



Enero Group Limited

ABN 97 091 524 515

Half Year Report

Appendix 4D

Half Year ended 31 December 2022

Results for announcement to the market

Enero Group Limited (the “Company”) and its controlled entities (the “Group”) results for announcement to the market are detailed below.

The current reporting period is 1 July 2022 to 31 December 2022.

The previous corresponding reporting period is 1 July 2021 to 31 December 2021.

Key information

In thousands of AUD

	31 December 2022	31 December 2021	% Change	Amount Change
Revenues from ordinary activities	368,858	243,452	51.51%	125,406
Profit from ordinary activities after tax attributable to members	13,645	13,704	-0.43%	(59)
Profit for the period attributable to members	13,645	13,704	-0.43%	(59)

Dividends	Amount per security	Total amount AUD'000	Payment date
Fully franked final dividend (2022)	6.5 cents	6,027	4 October 2022
Fully franked interim dividend (2023) ¹	6.5 cents	6,000	15 March 2023

At the date of this report, there are no dividend reinvestment plans in operation.

The remainder of the information requiring disclosure to comply with listing rule 4.2A.3 is contained in the attached Interim Financial Report for the half year ended 31 December 2022 and the additional information set out below.

Additional Information

	Current period	Previous corresponding period
Net tangible asset backing per ordinary share (dollars) ²	(0.43)	0.36

On 1 July 2022 the Company acquired 100% of the issued capital of ROI DNA Inc. and GetIT Pte Ltd. Please refer to the attached Interim Financial Report for the half year ended 31 December 2022 for further information.

¹ Record date for determining entitlement to the 2023 interim dividend is 24 February 2023

² Derived by dividing net assets less intangible assets by total issued shares of 92,315 (2021: 87,471 shares).

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Eneo Group Limited

ABN 97 091 524 515

Half Year Report

Appendix 4D

Half Year ended 31 December 2022

Explanation of results

Please refer to the attached Interim Financial Report for the half year ended 31 December 2022 and Market Presentation for commentary and further information with respect to the results.

Audit qualification or review

The consolidated interim financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Financial Report.

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**Enero Group Limited
and its controlled entities
ABN 97 091 524 515
Interim Financial Report
For the half year ended 31 December 2022**

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Enero Group Limited

Financial Report - half year ended 31 December 2022

Directors' Report

The Directors of Enero Group Limited (the Company) present their report, together with the consolidated interim financial statements of the Group, being the Company and its controlled entities, for half year ended 31 December 2022 and the Independent Auditor's Review Report thereon.

Directors

The Directors of the Company at any time during or since the end of the half year are:

Ann Sherry AO – Independent Non-Executive Chair

Ann was appointed as Chair and Non-Executive Director of the Company on 1 January 2020. Ann is a member of the Remuneration and Nomination Committee.

Brent Scrimshaw – Chief Executive Officer

Brent was appointed as Chief Executive Officer and Executive Director of the Company on 1 July 2020.

Anouk Darling – Independent Non-Executive Director

Anouk was appointed as a Non-Executive Director of the Company on 6 February 2017. Anouk is a member of the Audit and Risk Committee and the Remuneration and Nomination Committee.

David Brain – Independent Non-Executive Director

David was appointed as a Non-Executive Director of the Company on 10 May 2018. David is a member of the Audit and Risk Committee.

Ian Rowden – Independent Non-Executive Director

Ian was appointed as a Non-Executive Director of the Company on 21 November 2018. Ian is the Chair of the Remuneration and Nomination Committee.

Louise Higgins – Independent Non-Executive Director

Louise was appointed as a Non-Executive Director of the Company on 10 September 2021. Louise is the Chair of the Audit and Risk Committee.

Susan McIntosh – Non-Executive Director

Susan was appointed as a Non-Executive Director of the Company on 2 June 2000. Susan retired as a Non-Executive Director on 21 October 2021.

Principal activities

The principal activities of the Group during the half year were integrated marketing and communication services, including strategy, market research and insights, advertising, public relations, communications planning, design, events management, direct marketing, and programmatic media.

Group operating and financial review

The Group achieved Net Revenue of \$129.5 million, an increase of 38.9% (2021: \$93.2 million) compared to the prior half year. The increased Net Revenue was driven by the combination of organic revenue growth in OBMedia and contributions from ROI DNA and GetIT acquired on 1 July 2022. This growth was partially offset by declines in organic Net Revenue in Hotwire, BMF and Orchard due to current macroeconomic environment conditions and the sale of the TLE business in May 2022. The Group continues to have a high proportion of client revenue exposure to priority verticals: Technology, Healthcare and Consumer sectors with the exposure to the Technology sector increasing due to the acquisition of ROI DNA and GetIT whose client base is focused on this sector. Organic Net Revenue growth was achieved in the USA whilst the other geographic markets saw declines.

The Group achieved EBITDA of \$44.3 million, an increase of 38.9% (2021: \$31.9 million) compared to the prior half year. This increase in EBITDA was primarily driven by an increase in revenue and EBITDA in the Group's programmatic media platform business, OBMedia, which connects publishers with the world's largest search engines. As a programmatic platform business, OBMedia achieved a higher EBITDA margin than other businesses in the Group.

The net profit after tax before significant items was \$14.8 million, an increase of 8.1 % (2021: \$13.7 million) compared to prior half year. The growth in net profit after tax before significant items is lower than the growth in EBITDA given the contribution of OBMedia which is 51% owned by the Group.

In the current half year, the operating businesses generated approximately 76% (2021: 62%) of its Net Revenue and 89% (2021: 79%) of its EBITDA from international markets.

Significant items

During the half year ended 31 December 2022, the Group started a restructuring process to mitigate costs across the Brand Transformation segment. This is largely related to redundancy costs in Hotwire UK, which continued to further integrate its communication and marketing services businesses into a single account management team.

Enero Group Limited**Financial Report - half year ended 31 December 2022****Directors' Report (continued)**

A summary of the Group's results is below:

In thousands of AUD	6 months to 31 Dec-2022	6 months to 31 Dec-2021
Net Revenue ¹	129,456	93,176
EBITDA ²	44,326	31,923
Depreciation and amortisation	(3,485)	(3,620)
EBIT	40,841	28,303
Net finance (costs)/income	(892)	(2)
Present value interest charge	(1,358)	(527)
Profit before tax	38,591	27,774
Income tax expense	(9,307)	(6,653)
Profit after tax	29,284	21,121
Non-controlling interests	(14,465)	(7,417)
Net profit after tax before significant items	14,819	13,704
Significant items ³	(1,174)	–
Net profit after tax attributable to equity owners	13,645	13,704
Cents per share		
Earnings per share (basic)	14.78	15.67
Earnings per share (basic) – pre significant items	16.05	15.67

Reconciliation of EBITDA² to statutory profit after tax

In thousands of AUD	6 months to 31 Dec-2022	6 months to 31-Dec-2021
Net Revenue ¹	129,456	93,176
EBITDA ²	44,326	31,923
Depreciation of right-of-use assets	(2,038)	(2,012)
Depreciation of plant and equipment	(1,018)	(867)
Amortisation of intangibles	(429)	(741)
Net finance (costs)/income	(892)	(2)
Present value interest charge	(1,358)	(527)
Significant items ³	(1,476)	–
Statutory profit before tax	37,115	27,774
Income tax expense	(9,005)	(6,653)
Statutory profit after tax	28,110	21,121

1. Gross revenue recognised in accordance with AASB 15 less directly attributable cost of sales.

2. As defined in the basis of preparation section on page 5.

3. Significant items are explained on page 2.

Enero Group Limited

Financial Report - half year ended 31 December 2022

Directors' Report (continued)

Segment performance

In thousands of AUD

	Brand Transformation	Creative Technology and Data	Total Segments	Support office(i)	Share based payments charge(ii)	Total
2022						
Net Revenue ¹	67,687	61,769	129,456	–	–	129,456
EBITDA ²	11,508	38,800	50,308	(4,954)	(1,028)	44,326
EBITDA ² margin	17.0%	62.8%	38.9%	–	–	34.2%
2021						
Net Revenue ¹	53,830	39,346	93,176	–	–	93,176
EBITDA ²	14,554	22,303	36,857	(4,160)	(774)	31,923
EBITDA ² margin	27.0%	56.7%	39.6%	–	–	34.3%

Geographical performance

In thousands of AUD

	Australia and Asia	UK and Europe	USA	Support office(i)	Share based payments charge(ii)	Total
2022						
Net Revenue ¹	32,848	16,033	80,575	–	–	129,456
EBITDA ²	5,572	2,415	42,321	(4,954)	(1,028)	44,326
EBITDA ² margin	17.0%	15.1%	52.5%	–	–	34.2%
2021						
Net Revenue ¹	35,388	18,043	39,745	–	–	93,176
EBITDA ²	8,467	4,628	23,762	(4,160)	(774)	31,923
EBITDA ² margin	23.9%	25.6%	59.8%	–	–	34.3%

1. Gross revenue recognised in accordance with AASB 15 less directly attributable cost of sales.

2. As defined in the basis of preparation section on page 5.

(i) Support office represents head office overheads.

(ii) Share-based payment charge in the consolidated interim income statement.

Capital management

Cash flow – Operating activities

Cash inflows from operating activities was \$5.5 million (2021: \$25.3 million). The decrease in inflows is primarily attributable to the timing of receipts from customers and higher income tax payments. The Group converted 36% of EBITDA to cash for the half year ended 31 December 2022 (2021: 98%).

Cash flow – Investing activities

Cash outflows for investing activities was \$35.1 million (2021: \$11.4 million). The increase in outflows was due to cash paid for the acquisition of ROI DNA and GetIT on 1 July 2022.

Cash flow – Financing activities

Cash outflows for financing activities \$31.4 million (2021: \$8.8 million). The increase in outflows was due to the partial repayment of \$10.3 million of the bank loan with Westpac. During the current half year, \$6.0 million (2021: \$3.9 million) in dividends were paid to Enero Group Limited shareholders in addition to \$12.2 million (2021: \$2.0 million) in dividends paid to minority shareholders of controlled subsidiaries.

Enero Group Limited

Financial Report - half year ended 31 December 2022

Directors' Report (continued)

Contingent consideration liabilities

In addition to the McDonald Butler Associates' contingent consideration, the Company entered into contingent consideration arrangements in relation to its acquisition of ROI DNA and GetIT businesses on 1 July 2022.

At as 31 December 2022 the Company's estimated contingent consideration liabilities was \$62.9 million.

Cash and Debt

In thousands of AUD	31-Dec-2022	30-Jun-2022
Cash and cash equivalents	37,990	98,742
Interest bearing liabilities	(26,401)	(36,275)
Contingent consideration liabilities	(62,853)	(10,113)
Net cash³	(51,264)	52,354

3. Net cash excludes lease liabilities recognised in accordance with AASB 16 *Leases* as they are considered operational liabilities.

Debt facility

On 29 June 2022, the Group secured a multi-currency general purpose facility of \$50 million with Westpac Banking Corporation. The Group drew down \$36.3 million to fund the initial cash settled purchase consideration payable to vendors of ROI DNA.

During the half year ended 31 December 2022, the Group repaid \$10.3 million of the loan balance and paid interest of \$0.9 million.

Basis of preparation

The Directors' Report includes Net Revenue and EBITDA, which are measures used by the Directors and management in assessing the ongoing performance of the Group. Net Revenue is equal to statutory Gross Profit and EBITDA is a non-IFRS measure and has not been audited or reviewed.

Following management review, the Group has moved to EBITDA for internal management purposes from Operating EBITDA (EBITDA including right-of-use assets depreciation) as the preferred measure of Group and segment performance and to simplify reporting to the market.

EBITDA is calculated as profit before interest, taxes, depreciation, amortisation, and any significant items. EBITDA is reconciled in the table on page 3.

Issue of shares and Share Appreciation Rights (SARs)

Shares issued on exercise of SARs

During the half year ended 31 December 2022, the Company issued 820,120 ordinary shares (31 December 2021: 1,389,589) to employees exercising share appreciation rights under the Company's Share Appreciation Rights Plan (SARP). The issue price of these shares was \$3.28 and these shares rank equally with existing shareholders.

Share Appreciation Rights issued

During the half year ended 31 December 2022, a total of 4,425,000 Share Appreciation Rights (31 December 2021: 4,525,000) were issued to senior employees of the Group under the existing SARP. The total fair value of the rights issued was \$2.5m.

Dividends

Dividends declared and paid by the Company to the members since the end of the previous financial year were:

	Amount per security	Total amount AUD'000	Payment date
Fully franked final dividend (2022)	6.5 cents	6,027	4 October 2022

Subsequent to the interim reporting date, the Directors have declared an interim dividend, with respect to ordinary shares, of 6.5 cents per share, fully franked. The interim dividend will have a record date of 24 February 2023 and a payment date of 15 March 2023. The financial effect of this dividend has not been brought to account in the financial statements for the half year ended 31 December 2022 but will be recognised in the subsequent financial period.

Enero Group Limited

Financial Report - half year ended 31 December 2022

Events subsequent to balance date

There has not arisen, in the interval between the end of half year and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in the future financial period.

Lead Auditor's Independence Declaration

The Lead Auditor's Independence Declaration under section 307C of the *Corporations Act 2001* is set out on page 28 and forms part of the Directors' Report for the half year ended 31 December 2022.

Rounding off

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and, in accordance with that Class Order, amounts in this Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

This report is signed in accordance with a resolution of the Directors.

Dated at Sydney this 16th day of February 2023.



Ann Sherry AO
Chair

Enero Group Limited**Financial Report - half year ended 31 December 2022****Consolidated interim income statement
for the half year ended 31 December 2022**

In thousands of AUD	Note	2022	2021
Gross revenue	3	368,858	243,452
Directly attributable costs of sales		(239,402)	(150,276)
Gross profit		129,456	93,176
Other income		72	93
Employee expenses		(74,670)	(54,434)
Occupancy costs		(801)	(721)
Travel expenses		(1,069)	(313)
Communication expenses		(1,220)	(720)
Compliance expenses		(1,483)	(824)
Depreciation and amortisation expense		(3,485)	(3,620)
Administration expenses		(5,959)	(4,334)
Finance income		120	9
Finance costs		(2,370)	(538)
Restructuring costs		(1,476)	–
Profit before income tax		37,115	27,774
Income tax expense	4	(9,005)	(6,653)
Profit for the half year		28,110	21,121
Attributable to:			
Equity holders of the parent		13,645	13,704
Non-controlling interests		14,465	7,417
		28,110	21,121
Basic earnings per share (AUD cents)	5	14.78	15.67
Diluted earnings per share (AUD cents)	5	14.66	15.24

The notes on pages 12 to 24 are an integral part of these consolidated interim financial statements.

Enero Group Limited

Financial Report - half year ended 31 December 2022

**Consolidated interim statement of comprehensive income
for the half year ended 31 December 2022**

In thousands of AUD	Note	2022	2021
Profit for the half year		28,110	21,121
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations		1,141	1,375
Total items that may be reclassified subsequently to profit or loss		1,141	1,375
Other comprehensive income for the half year, net of tax		1,141	1,375
Total comprehensive income for the half year		29,251	22,496
Attributable to:			
Equity holders of the parent		14,736	14,911
Non-controlling interests		14,515	7,585
		29,251	22,496

The notes on pages 12 to 24 are an integral part of these consolidated interim financial statements.

Enero Group Limited

Financial Report - half year ended 31 December 2022

**Consolidated interim statement of changes in equity
for the half year ended 31 December 2022**

In thousands of AUD	Attributable to owners of the Company					Total	Non- controlling interests	Total equity
	Share capital	Retained profits / (Accumulated losses)	Profit appropriation reserve	Share based payment reserve	Foreign currency translation reserve			
Opening balance at 1 July 2021	100,456	(16,555)	36,847	10,592	(3,018)	128,322	3,761	132,083
Profit for the half year	–	13,704	–	–	–	13,704	7,417	21,121
Other comprehensive income for the half year, net of tax	–	–	–	–	1,207	1,207	168	1,375
Total comprehensive income for the half year	–	13,704	–	–	1,207	14,911	7,585	22,496
Transactions with owners recorded directly in equity:								
Shares issued to employees on exercise of Share Appreciation Rights	4,405	–	–	(4,405)	–	–	–	–
Dividends paid to equity holders	–	–	(3,874)	–	–	(3,874)	(2,025)	(5,899)
Share-based payment expense	–	–	–	774	–	774	–	774
Closing balance at 31 December 2021	104,861	(2,851)	32,973	6,961	(1,811)	140,133	9,321	149,454
Opening balance at 1 July 2022	104,861	8,832	27,690	8,089	(2,328)	147,144	8,182	155,326
Profit for the half year	–	13,645	–	–	–	13,645	14,465	28,110
Other comprehensive income for the half year, net of tax	–	–	–	–	1,091	1,091	50	1,141
Total comprehensive income for the half year	–	13,645	–	–	1,091	14,736	14,515	29,251
Transactions with owners recorded directly in equity:								
Shares issued to vendors of ROI DNA and GetIT	10,857	–	–	–	–	10,857	–	10,857
Shares issued to employees on exercise of Share Appreciation Rights	2,690	–	–	(2,690)	–	–	–	–
Dividends paid to equity holders	–	–	(6,027)	–	–	(6,027)	(12,169)	(18,196)
Share-based payment expense	–	–	–	1,028	–	1,028	–	1,028
Closing balance at 31 December 2022	118,408	22,477	21,663	6,427	(1,237)	167,738	10,528	178,266

The notes on pages 12 to 24 are an integral part of these consolidated interim financial statements.

Enero Group Limited

Financial Report - half year ended 31 December 2022

**Consolidated interim statement of financial position
as at 31 December 2022**

In thousands of AUD	Note	31-Dec-2022	30-Jun-2022
Assets			
Cash and cash equivalents		37,990	98,742
Trade and other receivables		99,033	63,995
Other assets		7,979	6,112
Income tax receivable		2,231	222
Total current assets		147,233	169,071
Deferred tax assets		1,556	2,020
Plant and equipment		2,955	3,200
Right-of-use assets	6	12,833	5,950
Other assets		157	162
Intangible assets	7	217,614	114,664
Total non-current assets		235,115	125,996
Total assets		382,348	295,067
Liabilities			
Trade and other payables		90,573	76,496
Contingent consideration payable	8	12,789	2,711
Lease liabilities	9	5,324	5,841
Employee benefits		5,697	5,679
Income tax payable		2,843	1,798
Total current liabilities		117,226	92,525
Contingent consideration payable	8	50,064	7,402
Lease liabilities	9	9,448	2,756
Employee benefits		943	783
Interest bearing liabilities	10	26,401	36,275
Total non-current liabilities		86,856	47,216
Total liabilities		204,082	139,741
Net assets		178,266	155,326
Equity			
Share capital	13	118,408	104,861
Other reserves		5,190	5,761
Profit appropriation reserve		21,663	27,690
Retained profits		22,477	8,832
Total equity attributable to equity holders of the parent		167,738	147,144
Non-controlling interests		10,528	8,182
Total equity		178,266	155,326

The notes on pages 12 to 24 are an integral part of these consolidated interim financial statements.

Enero Group Limited

Financial Report - half year ended 31 December 2022

**Consolidated interim statement of cash flows
for the half year ended 31 December 2022**

In thousands of AUD	Note	2022	2021
Cash flows from operating activities			
Cash receipts from customers		339,420	251,572
Cash paid to suppliers and employees		(323,516)	(220,231)
Cash generated from operations		15,904	31,341
Interest received		120	9
Income taxes paid		(9,604)	(6,048)
Interest paid		(970)	(11)
Net cash from operating activities		5,450	25,291
Cash flows from investing activities			
Proceeds from sale of plant and equipment		–	6
Acquisition of plant and equipment		(464)	(396)
Acquisition of businesses, net of cash acquired		(32,000)	–
Contingent consideration paid	8	(2,671)	(11,000)
Net cash used in investing activities		(35,135)	(11,390)
Cash flows from financing activities			
Payment of lease liabilities	9	(2,935)	(2,875)
Repayment of bank loans		(10,267)	–
Dividends paid to equity holders of the parent		(6,027)	(3,874)
Dividends paid to non-controlling interests in controlled entities		(12,169)	(2,025)
Net cash used in financing activities		(31,398)	(8,774)
Net increase/(decrease) in cash and cash equivalents		(61,083)	5,127
Effect of exchange rate fluctuations on cash held		331	667
Cash and cash equivalents at 1 July		98,742	50,718
Cash and cash equivalents at 31 December		37,990	56,512

The notes on pages 12 to 24 are an integral part of these consolidated interim financial statements.

**Notes to the consolidated interim financial statements
for the half year ended 31 December 2022**

1. Statement of significant accounting policies

a. Reporting entity

Enero Group Limited (the Company) is a for-profit company domiciled in Australia. The consolidated interim financial report of the Company as at and for the half year ended 31 December 2022 comprises the Company and its subsidiaries (together referred to as the Group).

The consolidated annual financial report of the Group as at and for the year ended 30 June 2022 is available at www.enero.com.

b. Statement of compliance and basis of preparation

The consolidated interim financial statements are general purpose financial statements which have been prepared in accordance with AASB 134 *Interim Financial Reporting*, the *Corporations Act 2001* and IAS 34 *Interim Financial Reporting*.

The consolidated interim financial statements are presented in Australian dollars and have been prepared on the historical cost basis except for derivative financial instruments, contingent consideration payables and share-based payment transactions which are stated at their fair value.

The consolidated interim financial statements do not include all the information required for a full annual financial report and should be read in conjunction with the consolidated annual financial report of the Group as at and for the year ended 30 June 2022 and any public announcements made by the Company during the half year in accordance with the continuous disclosure requirements arising under the *Corporations Act 2001* and ASX Listing Rules.

The accounting policies applied by the Group in these consolidated interim financial statements are the same as those applied by the Group in its Annual Report as at and for the year ended 30 June 2022.

The consolidated interim financial statements were approved and authorised for issue by the Board of Directors on 16 February 2023.

c. Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and, in accordance with that Class Order, amounts in this financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

d. New Standards and interpretations not yet adopted

A number of amendments to standards and interpretations are effective for annual periods beginning after 1 July 2022 and have not been applied in preparing these consolidated interim financial statements. The amendments to existing standards primarily impact AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*, AASB 116 *Property, Plant and Equipment*, and AASB 9 *Financial Instruments*. None of these amendments are expected to have a significant effect on the Group's consolidated interim financial statements.

e. Use of estimates and judgements

The preparation of this report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

In preparing this report, the significant judgements made by management in applying the Group's accounting policies and the key sources of uncertainty in estimation were the same as those that applied to the financial statements of the Group as at and for the year ended 30 June 2022.

Measurement of fair value

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

1. Statement of significant accounting policies (continued)

- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level of input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- 8. Contingent consideration payable
- 12. Share-based payments

2. Operating segments

The Group defines its operating segments based on the manner in which services are provided in the operational geographies and on internal reporting regularly reviewed by the Enero Executive team on a monthly basis, who are the Group's chief operating decision makers (CODM).

Revenues are all derived from services which are similar in the nature and outputs, operate in similar economic environments and have a comparable customer mix. The Group's service offering includes integrated marketing and communication services, including strategy, market research and insights, advertising, public relations, communications planning, design, events management, direct marketing, and programmatic media.

Following management's review of the business portfolio at the beginning of the 30 June 2022 financial year, a new global operating model was implemented by the Group. The portfolio was separated into following two segments to better assess its performance, make decisions on resource allocation and report both to the CODM and to the Board:

- Brand Transformation: human generated creative ideas to transform the way customers and stakeholders connect and engage with brands. This includes public relations and communications consultancy CPR and Hotwire (including recently acquired strategic B2B sales and marketing agencies ROI DNA and GetIT) and creative agency BMF.
- Creative Technology and Data: high quality customer experience connected by technology and enabled by data. This includes digital agency Orchard and advertising technology platform OB Media.

The measure of reporting to the Enero Executive team is on an EBITDA basis (defined below), which excludes significant and non-operating items which are separately presented because of their nature, size and expected infrequent occurrence and does not reflect the underlying trading of the operations.

In relation to segment reporting, the following definitions apply to operating segments:

EBITDA is calculated as profit before interest, taxes, depreciation, amortisation and any significant items.

Enero Group Limited

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2. Operating segments (continued)

6 months to 31-Dec-2022	Brand	Creative	Total			
In thousands of AUD	Transformation	Technology and Data	segments	Unallocated	Eliminations	Consolidated
Gross revenue	85,605	283,367	368,972	–	(114)	368,858
Directly attributable cost of sales	(17,918)	(221,598)	(239,516)	–	114	(239,402)
Gross profit¹	67,687	61,769	129,456	–	–	129,456
Other income	72	–	72	–	–	72
Operating expenses	(56,251)	(22,969)	(79,220)	(5,982)	–	(85,202)
EBITDA	11,508	38,800	50,308	(5,982)	–	44,326
Depreciation of plant and equipment and right-of-use assets						(3,056)
Amortisation of intangibles						(429)
Net finance costs						(2,250)
Significant items ²						(1,476)
Profit before income tax						37,115
Income tax expense						(9,005)
Profit for the half year						28,110
As at 31 December 2022						
Goodwill	199,694	15,921	215,615	–	–	215,615
Other intangibles	1,999	–	1,999	–	–	1,999
Assets excluding intangibles	72,051	76,320	148,371	30,395	(14,032)	164,734
Total assets	273,744	92,241	365,985	30,395	(14,032)	382,348
Liabilities	54,443	56,604	111,047	107,067	(14,032)	204,082
Total liabilities	54,443	56,604	111,047	107,067	(14,032)	204,082

6 months to 31-Dec-2021	Brand	Creative	Total			
In thousands of AUD	Transformation	Technology and Data	segments	Unallocated	Eliminations	Consolidated
Gross revenue	73,261	170,225	243,486	–	(34)	243,452
Directly attributable cost of sales	(19,431)	(130,879)	(150,310)	–	34	(150,276)
Gross profit¹	53,830	39,346	93,176	–	–	93,176
Other income	93	–	93	–	–	93
Operating expenses	(39,369)	(17,043)	(56,412)	(4,934)	–	(61,346)
EBITDA	14,554	22,303	36,857	(4,934)	–	31,923
Depreciation of plant and equipment and right-of-use assets						(2,879)
Amortisation of intangibles						(741)
Net finance costs						(529)
Significant items						–
Profit before income tax						27,774
Income tax expense						(6,653)
Profit for the half year						21,121
As at 30 June 2022						
Goodwill	96,315	15,921	112,236	–	–	112,236
Other intangibles	2,428	–	2,428	–	–	2,428
Assets excluding intangibles	54,100	64,734	118,834	76,366	(14,797)	180,403
Total assets	152,843	80,655	233,498	76,366	(14,797)	295,067
Liabilities	51,895	40,320	92,215	62,323	(14,797)	139,741
Total liabilities	51,895	40,320	92,215	62,323	(14,797)	139,741

1. Gross profit represents Net Revenue, which is gross revenue less directly attributable costs of sales

2. Significant items are explained on page 2.

2. Operating segments (continued)

Major Customers

Revenue from 2 customers (2021: 1 customer) represents more than 10% of the Group's total revenue, with a breakdown by segment provided below:

Percentage of Group's total revenue	6 months to 31-Dec-22	6 months to 31-Dec-21
Brand Transformation	–	–
Creative Technology and Data	38.6	20.9
	38.6	20.9

3. Revenue

The Group's operations and main revenue streams are those described in its Annual Report for the year ended 30 June 2022.

Disaggregation of revenue

In the following table, revenue is disaggregated by primary geographical markets, which reconciles to the revenue of the Group's segments (see Note 2).

In thousands of AUD	6 months to 31-Dec-22	6 months to 31-Dec-21
Primary geographical markets		
USA	301,841	172,189
Australia and Asia	44,525	48,921
UK and Europe	22,492	22,342
Total	368,858	243,452

4. Income tax expense

Recognised in the consolidated interim income statement

In thousands of AUD	6 months to 31-Dec-22	6 months to 31-Dec-21
Current tax expense		
Current year	8,490	6,881
Adjustments for prior years	31	(91)
	8,521	6,790
Deferred tax expense		
Origination and reversal of temporary differences	484	(137)
	484	(137)
Income tax expense in the consolidated interim income statement	9,005	6,653
Numerical reconciliation between tax expense and pre-tax accounting profit		
Profit for the half year	28,110	21,121
Income tax expense	9,005	6,653
Profit before income tax	37,115	27,774
Income tax expense using the Company's domestic tax rate of 30% (2021: 30%)	11,135	8,332
Increase/(decrease) in income tax expense due to:		
Share-based payment expense	308	232
Contingent consideration present value interest	356	81
Effect of lower tax rate on overseas income	(2,744)	(1,736)
Under/(over) provision for tax in prior years	31	(91)
Other (non-assessable)/non-deductible items	(81)	(165)
Income tax expense on pre-tax net profit	9,005	6,653

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5. Earnings per share

	6 months to 31-Dec-22	6 months to 31-Dec-21
Profit attributable to equity holders of the parent		
In thousands of AUD		
Profit for the half year	28,110	21,121
Non-controlling interests	(14,465)	(7,417)
Profit for the half year attributable to equity holders of the parent	13,645	13,704
<i>Weighted average number of ordinary shares</i>		
In thousands of shares		
Weighted average number of ordinary shares – basic	92,315	87,471
Shares issuable under equity-based compensation plans	777	2,438
Weighted average number of ordinary shares – diluted	93,092	89,909
Earnings per share		
Basic (AUD cents)	14.78	15.67
Diluted (AUD cents)	14.66	15.24

6. Right-of-use assets

In thousands of AUD	31-Dec-2022	30-Jun-2022
Cost	25,641	17,300
Accumulated depreciation	(12,808)	(11,350)
Net carrying amount	12,833	5,950

In thousands of AUD	6 months to 31-Dec-2022	12 months to 30-Jun-2022
Reconciliations of the carrying amounts of right-of-use assets:		
Carrying amount at the beginning of period	5,950	7,979
Additions	826	–
Depreciation	(2,038)	(3,996)
Effect of movements in exchange rates	156	22
Re-measurement of lease liability	7,939	1,945
Carrying amount at the end of the period	12,833	5,950

7. Intangible assets

In thousands of AUD	Goodwill	Contracts and customer relationships	Total
31-Dec-2022			
Cost	215,615	7,778	223,393
Accumulated amortisation	–	(5,779)	(5,779)
Net carrying amount	215,615	1,999	217,614
Reconciliations of the carrying amounts of intangible assets:			
Carrying amount at the beginning of the year	112,236	2,428	114,664
Acquired through business combinations	102,896	–	102,896
Amortisation	–	(429)	(429)
Effect of movements in exchange rates	483	–	483
Carrying amount at 31 December 2022	215,615	1,999	217,614
30-Jun-2022			
Cost	112,236	7,759	119,995
Accumulated amortisation	–	(5,331)	(5,331)
Net carrying amount	112,236	2,428	114,664
Reconciliations of the carrying amounts of intangible assets:			
Carrying amount at the beginning of the year	114,506	3,650	118,156
Disposal of controlled businesses	(856)	–	(856)
Amortisation	–	(1,222)	(1,222)
Effect of movements in exchange rates	(1,414)	–	(1,414)
Carrying amount at 30 June 2022	112,236	2,428	114,664

Goodwill Cash Generating Unit (CGU) allocation

In thousands of AUD	31-Dec-2022	30-Jun-2022
Cash Generating Unit (CGU):		
Brand Transformation	199,694	96,315
Creative Technology and Data	15,921	15,921
Search Marketing	–	–
Net carrying amount	215,615	112,236

The Group has two CGUs to which previously recognised goodwill has been allocated - the Brand Transformation CGU and the Creative Technology and Data CGU. The increase in the goodwill carrying value as compared to the prior reporting period is due to the provisionally determined goodwill in respect of the ROI DNA and GetIT acquisitions. Please refer to Note 11 for further information.

8. Contingent consideration payable

In thousands of AUD	31-Dec-2022	30-Jun-2022
Current		
Contingent consideration payable	12,789	2,711
Non-current		
Contingent consideration payable	50,064	7,402
Total	62,853	10,113

In thousands of AUD	6 months to 31-Dec-2022	12 months to 30-Jun-2022
Reconciliations of the carrying amounts of contingent consideration payable:		
Carrying amount at the beginning of the period	10,113	20,126
Recognised in business combination	53,467	-
Re-assessment of contingent consideration	-	1,001
Unwind of present value interest	1,179	441
Effect of movements in exchange rates	765	(455)
Contingent consideration paid	(2,671)	(11,000)
Carrying amount at the end of the period	62,853	10,113

There is uncertainty around the actual payments that will be made as the payments are subject to the performance of McDonald Butler Associates (MBA), ROI DNA and GetIT subsequent to the reporting date. Factors which could vary the amount of contingent consideration payable due include a net revenue threshold for future payments, the basis of the average net revenue over the contingent consideration period and purchase price cap. Actual future payments may differ from the estimated liability.

Level 3 fair values

The following tables show the valuation techniques used in measuring Level 3 fair values for financial instruments measured at fair value in the consolidated interim statement of financial position, as well as the significant unobservable inputs used.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Contingent consideration payable	Discounted cash flows: The valuation model considers the present value of expected capped payments (payable over 3 years), discounted using a risk-adjusted discount rate. The expected payment is determined by considering forecast performance indicators, the amount to be paid under each scenario and the probability of each scenario.	<ul style="list-style-type: none"> - Forecast performance indicator. - Risk-adjusted discount rate: 3.12% - 3.89% 	The estimated fair value would increase (decrease) if: <ul style="list-style-type: none"> - the forecast performance indicators are higher (lower); or - the risk-adjusted discount rates were lower (higher).

Sensitivity analysis

Reasonably possible changes at 31 December 2022 to one of the significant unobservable inputs, holding other inputs constant, would have the following effects on the fair values of contingent consideration:

In thousands of AUD	Increase	Decrease
Movement of 5% in forecast performance indicator	2,977	(4,569)
Movement of 7.5% in forecast performance indicator	4,477	(5,899)
Movement of 0.5% in risk-adjusted discount rate	(575)	586

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9. Lease liabilities

In thousands of AUD	31-Dec-2022	30-Jun-2022
Current		
Lease liabilities	5,324	5,841
Non-current		
Lease liabilities	9,448	2,756
Total	14,772	8,597

In thousands of AUD	6 months to 31-Dec-2022	12 months to 30-Jun-2022
Reconciliations of the carrying amounts of lease liabilities:		
Carrying amount at the beginning of the period	8,597	11,851
Additions	826	–
Disposal of controlled entities	–	–
Re-measurement of lease liability	7,939	1,945
Repayments	(2,935)	(5,732)
Present value interest	179	520
Effect of movements in exchange rates	166	13
Carrying amount at the end of the period	14,772	8,597

10. Interest bearing liabilities

In thousands of AUD	31-Dec-2022	30-Jun-2022
Non-current		
Unsecured bank loan	26,401	36,275

Financing arrangements

The Group has access to the following lines of credit:

In thousands of AUD	31-Dec-2022 Available	31-Dec-2022 Utilised	30-Jun-2022 Available	30-Jun-2022 Utilised
Bank loan (cash advance)	50,000	26,401	50,000	36,275
Indemnity guarantee	3,627	2,112	3,618	2,103
Credit card	1,580	318	1,575	321
	55,207	28,831	55,193	38,699

All finance facilities are negotiated by the Company on behalf of the Group. The carrying amount of amounts drawn on facilities as at the reporting date equates to face value.

Cash advance facility

The cash advance facility is an unsecured revolving multi-currency general-purpose facility with Westpac Banking Corporation (Westpac). The bank loan matures in June 2025 at a commercial interest rate. In the case of AUD, the interest rate is Bank Bill Swap rate (BBSY) plus margin. In the case of USD, the interest rate is Secured Overnight Funding Rate (SOFR) plus a credit adjustment spread.

Indemnity guarantee facility

The indemnity guarantee facility is in place to support financial guarantees for property rental and other obligations. The indemnity guarantees issued by banks other than Westpac are secured by cash deposits held by the issuing bank. The Group has pledged short-term deposits amounting \$0.6 million for indemnity guarantee facilities at 31 December 2022.

Credit card facility

The credit card facility is subject to annual review and is subject to application approval and the bank or financial services company's standard terms and conditions.

Recognition and measurement

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

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11. Acquisition of subsidiaries

On 1 July 2022, the Group acquired 100% of the issued capital of ROI DNA Inc, a USA based strategic B2B sales and marketing agency. The purchase consideration was an upfront payment of US\$26,400,000 (\$38,306,000) in cash and US\$6,600,000 (\$9,577,000) of Enero Group Limited shares with additional contingent consideration linked to the achievement of EBITDA targets over the next 3 years through to 30 June 2025.

On 1 July 2022, the Group acquired 100% of the issued capital of GetIT Pte Ltd, a Singapore based specialist B2B technology marketing agency with presence in India, Malaysia and Japan. The purchase consideration was an upfront payment of S\$2,700,000 (\$2,816,000) in cash and S\$1,800,000 (\$1,877,000) of Enero Group Limited shares with additional contingent consideration linked to the achievement of EBIT targets over the next 3 years through to 30 June 2025.

In thousands of AUD	Fair value provisionally determined
Cash and cash equivalents	12,975
Trade and other receivables	6,154
Other assets	799
Property, plant and equipment	279
Trade and other payables	(7,895)
Unearned revenue	(7,905)
Employee benefits	(945)
Bank loans	(315)
Net identifiable assets	3,147

Provisionally determined value of intangibles (including goodwill)

In thousands of AUD	
Initial consideration	52,576
Estimate of contingent consideration payable	53,467
Total consideration	106,043
Less: Provisional value of net identifiable assets	(3,147)
Provisionally determined value of intangibles (including goodwill)	102,896

As at 31 December 2022, the Group has recorded a provisionally determined value of intangibles (including goodwill) of \$103 million in respect of the acquisition of ROI DNA Inc. and GetIT Pte Ltd. As at the date of issuing this report, these acquisitions are still subject to further review by management as the Group has 12 months from the date of acquisition to finalise its purchase price accounting. The final purchase price accounting for these business combinations will be recognised and disclosed within the Group's 30 June 2023 financial statements, including the allocation of the purchase price to goodwill and any other qualifying intangible assets.

12. Share-based payments

Long-term incentives (LTI)

The purpose of the LTI is to align Executive remuneration with long-term shareholder value and the performance of the Group. The LTI is provided as an equity-based incentive in the Company under the terms of the Share Appreciation Rights Plan (SARP).

12. Share-based payments (continued)

Description	<p>The SARP grants rights to shares in the Company on the achievement of appreciation in the Company's share price over the vesting period.</p> <p>Enero's Board may determine whether or not the grant of rights is conditional on the achievement of performance hurdles (including service conditions), and if so the nature of those hurdles.</p> <p>No dividends or voting rights are attached to the Share Appreciation Rights.</p>
Eligibility	<p>The plan allows for the Board to determine who is entitled to participate in the SARP and it may grant rights accordingly.</p>
Performance period	<p>The performance period for the LTI is generally three years, with SAR vesting in equal tranches of 1/3 each year over the performance period.</p>
Rights	<p>The exercise of each right will entitle the rights holder to receive a fraction of an ordinary share based on a conversion formula of $E = (A - B) / A$, where:</p> <ul style="list-style-type: none"> – E is the share right entitlement; – A is the volume weighted average price (VWAP) for the Company's shares for the 20 business days prior to the vesting date of the rights; and – B is the VWAP for the Company's shares for the 20 business days before the rights were granted. <p>If $A - B$ is less than or equal to zero, the share right will not vest and will immediately lapse on the applicable vesting date.</p> <p>The number of shares to be granted will equal the number of SARs awarded multiplied by the above conversion formula.</p> <p>Rights expire at 15 business days after the relevant vesting date or the termination of the individual's employment.</p>
Other conditions	<p>Cessation of employment will result in the lapsing of any unvested SARs.</p> <p>One share right shall never convert into more than one share in the capital of the Company.</p> <p>The Board may exercise discretion on early vesting of rights in the event of a change of control of the Group.</p>

Summary of Share Appreciation Rights on issue:

Issue date	21 October 2020	21 October 2021	21 October 2022
SARs issued	3,900,000	4,525,000	4,425,000
Participants	Senior Executives	Senior Executives	Senior Executives
VWAP for the 20 business days prior to the grant (B)	\$1.52	\$3.02	\$2.85
Vesting dates:			
20 business days after the release of the Group financial report for the year ended:			
Tranche 1 (1/3)	30 June 2021	30 June 2022	30 June 2023
Tranche 2 (1/3)	30 June 2022	30 June 2023	30 June 2024
Tranche 3 (1/3)	30 June 2023	30 June 2024	30 June 2025
Last expiry date	30 September 2023	30 September 2024	30 September 2025
Outstanding SARs as at 31 December 2022	1,033,340	3,016,670	4,425,000

(i) The expiry dates reflected in the table above represent the last vesting date for the SAR grant. The vesting date of the SARs is 20 business days after the release of the Group's preliminary financial report for the relevant financial year. This is estimated to be around, but no later than, 30 September each year.

12. Share-based payments (continued)

Reconciliation of Shared Appreciation Rights

SARs movement	Number of SARs 31-Dec-22
Outstanding at 1 July 2022	7,008,340
Exercised during the period	(2,958,330)
Cancelled during the period	-
Granted during the period	4,425,000
Outstanding at 31 December 2022	8,475,010

Fair value of Shared Appreciation Rights

Shared Appreciation Rights are calculated at the date of grant using the Monte Carlo simulation model. The fair value is allocated to each reporting period on a straight-line basis over the period from the grant date (or service commencement date) to the vesting date.

Fair value of SARs granted during the half year	Tranche 1	Tranche 2	Tranche 3
Grant date	21-Oct-2022	21-Oct-2022	21-Oct-2022
Fair value at grant date	\$2.85	\$2.85	\$2.85
Share price at grant date	\$2.80	\$2.80	\$2.80
Share Appreciation Rights life (years)	0.94	1.95	2.95
Risk-free rate	3.61%	3.65%	3.74%
Dividend yield	4.00%	4.00%	4.00%
Volatility	40% to 45%	40% to 45%	40% to 45%

13. Capital and reserves

In thousands of AUD	31-Dec-2022	30-Jun-2022
Share capital		
Ordinary shares, fully paid	118,408	104,861

The Company does not have authorised capital or par value in respect of its shares.

Movement in ordinary shares

	Shares	31-Dec-2022 In thousands of AUD	Shares	30-Jun-2022 In thousands of AUD
Balance at beginning of year	88,045,107	104,861	86,655,518	100,456
Shares issued to the employees of the Group on exercise of Share Appreciation Rights ⁽ⁱ⁾	820,120	2,690	1,389,589	4,405
Shares issued to vendors of ROI DNA and GetIT ⁽ⁱⁱ⁾	3,855,147	10,857	-	-
Balance at end of the period	92,720,374	118,408	88,045,107	104,861

(i) Share capital recognised during the half year on the exercise of Share Appreciation Rights is based on the VWAP of the Company's shares for the 20 business days prior to the vesting date of the rights of \$3.28 (2022: \$3.17)

(ii) Share capital recognised during the half year on shares issued to vendors of ROI DNA and GetIT.

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholder meetings.

Profit appropriation reserve

The profit appropriation reserve comprises profits appropriated by the parent entity.

Foreign currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

13. Capital and reserves (continued)

Share-based payment reserve

The share-based payment reserve comprises the cumulative expense relating to the fair value of options, rights and equity plans on issue to Key Management Personnel, senior Executives and employees of the Group less amounts transferred to share capital on exercise of options, rights and equity plans.

Dividends

Dividend declared and/(or) paid by the Company to its members:

	Cents per share	Total amount in thousands of AUD	Date of payment
During the half year ended 31 December 2022			
Fully franked final dividend – 2022	6.5	6,027	4 October 2022
Subsequent to the balance sheet date, at the date of this report			
Fully franked final dividend – 2023	6.5	6,000	15 March 2023
During the year ended 30 June 2022			
Fully franked final dividend – 2021	4.4	3,874	6 October 2021
Fully franked interim dividend – 2022	6.0	5,283	16 March 2022

Dividend franking account

In thousands of AUD	31-Dec-2022	30-June-2022
Franking credits available for future years at 30% to shareholders of Enero Group Limited	7,537	9,934

The above amounts represent the balance of the franking account at the end of the financial year adjusted for:

- franking credits that will arise from the payment of the current tax liability;
- franking debits that will arise from the payment of dividends recognised as a liability at year end;
- franking credits that will arise from the receipt of dividends recognised as receivables at year end; and
- franking credits that may be prevented from being distributed in subsequent years.

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends and any restrictions to paying dividends.

Recognition and measurement

(i) Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of tax effects.

(ii) Dividends

Dividends are recognised as a liability in the period in which they are declared.

(iii) Transaction costs

Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit.

14. Contingent liabilities

Indemnities

Indemnities have been provided to Directors and certain Executive Officers of the Company in respect of third parties arising from their positions, except where the liability arises out of conduct involving lack of good faith. No monetary limit is applied to these agreements and there are no known obligations outstanding as at 31 December 2022.

15. Key management personnel and other related party disclosures

In addition to Executive and Non-Executive Directors, there were key management personnel of the Group during the half year.

A number of the key management personnel, or their related entities, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. There were no transactions with the Company or its subsidiaries and key management personnel in the current or prior half year.

There were no transactions with the Directors during the current or prior half year.

16. Subsequent events

Dividend

Subsequent to the half year ended, the Directors have declared an interim dividend, with respect to ordinary shares, of 6.5 cents per share, fully franked. The interim dividend will have a record date of 24 February 2023 and a payment date of 15 March 2023. The financial effect of this dividend has not been brought to account in the financial statements for the half year ended 31 December 2022 but will be recognised in subsequent financial reports.

Except for the events listed above there has not arisen, in the interval between the end of the half year and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in the future financial period.

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Enero Group Limited

Financial Report - half year ended 31 December 2022

Directors' Declaration

In the opinion of the Directors of Enero Group Limited (the Company):

1. the consolidated interim financial statements and notes set out on page 7 to 24 are in accordance with the *Corporations Act 2001* including:
 - (a) giving a true and fair view of the Group's financial position as at 31 December 2022 and the performance for the half year ended on that date; and
 - (b) complying with Australian Accounting Standard AASB134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Sydney this 16th day of February 2023.

Signed in accordance with a resolution of the Directors:



Ann Sherry AO
Chair



Independent Auditor's Review Report

To the shareholders of Enero Group Limited

Conclusion

We have reviewed the accompanying **Interim Financial Report** of Enero Group Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Enero Group Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2022 and of its performance for the **half year** ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

- Consolidated interim statement of financial position as at 31 December 2022
- Consolidated interim income statement, Consolidated interim statement of comprehensive income, Consolidated interim statement of changes in equity and Consolidated interim statement of cash flows for the half year ended on that date
- Notes 1 to 16 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The **Group** comprises Enero Group Limited (the Company) and the entities it controlled at the half year's end or from time to time during the half year.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.



Responsibilities of the Directors for Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an Interim Period Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG

Kristen Peterson

Partner

Sydney

16 February 2023



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Enero Group Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Enero Group Limited for the half year ended 31 December 2022 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

Kristen Peterson

Partner

Sydney

16 February 2023

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