterprise software licences	3,661	3,897
Contracted revenue from hosting and support agreements	4,171	3,325
Revenue from other services	11,575	10,396
	19,407	17,618

iSell revenue	30 June 2023 \$'000	30 June 2022 \$'000
Recurring revenue from iSell software licences	1,097	974
Revenue from other services	104	119
	1,201	1,093

Corporate revenue	30 June 2023 \$'000	30 June 2022 \$'000
Revenue from services	49	33
	49	33

Enprise Group Limited

Notes to Accompany the Unaudited Results Announcement for the year ended 30 June 2023

4 EQUITY

(a) Share capital

Contributed equity - ordinary shares	Number of authorised shares		Share capital	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	shares	shares	\$'000	\$'000
Opening ordinary shares	16,157,699	16,157,699	11,010	11,010
Rights issue	1,210,662	-	1,029	-
Staff share issue	61,700	-	53	-
	17,430,061	16,157,699	12,092	11,010

On 24 November 2022, 1,210,662 shares were issued in the rights issue at \$0.85 per share. On 1 March 2023, 61,700 shares were issued to staff under the staff share purchase scheme at \$0.85 per share.

(b) Dividends

	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	cents per share	cents per share	\$'000	\$'000
Final dividend for the period ended 30 June 2021	-	2.50	-	404
Interim dividend for the period ended 30 June 2022	-	-	-	-
Final dividend for the period ended 30 June 2022	-	-	-	-
Interim dividend for the period ended 30 June 2023	-	-	-	-
	-	2.50	-	404

5 CASH FLOW RECONCILIATION

Reconciliation of net profit to net cash flows from operations:	30 June 2023	30 June 2022
	\$'000	\$'000
Profit/(Loss)	(10,616)	(2,193)
Adjustments for:		
Depreciation on property plant and equipment	150	162
Loss on disposal of property plant and equipment	-	5
Depreciation on right-of-use assets	606	648
Amortisation on intangible assets	775	544
Net loss/(gain) on foreign exchange	21	5
Impairment of intangible assets	7,720	-
Share of loss from equity accounted investments	330	548
Movement in current and deferred tax	742	(227)
Movements in working capital		
(Increase)/decrease in trade and other receivable	51	(326)
(Increase)/decrease in contract assets	(32)	(100)
(Increase)/decrease in income taxes receivable	(12)	18
Increase/(decrease) in trade and other payables	574	357
Increase/(decrease) in provisions	(11)	245
Increase/(decrease) in contract liabilities	(1,035)	168
Net cash inflow/(outflow) from operating activities	(737)	(146)

6 CASH AND CASH EQUIVALENTS

	30 June 2023	30 June 2022
	\$'000	\$'000
<i>Current cash on hand / (borrowings)</i>		
Cash on hand and at bank	1,178	1,546
Bank overdraft	(949)	(330)
Cash and cash equivalents	229	1,216