



**Enprise Group Limited**

**Half Year Report**

**for the six months ended 31 December 2021**

# Enprise Group Limited

## Half Year Report for the six months ended 31 December 2021

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# Enprise Group Limited

## Directors' Report

The Directors are pleased to submit to shareholders their interim report and financial statements for the six-month period ended 31 December 2021.

### Principal activities

Enprise Group Limited (Enprise) is a hi-tech software and services investment company that has two operating divisions:

- Kilimanjaro Consulting (formerly known as the "Enterprise Solutions" division), an accounting solutions provider for MYOB Enterprise software in Australia and New Zealand.
- iSell Pty Limited (iSell), a developer/seller of a cloud-based quoting system (ITQuoter) on a Software-as-a-Service (SaaS) model to the Managed Service Provider (MSP) market in Australia, UK/Europe, NZ, South Africa, and North America.

Enprise Group has two additional strategic investments:

- 31.95% of Datagate Innovation Limited (Datagate), a developer/provider of online reporting/billing services under a SaaS model for MSP's reselling Telecom/Utility services in North America, Australia, New Zealand, and UK/Europe.
- 6.23% of Vadacom Limited (Vadacom), a developer/provider of multi-tenant cloud based VoIP solution for corporations in New Zealand and Australia.

### Review of operations and outlook

Enprise achieved excellent revenue growth during the six-month period across its operating divisions (20.7%) and investee entities. Unfortunately, the withdrawal of \$756,000 of COVID-19 Australian government assistance, which benefited the prior period only, coupled with a need to significantly increase salaries months earlier than we were able to pass on price increases to customers, saw this growth come at the expense of short-term operating losses. With price increases now implemented and the seasonally stronger second half commencing we expect to see significant improvements in operating performance.

The operating losses will see Enprise breach its BNZ banking covenants. A formal waiver of the breach is being sought from BNZ and management are confident of meeting the BNZ requirements to gain this waiver. With bank debt of \$500,000 compared to \$1,402,000 cash at bank, we will be able to manage this matter.

#### Kilimanjaro Consulting business

Following the completion during the period of our "One Company One Team One Brand" transition process, our Enprise Solutions and Kilimanjaro Consulting divisions are now formally operating as Kilimanjaro Consulting. The synergies and economies of scale created have improved Kilimanjaro's competitive advantage and will enable us to better implement the larger/more complex MYOB Advanced sites.

With over 1,200 unique sites across Australia and New Zealand, Kilimanjaro is MYOB's largest enterprise reseller/ implementation partner. This broad customer base, which is not limited to any particular industry segment, positions Kilimanjaro well to take advantage of the continuing transition to the cloud whilst still benefitting from a stable, well supported and continually developed on premise offering. Kilimanjaro's licencing and contracted revenues (excluding implementation services) for the six months was \$3,266,600 or 20.1% higher than the six months to 31 December 2020 and is testament to this significant base of long-term clients.

Kilimanjaro recently, for the 11th consecutive year, received the MYOB "Australian Excellence in Business Development" award and continues as one of the few MYOB Diamond Partners.

MYOB's decision in May 2021 to compete in the sector with its other channel partners like Kilimanjaro, saw MYOB acquire a number of channel partners during the period to 31 December 2021. This has to date had limited impact on Kilimanjaro and we continue to work constructively with MYOB, particularly at the upper end of the enterprise market for the MYOB Advanced ERP product.

#### iSell business

iSell, with its new SaaS Software platform, grew its licensing revenues by 28.3% compared to the equivalent prior period. iSell is now regularly adding new customers to its cloud platform and is well positioned to add to the 315 customers it had at 31 December 2021. iSell continues to work with its customers to expand its product feature set to meet their requirements. The US sales tax integration, which is expected to be certified shortly, will assist in growing the US customer base from the 2 US customers iSell had at 31 December 2021. iSell needs to grow its customer base significantly to achieve operating profitability but the board believes it is now well positioned to achieve that strong growth.

During the period, Enprise invested around A\$55,000 to increase its holding in iSell to 72.2% via the acquisition of shares from minority shareholders at 36.78 cents per share.

#### Datagate investment

The Board is pleased with the progress of our Datagate investment of which we own 31.95% or 2,010,397 shares. At the last rights issue pricing these shares were worth NZ\$4,422,873. This investment is held in the balance sheet at approximately NZ\$607,000 at 31 December 2021.

During the period, we advanced NZ\$500,000 (of a fully subscribed NZ\$1,550,000 convertible note issue) to ensure we maintained our position as the largest shareholder. These funds were to be used by Datagate to enable it to continue its growth whilst simultaneously seeking a significant strategic North American investor.

Datagate had 164 paying customers at 31 December 2021 representing annualised recurring revenue (ARR) of NZ\$2.07 million, an increase of 65% over the last 12 months and an even more dramatic 116% in North America. Datagate now has 8 distributors, significantly expanding its sales reach in North America – the current growth engine for the business.

# Enprise Group Limited

## Directors' Report

### Vadacom investment

Enprise owns only 6.23% of Vadacom which we carry at approximately NZ\$687,000.

Vadacom continues to operate profitably and has no debt. During the period Vadacom continued to invest in its new multi-tenanted cloud VoIP solution "Next Voice." Despite the product requiring more development, Vadacom have 564 extensions deployed at 31 December 2021 and expect to grow this number rapidly in 2022.

### **Significant changes in the state of affairs**

Kilimanjaro Consulting continues to move towards "One Company – One Team – One Brand". The division is a strategic partner of MYOB and we continue to work constructively with them. Kilimanjaro Consulting is targeting the top end of MYOB products target market, this is currently a market segment MYOB's direct channel does not service.

Enprise invested AUD 0.055m acquiring shares from existing shareholders in iSell at 36.78 cents AUD per share on 10 December 2021. The acquisition of these shares increased Enprise Group's share of iSell to 72.2%. Elliot Cooper replaced Nick Paul as the acting CEO of iSell from 12 October 2021.

Enprise subscribed \$0.500m participating in a convertible note issue for Datagate, which raised NZ\$1.550m, being the maximum allowed. The purpose of the convertible note is to enable continued growth while seeking a strategic North American investor. At 31 December 2021, Datagate had annual recurring revenues (ARR) of \$2.07 million which represented annual growth of 65%. The ARR growth in North America for 2021 was 116%. If Enprise Group's 2,010,397 shares in Datagate with an unaudited carrying value of \$0.607m were valued at the last rights issue price of \$2.20 per share, the value of the investment would be \$4.423m.

Enprise Group achieved the number six spot in the Absolute IT Supreme Scale-Up awards due to its 30% revenue growth. Enprise Group's revenue was \$3.7 million higher for 2021, to \$16.1 million. The results were announced at the Tech Pulse 2021 virtual, interactive launch event. The Absolute IT Supreme Scale-Ups are the Next100 companies (ranked between 101-200 in the TIN200) with the largest revenue growth in the past year.

### **Directors**

Mr Lindsay Phillips (appointed 1 December 2013) - Chairman  
Mr George Cooper (appointed 10 April 2012) - CEO  
Mr Nicholas Paul (appointed 1 December 2015) – Independent Non-Executive Director  
Mr Ronald Baskind (appointed 31 January 2018) – Executive Director  
Ms Marisa Fong (appointed 1 February 2019) – Independent Non-Executive Director

### **Rounding of amounts**

Amounts in the directors' report and financial statements have been rounded off to the nearest thousand dollars.

The directors' report is signed for and on behalf of the Board, and was authorised for issue on the date below.



**Lindsay Phillips (Director)**  
28 February 2022



**George Cooper (Director)**  
28 February 2022

## Enprise Group Limited

### Condensed Interim Consolidated Statement of Comprehensive Income for the six months ended 31 December 2021

	Note	31 Dec 2021 Unaudited 6 mths \$'000	31 Dec 2020 Unaudited 6 mths \$'000	30 June 2021 Audited 12 mths \$'000
Revenue from contracts with customers	3	8,988	7,447	16,113
Government assistance		4	756	753
Employee expense	4	(7,295)	(5,479)	(11,806)
Other operating costs		(2,689)	(2,154)	(4,431)
Other gains/(losses) - net		(9)	(6)	-
<b>Operating profit</b>		<b>(1,001)</b>	<b>564</b>	<b>629</b>
Equity earnings/(losses) from associates and joint ventures		(234)	(236)	(474)
Other gains/(losses) related to associates and joint ventures		8	224	344
Finance cost - net		(33)	(70)	(129)
<b>Profit/(loss) before income tax</b>		<b>(1,260)</b>	<b>482</b>	<b>370</b>
Income tax benefit/(expense)		(40)	121	402
<b>Profit/(loss) for the period</b>		<b>(1,300)</b>	<b>603</b>	<b>772</b>
<b>Other Comprehensive Income</b>				
<i>Items that may be reclassified to profit or loss</i>				
Foreign currency translation differences		(120)	19	38
<i>Items that will not be reclassified to profit or loss</i>				
Changes in the fair value of investments through other comprehensive income		-	-	23
Total other comprehensive income for the period, net of tax		(120)	19	61
<b>Total comprehensive income for the period</b>		<b>(1,420)</b>	<b>622</b>	<b>833</b>
<b>Profit for the period is attributable to:</b>				
Non-Controlling Interest		(283)	(153)	(326)
Owners of Enprise Group Limited		(1,017)	756	1,098
		<b>(1,300)</b>	<b>603</b>	<b>772</b>
<b>Total comprehensive income for the period is attributable to</b>				
Non-Controlling Interest		(283)	(153)	(326)
Owners of Enprise Group Limited		(1,137)	775	1,159
		<b>(1,420)</b>	<b>622</b>	<b>833</b>
Earnings per share from profit for the period attributable to ordinary shareholders of the Enprise Group Limited				
Basic and diluted earnings per share (see note 5) cents per share		(6.29)	4.74	6.85

## Enprise Group Limited

### Condensed Interim Consolidated Statement of Financial Position as at 31 December 2021

	Note	31 Dec 2021 Unaudited \$'000	31 Dec 2020 Unaudited \$'000	30 June 2021 Audited \$'000
<b>Current assets</b>				
Cash and cash equivalents	10	1,402	2,493	2,806
Trade and other receivables		2,229	2,292	2,821
Contract assets		681	768	713
Current tax assets		7	1	1
Loans to related parties	12(e)	-	62	-
Other current assets		-	102	-
<b>Total current assets</b>		<b>4,319</b>	<b>5,718</b>	<b>6,341</b>
<b>Non-current assets</b>				
Investments in joint ventures and associates	7	607	951	833
Convertible note	7(a)	500	-	-
Investments in other entities	8	687	664	687
Staff receivables		-	92	106
Property plant and equipment		405	396	384
Intangible assets	9	10,886	10,890	10,810
Right-of-use assets		1,325	1,471	1,568
Deferred tax asset		1,826	1,764	1,960
Loans to related parties	12(e)	87	87	87
Other non-current assets		57	50	54
<b>Total non-current assets</b>		<b>16,380</b>	<b>16,365</b>	<b>16,489</b>
<b>Total assets</b>		<b>20,699</b>	<b>22,083</b>	<b>22,830</b>

# Enprise Group Limited

## Condensed Interim Consolidated Statement of Financial Position as at 31 December 2021

	Note	31 Dec 2021 Unaudited \$'000	31 Dec 2020 Unaudited \$'000	30 June 2021 Audited \$'000
<b>Current liabilities</b>				
Trade and other payables		2,423	2,118	2,555
Provisions		1,538	1,368	1,525
Contract liabilities		2,046	2,252	2,362
Borrowings	10	538	-	50
Lease liabilities		546	509	572
<b>Total current liabilities</b>		<b>7,091</b>	<b>6,247</b>	<b>7,064</b>
<b>Non-current liabilities</b>				
Provisions		200	177	181
Borrowings	10	-	174	-
Lease liabilities		878	1,042	1,087
Deferred tax liability		616	789	705
<b>Total non-current liabilities</b>		<b>1,694</b>	<b>2,182</b>	<b>1,973</b>
<b>Total liabilities</b>		<b>8,785</b>	<b>8,429</b>	<b>9,037</b>
<b>Net assets</b>		<b>11,914</b>	<b>13,654</b>	<b>13,793</b>
<b>Equity</b>				
Share capital	5(a)	11,010	10,906	11,010
Foreign exchange translation reserve		76	177	196
Financial assets at FVOCI reserve		588	565	588
Retained earnings		(19)	1,195	1,444
<b>Equity attributable to the owners of Enprise Group Limited</b>		<b>11,655</b>	<b>12,843</b>	<b>13,238</b>
Non-controlling interests	6	259	811	555
<b>Total equity</b>		<b>11,914</b>	<b>13,654</b>	<b>13,793</b>

These financial statements have been authorised for issue by the Directors.  
For and on behalf of the Board:



**Lindsay Phillips (Director)**  
28 February 2022



**George Cooper (Director)**  
28 February 2022

Total assets per share (\$ per share)	1.28	1.38	1.41
Net tangible assets per share (\$ per share)	0.06	0.17	0.18

## Enprise Group Limited

### Condensed Interim Consolidated Statement of Changes in Equity for the six months ended 31 December 2021

	Share capital	Foreign exchange translation reserve	Financial assets at FVOCI reserve	Retained earnings	Non- controlling interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2020</b>	10,749	158	565	912	1,385	13,769
<i>Transactions with shareholders in their capacity as owners</i>						
Dividends paid	-	-	-	(318)	-	(318)
New shares issued	157	-	-	-	-	157
Transactions with non-controlling interests	-	-	-	(155)	(421)	(576)
Total transactions with shareholders	157	-	-	(473)	(421)	(737)
<i>Comprehensive income</i>						
Profit for the period	-	-	-	756	(153)	603
Other comprehensive income	-	19	-	-	-	19
Total comprehensive income net of tax (as restated)	-	19	-	756	(153)	622
<b>Balance at 31 December 2020 (unaudited)</b>	<b>10,906</b>	<b>177</b>	<b>565</b>	<b>1,195</b>	<b>811</b>	<b>13,654</b>
<b>Balance at 1 July 2021</b>	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	-	-	-	(42)	(13)	(55)
Total transactions with shareholders	-	-	-	(446)	(13)	(459)
<i>Comprehensive income</i>						
Profit for the period	-	-	-	(1,017)	(283)	(1,300)
Other comprehensive income	-	(120)	-	-	-	(120)
Total comprehensive income net of tax	-	(120)	-	(1,017)	(283)	(1,420)
<b>Balance at 31 December 2021 (unaudited)</b>	<b>11,010</b>	<b>76</b>	<b>588</b>	<b>(19)</b>	<b>259</b>	<b>11,914</b>
<b>Balance at 1 July 2020</b>	10,749	158	565	912	1,385	13,769
<i>Transactions with shareholders in their capacity as owners</i>						
Dividends paid	-	-	-	(639)	-	(639)
New shares issued	261	-	-	-	-	261
Transactions with non-controlling interests	-	-	-	73	(504)	(431)
Total transactions with shareholders	261	-	-	(566)	(504)	(809)
<i>Comprehensive income</i>						
Profit for the period	-	-	-	1,098	(326)	772
Other comprehensive income	-	38	23	-	-	61
Total comprehensive income net of tax	-	38	23	1,098	(326)	833
<b>Balance at 30 June 2021 (audited)</b>	<b>11,010</b>	<b>196</b>	<b>588</b>	<b>1,444</b>	<b>555</b>	<b>13,793</b>

## Enprise Group Limited

### Condensed Interim Consolidated Statement of Cash Flows for the six months ended 31 December 2021

	Note	31 Dec 2021	31 Dec 2020	30 June 2021
		Unaudited 6 mths \$'000	Unaudited 6 mths \$'000	Audited 12 mths \$'000
<b>Operating activities</b>				
Cash was provided from:				
Receipts from customers		12,620	11,340	23,855
Government assistance		4	858	935
Interest received		1	1	2
		12,625	12,199	24,792
Cash was applied to:				
Payments to suppliers & employees		12,654	10,818	22,445
Interest paid		35	73	132
Income tax paid		7	-	-
		12,696	10,891	22,577
<b>Net cash inflow (outflow) from operating activities</b>	<b>13</b>	<b>(71)</b>	<b>1,308</b>	<b>2,215</b>
<b>Investing activities</b>				
Cash was provided from:				
Loans repaid by staff		-	13	13
Term deposits		-	-	100
Share buy back from other entities		-	-	62
		-	13	175
Cash was applied to:				
Purchase of property, plant and equipment		99	128	190
Software development costs		129	-	272
Investment in equity accounted joint venture		-	335	335
Convertible note		500	-	-
Purchase of business		325	11	18
Lending to third parties		-	-	5
		1,053	474	820
<b>Net cash inflow (outflow) from investing activities</b>		<b>(1,053)</b>	<b>(461)</b>	<b>(645)</b>
<b>Financing activities</b>				
Cash was provided from:				
Proceeds of bank borrowings		500	-	-
Proceeds from issue of shares in iSell Pty Limited to non-controlling interests		-	-	146
		500	-	146
Cash was applied to:				
Dividends paid net of reinvestment plan		404	161	378
Purchase of shares in iSell Pty Limited from non-controlling interests		55	576	576
Repayment of lease liabilities		296	336	656
Repayment of bank borrowings		-	441	441
Repayment of other borrowings		12	3	2
		767	1,517	2,053
<b>Net cash inflow (outflow) from financing activities</b>		<b>(267)</b>	<b>(1,517)</b>	<b>(1,907)</b>
<b>Net increase / (decrease) in cash and cash equivalents held</b>		<b>(1,391)</b>	<b>(670)</b>	<b>(337)</b>
Net foreign exchange differences		(13)	(6)	(26)
Cash and cash equivalents at beginning of the period		2,806	3,169	3,169
<b>Cash and cash equivalents at end of the period</b>	<b>10</b>	<b>1,402</b>	<b>2,493</b>	<b>2,806</b>

# Enprise Group Limited

## Notes to the Condensed Interim Consolidated Financial Statements for the six months ended 31 December 2021

### 1 BASIS OF PREPARATION

#### (a) Reporting entity

Enprise Group Limited (the company) and its subsidiaries (together the Group) is a hi-tech software and services investment company in Australia and New Zealand. The company is a limited liability company incorporated and domiciled in New Zealand and is listed on the New Zealand Stock Exchange (NZX). The Group is registered under the Companies Act 1993 and is a FMC Reporting Entity under Part 7 of the Financial Markets Conduct Act (FMCA) 2013. The address of its registered office is 16 Hugo Johnston Drive, Penrose, Auckland.

#### (b) Compliance statement

The interim condensed consolidated financial statements are for Enprise Group Limited and its subsidiaries and have been prepared in accordance with:

- IAS 34 Interim Financial Reporting and NZ IAS 34 Interim Financial Reporting;
- the requirements of the Financial Market Conduct Act 2013, the Companies Act 1993, and the NZX listing rules;
- the going concern convention, which contemplates continuity of normal business activities, the realisation of assets, and the settlement of liabilities in the ordinary course of business.

#### (c) Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets and liabilities at fair value.

The consolidated financial statements are presented in New Zealand dollars which is the Company's functional currency and the Group's presentation currency. All financial information has been prepared in thousands, unless otherwise stated.

#### (d) Principles of consolidation

The condensed interim consolidated financial statements comprise the financial statement of the company and its subsidiaries.

Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries are changed when necessary to ensure consistency with the policies adopted by the Company.

Name of Entity	Country of incorporation	Principal Activity	Percentage ownership		
			31 Dec 2021	31 Dec 2020	30 June 2021
Enprise Solutions Limited	New Zealand	Software sales and solutions	100.00	100.00	100.00
Enprise Australia Pty Limited	Australia	Software sales and solutions	100.00	100.00	100.00
Kilimanjaro Consulting Pty Limited	Australia	Software sales and solutions	100.00	100.00	100.00
Enprise Limited	New Zealand	Software sales and solutions	100.00	100.00	100.00
Global Bizpro Limited	New Zealand	Software sales and solutions	100.00	100.00	100.00
Kilimanjaro Consulting Limited	New Zealand	Software sales and solutions	100.00	100.00	100.00
iSell Pty Limited	Australia	Software sales and solutions	72.21	67.61	71.14
iSell Philippines Inc	Philippines	Software sales and solutions	72.21	67.61	71.14

#### (e) Accounting policies and significant estimates and assumptions

The same accounting policies included in the Group's Annual Report for the year ended 30 June 2021 have been applied when preparing these financial statements. There have been no changes to accounting policies, estimates and assumptions.

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 30 June 2021.

## Enprise Group Limited

### Notes to the Condensed Interim Consolidated Financial Statements for the six months ended 31 December 2021

#### 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					
	31 Dec 2021		31 Dec 2020		30 June 2021		31 Dec 2021		31 Dec 2020		30 June 2021	
	6 mths	\$'000	6 mths	\$'000	12 mths	\$'000	6 mths	\$'000	6 mths	\$'000	12 mths	\$'000
Kilimanjaro Consulting		8,464		6,994		15,239		209		1,342		2,404
iSell		509		453		865		(760)		(375)		(1,003)
Corporate		15		-		9		(450)		(403)		(772)
		8,988		7,447		16,113		(1,001)		564		629
Equity earnings and gains related to associates and joint ventures								(226)		(12)		(130)
Net interest expense								(33)		(70)		(129)
Profit/(loss) before taxation								(1,260)		482		370
Income Tax								(40)		121		402
Net profit/(loss) attributable to shareholders								(1,300)		603		772

Geographic segments	Revenue					
	31 Dec 2021		31 Dec 2020		30 June 2021	
	6 mths	\$'000	6 mths	\$'000	12 mths	\$'000
New Zealand		2,685		1,986		4,517
Australia		6,199		5,419		11,387
EMEA*		81		41		107
North America		-		1		4
Asia		23		-		98
		8,988		7,447		16,113

\* Europe, Middle East and Africa

##### (b) Interest, depreciation and amortisation

	Interest revenue						Interest expense					
	31 Dec 2021		31 Dec 2020		30 June 2021		31 Dec 2021		31 Dec 2020		30 June 2021	
	6 mths	\$'000	6 mths	\$'000	12 mths	\$'000	6 mths	\$'000	6 mths	\$'000	12 mths	\$'000
New Zealand		2		3		5		35		39		72
Australia		-		-		1		-		34		63
		2		3		6		35		73		135

	Depreciation and amortisation expense					
	31 Dec 2021		31 Dec 2020		30 June 2021	
	6 mths	\$'000	6 mths	\$'000	12 mths	\$'000
New Zealand		136		95		194
Australia		516		595		1,152
		652		690		1,346

##### (c) Balance sheet information

	Total assets			Total liabilities		
	31 Dec 2021	31 Dec 2020	30 June 2021	31 Dec 2021	31 Dec 2020	30 June 2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
New Zealand	6,992	7,393	6,643	4,416	2,691	2,667
Australia	15,358	15,577	16,260	6,020	6,625	6,443
	22,350	22,970	22,903	10,436	9,316	9,110
Inter-segment elimination	(1,651)	(887)	(73)	(1,651)	(887)	(73)
	20,699	22,083	22,830	8,785	8,429	9,037

## Enprise Group Limited

### Notes to the Condensed Interim Consolidated Financial Statements for the six months ended 31 December 2021

#### 2 SEGMENT INFORMATION (CONTINUED)

##### (c) Balance sheet information (continued)

	Total assets			Total liabilities		
	31 Dec 2021	31 Dec 2020	30 June 2021	31 Dec 2021	31 Dec 2020	30 June 2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Kilimanjaro Consulting	15,554	15,866	15,730	7,493	8,507	7,547
iSell	4,031	4,218	4,699	1,324	1,088	1,134
Corporate	2,656	3,296	2,226	1,510	131	181
	22,241	23,380	22,655	10,327	9,726	8,862
Inter-segment elimination	(1,542)	(1,297)	175	(1,542)	(1,297)	175
	20,699	22,083	22,830	8,785	8,429	9,037

#### 3 REVENUE

	31 Dec 2021		31 Dec 2020		30 June 2021	
	6 mths	\$'000	6 mths	\$'000	12 mths	\$'000
Revenue from software and licences		2,165		1,871		4,280
Revenue from services and support		5,671		4,666		9,934
Revenue from iSell		509		453		865
Revenue from hosting services		640		457		1,032
Revenue from other fees		3		-		2
		8,988		7,447		16,113

Geographical location 31 Dec 2021	Software & licences	Services and support	Exo Hosted	iSell	Other fees	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	6 mths \$'000
New Zealand	745	1,590	284	63	3	2,685
Australia	1,420	4,081	356	342	-	6,199
EMEA*	-	-	-	81	-	81
Asia	-	-	-	23	-	23
	2,165	5,671	640	509	3	8,988

\* Europe, Middle East and Africa

Geographical location 31 Dec 2020	Software & licences	Services and support	Exo Hosted	iSell	Other fees	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	6 mths \$'000
New Zealand	599	1,123	213	51	-	1,986
Australia	1,272	3,543	244	360	-	5,419
EMEA*	-	-	-	41	-	41
North America	-	-	-	1	-	1
	1,871	4,666	457	453	-	7,447

Geographical location 30 June 2021	Software & licences	Services and support	Exo Hosted	iSell	Other fees	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	12 mths \$'000
New Zealand	1,401	2,562	456	96	2	4,517
Australia	2,879	7,372	576	560	-	11,387
EMEA*	-	-	-	107	-	107
North America	-	-	-	4	-	4
Asia	-	-	-	98	-	98
	4,280	9,934	1,032	865	2	16,113

## Enprise Group Limited

### Notes to the Condensed Interim Consolidated Financial Statements for the six months ended 31 December 2021

#### 4 EMPLOYEE BENEFIT EXPENSE

	31 Dec 2021		31 Dec 2020		30 June 2021	
	6 mths	\$'000	6 mths	\$'000	12 mths	\$'000
Wages and salaries	6,821		5,148		11,087	
Superannuation	429		286		629	
Directors remuneration	45		45		90	
	7,295		5,479		11,806	

#### 5 SHARE CAPITAL AND EARNINGS PER SHARE

##### (a) Share capital

Share capital comprises of ordinary shares only. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

All shares on issue are fully paid. All ordinary shares rank equally with one vote attached to each fully paid ordinary share and have equal dividend rights and no par value.

Contributed equity ordinary shares	Number of authorised shares			Share capital		
	31 Dec 2021	31 Dec 2020	30 June 2021	31 Dec 2021	31 Dec 2020	30 June 2021
	shares	shares	shares	\$'000	\$'000	\$'000
Opening ordinary shares	16,157,699	15,900,895	15,900,895	11,010	10,749	10,749
Share issue - Dividend reinvestment	-	150,693	256,804	-	157	261
	16,157,699	16,051,588	16,157,699	11,010	10,906	11,010

##### (b) Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of shares on issue during the year. Diluted earnings per share assumes conversion of all dilutive potential ordinary shares in determining the denominator.

There are no instruments that could potentially dilute earnings per share.

	31 Dec 2021		31 Dec 2020		30 June 2021	
	6 mths	\$'000	6 mths	\$'000	12 mths	\$'000
Earnings for the purpose of basic and diluted earnings per share:						
Net profit attributable to shareholders	(1,017)		756		1,098	
Weighted average number of ordinary shares for basic earnings per share	16,158		15,950		16,035	
Basic and diluted earnings per share (cents)	(6.29)		4.74		6.85	

#### 6 NON CONTROLLING INTEREST

Enprise Group Limited consolidates 100% of iSell Pty Limited results and presents the portion of profit/(loss) and other comprehensive income attributable to a non-controlling interest (NCI).

Enprise Group Limited acquired a controlling stake in iSell on 27 May 2020. Equity was also introduced by other non-controlling interests amounting to NZ\$492,000 which resulted in a non-controlling interest percentage of 49.18% on this date.

On 31 December 2020 Enprise Group acquired an additional 16.79% shareholding in iSell Pty Limited from existing shareholders for \$575,597 increasing the overall shareholding to 67.61% and reducing the non-controlling interest to 32.39%.

Non-controlling interest	31 Dec 2021		31 Dec 2020		30 June 2021	
		\$'000		\$'000		\$'000
Carrying amount at the beginning of the period		555		1,385		1,385
Transactions with non-controlling interests		-		-		145
Purchase of shares from non-controlling interest		(55)		(576)		(576)
Movement attributable to the owners of the parent		42		155		(73)
Share of profit/(loss) for the period		(283)		(153)		(326)
		259		811		555

## Enprise Group Limited

### Notes to the Condensed Interim Consolidated Financial Statements for the six months ended 31 December 2021

#### 7 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

Carrying amount of joint ventures and associates	31 Dec 2021	31 Dec 2020	30 June 2021
	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	833	628	628
New investment in joint ventures and associates	-	335	335
Equity earnings/(losses) from associates and joint ventures	(234)	(236)	(474)
Other gains/(losses) related to associates and joint ventures	8	224	344
	607	951	833
<b>Investment in joint venture or associate</b>	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>	<b>30 June 2021</b>
	\$'000	\$'000	\$'000
<i>Investment in equity accounted joint venture</i>			
Datagate Innovation Limited	607	951	833
	607	951	833

The Group's joint venture and associates at 31 Dec 2021 are set out below. The country of incorporation or registration is also their principal place of business.

Name of Entity	Country of incorporation	Principal Activity	Percentage ownership		
			31 Dec 2021	31 Dec 2020	30 June 2021
Datagate Innovation Limited	New Zealand	Software sales	31.95	33.12	32.02

#### (a) Convertible Note

On 20 December 2021 Enprise Group advanced \$500,000 to Datagate as part of a \$1.5M convertible note offering. The note attracts interest at 7% which will be capitalised against the loan. The loan will be converted into shares automatically on the date of a capital raise, automatically on the date of a liquidity event, at the election of the company, or repaid in cash on the repayment date which is 15 months after the initial drawdown. The board considered the fair value at 31 December 2021 to be the face value of \$500,000.

#### 8 INVESTMENTS IN OTHER ENTITIES

Carrying amount of investments in other entities	31 Dec 2021	31 Dec 2020	30 June 2021
	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	687	813	813
Changes in fair value of other investments	-	-	23
Sale of investment in other entities (share buy back)	-	(149)	(149)
	687	664	687
<b>Vadacom Holdings Limited</b>	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>	<b>30 June 2021</b>
	\$'000	\$'000	\$'000
Vadacom Holdings Limited	687	664	687

#### Vadacom Holdings Limited

On 22 December 2020 Vadacom Holdings Limited agreed to a shareholder buyback. 42% of the share buyback amount was paid out to shareholders subsequent to period end with the remainder deferred.

## Enprise Group Limited

### Notes to the Condensed Interim Consolidated Financial Statements for the six months ended 31 December 2021

#### 9 INTANGIBLE ASSETS

	Software	Customer relationships	Intellectual Property	Goodwill	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>At 1 July 2020 (audited)</b>					
Cost	2,631	1,260	-	7,513	11,404
Accumulated amortisation and impairment	(22)	(422)	-	-	(444)
Net book value	2,609	838	-	7,513	10,960
<b>Period ended 31 December 2020 (unaudited)</b>					
Opening net book value amount	2,609	838	-	7,513	10,960
Additions	140	-	-	-	140
Exchange differences	16	1	-	8	25
Amortisation charge	(134)	(101)	-	-	(235)
Closing net book value	2,631	738	-	7,521	10,890
<b>As at 31 December 2020 (unaudited)</b>					
Cost	2,787	1,261	-	7,521	11,569
Accumulated amortisation and impairment	(156)	(523)	-	-	(679)
Net book value	2,631	738	-	7,521	10,890
<b>Year ended 30 June 2021 (audited)</b>					
Opening net book value amount	2,609	838	-	7,513	10,960
Additions	273	-	-	-	273
Exchange differences	24	4	-	25	53
Amortisation charge	(273)	(203)	-	-	(476)
Closing net book value	2,633	639	-	7,538	10,810
<b>As at 30 June 2021 (audited)</b>					
Cost	2,928	1,264	-	7,538	11,730
Accumulated amortisation and impairment	(295)	(625)	-	-	(920)
Net book value	2,633	639	-	7,538	10,810
<b>Period ended 31 December 2021 (unaudited)</b>					
Opening net book value amount	2,633	639	-	7,538	10,810
Additions	131	-	325	-	456
Exchange differences	(33)	(7)	-	(71)	(111)
Amortisation charge	(139)	(97)	(33)	-	(269)
Closing net book value	2,592	535	292	7,467	10,886
<b>As at 31 December 2021 (unaudited)</b>					
Cost	3,026	1,257	325	7,467	12,075
Accumulated amortisation and impairment	(434)	(722)	(33)	-	(1,189)
Net book value	2,592	535	292	7,467	10,886

#### Kilimanjaro Consulting

The directors have reviewed the recognised goodwill and intangible assets, and considered that the expected increase in profitability of Kilimanjaro in both Australia and New Zealand for the remaining six months of the financial year and that forecasts for the future periods will achieve cash generating expectations, therefore no indication of impairment within that division is required.

#### iSell

The directors have assessed the iSell carrying values, and noted a degree of under-performance relative to the revenue forecasts utilised at the time of the 30 June 2021 impairment test. The directors have considered current forecast information, discount rates, revenue multiples and tested the carrying value of iSell fair value assessment for impairment at 31 December 2021 and remain of the view that no impairment is required based on current forecast information. The directors are confident in the current forecast information due progress on delivery of the product road map and planned geographic expansion.

## Enprise Group Limited

### Notes to the Condensed Interim Consolidated Financial Statements for the six months ended 31 December 2021

#### 10 CASH AND CASH EQUIVALENTS / BORROWINGS

	31 Dec 2021	31 Dec 2020	30 June 2021
	\$'000	\$'000	\$'000
<i>Current cash on hand / (borrowings)</i>			
Cash on hand and at bank	1,402	2,493	2,806
Bank borrowings	(500)	-	(50)
Other borrowings	(38)	-	-
	864	2,493	2,756
<i>Non-current borrowings</i>			
Bank borrowings	-	(174)	-
Other borrowings	-	-	-
Non-current borrowings	-	(174)	-
Net cash on hand	864	2,319	2,756

#### (a) Summary of borrowing arrangements

On 4 February 2021, the Bank of New Zealand (BNZ) has provided the Group with an overdraft facility of \$1,000,000 and a commercial loan facility. As at 31 December 2021 the group had drawn \$500,000 of a possible \$1,723,385 loan facility with an interest rate of 4.05%.

#### 11 DIVIDENDS

	31 Dec 2021	31 Dec 2020	30 June 2021	31 Dec 2021	31 Dec 2020	30 June 2021
	cents per share	cents per share	cents per share	\$'000	\$'000	\$'000
Final dividend - 30 June 2020	-	2.00	2.00	-	318	318
Interim dividend - 30 June 2021	-	-	2.00	-	-	321
Final dividend - 30 June 2021	2.50	-	-	404	-	-
	2.50	2.00	4.00	404	318	639

#### 12 RELATED PARTY TRANSACTIONS

##### (a) Interest in other Entities

The Group's principal subsidiaries are set out in note 1(d). Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group. The country of incorporation or registration is also their principal place of business.

##### (b) Ultimate Parent

The ultimate parent entity and controlling party is Enprise Group Limited. The Parent is domiciled in New Zealand.

##### (c) Transactions with Related Parties

During the period, the Group entered into the following trading transactions with related parties.

Name of Entity	Sale of services			Purchase of services		
	31 Dec 2021	31 Dec 2020	30 June 2021	31 Dec 2021	31 Dec 2020	30 June 2021
	6 mths	6 mths	12 mths	6 mths	6 mths	12 mths
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Vadacom Limited*	16	2	12	-	-	-
Next Telecom*	-	-	-	18	11	25
Nicholas Paul (Director)	-	-	-	71	90	180
	16	2	12	89	101	205

\* Vadacom Limited and Next Telecom Limited are subsidiaries of Vadacom Holdings Limited

##### (d) Outstanding balances arising from sales/purchases of goods and services

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties.

Name of Entity	Amounts owed by related parties			Amounts owed to related parties		
	31 Dec 2021	31 Dec 2020	30 June 2021	31 Dec 2021	31 Dec 2020	30 June 2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Next Telecom Limited	-	-	-	3	4	3
Vadacom Limited	4	-	3	-	-	-
	4	-	3	3	4	3

## Enprise Group Limited

### Notes to the Condensed Interim Consolidated Financial Statements for the six months ended 31 December 2021

#### 12 RELATED PARTY TRANSACTIONS (CONTINUED)

##### (e) Loans to/from related parties

The following balances are outstanding at the end of the reporting period in relation to both documented and undocumented loans with related parties.

Name of Entity	Amounts owed by related parties			Amounts owed to related parties		
	31 Dec 2021	31 Dec 2020	30 June 2021	31 Dec 2021	31 Dec 2020	30 June 2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Vadacom Limited	87	149	87	-	-	-
	87	149	87	-	-	-
Current	-	62	-	-	-	-
Non-Current	87	87	87	-	-	-
	87	149	87	-	-	-

#### 13 CASH FLOW RECONCILIATION

Cash flows are included in the statement of cash flows on a gross basis and includes the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority and is classified as part of operating cash flows.

Reconciliation of net profit to net cash flows from operations:	31 Dec 2021		31 Dec 2020		30 June 2021	
	6 mths	\$'000	6 mths	\$'000	12 mths	\$'000
Profit/(loss) for the period		(1,300)		603		772
<b>Adjustments for:</b>						
Depreciation and amortisation		651		690		1,349
Net loss/(gain) on foreign exchange		(2)		9		10
Impairment loss on trade receivables		-		1		-
Share of loss from equity accounted investments		226		12		130
Non cash employee transactions		107		-		-
Movement in deferred tax		45		(122)		(402)
Loan issued in exchange for services		-		(61)		-
<b>Movements in working capital</b>						
(Increase)/decrease in trade and other receivable		592		661		78
(Increase)/decrease in contract assets		32		(122)		(67)
(Increase)/decrease in income taxes receivable		(6)		(1)		(1)
Increase/(decrease) in trade and other payables		(132)		(669)		(232)
Increase/(decrease) in provisions		32		44		205
Increase/(decrease) in contract liabilities		(316)		263		373
<b>Net cash inflow from operating activities</b>		<b>(71)</b>		<b>1,308</b>		<b>2,215</b>

#### 14 CONTINGENT LIABILITIES

iSell Pty Limited continues to defend the claim in relation to an outstanding debt owing to a former iSell employee. The company maintains its position that the amount recorded is accurate and correct and no further liability exists.

There were no other material contingent liabilities or assets at balance date (December 2020: nil, June 2021: nil).

#### 15 SUBSEQUENT EVENTS AFTER BALANCE DATE

The results have the group in breach of their BNZ Loan covenants. Although the reporting is not required to the bank until after the release of these results, we have communicated this early with the bank and are in the process of seeking a waiver.

There are no other known events after balance date

# Enprise Group Limited

## Corporate Information for the six months ended 31 December 2021

<b>Company Information</b>	New Zealand company number	1562383
	ARBN (Australian Registered Body Number)	125 825 792
	ABN (Australian Business Number)	41 125 825 792

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<b>Contact Details</b>	<b>New Zealand</b>	<b>Principal place of business</b>
	Level 2, 16 Hugo Johnston Drive Penrose, Auckland 1061 PO Box 62262 Sylvia Park Auckland 1644 Phone: +64 9 829 5500 Fax: +64 9 829 5501	Level 2, 16 Hugo Johnston Drive Penrose, Auckland 1061 Phone: +64 9 829 5500
	<b>Australia</b>	<b>Registered office</b>
	Level 4, 122 Walker Street North Sydney NSW 2060 Phone: +61 2 8355 7055 Fax: +61 2 8355 7045	Level 2, 16 Hugo Johnston Drive Penrose, Auckland 1061
	<b>Principal place of business – Australia</b>	
	Level 4, 122 Walker Street North Sydney, NSW 2060	
	<b>Internet address</b>	<a href="http://www.enprisegroup.com">www.enprisegroup.com</a>
	<b>Email</b>	<a href="mailto:info@enprisegroup.com">info@enprisegroup.com</a>

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<b>Directors</b>	George Cooper	Chief Executive Officer
	Lindsay Phillips	Chairman
	Nicholas Paul	Non-executive Director
	Ronald Baskind	Executive Director
	Marisa Fong	Non-executive Director

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<b>Share Register</b>	Link Market Services Limited Level 7, Zurich House 21 Queen Street Auckland, New Zealand Phone: +64 9 375 5990
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*Enprise Group Limited shares are listed on the NZX Market*

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<b>Auditor</b>	RSM Hayes Audit
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<b>Lawyer</b>	Hudson Gavin Martin, Auckland, New Zealand Chapman Tripp, Auckland, New Zealand
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<b>Principal Bankers</b>	Bank of New Zealand Limited, Auckland, New Zealand
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