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Enero Group Limited

ABN 97 091 524 515

Half Year Report

Appendix 4D

Half Year ended 31 December 2023

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 2023 to 31 December 2023.
The previous corresponding reporting period is 1 July 2022 to 31 December 2022.

Key information

In thousands of AUD

	31 December 2023	31 December 2022	% Change	Amount Change
Revenues from ordinary activities	417,089	368,858	13.08%	48,231
Profit from ordinary activities after tax attributable to members	(12,348)	13,645	-190.49%	(25,993)
Profit for the period attributable to members	(12,348)	13,645	-190.49%	(25,993)

Dividends	Amount per security	Total amount AUD'000	Payment date
Fully franked final dividend (2023)	4.5 cents	4,139	28 September 2023
Fully franked interim dividend (2024)[1]	3.0 cents	2,755	12 April 2024

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

This Appendix 4D should be read in conjunction with the Enero 2023 Annual Report and the accompanying 2024 Half Year Financial Report.

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 2023 and the additional information set out below.

Additional Information

	Current period	Previous corresponding period
Net tangible asset backing per ordinary share (dollars)[2]	0.03	(0.43)

Explanation of results

Please refer to the attached Interim Financial Report for the half year ended 31 December 2023 and Market Presentation for commentary and further information with respect to the results.

[1] Record date for determining entitlement to the 2024 interim dividend is 21 March 2024

[2] Derived by dividing net assets less intangible assets by total issued shares of 91,826 (2022: 92,315 shares).

Enero Group Limited

ABN 97 091 524 515

Half Year Report

Appendix 4D

Half Year ended 31 December 2023

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.

Enero Group Limited

and its controlled entities

ABN 97 091 524 515

Interim Financial Report

For the half year ended 31 December 2023

Contents

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 2023 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.

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 $100.4 million, a decrease of 22.4% (2022: $129.5 million) compared to the prior half year. The decreased Net Revenue was driven by decline in OBMedia due to proactive management of traffic in FY23 Q4, decline in Hotwire Group relating to current macroeconomic environment conditions impacting the technology sector and the sale of the CPR business in October 2023. This decline was partially offset by organic growth in Net Revenue in BMF and Orchard with growth in both Healthcare and Consumer verticals. Organic Net Revenue growth was achieved in Australia & Asia and UK & Europe whilst the USA saw a decline.

The Group achieved EBITDA before significant items of $23.0 million, a decrease of 48.2% (2022: $44.3 million) compared to the prior half year. This decrease in EBITDA was primarily driven by the decrease in revenue and EBITDA in the Group's programmatic media platform business, OBMedia, which connects publishers with the world's largest search engines. This decline was partially offset by growth in the Technology, Healthcare and Consumer Practice segment and a decline in Corporate Costs driven by FY23 cost initiatives and continued management of costs in the half.

The net profit after tax before significant items was $6.7 million, a decrease of 54.6% (2022: $14.8 million) compared to prior half year driven by the decline in EBITDA.

In the current half year, the operating businesses generated approximately 68% (2022: 76%) of its Net Revenue and 70% (2022: 89%) of its EBITDA from international markets.

Significant items
During the half year ended 31 December 2023, the Group recognised a fair value gain of $8.8 million relating to revaluation of future contingent consideration partially offset by impairment losses of $25.3 million relating to goodwill for ROI DNA and GetIT CGUs and an impairment of right of use asset; $2.2m loss on sale of CPR and $0.4m of restructuring costs.

Directors' Report (continued)

A summary of the Group's results is below:

In thousands of AUD	6 months to 31 Dec-2023	6 months to 31 Dec-2022
Net Revenue[1]	100,436	129,456
EBITDA before significant items [2]	22,977	44,326
Depreciation and amortisation	(5,094)	(3,485)
EBIT before significant items	17,883	40,841
Net finance (costs)/ income	(488)	(892)
Present value interest charge	(681)	(1,358)
Profit before tax before significant items	16,714	38,591
Income tax expense	(4,918)	(9,307)
Profit after tax before significant items	11,796	29,284
Non-controlling interests	(5,061)	(14,465)
Net profit after tax before significant items	6,735	14,819
Significant items[3]	(19,083)	(1,174)
Net (loss)/ profit after tax attributable to equity owners	(12,348)	13,645
Cents per share		
Earnings per share (basic)	(13.45)	14.78
Earnings per share (basic) – pre significant items	7.33	16.05

Reconciliation of EBITDA[2] to statutory profit after tax

In thousands of AUD	6 months to 31 Dec-2023	6 months to 31-Dec-2022
Net Revenue[1]	100,436	129,456
EBITDA[2]	22,977	44,326
Depreciation of right-of-use assets	(2,203)	(2,038)
Depreciation of plant and equipment	(893)	(1,018)
Amortisation of intangibles	(1,998)	(429)
Net finance (costs)/income	(488)	(892)
Present value interest charge	(681)	(1,358)
Significant items[3]	(19,117)	(1,476)
Statutory (loss)/ profit before tax	(2,403)	37,115
Income tax expense	(4,884)	(9,005)
Statutory (loss)/ profit after tax	(7,287)	28,110

1. Gross revenue 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.

Directors' Report (continued)

Segment performance

In thousands of AUD

	Technology, Healthcare and Consumer Practice	OB Media	Total Segments	Support office(i)	Share based payments charge(ii)	Total
2023						
Net Revenue[1]	74,808	25,628	100,436	–	–	**100,436**
EBITDA[2]	13,500	13,923	27,423	(3,892)	(554)	**22,977**
EBITDA[2] margin	18.0%	54.3%	27.3%	–	–	**22.9%**
2022 – Restated[3]						
Net Revenue[1]	79,876	49,580	129,456	–	–	**129,456**
EBITDA[2]	12,547	37,761	50,308	(4,954)	(1,028)	**44,326**
EBITDA[2] margin	15.7%	76.2%	38.9%	–	–	**34.2%**

Geographical performance

In thousands of AUD

	Australia and Asia	UK and Europe	USA	Support office(i)	Share based payments charge(ii)	Total
2023						
Net Revenue[1]	33,489	16,152	50,795	–	–	**100,436**
EBITDA[2]	6,939	3,379	17,105	(3,892)	(554)	**22,977**
EBITDA[2] margin	20.7%	20.9%	33.7%	–	–	**22.9%**
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%**

1. Gross revenue 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.
3. Segments have changed from July 2023 and the comparatives have been restated accordingly. Refer to Note 2 for additional details.

Capital management

Cash flow – Operating activities
Cash inflows from operating activities was $20.1 million (2022: $5.5 million). The increase in inflows is primarily attributable to the timing of receipts from customers and lower income tax payments. The Group converted 105% of EBITDA to cash for the half year ended 31 December 2023 (2022: 36%).

Cash flow – Investing activities
Cash outflows for investing activities was $4.1 million (2022: $35.1 million). The decrease 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 $12.7 million (2022: $31.4 million). The decrease in outflows was due to the net drawdown of $0.5 million (2022: net repayment of 28.9m) of the bank loan with Westpac in the half year ended 31 December 2023. During the current half year, $4.1 million (2022: $6.0 million) in dividends were paid to Enero Group Limited shareholders in addition to $4.6 million (2022: $12.2 million) in dividends paid to minority shareholders of controlled subsidiaries.

Directors' Report (continued)

Contingent consideration liabilities

At as 31 December 2023 the Company's estimated contingent consideration liabilities was $18.1 million.

Cash and Debt

In thousands of AUD	31-Dec-2023	30-Jun-2023
Cash and cash equivalents	54,522	52,432
Interest bearing liabilities	(9,019)	(8,735)
Contingent consideration liabilities	(18,111)	(30,740)
Net cash [4]	27,392	12,957

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

Debt facility

During the half year ended 31 December 2023, the Group drew down AU$3.0 million and repaid AU$2.5 million (June 2023: $28.9m) of the loan balance and paid interest of $0.5 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.

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 2023, the Company issued 32,984 ordinary shares (31 December 2022: 820,120) to employees exercising share appreciation rights under the Company's Share Appreciation Rights Plan (SARP). The issue price of these shares was $1.58 and these shares rank equally with existing shareholders.

Share Appreciation Rights issued
During the half year ended 31 December 2023, a total of 4,550,000 Share Appreciation Rights (31 December 2022: 4,425,000) 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 (2023)	4.5 cents	4,139	28 September 2023

Subsequent to the interim reporting date, the Directors have declared an interim dividend, with respect to ordinary shares, of 3.0 cents per share, fully franked. The interim dividend will have a record date of 21 March 2024 and a payment date of 12 April 2024. The financial effect of this dividend has not been brought to account in the financial statements for the half year ended 31 December 2023 but will be recognised in the subsequent financial period.

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 29 and forms part of the Directors' Report for the half year ended 31 December 2023.

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 28th day of February 2024.

Ann Sherry AO
Chair

Consolidated interim income statement
for the half year ended 31 December 2023

In thousands of AUD	Note	2023	2022
Gross revenue	3	417,089	368,858
Directly attributable costs of sales		(316,653)	(239,402)
Gross profit		100,436	129,456
Other income		46	72
Employee expenses		(67,390)	(74,670)
Occupancy costs		(676)	(801)
Travel expenses		(936)	(1,069)
Communication expenses		(1,029)	(1,220)
Compliance expenses		(1,337)	(1,483)
Depreciation and amortisation expense		(5,094)	(3,485)
Administration expenses		(6,137)	(5,959)
Finance income		162	120
Finance costs		(1,331)	(2,370)
Contingent consideration fair value gain	4	8,763	-
Impairment loss	4	(25,281)	-
Loss on disposal	12	(2,154)	-
Restructuring costs	4	(445)	(1,476)
(Loss)/profit before income tax		(2,403)	37,115
Income tax expense	5	(4,884)	(9,005)
(Loss)/profit for the half year		(7,287)	28,110
Attributable to:			
Equity holders of the parent		(12,348)	13,645
Non-controlling interests		5,061	14,465
		(7,287)	28,110
Basic earnings per share (AUD cents)	6	(13.45)	14.78
Diluted earnings per share (AUD cents)	6	(13.45)	14.66

The notes on pages 12 to 25 are an integral part of these consolidated interim financial statements.

Consolidated interim statement of comprehensive income

for the half year ended 31 December 2023

In thousands of AUD	Note	2023	2022
(Loss)/ profit for the half year		(7,287)	28,110
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations		(4,215)	1,141
Total items that may be reclassified subsequently to profit or loss		(4,215)	1,141
Other comprehensive (loss)/income for the half year, net of tax		(4,215)	1,141
Total comprehensive (loss)/income for the half year		(11,502)	29,251
Attributable to:			
Equity holders of the parent		(16,377)	14,736
Non-controlling interests		4,875	14,515
		(11,502)	29,251

The notes on pages 12 to 25 are an integral part of these consolidated interim financial statements.

Consolidated interim statement of changes in equity

for the half year ended 31 December 2023

In thousands of AUD	Attributable to owners of the Company							
	Share capital	Retained profits / (Accumulated losses)	Profit appropriation reserve	Share based payment reserve	Foreign currency translation reserve	Total	Non-controlling interests	Total equity
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**
Opening balance at 1 July 2023	117,815	65,306	15,636	7,900	4,990	**211,647**	7,173	**218,820**
(Loss)/ profit for the half year	–	(12,348)	–	–	–	**(12,348)**	5,061	**(7,287)**
Other comprehensive income for the half year, net of tax	–		–	–	(4,029)	**(4,029)**	(186)	**(4,215)**
Total comprehensive (loss)/ income	–	(12,348)	–	–	(4,029)	**(16,377)**	4,875	**(11,502)**
Transactions with owners recorded directly in equity:								
Shares issued to employees on exercise of Share Appreciation Rights	52	–	–	(52)	–			
Dividends paid to equity holders	–	–	(4,139)	–	–	**(4,139)**	(4,648)	**(8,787)**
Share buy-back	(1,596)	–	–	–	–	**(1,596)**	–	**(1,596)**
Share-based payment expense	–	–	–	554	–	**554**	–	**554**
Closing balance at 31 December 2023	116,271	52,958	11,497	8,402	961	**190,089**	7,400	**197,489**

The notes on pages 12 to 25 are an integral part of these consolidated interim financial statements.

Consolidated interim statement of financial position
as at 31 December 2023

In thousands of AUD	Note	31-Dec-2023	30-Jun-2023
Assets			
Cash and cash equivalents		54,522	52,432
Trade and other receivables		82,220	74,801
Other assets		9,808	7,744
Income tax receivable		2,394	3,298
Total current assets		148,944	138,275
Deferred tax assets		1,334	1,582
Plant and equipment		1,945	2,567
Right-of-use assets	7	12,605	12,980
Other assets		185	169
Intangible assets	8	194,540	227,683
Total non-current assets		210,609	244,981
Total assets		359,553	383,256
Liabilities			
Trade and other payables		109,486	98,316
Contingent consideration payable	9	4,859	4,316
Lease liabilities	10	3,696	4,264
Employee benefits		5,634	5,857
Income tax payable		-	161
Total current liabilities		123,675	112,914
Contingent consideration payable	9	13,252	26,424
Lease liabilities	10	10,068	9,878
Employee benefits		1,144	1,027
Deferred tax liabilities		4,906	5,458
Interest bearing liabilities	11	9,019	8,735
Total non-current liabilities		38,389	51,522
Total liabilities		162,064	164,436
Net assets		197,489	218,820
Equity			
Share capital	13	116,271	117,815
Other reserves		9,363	12,890
Profit appropriation reserve		11,497	15,636
Retained profits		52,958	65,306
Total equity attributable to equity holders of the parent		190,089	211,647
Non-controlling interests		7,400	7,173
Total equity		197,489	218,820

The notes on pages 12 to 25 are an integral part of these consolidated interim financial statements.

Consolidated interim statement of cash flows
for the half year ended 31 December 2023

In thousands of AUD	Note	2023	2022
Cash flows from operating activities			
Cash receipts from customers		417,008	339,420
Cash paid to suppliers and employees		(392,243)	(323,516)
Cash generated from operations		24,765	15,904
Interest received		161	120
Income taxes paid		(4,329)	(9,604)
Interest paid		(542)	(970)
Net cash from operating activities		20,055	5,450
Cash flows from investing activities			
Sale of controlled entities		112	–
Acquisition of plant and equipment		(323)	(464)
Acquisition of businesses, net of cash acquired		–	(32,000)
Contingent consideration paid	9	(3,927)	(2,671)
Net cash used in investing activities		(4,138)	(35,135)
Cash flows from financing activities			
Payment of lease liabilities	10	(2,824)	(2,935)
Drawdown of bank loans		3,000	–
Repayment of bank loans		(2,496)	(10,267)
Dividends paid to equity holders of the parent		(4,139)	(6,027)
Dividends paid to non-controlling interests in controlled entities		(4,648)	(12,169)
Payment for Share buy-back		(1,596)	–
Net cash used in financing activities		(12,703)	(31,398)
Net increase/(decrease) in cash and cash equivalents		3,214	(61,083)
Effect of exchange rate fluctuations on cash held		(1,125)	331
Cash and cash equivalents at 1 July		52,433	98,742
Cash and cash equivalents at 31 December		54,522	37,990

The notes on pages 12 to 25 are an integral part of these consolidated interim financial statements.

Notes to the consolidated interim financial statements
for the half year ended 31 December 2023

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 2023 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 2023 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 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 2023 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 2023.

The consolidated interim financial statements were approved and authorised for issue by the Board of Directors on 28 February 2024.

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

New accounting standards, interpretations and amendments adopted by the Group

There were no new accounting standards, interpretations and amendments significantly impacting the Group in the half year ended 31 December 2023.

Standards issued but not yet effective

Certain new accounting standards, amendments and interpretations have been issued that are not yet effective for the half year ended 31 December 2023. The Group intends to adopt the following new or amended standards and interpretations, if applicable, when they become effective with no significant impact being expected on the Consolidated Financial Statements of the Group:

- Amendments to AASB 101 Classification of Liabilities as Current or Non-current
- Amendments to AASB Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

e. Use of estimates and judgements

The preparation of the Group's Consolidated Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in an outcome that requires a material adjustment to the carrying amount of assets and liabilities in future periods. The Group's material judgements and estimates were disclosed in Note 1 within the Group's 2023 Consolidated Financial Statements. The key estimates and assumptions which are most significant to the Consolidated Financial Statements for the half year ended 31 December 2023 are disclosed in note

- 8. Intangibles
- 9. Contingent consideration payable

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 Board, CEO and CFO 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.

Followings management's review of the business portfolio at the beginning of the current reporting period, it was decided to separate OBMedia into its own segment.

The business portfolio is separated into the following two segments to better assess its performance, make decisions on resource allocation and report both to the CODM:

- *Technology, Healthcare and Consumer Practice*: This includes public relations and communications consultancy Hotwire Group (including strategic B2B sales and marketing agencies ROI DNA and GetIT), creative agency BMF and digital agency Orchard.
- *OBMedia*: customer acquisition platform OB Media.

Applicable comparative numbers have been restated due to the change in segment.

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.

2. Operating segments (continued)

6 months to 31-Dec-2023 In thousands of AUD	Technology, Healthcare and Consumer Practice	OBMedia	Total segments	Unallocated	Eliminations	Consolidated
Gross revenue	99,224	317,865	417,089	–	–	417,089
Directly attributable cost of sales	(24,416)	(292,237)	(316,653)	–	–	(316,653)
Gross profit[1]	74,808	25,628	100,436	–	–	100,436
Other income	41	–	41	5	–	46
Operating expenses	(61,349)	(11,705)	(73,054)	(4,451)	–	(77,505)
EBITDA	13,500	13,923	27,423	(4,446)	–	22,977
Depreciation of plant and equipment and right-of-use assets						(3,096)
Amortisation of intangibles						(1,998)
Net finance costs						(1,169)
Significant items[2]	(18,953)	(164)	(19,117)	–	–	(19,117)
Loss before income tax						(2,403)
Income tax expense						(4,884)
Loss for the half year						(7,287)
As at 31 December 2023						
Goodwill [3]	158,808	15,222	174,030	–	–	174,030
Other intangibles	20,510	–	20,510	–	–	20,510
Assets excluding intangibles	73,820	70,996	144,816	31,780	(11,583)	165,013
Total assets	253,138	86,218	339,356	31,780	(11,583)	359,553
Liabilities	73,101	56,483	129,584	44,063	(11,583)	162,064
Total liabilities	73,101	56,483	129,584	44,063	(11,583)	162,064

Restated [4] 6 months to 31-Dec-2022 In thousands of AUD	Technology, Healthcare and Consumer Practice	OBMedia	Total segments	Unallocated	Eliminations	Consolidated
Gross revenue	100,587	268,271	368,858	–	–	368,858
Directly attributable cost of sales	(20,711)	(218,691)	(239,402)	–	–	(239,402)
Gross profit[1]	79,876	49,580	129,456	–	–	129,456
Other income	72	–	72	–	–	72
Operating expenses	(67,401)	(11,819)	(79,220)	(5,982)	–	(85,202)
EBITDA	12,547	37,761	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 30 June 2023						
Goodwill [3]	190,070	15,222	205,292	–	–	205,292
Other intangibles	22,391	–	22,391	–	–	22,391
Assets excluding intangibles	71,743	71,909	143,652	30,860	(18,939)	155,573
Total assets	284,204	87,131	371,335	30,860	(18,939)	383,256
Liabilities	63,014	60,154	123,168	60,207	(18,939)	164,436
Total liabilities	63,014	60,154	123,168	60,207	(18,939)	164,436

1. Gross profit represents Net Revenue, which is gross revenue less directly attributable costs of sales
2. Significant items are explained on page 2.
3. A reallocation of goodwill to OB Media has been performed using a relative value approach as a result of the change in segment.
4. Segments have changed from July 2023 and the comparatives have been restated accordingly.

2. Operating segments (continued)

Major Customers

Net Revenue from 1 customer (2022: 2 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-23	6 months to 31-Dec-22
Technology, Healthcare and Consumer Practice	–	–
OBMedia	24.2	38.6
	24.2	38.6

3. Revenue

The Group's operations and main revenue streams are those described in its Annual Report for the year ended 30 June 2023.

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-23	6 months to 31-Dec-22
Primary geographical markets		
USA	345,084	301,841
Australia and Asia	51,726	44,525
UK and Europe	20,279	22,492
Total	417,089	368,858

Disaggregation of revenue

Consulting revenue (excluding revenue from advertising technology platform) by type of contract	6 months to 31-Dec-23	6 months to 31-Dec-22
Fixed Fee retainers	48%	47%
Variable retainers (% of total digital advertising spend)	9%	11%
Project based retainers (can be fixed fee or time and cost recovery)	43%	42%
Total	100%	100%

Revenue by timing of performance obligations	2023	2022
Point in time	76%	73%
Recognised over time	24%	27%
Total	100%	100%

4. Significant items

The net profit after tax includes the following significant items, which by size and nature or incidence are relevant in explaining the financial performance of the Group:

In thousands of AUD	6 months to 31-Dec-23	6 months to 31-Dec-22
Primary geographical markets		
Contingent consideration fair value gain [i]	8,763	–
Impairment loss [ii]	(25,281)	–
Loss on disposal [iii]	(2,154)	–
Restructuring costs and other [iv]	(445)	(1,476)
Total significant items before tax	(19,117)	(1,476)
Income tax benefit on significant items	34	302
Total significant items after tax	(19,083)	(1,174)

[i] Fair value adjustments in FY24 H1 relate to gains on contingent consideration true up due to lower earnings expectations relating to ROI DNA and GetIT
[ii] Impairment loss relates to $1.7m impairment of GetIT goodwill, $23.2m impairment of ROI DNA goodwill and $0.4m impairment of right of use asset relating to the CPR disposal. See note 8.
[iii] $2.2m loss on sale of business relates to CPR disposal on 31 October 2023. See note 12.
[iv] Restructuring costs largely incurred in CPR due to the disposal of the business and in OBMedia relating to rebase of revenue at the end of FY23.

5. Income tax expense

Recognised in the consolidated interim income statement

In thousands of AUD	6 months to 31-Dec-23	6 months to 31-Dec-22
Current tax expense		
Current year	5,255	8,490
Adjustments for prior years	658	31
	5,913	8,521
Deferred tax expense		
Origination and reversal of temporary differences	(1,029)	484
	(1,029)	484
Income tax expense in the consolidated interim income statement	4,884	9,005
Numerical reconciliation between tax expense and pre-tax accounting profit		
(Loss)/profit for the half year	(7,287)	28,110
Income tax expense	4,884	9,005
(Loss)/profit before income tax	(2,403)	37,115
Income tax expense using the Company’s domestic tax rate of 30% (2022: 30%)	(721)	11,135
Increase/(decrease) in income tax expense due to:		
Share-based payment expense	151	308
Fair value adjustment	(2,629)	–
Loss on disposal of subsidiaries	646	–
Impairment charges	7,584	–
Contingent consideration present value interest	127	356
Effect of lower tax rate on overseas income	(409)	(2,744)
Under/(over) provision for tax in prior years	658	31
Effect of losses not previously recognised	(162)	–
Other (non-assessable)/non-deductible items	(361)	(81)
Income tax expense on pre-tax net profit	4,884	9,005

6. Earnings per share

	6 months to 31-Dec-23	6 months to 31-Dec-22
Profit attributable to equity holders of the parent		
In thousands of AUD		
(Loss)/profit for the half year	(7,287)	28,110
Non-controlling interests	(5,061)	(14,465)
(Loss)/profit for the half year attributable to equity holders of the parent	(12,348)	13,645
Weighted average number of ordinary shares		
In thousands of shares		
Weighted average number of ordinary shares – basic	91,826	92,315
Shares issuable under equity-based compensation plans [1]	-	777
Weighted average number of ordinary shares – diluted	91,826	93,092

1. In accordance with AASB133, Earnings per share, options that could potentially dilute basic earnings per share have not been included in the calculation of diluted earnings per share shown below because they are anti dilutive for the periods presented.

Earnings per share		
Basic (AUD cents)	(13.45)	14.78
Diluted (AUD cents)	(13.45)	14.66

7. Right-of-use assets

In thousands of AUD	31-Dec-2023	30-Jun-2023
Cost	26,284	24,196
Accumulated depreciation	(13,679)	(11,216)
Net carrying amount	12,605	12,980

In thousands of AUD	6 months to 31-Dec-2023	12 months to 30-Jun-2023
Reconciliations of the carrying amounts of right-of-use assets:		
Carrying amount at the beginning of period	12,980	5,950
Additions	2,303	5,129
Acquisitions through business combinations	–	239
Re-measurement of lease liabilities	–	5,536
Depreciation	(2,203)	(4,253)
Impairment	(350)	–
Effect of movements in exchange rates	(125)	379
Carrying amount at the end of the period	12,605	12,980

8. Intangible assets

In thousands of AUD	Goodwill	Contracts and customer relationships	Website	Total
31-Dec-2023				
Cost	174,521	29,619	1,972	206,112
Accumulated amortisation	(491)	(10,893)	(188)	(11,572)
Net carrying amount	174,030	18,726	1,784	194,540
Reconciliations of the carrying amounts of intangible assets:				
Carrying amount at the beginning of the year	205,292	20,917	1,474	227,683
Additions	–	–	453	453
Disposal of controlled businesses	(2,641)	–	–	(2,641)
Impairment	(24,922)	–	–	(24,922)
Amortisation	–	(1,847)	(151)	(1,998)
Effect of movements in exchange rates	(3,699)	(344)	8	(4,035)
Carrying amount at 31 December 2023	174,030	18,726	1,784	194,540

Goodwill Cash Generating Unit (CGU) allocation

In thousands of AUD	31-Dec-2023
Cash Generating Unit (CGU):	
Technology, Healthcare and Consumer Practice	97,686
OBMedia	15,222
ROI DNA	55,088
GetIT	6,034
Net carrying amount	174,030

The Group implemented a new segment structure resulting in change in composition of its CGU group. Accordingly, carrying value of goodwill (previously fully allocated to Creative Technology and Data CGU) was reallocated to OBMedia CGU and Technology, Healthcare and Consumer Practice CGU using a relative value approach. Under this approach, relative value of goodwill is determined by reference to value-in-use of CGUs as at the date of re-organisation. The Group completed an assessment for impairment before the reallocation of goodwill using the same assumptions as those applied by the Group in its financial report for the year ended 30 June 2023 and concluded that the recoverable amount of CGUs exceeded the carrying value.

OBMedia has been separated into its own CGU and the agencies have been grouped into Technology, Healthcare and Consumer Practice CGU, ROI DNA CGU and GetIT CGU however, the re-organisation had no impact on ROI DNA and GetIT CGUs. The decrease in the goodwill carrying value as compared to the prior reporting period is due to the impairment booked in respect of the ROI DNA and GetIT GCUs and the relative value of goodwill relating to the disposal of CPR.

Impairment of non-financial assets

The process of impairment testing is to estimate the recoverable amount of the assets concerned and recognise an impairment loss in the consolidated income statement whenever the carrying amount of those assets exceeds the recoverable amount.

The Group assesses at each reporting date whether there is any indication that an asset may be impaired. Impairment indicators to consider include external and internal sources; for example: market value decline; negative changes in technology, markets, economy, or laws; increases in market interest rates; economic performance. Impairment indicators list is not exhaustive. The Group may identify other indications that an asset may be impaired, and these would also require the Group to determine the asset's recoverable amount and in the case of goodwill, perform an impairment test.

The challenging macroeconomic environment in the technology sector has impacted near-term performance of ROI DNA and GetIT. The recent performance and the uncertainty around timing of improved market conditions have resulted in an impairment assessment for both CGUs in this reporting period.

Impairment tests for cash-generating units (CGUs) goodwill
For impairment testing, goodwill is allocated to the Group's operating business units that represent the lowest level within the Group at which goodwill is monitored for internal management purposes and synergies obtained by the business unit.

The aggregation of assets in the CGU continues to be based upon the interdependency of the cash inflows generated from the service offering and synergies obtained by the business unit. ROI DNA and GetIT were acquired on 1 July 2022. Goodwill arising from the acquisition of these new businesses is required to be tested independently of other goodwill amounts as this represents the lowest level at which the performance of the respective businesses is monitored due to the terms of the earn-out agreements.

The recoverable amount of the CGUs was based on value in use in both the current and prior year. The methodologies and assumptions used for calculating value in use for all of the CGUs have remained materially consistent with those applied in prior years.

Key assumptions
Key assumptions used in the value in use approach to test for impairment relate to projected five year cash flows, the discount rates and the medium-term and long-term growth rates applied to projected cash flows.

Projected cash flows
The projected first year of cash flows is derived from the current financial year cash flows. This reflects the best estimate of the CGU's future cash flows at the reporting date. Projected cash flows can differ from future actual cash flows and results of operations.

Consideration was given to the impact of the ROI DNA and GetIT current financial performance on the projected cash flows.

Discount rates
Discount rates are based on the ROI DNA and Get IT's pre-tax weighted average cost of capital (WACC) adjusted if necessary to reflect the specific characteristics of each CGU group and to obtain a post-tax discount rate. Discount rates used are appropriate for the currency in which cash flows are generated and are adjusted to reflect the current view on the appropriate debt equity ratio and risks inherent in assessing future cash flows.

Growth rate
Projected cash flows for the first forecast year reflect the growth each CGU is expected to achieve over the current year's actual Net Revenue and EBITDA results. Projected cash flows for year two onwards have then been built off Net Revenue and EBITDA growth for each CGU.

Long-term growth rate into perpetuity
Long-term growth rate of 2.5% (30 June 2023: 2.5%) is used into perpetuity, based on the expected long-range growth rate for the industry.

Impairment testing key assumptions for ROI DNA CGU and GetIT CGU:

CGU Groups	**31-Dec-2023**		**30-Jun-2023**	
	ROI DNA	**GetIT**	**ROI DNA**	**GetIT**
Post-tax discount rate %	15.0	13.0	10.5	10.2
EBITDA Growth rate (CAGR) %	38.5	75.0	34.4	46.2
Long-term perpetuity growth rate %	2.5	2.5	2.5	2.5

Sensitivity range for impairment testing assumptions

Whilst it is management's view that the assumptions used for growth rates over the forecast period and the long-term and discount rates are reasonable, a sensitivity analysis was performed for ROI DNA and GetIT CGUs taking into consideration the possible impacts of adverse economic conditions over the forecast period. Specifically, the impact that severe and sustained inflation in key geographies, supply chain issues affecting the distribution of customers' products, or a disruption in the credit markets may have on the key assumptions used in determining each CGU's recoverable amount, being:

- lower projected cash inflows as result of reductions, deferrals or cancellations by customers in terms of their spending on advertising, marketing and corporate communications projects;
- increased operating costs, including those to attract and retain the talent needed to grow revenues at forecast levels; or
- higher discount rates.

The results of this sensitivity analysis were such that any reasonably possible change in these key assumptions upon which each CGU's recoverable amounts were based would cause the corresponding CGU's carrying amount to exceed its recoverable amount.

Management has identified that a reasonably possible change in two key assumptions could cause the carrying amount to exceed the recoverable amount as shown below:

In Thousands of AUD - 31-Dec-2023	**ROI DNA**		**GetIT**	
Key Assumption	**Change %**	**Impact**	**Change %**	**Impact**
Discount rate	+0.5%	(2,462)	+0.5%	(347)
EBITDA growth rate	-5%	(3,654)	-5%	(452)

9. Contingent consideration payable

In thousands of AUD	31-Dec-2023	30-Jun-2023
Current		
Contingent consideration payable	4,859	4,316
Non-current		
Contingent consideration payable	13,252	26,424
Total	18,111	30,740

In thousands of AUD	6 months to 31-Dec-2023	12 months to 30-Jun-2023
Reconciliations of the carrying amounts of contingent consideration payable:		
Carrying amount at the beginning of the period	30,740	10,113
Recognised in business combinations	–	53,467
Re-assessment of contingent consideration	(8,763)	(34,648)
Unwind of present value interest	422	2,311
Effect of movements in exchange rates	(361)	2,168
Contingent consideration paid	(3,927)	(2,671)
Carrying amount at the end of the period	18,111	30,740

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, EBITDA and EBIT threshold for future payments, the basis of the average net revenue over the contingent consideration period and a purchase price cap. Actual future payment 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.	- Forecast performance indicator. - Risk-adjusted discount rate: 4.78% - 5.5% (30 June 2023: 4.28% - 5.52%)	The estimated fair value would increase (decrease) if: - the forecast performance indicators are higher (lower); or - the risk-adjusted discount rates were lower (higher).

Sensitivity analysis
Reasonably possible changes at 31 December 2023 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	956	(911)
Movement of 10% in forecast performance indicator	1,912	(1,738)
Movement of 15% in forecast performance indicator	2,868	(2,657)

10. Lease liabilities

In thousands of AUD	31-Dec-2023	30-Jun-2023
Current		
Lease liabilities	3,696	4,264
Non-current		
Lease liabilities	10,068	9,878
Total	13,764	14,142

In thousands of AUD	6 months to 31-Dec-2023	12 months to 30-Jun-2023
Reconciliations of the carrying amounts of lease liabilities:		
Carrying amount at the beginning of the period	14,142	8,597
Additions	2,313	5,139
Acquisition through business combinations	–	239
Re-measurement of lease liability	(124)	5,535
Repayments	(2,824)	(6,053)
Present value interest	383	232
Effect of movements in exchange rates	(126)	453
Carrying amount at the end of the period	13,764	14,142

11. Interest bearing liabilities

In thousands of AUD	31-Dec-2023	30-Jun-2023
Non-current		
Unsecured bank loan	9,019	8,735

Financing arrangements
The Group has access to the following lines of credit:

In thousands of AUD	31-Dec-2023 Available	31-Dec-2023 Utilised	30-Jun-2023 Available	30-Jun-2023 Utilised
Bank loan (cash advance)	50,000	9,019	50,000	8,735
Indemnity guarantee	3,153	2,024	3,351	2,031
Credit card	1,353	320	1,345	306
	54,506	11,363	54,696	11,072

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 fair 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 $0.7 million for indemnity guarantee facilities at 31 December 2023.

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.

12. Disposal of Subsidiary

2023

On 31 October 2023, the Group entered into a sale agreement to sell the business assets of its public affairs agency, Communications and Public Relations (CPR) to The Civic Partnership (Civic), for consideration of $0.7m. The Group recognised an accounting loss on sale of $2.2m in the consolidated income statement for the year ended 31 December 2023.

Assets and liabilities and cash flow of disposed entity

The major classes of assets and liabilities of the disposed businesses are as follows:

In thousands of AUD	**Carrying amounts**
Assets	
Trade and other receivables	279
Other assets	16
Plant and equipment	10
Total assets disposed	**305**
Liabilities	
Trade and other payables	15
Employee benefits	30
Total liabilities disposed	45
Net assets disposed	260

Gain on sale

In thousands of AUD	
Consideration received	746
Less: relative value of goodwill	(2,640)
Less: net assets disposed	(260)
Less: incidental cost	–
Loss on sale in the consolidated income statement	(2,154)

Net cash received

In thousands of AUD	
Total consideration	746
Less: working capital adjustment	(280)
Less: Deferred consideration	(354)
Reflected in the consolidated statement of cash flows	112

13. Capital and reserves

In thousands of AUD	31-Dec-2023	30-Jun-2023
Share capital		
Ordinary shares, fully paid	116,271	117,815

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

Movement in ordinary shares

	31-Dec-2023 Shares	31-Dec-2023 In thousands of AUD	31-Dec-2022 Shares	31-Dec-2022 In thousands of AUD
Balance at beginning of year	92,334,315	117,815	88,045,107	104,861
Shares issued to the employees of the Group on exercise of Share Appreciation Rights(i)	32,984	52	820,120	2,690
Shares issued to vendors of ROI DNA and GetIT(ii)	–	–	3,855,147	10,857
Share buy-back	(1,020,453)	(1,596)	–	–
Balance at end of the period	91,346,846	116,271	92,720,374	118,408

(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 $1.58 (2022: $3.28)

(ii) Share capital recognised during the prior 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.

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 2023			
Fully franked final dividend – 2023	4.5	4,139	28 September 2023
Subsequent to the balance sheet date, at the date of this report			
Fully franked interim dividend – 2024	3.0	2,755	12 April 2024
During the year ended 30 June 2023			
Fully franked final dividend – 2022	6.5	6,027	4 October 2022
Fully franked interim dividend – 2023	6.5	6,027	15 March 2023

Dividend franking account

In thousands of AUD	31-Dec-2023	30-June-2023
Franking credits available for future years at 30% to shareholders of Enero Group Limited	3,610	5,273

The above amounts represent the balance of the franking account at the end of the half 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.

13. Capital and reserves (continued)

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 2023.

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, its subsidiaries and key management personnel or their related entities 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 3.0 cents per share, fully franked. The interim dividend will have a record date of 21 March 2024 and a payment date of 12 April 2024. The financial effect of this dividend has not been brought to account in the financial statements for the half year ended 31 December 2023 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.

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 25 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 2023 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 28th day of February 2024.

Signed in accordance with a resolution of the Directors:

Ann Sherry AO
Chair

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Independent auditor's review report to the members of Enero Group Limited

Conclusion

We have reviewed the accompanying half-year financial report of Enero Group Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated interim statement of financial position as at 31 December 2023, the consolidated interim income statement and 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 comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance for the half-year ended on that date; and

b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year 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 the Code.

Directors' responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year 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 half-year financial report

Our responsibility is to express a conclusion on the half-year 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 half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year 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.

Ernst & Young

Ernst & Young

J Inglis

Jodie Inglis
Partner
Sydney
28 February 2024

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Auditor's independence declaration to the directors of Enero Group Limited

As lead auditor for the review of Enero Group Limited for the half-year ended 31 December 2023, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;

b. No contraventions of any applicable code of professional conduct in relation to the review; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of Enero Group Limited and the entities it controlled during the financial period.

Ernst & Young

Ernst & Young

J Inglis

Jodie Inglis
Partner
28 February 2024