



AUCKLAND, 29 August, 2023.

### **PRELIMINARY FULL YEAR RESULTS - 30 JUNE 2023**

Hi-tech software and services investment company Enprise Group (NZX: ENS) today released its unaudited financial statements for the year ended 30 June 2023 and reported unaudited revenue of \$20.7 million for that period, up from \$18.7 million reported for the year ended 30 June 2022 (a 10.7% increase).

Total comprehensive income for the year ended 30 June 2023 was a loss of \$11.8 million (down \$9.7 million from a loss of \$2.1 million for the year ended 30 June 2022). This decline was due to several factors including;

- the write off of all goodwill from Kilimanjaro (\$6.7 million) and iSell (\$1.0 million).
- the write off of goodwill in Kilimanjaro being the worst-case scenario of an independent valuation due to the ongoing dispute with MYOB causing disruption to the management focus and operation of the business unit.
- the goodwill in iSell was written off at 31 December 2022, as advised in the half year results announcement, due to the slower than previously forecast revenue growth, slower than anticipated delivery of some key features and the change in discount rates.
- a change in accounting policy to increase the amortisation of the IT Quoter software by reducing the amortisation period from 10 years to 4 years. The amortisation using the new policy is \$1.673 million, if the current policy had been applied in prior years the amount would be \$0.783 million (4 years) had the previous policy applied (10 years) the amortisation would have been \$0.313 million.

The breach of the BNZ banking covenants will continue and the board intends to seek a further waiver.

### **Kilimanjaro Consulting**

Kilimanjaro Consulting had recurring revenue of \$3.7 million (down 6%) and contracted revenue of \$4.2 million (up 25%) out of a total revenue of \$19.4 million (up 10%).

Kilimanjaro's future with MYOB will be largely dictated by the outcome of the dispute, as referenced in the announcement to the NZX on 1st August 2022. Kilimanjaro was successful in obtaining an injunction on 4 August 2023 that allows Kilimanjaro Australia to withhold the margin on MYOB Exo annual license fees and MYOB cannot commence action against Kilimanjaro for breach of the Business Partner Agreement for this reason. Kilimanjaro considers it prudent to diversify and the management team is actively investigating options. There are significant changes in the markets in which Kilimanjaro operate. The direct entry of MYOB has de-stabilised the Partner Channel, and further consolidation can be expected.

Whilst low business confidence and inflationary expectations are creating headwinds, there remains cause for optimism. Kilimanjaro operates in a number of diverse markets that are resilient to recession. This, combined with our strong investment in people, marketing, technical excellence, internal platforms/system and the trend towards Cloud based software positions the business well for future growth should we be able to resolve the current dispute.

## **iSell**

Annual recurring revenue (ARR) increased to \$1.22 million (up 18%) and total revenue to \$1.2 million (up 10%). Enprise currently owns 75% of iSell. During the year iSell completed the integration to Halo PSA which has increased its addressable market. On 25 August 2023, iSell opened a rights issue which will raise AU\$900,000 of which AU\$600,000 is Enprise converting its existing loan and AU\$300,000 new funds from other iSell shareholders to support its sales growth as iSell nears completion of development work on the latest version of its software.

Some funds will be used to pay the agreed settlement sum in relation to a legal case taken by a former employee which was settled on 31 July 2023.

## **Datagate**

Enprise Group's associate, Datagate Innovation Ltd (Datagate) grew its annual recurring revenue (ARR) to over \$3.3 million, an increase of 35%. Datagate continues to be in high growth mode and is keeping its focus on growing revenue and market share. Datagate is forecasting to reach break-even in the last quarter of the 2023 calendar year. The convertible note was exercised on 18 November 2022 increasing Enprise shareholding in Datagate by 237,472 shares. Enprise also participated in the Datagate rights issue in November 2022, taking its approximate pro rata share of the fully subscribed issue of \$0.75 million at \$2.80 per share. Enprise now holds 2,411,024 shares (32.96%) of Datagate.

## **Vadacom**

Vadacom Holdings Ltd (Vadacom)'s recently released new cloud PBX phone system 'Next Voice'. Functionality continues to expand to support new and existing customers directly and through resellers. As a result of a draft independent valuation of Vadacom, Enprise Group wrote down the carrying value of this investment during the period by \$0.16 million. Vadacom continues to be profitable through careful cost control in a difficult market. Vadacom repaid 56% of the outstanding shareholder loans during the year.

## **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.