

Enprise Group Limited

Half Year Report

for the six months ended 31 December 2020

Enprise Group Limited

Half Year Report for the six months ended 31 December 2020

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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 2020.

Principal activities

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

- Enterprise Solutions, a solution provider for MYOB Enterprise software in Australia and New Zealand.
- iSell Pty Limited (iSell), a seller of cloud-based quoting systems (IT Quoter) on a Software-as-a-Service (SaaS) model used by the IT reseller market in Australia, New Zealand, UK and South Africa.

Enprise is invested in a joint venture, Datagate Innovation Limited (Datagate) that provides online reporting and billing portals under a Software-as-a-Service (SaaS) model for resellers of Telco/Utility services and hosted service providers in New Zealand, Australia, Canada, USA and Europe. Enprise holds 33.12% of Datagate.

Significant changes in the state of affairs

Enprise subscribed \$0.335m on 22 October 2020 in an oversubscribed rights issue undertaken by Datagate to enable Datagate to continue expansion into international markets. Enprise's stake in Datagate was diluted by this raising causing Enprise to recognise a gain on dilution of \$0.224m. If Enprise Group's 2,010,397 shares in Datagate with an unaudited carrying value of \$0.951m were valued at the October 2020 rights issue price of \$2.20 per share, the value of the investment would be \$4.423m.

Enprise invested AUD 0.547m acquiring shares from existing shareholders in iSell at 30 cents AUD per share on 31 December 2020. The acquisition of these shares increased Enprise Group's share of iSell to 67.6%.

The combination of Enprise Australia, Enprise Solutions and Kilimanjaro Consulting into a single operation as Enterprise Solutions was completed. The division is operating well under the single management team and the group is benefiting from the efficiencies created in spite of lower than budgeted revenues.

Enprise changed its main banker from ASB Bank to BNZ from December 2020. The BNZ facilities are an overdraft of \$1m and a line of credit of an additional \$2m. Enprise is not currently using either of these facilities, however they exist so that Enprise can take advantage of any opportunities.

Enprise Group achieved the number three spot in the Absolute IT Supreme Scale-Up awards due to its 85% revenue growth. Enprise Group's revenue was \$5.7 million higher for 2020, to \$12.4 million. The results were announced at the Tech Pulse 2020 virtual, interactive launch event. The Absolute IT Supreme Scale-Ups 2019 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.

Review of operations and outlook

Revenue increased 100.3% from the six month reporting period in September 2019. Revenue is down on expectations however operating profit is performing above expectations due to control of costs and efficiencies created by operating as a combined Enterprise Solutions division. Assistance from the Australian government was \$0.756m which has been used to retain and retrain staff on MYOB's new cloud software MYOB Advanced so we can keep pace with the fast adoption of cloud solutions accelerated by Covid-19 and requirements to work from home.

The Enterprise Solutions division continues to leverage its position as the only MYOB EXO and MYOB Advanced reseller with offices in both New Zealand and Australia, to target trans-Tasman businesses. The division is well positioned to take advantage of the trend towards cloud while still having a stable, well supported, secure and continually developed on-premises offering. The division has Platinum Partner status with MYOB in New Zealand and has Diamond Partner status with MYOB in Australia.

iSell had 253 customers on the new SaaS cloud software platform as at 31 December 2020. iSell is in the process of adding new customers to the cloud platform and converting the legacy on premises customers to the new software. There are 40 customers remaining to migrate of which 10 are currently in progress. The beachhead established during 2020 in Europe has been successful with 37 paying customers in that geographic region. iSell has signed a significant reseller in the UK and is expecting to expand the reseller model into new geographies.

Datagate had 122 paying customers at 31 December 2020 representing annualised recurring revenue of \$1.255m, an increase of 49.8% in the last 12 months. Datagate is focused on selling and on-boarding new customers particularly in North America. We remain confident in the future success of the Datagate business.

Our investee company, Vadacom, processed a share buyback on 22 December 2020. Enprise received \$0.062m in cash during January 2021.

Enprise Group Limited

Directors' Report

Non-GAAP comparison of performance on a like-for-like basis

The comparative information presented within the interim financial statements relates to the period ended 30 September 2019.

Since that time, the Group has obtained control of Kilimanjaro and iSell, and the Group changed its balance date to 30 June.

To provide a better overview of the relative performance of the business units, the table below compares the 31 December 2020 performance of the current Enprise Group with that of the corresponding 6 month period ended 31 December 2019, given the seasonality of the Group's businesses.

In addition, as both Kilimanjaro Consulting and iSell Pty Limited had not become subsidiaries prior to 31 December 2019, and their results were previously reported using the equity accounting method (i.e. their results were presented in a single line within the statement of comprehensive income), the table below facilitates comparison of the results as though both entities had been subsidiaries from the beginning of the 6 months ended 31 December 2019. This six month period to 31 December 2019 corresponding like-for-life information is provided for illustrative purposes only and does not represent the actual financial performance of the Enprise Group reported in accordance with NZ IFRS for that period.

The corresponding like-for-like six month period 31 December 2019 information is based on unaudited management accounts for that period. Adjustments were made to enable comparison with the current structure of the Group as follows:

- Revenue and profit are reported in the table below for the six month period to 31 December 2019 as though the acquisition of both Kilimanjaro Consulting Pty Limited and iSell Pty Limited had occurred prior to 1 July 2019;
- The reported profit is adjusted for by removal of the previous equity accounting entry accounted for by the Enprise Group prior to control being obtained over those entities;
- Other necessary adjustments from the management accounts information provided previously by those entities to align their accounting treatment to that of the Enprise Group; and
- Elimination of intercompany revenue and costs in the 31 December 2019 comparative.

The profit for the six month period ended 31 December 2020 information has been adjusted to break out government assistance arising from the Covid-19 pandemic that is considered isolated in nature. Providing this information enables more direct comparison with the underlying results of the group through this period.

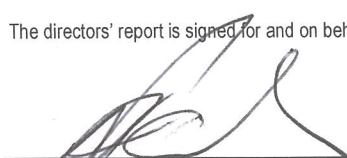
The table below represents non-GAAP information, and the presentation of this information is not prescribed by financial reporting standards. The table below has not been subject to audit or review.

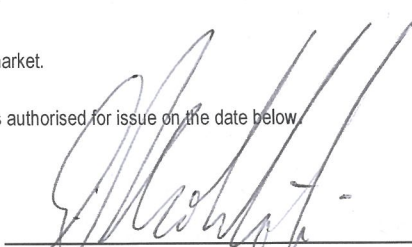
	31 Dec 2020		31 Dec 2019		% Change
	6 mths	Unaudited \$'000	6 mths	Unaudited \$'000	
Enterprise Solutions					
Revenue		6,994		7,601	-8%
Profit		1,342		449	
Government Assistance (Australia)		756		-	
Normalised Profit		586		449	31%
iSell					
Revenue		453		322	41%
(Loss)		(375)		(404)	7%
Corporate Costs					
(Loss)		(403)		(503)	20%
Operating profit/(loss)		564		(458)	

The company paid a 2 cent dividend on 23 October 2020 and has declared a 2 cent dividend payable 16 March 2021. The dividend reinvestment plan will apply to these dividends.

Enprise continue to explore other opportunities in the SME software market.

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


Nicholas Paul (Director)
23 February 2021


George Cooper (Director)
23 February 2021

Enprise Group Limited

Condensed Interim Consolidated Statement of Comprehensive Income for the six months ended 31 December 2020

	Note	31 Dec 2020 Unaudited 6 mths \$'000	30 Sept 2019 Unaudited 6 mths \$'000	30 June 2020 Audited 15 mths \$'000
Revenue from contracts with customers	3	7,447	3,718	12,420
Government assistance		756	-	935
Employee expense	4	(5,479)	(2,226)	(8,335)
Other operating costs		(2,154)	(1,129)	(3,499)
Other gains/(losses) - net		(6)	45	60
Operating profit		564	408	1,581
Equity earnings/(losses) from associates and joint ventures		(236)	(267)	(618)
Other gains/(losses) related to associates and joint ventures		224	-	257
Net gain on previously held interest in associates and joint ventures		-	-	85
Finance cost - net		(70)	5	(39)
Profit/(loss) before income tax		482	146	1,266
Income tax benefit/(expense)		121	62	93
Profit/(loss) for the period		603	208	1,359
Other Comprehensive Income				
<i>Items that may be reclassified to profit or loss</i>				
Foreign currency translation differences		19	(3)	93
<i>Items that will not be reclassified to profit or loss</i>				
Changes in the fair value of investments through other comprehensive income		-	-	220
Total other comprehensive income for the period, net of tax		19	(3)	313
Total comprehensive income for the period		622	205	1,672
Profit for the period is attributable to:				
Non-Controlling Interest		(153)	-	23
Owners of Enprise Group Limited		756	208	1,336
		603	208	1,359
Total comprehensive income for the period is attributable to				
Non-Controlling Interest		(153)	-	23
Owners of Enprise Group Limited		775	205	1,649
		622	205	1,672
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		4.74	2.17	11.67

Enprise Group Limited

Condensed Interim Consolidated Statement of Financial Position as at 31 December 2020

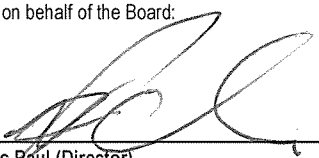
	Note	31 Dec 2020 Unaudited \$'000	30 Sept 2019 Unaudited/restated \$'000	30 June 2020 Audited \$'000
Current assets				
Cash and cash equivalents	10	2,493	853	3,169
Trade and other receivables		2,292	1,348	2,953
Contract assets		768	256	646
Current tax assets		1	1	-
Staff receivables		-	43	13
Loans to related parties	12(e)	63	207	-
Other current assets		102	-	-
Total current assets		5,719	2,708	6,781
Non-current assets				
Investments in joint ventures and associates	7	951	3,124	628
Investments in other entities	8	663	593	813
Staff receivables		92	39	90
Property plant and equipment		396	61	284
Intangible assets	9	10,890	1,702	10,960
Right-of-use assets		1,471	69	1,851
Deferred tax asset		1,764	442	1,746
Loans to related parties	12(e)	87	717	-
Other non-current assets		50	-	154
Total non-current assets		16,364	6,747	16,526
Total assets		22,083	9,455	23,307

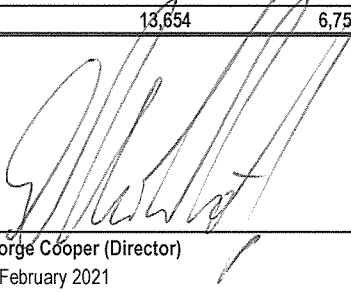
Enprise Group Limited

Condensed Interim Consolidated Statement of Financial Position as at 31 December 2020

	Note	31 Dec 2020 Unaudited \$'000	30 Sept 2019 Unaudited/restated \$'000	30 June 2020 Audited \$'000
Current liabilities				
Trade and other payables		2,118	1,090	2,787
Provisions		1,368	295	1,232
Contract liabilities		2,252	605	1,989
Borrowings	10	-	470	347
Lease liabilities		509	95	704
Other current liabilities		-	36	-
Total current liabilities		6,247	2,591	7,059
Non-current liabilities				
Provisions		177	-	269
Borrowings	10	174	-	138
Lease liabilities		1,042	-	1,179
Deferred tax liability		789	96	893
Other non-current liabilities		-	11	-
Total non-current liabilities		2,182	107	2,479
Total liabilities		8,429	2,698	9,538
Net assets		13,654	6,757	13,769
Equity				
Share capital	5(a)	10,906	6,566	10,749
Foreign exchange translation reserve		177	62	158
Financial assets at FVOCI reserve		565	345	565
Retained earnings		1,195	(216)	912
Equity attributable to the owners of Enprise Group Limited		12,843	6,757	12,384
Non-controlling interests	6	811	-	1,385
Total equity		13,654	6,757	13,769

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


Nicholas Paul (Director)
23 February 2021


George Cooper (Director)
23 February 2021

Total assets per share (\$ per share)	1.38	0.99	1.47
Net tangible assets per share (\$ per share)	0.17	0.53	0.18

Enprise Group Limited

Condensed Interim Consolidated Statement of Changes in Equity for the six months ended 31 December 2020

	Share capital	Foreign exchange translation reserve	Financial assets at FVOCI reserve	Retained earnings	Non- controlling interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 April 2019 (audited and restated)	6,566	65	345	(424)	-	6,552
<i>Transactions with shareholders in their capacity as owners</i>						
New shares issued	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-
Total transactions with shareholders	-	-	-	-	-	-
<i>Comprehensive income</i>						
Profit for the period	-	-	-	208	-	208
Other comprehensive income	-	(3)	-	-	-	(3)
Total comprehensive income net of tax (as restated)	-	(3)	-	208	-	205
Balance at 30 September 2019 (unaudited)	6,566	62	345	(216)	-	6,757
Balance at 1 April 2019 (audited and restated)	6,566	65	345	(424)	-	6,552
<i>Transactions with shareholders in their capacity as owners</i>						
New shares issued	4,183	-	-	-	-	4,183
Non-controlling interest on acquisition	-	-	-	-	870	870
New share issue in iSell Pty Limited	-	-	-	-	492	492
Total transactions with shareholders	4,183	-	-	-	1,362	5,545
<i>Comprehensive income</i>						
Profit for the period	-	-	-	1,336	23	1,359
Other comprehensive income	-	93	220	-	-	313
Total comprehensive income net of tax	-	93	220	1,336	23	1,672
Balance at 30 June 2020 (audited)	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 under dividend reinvestment plan	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	-	19	-	756	(153)	622
Balance at 31 December 2020 (unaudited)	10,906	177	565	1,195	811	13,654

Enprise Group Limited

Condensed Interim Consolidated Statement of Cash Flows for the six months ended 31 December 2020

	Note	31 Dec 2020	30 Sept 2019	30 June 2020
		Unaudited	Unaudited	Audited
		6 mths \$'000	6 mths \$'000	15 mths \$'000
Operating activities				
Cash was provided from:				
Receipts from customers		11,340	5,711	19,962
Government assistance		858	-	753
Interest received		1	16	19
Income tax refund received		-	-	1
		12,199	5,727	20,735
Cash was applied to:				
Payments to suppliers & employees		10,818	5,236	18,012
Interest paid		73	18	62
		10,891	5,254	18,074
Net cash inflow (outflow) from operating activities	13	1,308	473	2,661
Investing activities				
Cash was provided from:				
Loans repaid by staff		13	32	74
Repayments from associates and joint ventures		-	73	104
Business acquisitions		-	-	23
		13	105	201
Cash was applied to:				
Purchase of property, plant and equipment		128	28	95
Investment in equity accounted joint venture		335	-	176
Investment in equity accounted associate		-	-	42
Investment in subsidiaries		576	-	-
Purchase of business		11	-	20
Lending to third parties		-	-	30
Advances to associates and joint ventures		-	272	876
		1,050	300	1,239
Net cash inflow (outflow) from investing activities		(1,037)	(195)	(1,038)
Financing activities				
Cash was provided from:				
Proceeds from issue of shares		-	-	1,136
Proceeds from issue of shares in iSell Pty Limited to non-controlling interests		-	-	466
		-	-	1,602
Cash was applied to:				
Dividends paid net of reinvestment plan		161	-	-
Repayment of lease liabilities		336	-	415
Repayment of bank borrowings		441	165	350
Repayment of other borrowings		3	28	65
		941	193	830
Net cash inflow (outflow) from financing activities		(941)	(193)	772
Net increase / (decrease) in cash and cash equivalents held		(670)	85	2,395
Net foreign exchange differences		(6)	(3)	3
Cash and cash equivalents at beginning of the period		3,169	771	771
Cash and cash equivalents at end of the period	10	2,493	853	3,169

Enprise Group Limited

Notes to the Condensed Interim Consolidated Financial Statements for the six months ended 31 December 2020

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.

As advised to the NZX on 31 January 2020, the Group changed its balance date is to better align with the financial year end and revenue stream from what is now our largest market, Australia. The IRD approved this change on 30 January 2020 for a 15 month period ending 30 June 2020.

(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 2020	30 Sept 2019	30 June 2020
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	47.09	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	47.09	100.00
iSell Pty Limited	Australia	Software sales and solutions	67.61	19.87	50.82
iSell Philippines Inc	Philippines	Software sales and solutions	67.61	19.87	50.82

(e) Accounting policies and significant estimates and assumptions

The same accounting policies included in the Group's Annual Report for the 15 month period ended 30 June 2020 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 period ended 30 June 2020.

Enprise Group Limited

Notes to the Condensed Interim Consolidated Financial Statements for the six months ended 31 December 2020

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 2020	30 Sept 2019	30 June 2020	31 Dec 2020	30 Sept 2019	30 June 2020
	6 mths	6 mths	15 mths	6 mths	6 mths	15 mths
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Enterprise Solutions	6,994	3,612	12,251	1,342	467	2,607
iSell	453	-	169	(375)	-	49
Corporate	-	106	-	(403)	(59)	(1,075)
	7,447	3,718	12,420	564	408	1,581
Equity earnings and gains related to associates and joint ventures				(12)	(267)	(276)
Net interest expense				(70)	5	(39)
Profit/(loss) before taxation				482	146	1,266
Income Tax				121	62	93
Net profit/(loss) attributable to shareholders				603	208	1,359

Geographic segments	Revenue			Operating profit		
	31 Dec 2020	30 Sept 2019	30 June 2020	31 Dec 2020	30 Sept 2019	30 June 2020
	6 mths	6 mths	15 mths	6 mths	6 mths	15 mths
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
New Zealand	1,986	2,768	6,324	157	256	826
Australia	5,419	950	6,093	408	152	752
EMEA*	41	-	2	(2)	-	2
North America	1	-	1	1	-	1
	7,447	3,718	12,420	564	408	1,581

* Europe, Middle East and Africa

(b) Interest, depreciation and amortisation

	Interest revenue			Interest expense		
	31 Dec 2020	30 Sept 2019	30 June 2020	31 Dec 2020	30 Sept 2019	30 June 2020
	6 mths	6 mths	15 mths	6 mths	6 mths	15 mths
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
New Zealand	2	27	72	39	22	63
Australia	-	-	1	34	-	49
	2	27	73	73	22	112

	Depreciation and amortisation expense		
	31 Dec 2020	30 Sept 2019	30 June 2020
	6 mths	6 mths	15 mths
	\$'000	\$'000	\$'000
New Zealand	95	111	267
Australia	595	-	438
	690	111	705

(c) Balance sheet information

	Total assets			Total liabilities		
	31 Dec 2020	30 Sept 2019	30 June 2020	31 Dec 2020	30 Sept 2019	30 June 2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
New Zealand	7,393	6,262	8,336	2,691	2,145	2,969
Australia	15,577	4,221	17,027	6,625	1,581	8,625
	22,970	10,483	25,363	9,316	3,726	11,594
Inter-segment elimination	(887)	(1,028)	(2,056)	(887)	(1,028)	(2,056)
	22,083	9,455	23,307	8,429	2,698	9,538

Enprise Group Limited

Notes to the Condensed Interim Consolidated Financial Statements for the six months ended 31 December 2020

2 SEGMENT INFORMATION (CONTINUED)

(c) Balance sheet information (continued)

	Total assets			Total liabilities		
	31 Dec 2020	30 Sept 2019	30 June 2020	31 Dec 2020	30 Sept 2019	30 June 2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Enterprise Solutions	15,866	5,379	16,521	8,507	1,308	10,372
iSell	4,218	-	4,579	1,088	-	1,086
Corporate	3,296	4,740	4,632	131	2,054	505
	23,380	10,119	25,732	9,726	3,362	11,963
Inter-segment elimination	(1,297)	(664)	(2,425)	(1,297)	(664)	(2,425)
	22,083	9,455	23,307	8,429	2,698	9,538

3 REVENUE

	31 Dec 2020		30 Sept 2019		30 June 2020	
	6 mths	\$'000	6 mths	\$'000	15 mths	\$'000
Revenue from software and licences	1,871		979		3507	
Revenue from services and support	4,666		2,428		7836	
Revenue from Exo Hosted	457		309		903	
Revenue from iSell	453		-		169	
Revenue from other fees	-		2		5	
	7,447		3,718		12,420	

Geographical location	Software & licences	Services and support	Exo Hosted	iSell	Other fees	Total
31 Dec 2020	\$'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

* Europe, Middle East and Africa

Geographical location	Software & licences	Services and support	Exo Hosted	iSell	Other fees	Total
30 Sept 2019	\$'000	\$'000	\$'000	\$'000	\$'000	6 mths \$'000
New Zealand	798	1,812	155	-	3	2,768
Australia	181	616	154	-	(1)	950
	979	2,428	309	-	2	3,718

Geographical location	Software & licences	Services and support	Exo Hosted	iSell	Other fees	Total
30 June 2020	\$'000	\$'000	\$'000	\$'000	\$'000	15 mths \$'000
New Zealand	1,788	4,074	449	11	2	6,324
Australia	1,719	3,762	454	155	3	6,093
EMEA*	-	-	-	2	-	2
North America	-	-	-	1	-	1
	3,507	7,836	903	169	5	12,420

4 EMPLOYEE BENEFIT EXPENSE

	31 Dec 2020		30 Sept 2019		30 June 2020	
	6 mths	\$'000	6 mths	\$'000	15 mths	\$'000
Wages and salaries	5,148		2,113		7,822	
Superannuation	286		68		401	
Directors remuneration	45		45		112	
	5,479		2,226		8,335	

Enprise Group Limited

Notes to the Condensed Interim Consolidated Financial Statements for the six months ended 31 December 2020

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 2020 shares	30 Sept 2019 shares	30 June 2020 shares	31 Dec 2020 \$'000	30 Sept 2019 \$'000	30 June 2020 \$'000
Opening ordinary shares	15,900,895	9,577,570	9,577,570	10,749	6,566	6,566
Share issue - Kilimanjaro acquisition	-	-	2,854,649	-	-	2,147
Share issue - iSell share swap	-	-	1,197,234	-	-	900
Share issue - Rights issue	-	-	2,271,442	-	-	1,136
Share issue - Dividend reinvestment	150,693	-	-	157	-	-
	16,051,588	9,577,570	15,900,895	10,906	6,566	10,749

(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 2020 6 mths \$'000	30 Sept 2019 6 mths \$'000	30 June 2020 15 mths \$'000
Earnings for the purpose of basic and diluted earnings per share:			
Net profit attributable to shareholders	756	208	1,336
Weighted average number of ordinary shares for basic earnings per share	15,950	9,578	11,450
Basic and diluted earnings per share (cents)	4.74	2.17	11.67

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 2020 \$'000	30 Sept 2019 \$'000	30 June 2020 \$'000
Carrying amount at the beginning of the period	1,385	-	-
Non-controlling interest on acquisition	-	-	870
New share issue in iSell Pty Limited	-	-	492
Purchase of shares from non-controlling interest	(576)	-	-
Movement attributable to the owners of the parent	155	-	-
Share of profit/(loss) for the period	(153)	-	23
	811	-	1,385

Enprise Group Limited

Notes to the Condensed Interim Consolidated Financial Statements for the six months ended 31 December 2020

7 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

	31 Dec 2020	30 Sept 2019	30 June 2020
	\$'000	\$'000	\$'000
Carrying amount of joint ventures and associates			
Carrying amount at the beginning of the period	628	3,391	3,391
New investment in joint ventures and associates	335	-	1,118
Reduction in investments due to business combinations	-	-	(3,517)
Equity earnings/(losses) from associates and joint ventures	(236)	(267)	(618)
Other gains/(losses) related to associates and joint ventures	224	-	257
Currency translation	-	-	(3)
	951	3,124	628
Investment in joint venture or associate			
	\$'000	\$'000	\$'000
<i>Investment in equity accounted joint venture</i>			
Datagate Innovation Limited	951	529	628
Kilimanjaro Consulting Pty Limited	-	2,065	-
<i>Investment in equity accounted associate</i>			
iSell Pty Limited (restated)	-	530	-
	951	3,124	628

The Group's joint venture and associates at 31 Dec 2020 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 2020	30 Sept 2019	30 June 2020
Datagate Innovation Limited	New Zealand	Software sales	33.12	35.21	33.50
Kilimanjaro Consulting Pty Limited	Australia	Software sales & support	n.a *	47.09	n.a *
iSell Pty Limited	Australia	Software sales	n.a **	19.87	n.a **

* Enprise Group Limited took 100% ownership and full control of Kilimanjaro Consulting Pty Limited on 1 January 2020

** Enprise Group Limited took majority ownership and full control of iSell Pty Limited on 27 May 2020

8 INVESTMENTS IN OTHER ENTITIES

	31 Dec 2020	30 Sept 2019	30 June 2020
	\$'000	\$'000	\$'000
Carrying amount of investments in other entities			
Carrying amount at the beginning of the period	813	593	593
New investment in other entities	-	-	-
Changes in fair value of other investments	-	-	220
Sale of investment in other entities (share buy back)	(150)	-	-
	663	593	813
	31 Dec 2020	30 Sept 2019	30 June 2020
	\$'000	\$'000	\$'000
Vadacom Holdings Limited	663	593	813

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 2020

9 INTANGIBLE ASSETS

	Software	Customer relationships	Goodwill	Total
	\$'000	\$'000	\$'000	\$'000
At 1 April 2019 (audited)				
Cost	-	329	1,626	1,955
Accumulated amortisation and impairment	-	(260)	-	(260)
Net book value	-	69	1,626	1,695
Period ended 30 September 2019 (unaudited)				
Opening net book value amount	-	69	1,626	1,695
Additions	-	19	19	38
Exchange differences	-	-	3	3
Amortisation charge	-	(34)	-	(34)
Closing net book value	-	54	1,648	1,702
At 30 September 2019 (unaudited)				
Cost	-	348	1,648	1,996
Accumulated amortisation and impairment	-	(294)	-	(294)
Net book value	-	54	1,648	1,702
Period ended 30 June 2020 (audited)				
Opening net book value amount	-	54	1,648	1,702
Additions through business combinations	2,643	893	5,747	9,283
Exchange differences	(12)	19	118	125
Amortisation charge	(22)	(128)	-	(150)
Closing net book value	2,609	838	7,513	10,960
As at 30 June 2020 (audited)				
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
Period ended 31 December 2020 (unaudited)				
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
As at 31 December 2020 (unaudited)				
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

Enterprise Solutions

The directors have reviewed the recognised goodwill and intangible assets, and considered that the profitability of the Enterprise Solutions was exceeding cash generation forecasts and that this indicated that there was no indication of impairment within that division.

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 2020 impairment test. The directors have considered current forecast information and tested the carrying value of iSell cash generating unit for impairment at 31 December 2020 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 to the creation of a reseller channel and the progress on delivery of the product road map.

Enprise Group Limited

Notes to the Condensed Interim Consolidated Financial Statements for the six months ended 31 December 2020

10 CASH AND CASH EQUIVALENTS / BORROWINGS

	31 Dec 2020 \$'000	30 Sept 2019 \$'000	30 June 2020 \$'000
<i>Current cash on hand / (borrowings)</i>			
Cash on hand and at bank	2,493	853	3,169
Bank borrowings	-	(470)	(347)
Other borrowings	-	-	-
	2,493	383	2,822
<i>Non-current borrowings</i>			
Bank borrowings	-	-	(94)
Other borrowings	(174)	-	(44)
Non-current borrowings	(174)	-	(138)
Net cash on hand	2,319	383	2,684

11 DIVIDENDS

	31 Dec 2020 cents per share	30 Sept 2019 cents per share	30 June 2020 cents per share	31 Dec 2020 \$'000	30 Sept 2019 \$'000	30 June 2020 \$'000
Final dividend - 30 June 2020	2.00	-	-	318	-	-
	2.00	-	-	318	-	-

On 26 January 2021 the directors resolved to provide for an interim dividend to be paid in respect of the period ended 31 December 2020. The net dividend will be paid at a rate of 2.0 cents per share. No imputation credits are available to be attached.

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 2020 6 mths \$'000	30 Sept 2019 6 mths \$'000	30 June 2020 15 mths \$'000	31 Dec 2020 6 mths \$'000	30 Sept 2019 6 mths \$'000	30 June 2020 15 mths \$'000
Kilimanjaro Consulting Pty Limited**	n.a	221	321	n.a	18	46
Vadacom Limited*	2	5	7	-	-	-
Next Telecom*	-	-	-	11	-	102
iSell Pty Limited***	n.a	52	107	n.a	-	-
Nicholas Paul (Director)	-	-	-	90	-	135
	2	278	435	101	18	283

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

** The related party transactions are up to the date of acquisition (1 January 2020)

*** The related party transactions are up to the date of acquisition (27 May 2020)

Enprise Group Limited

Notes to the Condensed Interim Consolidated Financial Statements for the six months ended 31 December 2020

12 RELATED PARTY TRANSACTIONS (CONTINUED)

(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 2020	30 Sept 2019	30 June 2020	31 Dec 2020	30 Sept 2019	30 June 2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Kilimanjaro Consulting Pty Limited	n.a	112	n.a	n.a	2	n.a
Next Telecom Limited	-	-	-	4	-	52
iSell Pty Limited	n.a	-	n.a	n.a	-	n.a
Vadacom Limited	-	1	-	-	-	-
	-	113	-	4	2	52

(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 2020	30 Sept 2019	30 June 2020	31 Dec 2020	30 Sept 2019	30 June 2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Kilimanjaro Consulting Pty Limited	n.a	498	n.a	n.a	-	n.a
Vadacom Limited	150	-	-	-	-	-
iSell Pty Limited	n.a	426	n.a	n.a	-	n.a
	150	924	-	-	-	-
Current	63	207	-	-	-	-
Non-Current	87	717	-	-	-	-
	150	924	-	-	-	-

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 2020		30 Sept 2019		30 June 2020	
	6 mths	\$'000	6 mths	\$'000	15 mths	\$'000
Profit/(loss) for the period		603		208		1,359
Adjustments for:						
Depreciation and amortisation		690		111		705
Net loss/(gain) on foreign exchange		9		(4)		(60)
Release of fit out loan		-		(7)		(19)
Impairment loss on trade receivables		1		4		24
Share of loss from equity accounted investments		12		267		276
Loan issued in exchange for services		(61)		(56)		(285)
Changes in accounting policy		-		(64)		-
Movements in working capital						
(Increase)/decrease in trade and other receivable		661		(6)		(1,629)
(Increase)/decrease in contract assets		(122)		40		(350)
(Increase)/decrease in income taxes receivable		(1)		-		1
Increase/(decrease) in trade and other payables		(669)		80		1,777
Increase/(decrease) in provisions		44		62		1,268
Increase/(decrease) in contract liabilities		263		(100)		1,284
(Increase)/decrease in deferred tax asset		(18)		(46)		(1,394)
Increase/(decrease) in deferred tax liabilities		(104)		(16)		814
New working capital assumed on acquisition		-		-		(1,110)
Net cash inflow from operating activities		1,308		473		2,661

Enprise Group Limited

Notes to the Condensed Interim Consolidated Financial Statements for the six months ended 31 December 2020

14 CONTINGENT LIABILITIES

There were no material contingent liabilities or assets at balance date (Sept-19: nil, June-20: nil).

15 SUBSEQUENT EVENTS AFTER BALANCE DATE

On 29 January 2021 the Directors of iSell resolved to raise AUD 1 million from existing shareholders through a rights issue. Enprise Group is committed to underwriting this rights issue, so any shortfall will be placed with Enprise.

Details of the dividend declared and payable by Enprise Group Limited are disclosed in note 11.

16 RESTATEMENT OF COMPARATIVES

Following the qualified audit opinion on the financial statements for the year ended 31 March 2019, Enprise Group undertook a review of the methodology and parameters used to support the previous carrying values for its investments in Kilimanjaro Consulting Pty Ltd and iSell Pty Ltd. Advice was sought from independent corporate finance advisors. No adjustment was necessary in relation to Kilimanjaro, however an impairment charge was required for iSell which related to the 31 March 2019 period.

After consultation with independent corporate finance advisors, the post tax WACC rate was adjusted from 14% (20% pre tax) in the 2019 annual report to 25.7%. A fair value estimate was considered as well as a value-in-use model. Other parameters used to reassess the recoverable amount of our previous carrying value in iSell Pty Limited at 31 March 2019 are as follows:

Inputs used - iSell Pty Limited	2019
Fair value estimate	
Recurring revenue (AU\$'000)	731
Non recurring revenue (AU\$'000)	32
Recurring revenue multiple	4.38x
Non recurring revenue multiple	1.0x

After the application of the above inputs it was concluded that the carrying value at 31 March 2019 was overstated by \$440,285 and that the impairment be adopted and adjusted for in the comparative information and this is reflected in the September 2019 Condensed Interim Consolidated Statement of Financial Position.

Enprise Group Limited

Corporate Information for the six months ended 31 December 2020

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

Contact Details	New Zealand	Principal place of business
	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
	Australia	Registered office
	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
	Principal place of business – Australia	
	Level 4, 122 Walker Street North Sydney, NSW 2060	
	Internet address	www.enprisegroup.com
	Email	info@enprisegroup.com

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

Share Register	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

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