enero

Enero Group Limited and Controlled Entities

ABN 97 091 524 515

Preliminary Final Report

Appendix 4E

Year ended 30 June 2024

Contents

Enero Group Limited

Preliminary Final Report - year ended 30 June 2024

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 30 June 2024.

The previous corresponding reporting period is 1 July 2022 to 30 June 2023.

Key information

In thousands of AUD

	30 June 2024	30 June 2023	% Change	Amount Change
Gross revenues from ordinary activities	804,474	740,207	8.7%	64,267
Profit after tax before significant items attributable to members	10,287	24,402	(57.8%)	(14,115)
(Loss)/profit after tax attributable to members	(44,187)	56,474	(178.2%)	(100,661)
(Loss)/profit for the period attributable to members	(44,187)	56,474	(178.2%)	(100,661)

Dividends	Amount per security	Total amount AUD'000	Date of payment
Fully franked:			
2023 final dividend	4.5 cents	4,139	28 September 2023
2024 interim dividend	3.0 cents	2,741	12 April 2024
2024 final dividend	2.0 cents	1,815	3 October 2024

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

Additional information

	Current period	Previous corresponding period
Net tangible asset backing per ordinary share	0.17	(0.05)

Earnings per share

	30 June 2024	30 June 2023
Basic earnings per share before significant items (AUD cents)	11.3	26.4
Basic earnings per share (AUD cents)	(48.3)	61.1
Diluted earnings per share (AUD cents)	(48.3)	60.7

Explanation of results

The Preliminary Final Report has been prepared in accordance with ASX Listing Rule 4.3A and has been derived from the unaudited Annual Financial Report. In accordance with the *Corporation Act 2001*, the Preliminary Final Report is unaudited and contains disclosures which are extracted or derived from the Annual Financial Report for the year ended 30 June 2024. The Annual Financial Report is being audited and is expected to be made available on 13 September 2024. The audit of the Annual Financial Report is not expected to be subject to a modified opinion.

Operating and financial review

Strategy and operations of the Group

Enero Group is a global company of forward-thinking marketers, technologists and leaders navigating a world of constant change and disruption. The Group achieves this through an international network of marketing, communications and advertising technology companies with over 750 employees (at the date of this report) in 11 countries.

Enero's vision is to leverage our specialist advantage and agility in marketing services and be famous for our progressive capabilities. We achieve this through deep knowledge and experience in key industries, which delivers growth for our clients, transforming their brands with creative, technology and data solutions. Our industries of focus are Technology, Healthcare and Growth Consumer, all of which are supported by long-term positive macroeconomic growth trends. We differentiate against our competitors through our integrated offering combined with our deep industry specialism, and our agility to capitalise on new developments in our dynamic sector.

Enero Group remains optimistic about the growth potential of our business across all regions. We are also responding rapidly to changes in our business, reducing cost to match revenues and maintain margins. We remain responsive to changing macroeconomic conditions, and our long-term perspective will ensure that we capitalise on opportunities to evolve and transform the Group as conditions improve.
Enero Group considers the following to be the most relevant risks to the business achieving its strategic, operational and financial targets:

Potential risk	Risk description	Group's mitigating actions
Evolving needs of clients	Changing requirements of clients' marketing needs may render our services redundant or unsuitable.	Enero Group continues to invest in the evolution of our capabilities, both through internal investment as well as strategic acquisitions. The Enero Board and management team monitor the evolution of the markets in which we operate, dynamically adjusting the Group's strategy as required. We also work to limit customer concentration, such that the loss of any single customer would not significantly impact the Group's financial performance.
Uncertain economic conditions	Global macroeconomic conditions may impact demand for marketing services and therefore reduce the Group's revenue performance.	Enero Group is a diversified portfolio of businesses, both geographically and in terms of the types of marketing services offered. This helps us to remain resilient to economic volatility. The Group also owns businesses that have relatively low fixed costs, allowing us to manage the cost base of the business in accordance with our revenue performance. We are constantly monitoring and managing our business to key internal cost ratios to ensure we can deliver strong shareholder returns even in the face of volatile market conditions. We also continue to develop capabilities that differentiate us versus our competitors, ensuring we are preferred suppliers, and enabling us to augment and enhance client teams that may have been impacted by cost reduction initiatives. Certain businesses in the Group, such as OBMedia, may also have countercyclical elements, where decreasing revenues may be mitigated by decreasing costs of sales.
Supply chain	Suppliers no longer provide critical services/products to the Group, for commercial, financial (bankruptcy etc.) or geopolitical reasons.	Enero has a diversified portfolio of supplier relationships with different contract maturity dates to mitigate the impact of losing individual suppliers. Most of our suppliers are service providers with commoditised offerings, which ensures we are minimally exposed to market price fluctuations and can find new suppliers with relative ease. We can source suppliers globally (particularly in the pandemic era of virtual working), limiting our geopolitical risk. Our global scale makes us a valuable customer for our suppliers, which also mitigates commercial risk to these relationships. We regularly review our supplier relationships to identify risks and ensure they remain commercially attractive relationships. OBMedia's supply chain includes a diversified group of publishers, agencies, social media platforms, ad networks, media buyers and other traffic sources. We use processes and technology to assess traffic quality from these sources.

Potential risk	Risk description	Group's mitigating actions
		We proactively manage our publisher traffic and relationships to ensure quality traffic is sourced.
Employee attraction and retention	The Group finds it difficult to attract and/or retain key talent. As a talent-based business, a significant loss of key talent over a short period could impact the Group's financial performance.	As a talent-based business, Enero believes employee attraction and retention is a key source of competitive differentiation. As such, we actively invest in talent and culture, both through Enero's global People and Culture Centre of Excellence, as well as within the individual businesses of the Group. We empower each business in the Group to develop a unique culture that suits the talent market they operate in, ensuring each business is best situated to achieve its People and Culture strategy and goals. Enero invests heavily in in-house and external recruitment capabilities, a global Learning and Development platform, progressive and dynamic workplace practices and a strong focus on Diversity, Equity and Inclusion initiatives that are tailored to each market we operate in. We conduct short-term and long-term succession and organisational planning for key roles. We also regularly measure the satisfaction of the Group's employees and seek feedback on areas of improvement. The Nomination and Remuneration Committee of the Board works closely with the CEO and Chief People and Culture Officer on the development and execution of the Group's People and Culture strategy.
Business continuity	The Group may be exposed to a range of different risks that may adversely affect the day-to-day operations of the business.	Enero regularly reviews potential business continuity risks such as Work, Health and Safety risks (WHS), IT and Cybersecurity risks, and Regulatory and Governance risks. We have developed plans to mitigate and minimise the impact of all of these risks, as well as others. The Audit and Risk Committee of the Board periodically reviews the Group's Business Continuity, Disaster Recovery and Crisis Management plans.
Acquisition success	Acquisitions may not deliver expected value to shareholders, either through commercial underperformance, integration difficulty or operational issues.	As a portfolio business, Enero has extensive experience acquiring and integrating new businesses into the Group. We conduct extensive due diligence to minimise commercial and operational risk, as well as developing integration plans prior to closing M&A transactions, to ensure we capitalise on the benefits of our acquisitions. Where appropriate, we may appoint dedicated project managers to assist with integration efforts. Enero reports on the performance of acquired businesses and integration progress to the Board. We support our acquired businesses on an ongoing basis through the Enero Centres of Excellence, enabling them to continually enhance their business and deliver results for clients.
Regulatory risk	The Group may be exposed to certain regulatory risks where policy or legal developments impact our success.	Enero Group operates in a relatively low regulation industry (marketing services), noting that we do not own or sell media assets (at the time of this report). We regularly monitor for regulatory changes in our operating markets, and we engage with relevant regulators and industry bodies as necessary.
Governance processes	Insufficient governance and oversight of the Group's systems and processes could create an environment where we act or perform in a way that does not meet shareholder expectations.	As a publicly listed company, Enero Group has dedicated resources that regularly review our systems and processes to ensure we operate at the standard expected by shareholders. We regularly conduct compliance training for employees to ensure adherence to Group policies.
Legal risk	The Group may be subjected to a lawsuit that impacts business	Enero Group has experienced and dedicated internal Legal resources to ensure that all our businesses are operating within the correct legal framework for their respective

Potential risk	Risk description	Group's mitigating actions
	operations or financial performance.	jurisdictions. The Group's Legal Centre of Excellence provides both leadership and support in legal issues, including dispute management, contracting, employment matters and M&A.
IT and Cybersecurity risk	The Group may be subject to cybersecurity breaches, or may not operate in the way required by certain IT regulations or business practices, leading to financial, data or business continuity impacts.	Enero regularly reviews data and privacy regulations to ensure our systems and processes are up to date with best practice. We invest in modern cloud infrastructure and backup systems to deliver consistently high levels of service. Enero's IT Centre of Excellence operates as a central resource for the Group to provide thought leadership, support and ensure best-practice operations. The Group regularly conducts cybersecurity risk assessments and training, and tracks progress against outstanding issues until they are mitigated.

Financial performance for the year

The Group achieved Net Revenue of $189.7 million, a decrease of 21.5% (2023: $241.6 million) compared to the prior reporting period. Net Revenue declined in both OBMedia and Technology, Healthcare and Consumer Practice segments.

Advertising technology platform OBMedia Net Revenue declines were due to market-wide weakness and proactive reduction of traffic in FY23 Q4. Current macroeconomic environment conditions impacting the technology sector and the sale of the CPR business in October 2023 impacted Net Revenue in the Technology, Healthcare and Consumer Practice. This decline was partially offset by organic Net Revenue growth in both Healthcare and Consumer verticals. Geographically, organic Net Revenue growth was achieved in Australia & Asia whilst the USA and UK & Europe saw a decline.

The Group achieved EBITDA of $37.4 million, a decrease of 52.6% (2023: $78.8 million) compared to the prior reporting period. The EBITDA margin decreased from 32.6% in 2023 to 19.7% in 2024. This decrease in EBITDA and EBITDA margin was driven by

- Lower EBITDA and EBITDA margins in OBMedia driven by revenue decline with cost savings implemented in FY24 Q1 as part of the proactive management of traffic and further savings in FY24 Q4 in response to continued market-wide weakness;
- lower EBITDA with flat EBITDA margins in the Technology, Healthcare and Consumer Practice segment due to continued weak macroeconomic conditions in the technology sector with additional cost savings implemented in Q4;
- partly offset by a reduction in Corporate Costs driven by FY23 cost initiatives and continued management of costs throughout the year.

The net profit after tax before significant items was $10.3 million, compared to $24.4 million in the prior year, driven by EBITDA decline and partly offset by decline in non-controlling interest associated with OBMedia and lower interest expense.

The statutory net loss after tax to equity owners was ($44.2) million, compared to a net profit of $56.5 million in the prior year. In the current year, the Group incurred an impairment loss of $70.8 million; restructuring costs of $4.5 million; loss on sale of business of $2.2 million and incidental costs of $0.4 million partly offset by a fair value gain of $22.4 million relating to revaluation of future contingent consideration (2023: the Group incurred a fair value gain of $34.6 million relating to revaluation of future contingent consideration partially offset by restructuring costs of $3.1 million and incidental acquisition costs of $0.2 million).

In the current year, the operating businesses generated approximately 66% of their Net Revenue and 64% of their EBITDA from international markets.

A summary of the Group's results is below:

In thousands of AUD	2024	2023
Net Revenue[1]	189,712	241,643
EBITDA[2]	37,358	78,841
Depreciation and amortisation	(9,914)	(10,069)
EBIT	27,444	68,772
Net finance costs	(634)	(1,582)
Present value interest charge	(1,524)	(2,543)
Profit before tax	25,286	64,647
Income tax expense	(6,600)	(15,243)
Profit after tax	18,686	49,404
Non-controlling interests	(8,399)	(25,002)
Net profit after tax before significant items	10,287	24,402
Significant items (net of tax and NCI)[3]	(54,474)	32,072
Net (loss)/profit after tax attributable to equity owners	(44,187)	56,474

Cents per share		
Earnings per share (basic) – pre significant items	11.3	26.4
Earnings per share (basic)	(48.3)	61.1

1. Gross revenue recognised in accordance with AASB 15 less directly attributable cost of sales.
2. EBITDA, as defined in the basis of preparation section on page 9.
3. Significant items are explained on page 8 and Note 5.

Reconciliation of EBITDA to statutory profit after tax

In thousands of AUD	2024	2023
Net Revenue[1]	189,712	241,643
EBITDA[2]	37,358	78,841
Depreciation of right-of-use assets	(4,402)	(4,253)
Depreciation of plant and equipment	(1,460)	(2,077)
Amortisation of intangibles	(4,052)	(3,739)
Net finance costs	(634)	(1,582)
Present value interest charge	(1,524)	(2,543)
Loss on sale of controlled entities[3]	(2,154)	–
Incidental acquisition costs[3]	(392)	(216)
Restructuring costs[3]	(4,539)	(3,135)
Impairment loss[3]	(70,827)	–
Contingent consideration fair value gain/(loss)[3]	22,421	34,648
Statutory profit before tax	(30,205)	95,944
Income tax expense	(6,933)	(14,468)
Statutory profit after tax	(37,138)	81,476

1. Gross revenue recognised in accordance with AASB 15 less directly attributable cost of sales.
2. EBITDA, as defined in the basis of preparation section on page 9.
3. Significant items are explained on page 8 and Note 5.

Significant items
2024
- The Group recognised an impairment loss of $70,827,000 relating to ROI DNA and GetIT intangibles and impairment of right of use asset relating to the CPR disposal
- The Group recognised a contingent consideration fair value gain of $22,421,000 relating to a change in the best estimate of future contingent consideration payable to the vendors of ROI DNA and GetIT.
- The Group incurred $4,539,000 of restructuring costs relating to a restructuring process to mitigate costs across the Group. The majority of the costs related to redundancy costs in OBMedia relating to rebase of revenue and deployment of enhanced software tools; and in the agencies across the group, which continued to further streamline their teams across multiple geographies.
- The Group recognised a $2,154,000 loss on sale of business relating to the CPR disposal on 31 October 2023
- The Group incurred incidental costs of $392,000 relating to the CPR disposal and the OBMedia strategic review

2023
- The Group recognised a contingent consideration fair value gain of $34,648,000 relating to a change in the best estimate of future contingent consideration payable to the vendors of McDonald Butler Associates, ROI DNA and GetIT.
- The Group incurred $3,135,000 of restructuring costs relating to a restructuring process to mitigate costs across the Group. The majority of the costs related to redundancy costs in the agencies across the group, which continued to further integrate its communication and marketing services businesses into a single account management team.
- The Group incurred incidental costs of $216,000 relating to acquisition of ROI DNA Inc. and GetIT Pte Ltd.

Geographical performance

In thousands of AUD	2024	2023
Net Revenue[1]		
Australia and Asia	66,355	64,462
UK and Europe	30,652	31,265
USA	92,705	145,916
Total Operating units	189,712	241,643
EBITDA[2]		
Australia and Asia	13,527	11,856
UK and Europe	4,918	4,145
USA	27,881	74,505
Total Operating units	46,326	90,506
Support office	(7,882)	(9,164)
Share-based payments charge	(1,086)	(2,501)
Total Group	37,358	78,841
EBITDA[2] margin		
Australia and Asia	20.4%	18.4%
UK and Europe	16.0%	13.3%
USA	30.1%	51.1%
Total Operating units	24.4%	37.5%
Total Group	19.7%	32.6%

1. Gross revenue recognised in accordance with AASB 15 less directly attributable cost of sales.
2. EBITDA, as defined in the basis of preparation section on page 9.

Acquisitions
2024
There were no additions by the Group for the year ended 30 June 2024.

2023
The Group completed the acquisition of ROI DNA Inc. and GetIT Pte Ltd on 1 July 2022. Refer to Note 23 Acquisitions for details.

Disposals

2024
The Group completed the disposal of Communications and Public Relations (CPR) on the 31st October 2023. Refer to Note 24 Disposals for details.

2023
There were no disposals by the Group for the year ended 30 June 2023.

Basis of preparation

This Report includes Net Revenue and EBITDA, which are measures used by the Directors and management in assessing the ongoing performance of the Group. 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 7.

Cash and Debt

In thousands of AUD	**2024**	**2023**
Cash and cash equivalents	46,704	52,432
Interest bearing liabilities	(3,000)	(8,735)
Contingent consideration liabilities	(3,740)	(30,740)
Net cash[1]	39,964	12,957

1. Net cash excludes lease liabilities recognised as a result of the adoption of AASB16 *Leases* as they are considered operational liabilities.

The Group had $40.0 million (2023: $13.0m) in net cash as at 30 June 2024.

Capital management
The Group's capital management strategy aims to balance returns to shareholders through dividends, funding acquisition and investment opportunities, as well as maintaining adequate cash reserves for existing businesses. The Group continues to seek acquisition opportunities that are aligned with Group strategy from a geographical or expansion of services perspective.

Cash flow – Operating activities
Cash inflows from operating activities was $27.0 million (2023: $61.5 million). The decrease in inflows is primarily attributable to EBITDA decline. The Group converted 88% of EBITDA to cash for the year ended 30 June 2023 (2023: 102%).

Cash flow – Investing activities
Cash outflows from investing activities was $4.6 million (2023: $35.7 million). The decrease in outflows was primarily due to acquisitions completed during the prior year.

Cash flow – Financing activities
Net cash outflows from financing activities was $28.1 million, primarily due to $6.9 million (2023: $12.1 million) in dividends paid to Enero Group Limited shareholders in addition to $8.3 million (2023: $26.3 million) in dividends paid to minority shareholders of controlled entities. Other movements included loan repayments of $5.7 million (2023: $28.9m and share buy-backs of $2.6m performed during the year.

Contingent consideration liabilities
The Company entered into contingent consideration arrangements in relation to its acquisition of McDonald Butler Associates, ROI DNA and GetIT.

As at 30 June 2024, the Company's estimated contingent consideration liability is $5.5 million (2023: $30.7 million).

Reconciliation of carrying amounts of contingent consideration payable:

In thousands of AUD	
30 June 2023	30,740
Payments made	(3,927)
Fair value gain recognised in relation to McDonald Butler Associates, ROI DNA and GetIT	(22,421)
Present value interest unwind and foreign exchange movements	1,107
30 June 2024	5,499
Maturity profile (at present value):	
FY2025	3,740
FY2026	1,759
Total	5,499

Refer to Note 23 Acquisitions for further information.

Consolidated income statement

In thousands of AUD	Note	2024	2023
Gross revenue	3	804,474	740,207
Directly attributable costs of sales	3	(614,762)	(498,564)
Net Revenue		189,712	241,643
Other income		142	106
Employee expenses		(133,442)	(141,647)
Occupancy costs		(1,409)	(1,568)
Travel expenses		(1,652)	(2,013)
Communication expenses		(2,026)	(2,364)
Compliance expenses		(2,329)	(3,348)
Depreciation and amortisation expenses		(9,914)	(10,069)
Administration expenses		(11,638)	(11,968)
Impairment loss		(70,827)	-
Loss on disposal of controlled entities	24	(2,154)	-
Incidental acquisition costs		(392)	(216)
Contingent consideration fair value gain/(loss)	14	22,421	34,648
Finance income		400	307
Finance costs	4	(2,558)	(4,432)
Restructuring costs		(4,539)	(3,135)
(Loss)/Profit before income tax		(30,205)	95,944
Income tax expense	6	(6,933)	(14,468)
(Loss)/Profit for the year		(37,138)	81,476
Attributable to:			
Equity holders of the parent		(44,187)	56,474
Non-controlling interests		7,049	25,002
		(37,138)	81,476
Basic earnings per share (AUD cents)	19	(48.3)	61.1
Diluted earnings per share (AUD cents)	19	(48.3)	60.7

The notes on pages 16 to 58 are an integral part of this preliminary final report.

Consolidated statement of comprehensive income

In thousands of AUD	Note	2024	2023
(Loss)/Profit for the year		(37,138)	81,476
Other comprehensive income			
Total items that will not be reclassified subsequently to profit or loss		–	–
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations		(1,879)	7,610
Total items that may be reclassified subsequently to profit or loss		(1,879)	7,610
Other comprehensive (loss)/income for the year, net of tax		(1,879)	7,610
Total comprehensive (loss)/income for the year		(39,017)	89,086
Attributable to:			
Equity holders of the parent		(46,062)	63,792
Non-controlling interests		7,045	25,294
		(39,017)	89,086

The notes on pages 16 to 58 are an integral part of this preliminary final report.

Consolidated statement of change in equity

In thousands of AUD	Note	Share capital	Retained profits/ (Accumulated losses)	Profit appropriation reserve	Share-based payment reserve	Foreign currency translation reserve	Total	Non-controlling interests	Total equity
		Attributable to owners of the Company							
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 year		–	56,474	–	–	–	56,474	25,002	81,476
Other comprehensive income for the year, net of tax		–	–	–	–	7,318	7,318	292	7,610
Total comprehensive income for the year		–	56,474	–	–	7,318	63,792	25,294	89,086
Transactions with owners recorded directly in equity:									
Shares issued to vendors of ROI DNA and GetIT	18	10,857	–	–	–	–	10,857	–	10,857
Shares issued to employees on exercise of Share Appreciation Rights	18	2,690	–	–	(2,690)	–	–	–	–
Share buy-back	18	(593)	–	–	–	–	(593)	–	(593)
Dividends paid to equity holders	18	–	–	(12,054)	–	–	(12,054)	(26,303)	(38,357)
Share-based payment expense		–	–	–	2,501	–	2,501	–	2,501
Closing balance at 30 June 2023		117,815	65,306	15,636	7,900	4,990	211,647	7,173	218,820
Opening balance at 1 July 2023		117,815	65,306	15,636	7,900	4,990	211,647	7,173	218,820
Loss for the year		–	(44,187)	–	–	–	(44,187)	7,049	(37,138)
Other comprehensive income for the year, net of tax		–	–	–	–	(1,875)	(1,875)	(4)	(1,879)
Total comprehensive loss for the year		–	(44,187)	–	–	(1,875)	(46,062)	7,045	(39,017)
Transactions with owners recorded directly in equity:									
Shares issued to employees on exercise of Share Appreciation Rights	18	52	–	–	(52)	–	–	–	–
Transfer to profit appropriation reserve		–	(5,206)	5,206	–	–	–	–	–
Share buy-back	18	(2,605)	–	–	–	–	(2,605)	–	(2,605)
Dividends paid to equity holders	18	–	–	(6,880)	–	–	(6,880)	(8,324)	(15,204)
Share-based payment expense		–	–	–	1,086	–	1,086	–	1,086
Closing balance at 30 June 2024		115,262	15,913	13,962	8,934	3,115	157,186	5,894	163,080

The notes on pages 16 to 58 are an integral part of this preliminary final report.

Consolidated statement of financial position

In thousands of AUD	Note	2024	2023
Assets			
Cash and cash equivalents	7	46,703	52,432
Trade and other receivables	8	77,953	74,801
Other assets	9	7,534	7,744
Income tax receivable	6	-	3,298
Total current assets		132,190	138,275
Deferred tax assets	6	2,174	1,582
Plant and equipment	10	1,789	2,567
Right-of-use assets	11	14,611	12,980
Other assets	9	271	169
Intangible assets	12	149,852	227,683
Total non-current assets		168,697	244,981
Total assets		300,887	383,256
Liabilities			
Trade and other payables	13	101,378	98,316
Contingent consideration payable	14	3,740	4,316
Lease liabilities	15	4,149	4,264
Employee benefits	16	5,577	5,857
Income tax payable	6	1,072	161
Interest bearing liabilities	17	3,000	–
Total current liabilities		118,916	112,914
Contingent consideration payable	14	1,759	26,424
Lease liabilities	15	11,598	9,878
Employee benefits	16	1,167	1,027
Deferred tax liabilities	6	4,367	5,458
Interest bearing liabilities	17	–	8,735
Total non-current liabilities		18,891	51,522
Total liabilities		137,807	164,436
Net assets		163,080	218,820
Equity			
Share capital	18	115,262	117,815
Other reserves		12,049	12,890
Profit appropriation reserve		13,962	15,636
Retained earnings		15,913	65,306
Total equity attributable to equity holders of the parent		157,186	211,647
Non-controlling interests		5,894	7,173
Total equity		163,080	218,820

The notes on pages 16 to 58 are an integral part of this preliminary final report.

Consolidated statement of cashflows

In thousands of AUD	Note	2024	2023
Cash flows from operating activities			
Cash receipts from customers		817,213	744,505
Cash paid to suppliers and employees		(784,212)	(663,778)
Cash generated from operations		33,001	80,727
Interest received		391	307
Income taxes paid		(4,822)	(17,704)
Interest paid		(1,606)	(1,850)
Net cash (used in)/from operating activities	7	26,964	61,480
Cash flows from investing activities			
Proceeds from sale of plant and equipment		–	11
Acquisition of plant and equipment	10	(748)	(1,087)
Acquisition of a business, net of cash acquired	23	–	(32,000)
Sale of controlled entities, net of cash disposed	24	112	–
Contingent consideration paid	14	(3,927)	(2,671)
Net cash (used in)/from investing activities		(4,563)	(35,747)
Cash flows from financing activities			
Payment of lease liabilities	15	(4,528)	(6,053)
Bank loan repayment		(5,749)	(28,915)
Dividends paid to equity holders of the parent	18	(6,880)	(12,054)
Dividends paid to non-controlling interests in controlled entities		(8,324)	(26,303)
Payments for share buy-back	18	(2,605)	(593)
Net cash (used in)/from financing activities		(28,086)	(73,918)
Net (decrease)/ increase in cash and cash equivalents		(5,685)	(48,185)
Effect of exchange rate fluctuations on cash held		(44)	1,875
Cash and cash equivalents at 1 July		52,432	98,742
Cash and cash equivalents at 30 June		46,703	52,432

The notes on pages 16 to 58 are an integral part of this preliminary final report.

1. Basis of preparation

In preparing these preliminary consolidated financial statements, the notes have been grouped into sections under certain key headings. Each section sets out the accounting policies applied together with any key judgements and estimates used.

(a) Reporting entity
Enero Group Limited (the **Company**) is a for-profit Company domiciled in Australia. The consolidated financial statements of the Company as at and for the year ended 30 June 2024 comprise the Company and its subsidiaries (together referred to as the 'Group').

The preliminary consolidated financial statements for the year ended 30 June 2024 were authorised for issue in accordance with a resolution of the Directors on 13 September 2024.

(b) Statement of compliance
The preliminary consolidated financial statements are a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ('**AASB**s') (including Australian Interpretations) adopted by the Australian Accounting Standards Board ('**AASB**') and the *Corporations Act 2001*. The consolidated financial statements comply with International Financial Reporting Standards (**IFRS**) and interpretations (**IFRIC**s) adopted by the International Accounting Standards Board (**IASB**).

(c) Basis of preparation
(i) Basis of measurement
The preliminary consolidated financial statements are prepared on the historical cost basis except for the items as described in Note 1(c)(iv).

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 the consolidated financial statements and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

(ii) Going concern
The preliminary consolidated financial statements have been prepared on a going concern basis which assumes the Group will continue its operations and be able to meet its obligations as and when they become due and payable. This assumption is based on an analysis of the Group's ability to meet its future cash flow requirements using its projected cash flows from operations and existing cash reserves held as at 30 June 2024.

(iii) Use of estimates and judgements
The preparation of preliminary consolidated financial statements in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The 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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods if affected.

Further information about critical accounting estimates and judgements made is included in the following notes:

- 14. Contingent consideration payable
- 21. Impairment of non-financial assets
- 23. Acquisitions

(iv) Measurement of fair values
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;

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); and

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:

- 20. Financial instruments
  (Contingent consideration payable)
- 23. Acquisitions
- 31. Share-based payments

(d) Foreign currency
(i) Functional and presentation currency
The consolidated financial statements are presented in Australian dollars, which is the Company's functional currency.

1. Basis of preparation (continued)

(ii) Foreign currency transactions
Transactions in foreign currencies are translated to the respective functional currencies of Group at the foreign exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the respective functional currencies of the Group at the foreign exchange rate ruling at that date. Foreign exchange differences arising on retranslation are recognised in the consolidated income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

(iii) Foreign operations
The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Australian dollars at foreign exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated to Australian dollars at rates approximating the foreign exchange rates ruling at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and presented in the foreign currency translation reserve (**FCTR**) in equity. When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to the consolidated income statement as part of the profit or loss on disposal.

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented within equity in the FCTR.

(e) Goods and services tax (GST)
Revenue, expenses and assets are recognised net of the amount of GST, unless GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority, is included as a current asset or liability in the consolidated statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the taxation authority, are presented as operating cash flows.

(f) Changes in accounting policies

The accounting policies provided throughout Notes 1 to 31 of this report have been applied consistently to all periods presented in the consolidated financial statements.

Several other amendments and interpretations apply for the first time in FY24, but do not have an impact on the financial report of the Group.

(g) New standards and interpretations not yet adopted

A number of new accounting standards (including amendments and interpretations) have been issued but were not effective as at 30 June 2024. The following are the pronouncements that the Group has elected not to early adopt in these financial statements:

- Amendments to AASB 16: Lease liability in sale and leaseback
- Amendments to AASB 101: Classification of Liabilities as Current or Non-current
- Amendments to AASB 107 and AASB 7: Disclosures of Supplier Finance Arrangement
- AASB 18 Presentation and Disclosure in Financial Statements

The impact of the above standards are yet to be assessed by the Group.

(h) The notes to the consolidated financial statements
The notes include information which is required to understand the consolidated financial statements and is material and relevant to the operations, financial position and performance of the Group. Information is considered material and relevant if, for example:

- the amount in question is significant because of its size or nature;
- it is important for understanding the results of the Group;
- it helps to explain the impact of significant changes in the Group's business – for example, acquisitions and impairment write-downs; or
- it relates to an aspect of the Group's operations that is important to its future performance.

The notes are organised into the following sections:

- Key numbers: provides a breakdown of individual line items in the consolidated financial statements that the Directors consider most relevant and summarises the accounting policies, judgements and estimates relevant to understanding these line items;
- Capital: provides information about the capital management practices of the Group and shareholder returns for the year;
- Risk: discusses the Group's exposure to various financial risks, explains how these affect the Group's financial position and performance and outlines what the Group does to manage these risks;

1. Basis of preparation (continued)

- Group structure: explains aspects of the Group structure and changes during the year;
- Unrecognised items: provides information about items that are not recognised in the consolidated financial statements but could potentially have a significant impact on the Group's financial position and performance; and
- Other items: provides information on items which require disclosure to comply with Australian Accounting Standards and other regulatory pronouncements; however are not considered critical in understanding the financial performance or position of the Group.

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 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 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.

2024 In thousands of AUD	Technology, Healthcare and Consumer Practice	OBMedia	Total segments	Unallocated	Eliminations	Consolidated
Gross revenue	192,110	612,364	804,474	–	–	804,474
Directly attributable costs of sales	(48,590)	(566,172)	(614,762)	–	–	(614,762)
Net Revenue	143,520	46,192	189,712	–	–	189,712
Other income	128	–	128	14	–	142
Operating expenses	(120,799)	(22,718)	(143,517)	(8,979)	–	(152,496)
EBITDA	22,849	23,474	46,323	(8,965)	–	37,358
Depreciation of right-of-use assets						(4,402)
Depreciation of plant and equipment and amortisation of intangibles						(5,512)
Significant items [2]	(53,511)	(1,980)	(55,491)			(55,491)
Net finance costs						(2,158)
Profit before income tax						(30,205)
Income tax expense						(6,933)
Profit for the year						(37,138)
Goodwill [3]	115,874	15,222	131,096	–	–	131,096
Other intangibles	18,337	419	18,756	–	–	18,756
Assets excluding intangibles	104,081	66,599	170,680	33,906	(53,551)	151,035
Total assets	238,292	82,240	320,532	33,906	(53,551)	300,887
Total liabilities	91,892	55,094	146,986	44,372	(53,551)	137,807
Amortisation of intangibles	3,869	183	4,052	–	–	4,052
Depreciation	5,669	99	5,768	94	–	5,862
Capital expenditure	625	47	672	75	–	747
Impairment	(70,827)	–	(70,827)	–	–	(70,827)
Gain on contingent consideration	22,421	–	22,421	–	–	22,421

2. Operating segments (continued)

2023 – Restated [3] In thousands of AUD	Technology, Healthcare and Consumer Practice	OBMedia	Total segments	Unallocated	Eliminations	Consolidated
Gross revenue	205,370	534,837	740,207	–	–	740,207
Directly attributable costs of sales	(53,261)	(445,303)	(498,564)	–	–	(498,564)
Net Revenue	152,109	89,534	241,643	–	–	241,643
Other income	106	–	106	–	–	106
Operating expenses	(127,151)	(24,092)	(151,243)	(11,665)	–	(162,908)
EBITDA	25,064	65,442	90,506	(11,665)	–	78,841
Depreciation of right-of-use assets						(4,253)
Depreciation of plant and equipment and amortisation of intangibles						(5,816)
Significant items [1]	31,297	–	31,297	–	–	31,297
Net finance costs						(4,125)
Profit before income tax						95,944
Income tax expense						(14,468)
Profit for the year						81,476
Goodwill [2]	190,070	15,222	205,292	–	–	205,292
Other intangibles	22,020	371	22,391	–	–	22,391
Assets excluding intangibles	76,839	66,813	143,652	30,860	(18,939)	155,573
Total assets	288,929	82,406	371,335	30,860	(18,939)	383,256
Liabilities	69,540	53,628	123,168	60,207	(18,939)	164,436
Total liabilities	69,540	53,628	123,168	60,207	(18,939)	164,436
Amortisation of intangibles	3,694	45	3,739	–	–	3,739
Depreciation	5,870	77	5,947	383	–	6,330
Capital expenditure	894	103	997	90	–	1,087
Gain on contingent consideration	34,648	–	34,648	–	–	34,648

1. Significant items are explained on page 8 and in Note 5.
2. A reallocation of goodwill to OB Media has been performed using a relative value approach as a result of the change in segment.
3. Segments have changed from July 2023 and the comparatives have been restated accordingly.

Geographical segments
The operating segments are managed on a world-wide basis. However, there are three geographic areas of operation.

Geographical information

In thousands of AUD	Australia and Asia	UK and Europe	USA	Support Office(i)	Unallocated intangibles(ii)	Total
2024						
Net Revenue	66,355	30,652	92,705	–	–	189,712
EBITDA	13,527	4,918	27,881	(8,968)	–	37,358
EBITDA margin	20.4%	16.0%	30.1%	–	–	19.7%
Non-current assets	8,128	7,062	3,655	–	149,852	168,697

In thousands of AUD	Australia and Asia	UK and Europe	USA	Support Office(i)	Unallocated intangibles(ii)	Total
2023						
Net Revenue	64,462	31,265	145,916	–	–	241,643
EBITDA	11,856	4,145	74,505	(11,665)	–	78,841
EBITDA margin	18.4%	13.3%	51.1%	–	–	32.6%
Non-current assets	10,127	6,366	805	–	227,683	244,981

(i) Support office includes the share-based payment charge in the consolidated income statement.
(ii) Goodwill and other intangibles are allocated to the reportable segments. However, as the reportable segments are managed at a global level they cannot be allocated across geographical areas.

2. Operating segments (continued)

Major Customer

Revenue from 1 customer (2023: 2 customer) represents more than 10% of Group's total revenue, with a breakdown by segment provided below:

Percentage of Group's total revenue	2024	2023
Technology, Healthcare and Consumer Practice	–	–
OBMedia	23.4	37.2
	23.4	37.2

Accounting policy

The Group determines and presents operating segments based on the information that is provided internally to the Enero Executive team, who are the Group's chief operating decision makers (CODM).

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' results are regularly reviewed by the Group's CODM to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CODM include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis.

Unallocated items comprise corporate overheads: costs associated with the centralised management and governance of Enero Group Limited, such as share-based payments charge, interest-bearing loans, costs of borrowings and related expenses, and corporate head office assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire assets that are expected to be used for more than one period.

3. Revenue

Nature of our services

The Group provides marketing and communication services to a broad range of customers across three key geographic regions – Australia & Asia, UK & Europe, and USA. The Group is a fee-for-service business where each operating business generates revenue from time spent on a particular project or delivering to agreed outcomes. The Group provides a comprehensive range of services across its continuing businesses, with technology communications consultancy, brand transformation consultancy and digital advertising and marketing services capabilities delivered through the Technology, Healthcare and Consumer Practice segment and its advertising technology platform capabilities delivered through the OBMedia segment.

The duration of the Group's time or project-based customer contracts is typically from one up to five months, with stand-ready ("retainer") contracts typically lasting up to one year and which may be cancelled with notice periods in accordance with respective contracts. In substantially all cases, the Group is the principal in the arrangements with its customers. In some customer arrangements, we act as an agent and arrange, at the customer's direction, for third parties to perform certain services.

In thousands of AUD	2024	2023
Gross revenue from the rendering of services	804,474	740,207
Directly attributable costs of sales	(614,762)	(498,564)
Net Revenue	189,712	241,643

Disaggregation of revenue

Consulting revenue (excluding revenue from advertising technology platform) by type of contract	2024	2023
Fixed Fee retainers	49%	47%
Variable retainers (% of total digital advertising spend)	8%	11%
Project based retainers (can be fixed fee or time and cost recovery)	43%	42%
Total	100%	100%

Revenue by timing of performance obligations	2024	2023
Point in time	76%	72%
Recognised over time	24%	28%
Total	100%	100%

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

	2024		2023	
In thousands of AUD	Technology, Healthcare and Consumer Practice	OBMedia	Technology, Healthcare and Consumer Practice	OBMedia
Australia and Asia	102,865	–	102,865	–
UK and Europe	40,730	–	40,730	–
USA	48,515	612,364	126,042	534,837
Total	192,110	612,364	269,637	534,837

Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

In thousands of AUD	Note	2024	2023
Trade receivables	8	77,642	72,423
Contract assets – Work in progress	9	3,273	3,506
Contract liabilities – Unearned revenue	13	(25,205)	(20,222)
		55,710	55,707

3. Revenue (continued)

Contract assets:
The contract assets relate to the Group's work in progress for accrued fees recognised upon satisfaction of performance obligations and rechargeable disbursements at the period end which are not invoiced. The contract assets are transferred to receivables upon invoicing to the customer. There were no significant impairment losses to contract assets recorded in either the current or prior year.

Contract liabilities:
The contract liabilities relate to the Group's unearned revenue for consideration received from advance billings to customers prior to the satisfaction of performance obligations in accordance with the terms of the customer contracts.

Given the short-term nature of customer contracts in the Group, it is expected that both contract assets will be recovered and contract liabilities will be settled within 12 months from reporting date. Revenue recognised in the current year that was included in the contract liability balance as at 30 June 2023 amounted to $20,222,000. Revenue recognised in the current year from performance obligations satisfied (or partially satisfied) as at prior year end was not material.

<u>Accounting policy</u>
Revenue is recognised when a customer obtains control of promised goods or services (the performance obligation) in an amount that reflects the consideration we expect to receive in exchange for those goods or services (the transaction price). We measure revenue by estimating the transaction price based on the consideration specified in the customer arrangement. Revenue is recognised as the performance obligations are satisfied. Our customer contracts are primarily fees for service on either a project or a rate per hour basis. Revenue is recorded net of sales, use and value added taxes.

Performance obligations
In substantially all our service categories, the performance obligation is to provide advisory and consulting services at an agreed-upon level of effort to accomplish the specified engagement. Our customer contracts are comprised of diverse arrangements involving fees based on an agreed fee or rate per hour for the level of effort expended by our employees and reimbursement for third-party costs that we are required to include in revenue when we control the vendor services related to these costs and we act as principal.

The transaction price of a contract is allocated to each distinct performance obligation based on its relative stand-alone selling price and is recognised as revenue when, or as, the customer receives the benefit of the performance obligation. Customers typically receive and consume the benefit of our services as they are performed. Some of our customer contracts provide that we are compensated for services performed to date and allow for cancellation by either party on short notice, typically 1 to 3 months, without penalty.

Generally, our short-term contracts, which normally take 1 to 3 months to complete, are performed by a single agency and consist of a single performance obligation. As a result, we do not consider the underlying services as separate or distinct performance obligations because our services are highly interrelated, occur in close proximity, and the integration of the various components of a marketing message is essential to overall service. In certain of our long-term customer contracts, which have a term of up to one year, the performance obligation is a stand-ready obligation, because we provide a constant level of similar services over the term of the contract.

<u>Revenue recognition methods</u>
Point in time
A substantial portion of our revenue is recognised at a point in time. This refers to the revenue recognised by OB Media. Gross Revenue is calculated in near real time using API reports from Google, Bing and other automated feeds.

Over time
A portion of our revenue is recognised over time, as the services are performed, because the customer receives and consumes the benefit of our performance throughout the contract period, or we create an asset with no alternative use and are contractually entitled to payment for our performance to date in the event the customer terminates the contract for convenience. For these customer contracts, other than when we have a stand-ready obligation to perform services, revenue is recognised over time using input measures that correspond to the level of staff effort expended to satisfy the performance obligation on a rate per hour or equivalent basis or output measures that correspond to the stage of completion of the deliverables. For customer contracts when we have a stand-ready obligation to perform services on an ongoing basis over the life of the contract, typically for periods up to one year, where the scope of these arrangements is broad and there are no significant gaps in performing the services, we recognise revenue using a time-based measure resulting in a straight-line revenue recognition. From time to time, there may be changes in the customer service requirements during the term of a contract and the changes could be significant. These changes are typically negotiated as new contracts covering the additional requirements and the associated costs, as well as additional fees for the incremental work to be performed. As a result, the Group's customer arrangements do not typically include variable consideration provisions and therefore, variable consideration amounts do not need to be estimated when determining the transaction price for its contracts.

3. Revenue (continued)

Principal vs agent
The Group incurs a number of third party out-of-pocket costs on behalf of customers, including direct costs and incidental, or out-of-pocket costs. Third-party direct costs incurred in connection with the creation and delivery of advertising or marketing communication services include, among others: purchased media, studio production services, specialised talent, including artists and other freelance labour, event marketing supplies, materials and services, promotional items, market research and third-party data and other related expenditures. Out-of-pocket costs include, among others: transportation, hotel, meals and telecommunication charges incurred by us in the course of providing our services.

Billings related to out-of-pocket costs are included in revenue since we control the goods or services prior to delivery to the customer. However, the inclusion of billings related to third-party direct costs in revenue depends on whether we act as a principal or as an agent in the customer contract.

In substantially all of our customer arrangements, we act as principal when contracting for third-party services on behalf of our customers because we control the specified goods or services before they are transferred to the customer and we are responsible for providing the specified goods or services, or we are responsible for directing and integrating third-party vendors to fulfill our performance obligation at the agreed upon contractual price. In such arrangements, we also take pricing risk under the terms of the customer contract. When we act as principal, we include billable amounts related to third-party costs in the transaction price and record revenue over time at the gross amount billed, including out-of-pocket costs, consistent with the manner that we recognise revenue for the underlying services contract.

When we act as an agent and arrange, at the customer's direction, for third parties to perform certain services, we do not control the goods or services prior to the transfer to the customer. As a result, revenue is recorded net of these costs, equal to the amount retained for our fee or commission.

4. Finance costs

In thousands of AUD	2024	2023
Interest and finance costs	1,033	1,889
Contingent consideration present value interest	941	2,311
Lease present value interest	584	232
Finance costs	2,558	4,432

Foreign exchange loss of $293,000 (2023: loss of $199,000) has been recognised in the consolidated income statement and has been included in administration expenses.

<u>Accounting policy</u>
(i) Interest income
Interest income is recognised as it accrues to the related financial asset using the effective interest method.

(ii) Interest and finance costs
Finance costs are recognised in the consolidated income statement using the effective interest method. They include interest on financial guarantees, amortisation of ancillary costs incurred in connection with financing arrangements and finance lease interest.

(iii) Contingent consideration present value interest
Present value interest is recognised in the consolidated income statement using the effective interest method and includes the effective interest cost relating to contingent consideration liabilities recognised in business combinations.

(iv) Lease present value interest
Present value interest is recognised in the consolidated income statement using the effective interest method and includes the effective interest cost relating to lease liabilities recognised for contracts that contain leases.

5. 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	2024	2023
Contingent consideration fair value gain (i)	22,421	34,648
Impairment loss (ii)	(70,827)	–
Loss on disposal (iii)	(2,154)	–
Restructuring costs and other (iv)	(4,931)	(3,351)
Total significant items before tax	(55,491)	31,297
Income tax benefit on significant items	953	775
Prior year tax expense (v)	(1,286)	–
Total significant items after tax	(55,824)	32,072

(i) Fair value adjustments in FY24 relate to gains on contingent consideration true up due to lower earnings expectations relating to ROI DNA, MBA GetIT

(ii) Impairment loss of $70,827,000 relating to ROI DNA and GetIT intangibles and impairment of right of use asset relating to the CPR disposal. See Note 21.

(iii) $2.2m loss on sale of business relates to CPR disposal on 31 October 2023. See Note 24.

(iv) Restructuring costs related to a restructuring process to mitigate costs across the Group. The majority of the costs related to redundancy costs in the agencies across the group, which continued to further integrate its communication and marketing services businesses into a single account management team. Additionally, this included $392,000 relating to the CPR disposal and the OBMedia strategic review.

(v) The net prior year tax expense amount of $1,286,000 is in relation to a risk-assessed adjustment for US taxes in prior years due to the growth in our operations offset by an additional tax deduction in US.

6. Income tax expense and deferred tax

Income tax expense

Recognised in the consolidated income statement

In thousands of AUD	2024	2023
Current tax expense		
Current year	7,545	14,821
Adjustments for prior years	771	(194)
	8,316	14,627
Deferred tax expense		
Origination and reversal of temporary differences	(1,383)	(159)
	(1,383)	(159)
Income tax expense in the consolidated income statement	6,933	14,468
Numerical reconciliation between tax expense and pre-tax accounting profit		
(Loss)/Profit for the year	(37,138)	81,476
Income tax expense	6,933	14,468
(Loss)/Profit before income tax	(30,205)	95,944
Income tax expense using the Company’s domestic tax rate of 30% (2023: 30%)	(9,062)	28,783
Increase/(decrease) in income tax expense due to:		
Share-based payment expense	310	–
Unwind of present value interest	282	682
Impairment	21,248	—
Contingent consideration fair value (gain)/loss	(6,726)	(10,399)
Incidental acquisition costs	189	65
Loss on disposal of controlled entities	646	–
Effect of lower tax rate on overseas incomes	(986)	(4,161)
Under/(Over) provision for tax in previous years	771	(194)
Utilisation of tax losses previously unrecognised	(549)	–
Other non-deductible/(assessable) items	810	(308)
Income tax expense on pre-tax net profit	6,933	14,468

6. Income tax expense and deferred tax (continued)

Current taxes

The Group has a net current tax payable of $1,072,000 at 30 June 2024 (2023: net current tax receivable $3,137,000).

Deferred taxes

Recognised deferred tax assets and liabilities are attributable to the following:

In thousands of AUD	2024	2023
Deferred tax assets		
Employee benefits	1,651	1,643
Accruals and income in advance	1,227	279
Leases	203	154
Plant and equipment	157	42
Others	72	519
Gross deferred tax assets before set-off	3,310	2,637
Set-off	(1,136)	(1,055)
Net deferred tax assets	**2,174**	1,582

In thousands of AUD	2024	2023
Deferred tax liabilities		
Identifiable intangibles	(4,718)	(5,767)
Plant and equipment	(39)	(41)
Work in progress	(797)	(705)
Others	51	–
Gross deferred tax liabilities before set-off	(5,503)	(6,513)
Set-off	1,136	1,055
Net deferred tax liability	**(4,367)**	(5,458)

Movement in deferred tax balances

The movement in deferred tax balances during the year was all recognised in the consolidated income statement.

Deferred tax assets not recognised

Deferred tax assets have not been recognised in respect of the following items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits:

In thousands of AUD	2024	2023
Revenue losses	3,986	2,745
Capital losses	235,333	235,324
Gross tax losses carried forward	239,319	238,069

These tax losses do not have an expiry date.

<u>Accounting policy</u>

Income tax on the profit or loss for the year comprises current and deferred tax. Current and deferred tax is recognised in the consolidated income statement except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill, the initial recognition of assets or liabilities that affect neither the accounting nor the taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities,

6. Income tax expense and deferred tax (continued)

but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available, against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

7. Cash and cash equivalents

In thousands of AUD	2024	2023
Cash at bank and on hand	45,946	51,667
Bank short-term deposits	757	765
Cash and cash equivalents in the consolidated statement of financial position and the consolidated statement of cash flows	46,703	52,432

Included within cash and cash equivalents are funds held by ROI DNA in relation to the media advertising spend paid in advance by customers according to the contractual terms which amounted to $12,850,000. As such, this balance is restrictive in use.

For cash flow presentation purposes, cash and cash equivalents include cash on hand, and short-term deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. The Group has pledged short-term deposits amounting to $684,000 for indemnity guarantee facilities (see Note 17 Interest bearing liabilities). The remaining bank short-term deposits are unrestricted.

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 20 Financial risk management/financial instruments.

Reconciliation of cash flows from operating activities

(i) Reconciliation of cash

For the purpose of the consolidated statement of cash flows, cash includes cash on hand and at bank and short-term deposits at call, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the Consolidated statement of cash flows is reconciled to the related items in the consolidated statement of financial position as follows:

In thousands of AUD	2024	2023
Cash assets	45,946	52,432
(ii) Reconciliation of profit after income tax to net cash provided by operating activities		
(Loss)/Profit after income tax	(37,138)	81,476
Add/(less) non-cash items:		
Loss on disposal of controlled entities	2,154	–
Impairment	70,827	–
Loss on sale of plant and equipment	54	16
Share-based payments expense	1,086	2,501
Depreciation of plant and equipment	1,460	2,077
Depreciation of right-of-use assets	4,402	4,253
Amortisation of identifiable intangibles	4,052	3,739
Contingent consideration fair value (gain)/loss	(22,421)	(34,648)
Contingent consideration present value interest	941	2,311
Lease present value interest	–	232
Accrued interest and fees on bank loan	11	37
Decrease/(increase) in income taxes payable (net)	4,210	(3,285)
(Increase)/decrease in deferred tax (net)	(1,683)	(172)
Net cash provided by operating activities before changes in assets and liabilities	27,955	58,537
Changes in assets and liabilities:		
Increase in trade and other receivables	(3,436)	(4,661)
Decrease/(Increase) in work in progress	234	(213)
Increase in prepayments	(131)	(948)
Decrease in other assets	5	233
(Decrease)/Increase in payables and accruals	(2,536)	14,177
Increase/(Decrease) in unearned income	4,982	(5,122)
Decrease in employee benefits	(109)	(523)
Net cash from operating activities	26,964	61,480

8. Trade and other receivables

In thousands of AUD	Note	2024	2023
Current			
Trade receivables		77,642	72,423
Less: provision for impairment loss	20	(221)	(617)
		77,421	71,806
Other receivables		532	2,995
Total trade and other receivables		77,953	74,801

No interest is charged on trade receivables. The Group's exposure to credit and currency risk and impairment losses related to trade and other receivables is disclosed in Note 20 Financial risk management/financial instruments.

9. Other assets

In thousands of AUD	2024	2023
Current		
Work in progress	3,273	3,506
Prepayments	3,892	3,760
Other current assets	369	478
	7,534	7,744
Non-current		
Deposits	271	169
	271	169

10. Plant and equipment

In thousands of AUD	Computer equipment	Office furniture and equipment	Plant and equipment	Leasehold improvements	Total
2024					
Cost	4,954	1,980	174	4,622	11,730
Accumulated depreciation	(3,750)	(1,659)	(174)	(4,358)	(9,941)
Net carrying amount	1,204	321	–	264	1,789
Reconciliations of the carrying amounts of each class of plant and equipment:					
Carrying amount at the beginning of the year	1,552	423	–	592	2,567
Additions	600	82	–	66	748
Depreciation	(923)	(147)	–	(390)	(1,460)
Effect of movements in exchange rates	(3)	(6)	–	(4)	(13)
Disposals	(22)	(31)	–	–	(53)
Carrying amount at the end of the year	1,204	321	–	264	1,789
2023					
Cost	5,243	2,136	174	4,672	12,225
Accumulated depreciation	(3,691)	(1,713)	(174)	(4,080)	(9,658)
Net carrying amount	1,552	423	–	592	2,567
Reconciliations of the carrying amounts of each class of plant and equipment:					
Carrying amount at the beginning of the year	1,575	266	7	1,352	3,200
Additions	690	301	–	96	1,087
Acquired through business combinations (Note 23)	259	4	–	17	280
Depreciation	(1,038)	(163)	(1)	(875)	(2,077)
Effect of movements in exchange rates	66	17	–	21	104
Disposals	–	(2)	(6)	(19)	(27)
Carrying amount at the end of the year	1,552	423	–	592	2,567

Accounting policy

(i) Recognition and measurement

Plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see Note 21 Impairment of non-financial assets). The cost of the asset also includes the cost of replacing parts on an item of plant and equipment when it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. Additionally, the carrying amount of the replaced part is derecognised.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. All other costs are charged to the consolidated income statement as incurred. Where parts of an item of plant and equipment have different useful lives, they are accounted for as separate items of plant and equipment.

(ii) Derecognition

An item of property, plant and equipment is derecognised when it is sold or otherwise disposed of, or when its use is expected to bring no future economic benefits. Gains and losses on derecognition are determined by comparing the proceeds with the carrying amount and recognised within ‘Administration expenses’ in the consolidated income statement.

(iii) Depreciation

Depreciation is charged to the consolidated income statement on a straight-line basis over the assets’ estimated useful lives. The major categories of plant and equipment were depreciated in the current and, where applicable, comparative period as follows:

Computer equipment	25% to 40%
Office furniture and equipment	10% to 25%
Plant and equipment	10% to 25%
Leasehold improvements	Life of lease

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

11. Right-of-use assets

In thousands of AUD	2024	2023
Property leases		
Cost	27,807	24,196
Accumulated depreciation	(13,196)	(11,216)
Net carrying amount	14,611	12,980
Reconciliations of the carrying amounts of right-of-use assets:		
Carrying amount at the beginning of the year	12,980	5,950
Additions	6,255	5,129
Acquisition through business combinations (Note 23)	–	239
Impairment	(104)	–
Re-measurement of lease liabilities	36	5,536
Depreciation	(4,402)	(4,253)
Effect of movements in exchange rates	(154)	379
Carrying amount at the end of the year	14,611	12,980

During the current year, the Group recognised $207,000 (2023: $61,000) occupancy costs in the consolidated income statement in relation short-term leases that have a lease term of 12 months or less.

Accounting policy
The Group leases many assets, including properties and office equipment. At the inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group assesses if a contract conveys the right to control the use of an identified asset if:

- the contract involves the use of an identified asset;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of cost to dismantle and remove the underlying asset less any lease incentive received. The right-of-use asset is subsequently measured at cost less any accumulated depreciation and impairment losses (see Note 21 Impairment of non-financial assets) and adjusted for certain re-measurements of lease liability. The assets are depreciated over the term of the lease on a straight-line basis.

The lease liability is initially measured at the present value of the lease payments (fixed payments less any lease incentives receivable and variable lease payments) that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate for the same term as the underlying lease. Generally, the Group uses its incremental borrowing rate as the discount rate. Lease liability is re-measured when there is a change in future lease payments arising from a change in an index rate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the consolidated income statement if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected to use the exemption not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The payments associated with these leases are recognised as occupancy costs on a straight-line basis over the lease term.

12. Intangible assets

In thousands of AUD	Goodwill	Contracts and customer relationships	Website and Software	Total
2024				
Cost	131,952	29,911	2,021	163,884
Accumulated amortisation	(856)	(12,780)	(396)	(14,032)
Net carrying amount	131,096	17,131	1,625	149,852
Reconciliations of the carrying amounts of intangibles:				
Carrying amount at the beginning of the year	205,292	20,917	1,474	227,683
Additions	–	–	503	503
Impairment	(70,693)	(29)	–	(70,722)
Disposals	(2,641)	–	–	(2,641)
Amortisation	–	(3,694)	(358)	(4,052)
Effect of movements in exchange rates	(862)	(63)	6	(919)
Carrying amount at the end of the year	131,096	17,131	1,625	149,852
2023				
Cost	206,246	30,011	1,519	237,776
Accumulated amortisation	(954)	(9,094)	(45)	(10,093)
Net carrying amount	205,292	20,917	1,474	227,683
Reconciliations of the carrying amounts of intangibles:				
Carrying amount at the beginning of the year	112,236	2,428	–	114,664
Acquired through business combinations	88,297	22,183	1,519	111,999
Amortisation	–	(3,694)	(45)	(3,739)
Effect of movements in exchange rates	4,759	–	–	4,759
Carrying amount at the end of the year	205,292	20,917	1,474	227,683

Amortisation charge

The amortisation charge of $4,052,000 (2023: $3,739,000) is recognised in the depreciation and amortisation expense in the consolidated income statement.

Goodwill CGU group allocation

In thousands of AUD	2024	2023
Cash Generating Unit (CGU):		
Technology, Healthcare and Consumer Practice (THC)[1]	98,738	101,074
OB Media[2]	15,222	–
Creative technology and Data[2]	–	15,921
ROI DNA	17,135	80,603
GetIT	–	7,694
Net carrying amount	131,095	205,292

[1] This CGU has been re-named from prior year where it was 'Brand Transformation'

[2] 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.

12. Intangible assets (continued)

Accounting policy

(i) Goodwill

Goodwill acquired in a business combination is initially measured at cost. Cost is measured as the cost of the business combination minus the net fair value of the acquired and identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is allocated to cash-generating units expected to benefit from synergies created by the business combination. Goodwill is not amortised, but instead is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

(ii) Other intangible assets

Other intangible assets acquired separately are measured on initial recognition at cost. The other intangible assets acquired in business combinations are mainly customer relationships and customer contracts. The cost of these assets is their fair value at date of acquisition based on valuation techniques generally using the excess earnings method. Following initial recognition, intangible assets are carried at cost less amortisation and any impairment losses.

Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

(iii) Amortisation

Intangible assets other than goodwill are amortised on a straight-line basis over their estimated useful lives from the date they are available for use. Customer contracts and relationships are amortised over a four to six-year period.

Amortisation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

(iv) Impairment

Refer to Note 21 Impairment of non-financial assets for further details on impairment.

13. Trade and other payables

In thousands of AUD	2024	2023
Current		
Trade payables	55,140	53,633
Other payables and accrued expenses	21,033	24,461
Unearned revenue	25,205	20,222
	101,378	98,316

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 20 Financial risk management/financial instruments.

14. Contingent consideration payable

In thousands of AUD	2024	2023
Current		
Contingent consideration payable	3,740	4,316
Non-current		
Contingent consideration payable	1,759	26,424
Total	5,499	30,740

Reconciliations of the carrying amounts of contingent consideration payable:		
Carrying amount at the beginning of the year	30,740	10,113
Recognised in business combinations (Note 23)	–	53,467
Re-assessment of contingent consideration	(22,421)	(34,648)
Unwind of present value interest	941	2,311
Effect of movements in exchange rates	166	2,168
Contingent consideration paid	(3,927)	(2,671)
Carrying amount at the end of the year	5,499	30,740

During the current year, the Group recognised a contingent consideration fair value gain of $22,421,000 (2023: gain of $34,648,000) relating to a change in the best estimate of future contingent consideration payable to the vendors of ROI DNA and GetIT.

Accounting policy

Contingent consideration payable is initially recognised at fair value in connection with a business combination. The liability is discounted using a market interest rate for the liability and a present value interest charge is recognised in the consolidated income statement as the discount unwinds. Any change in estimate of contingent consideration payable is recognised in the consolidated income statement as a fair value gain or loss during the period when the estimate is revised.

Key estimates

There is uncertainty around the actual payments that will be made as the payments are subject to the performance of 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 purchase price cap . Actual future payments may differ from the estimated liability. A sensitivity analysis for Contingent consideration payable is disclosed in Note 20 Financial risk management/financial instruments.

Level 3 fair values

Refer to Note 20.

15. Lease liabilities

This note provides information about the contractual terms of the Group's leases. For more information about the Group's exposure to interest rate risk, liquidity risk and foreign currency risk, see Note 20 Financial risk management/financial instruments.

In thousands of AUD	2024	2023
Current		
Lease liabilities	4,149	4,264
Non-current		
Lease liabilities	11,598	9,878
Total	15,747	14,142
Reconciliations of the carrying amounts of lease liabilities:		
Carrying amount at the beginning of the year	14,142	8,597
Additions	6,255	5,139
Acquired controlled entities	-	239
Re-measurement of lease liabilities	36	5,535
Repayments	(5,112)	(6,053)
Present value interest relating to lease liabilities	584	232
Effect of movements in exchange rates	(158)	453
Carrying amount at the end of the period	15,747	14,142

Accounting policy

Refer to Note 11.

16. Employee benefits

In thousands of AUD	2024	2023
Aggregate liability for employee benefits, including on-costs		
Current		
Annual leave	4,555	4,677
Long service leave	1,022	1,180
	5,577	5,857
Non-current		
Long service leave	1,167	1,027

The Group has recognised $2,576,000 (2023: $2,532,000) as an expense in the consolidated income statement for defined contribution plans during the reporting period.

Accounting policy

Provision is made for employee benefits including annual leave and long service leave for employees.

(i) Long-term employee benefits

The Group's net obligation in respect of long-term service benefits, other than superannuation and pension plans, is the amount of future benefit that employees have earned in return for their service provided up to the reporting date. The obligation is calculated using expected future increases in wage and salary rates, including related on-costs and expected settlement dates, and is discounted using the rates attached to the high quality corporate bonds which have maturity dates approximating to the terms of the Group's obligations.

(ii) Wages, salaries, annual leave and non-monetary benefits

Liabilities for employee benefits for wages, salaries and annual leave, that are due to be settled within 12 months of the reporting date, represent present obligations resulting from employees' services provided to reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at reporting date, including related on-costs.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the obligation can be reliably estimated.

(iii) Termination benefits

Termination benefits are charged to the consolidated income statement when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are charged to the consolidated income statement if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

17. Interest bearing liabilities

In thousands of AUD	2024	2023
Current		
Unsecured bank loan	3,000	–
Non-current		
Unsecured bank loan	–	8,735

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

In thousands of AUD	2024 Total Credit	2024 Utilised	2023 Total Credit	2023 Utilised
Bank loan (cash advance)	50,000	3,000	50,000	8,735
Indemnity guarantee	3,151	1,678	3,351	2,031
Credit card	1,361	300	1,345	306
	54,512	4,978	54,696	11,072

The Group was in compliance with all covenants as at 30 June 2024.

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 funds drawn in AUD, the interest rate is Bank Bill Swap rate (BBSY) plus margin. In the case of funds drawn in 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 to $684,000 for indemnity guarantee facilities at 30 June 2024.

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.

The Group’s exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 20 Financial risk management/financial instruments.

Accounting policy
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.

18. Capital and reserves

In thousands of AUD	2024	2023
Share capital		
Ordinary shares, fully paid	115,262	117,815

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

Movement in ordinary shares

	2024 Shares	2024 In thousands of AUD	2023 Shares	2023 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	(1,632,178)	(2,605)	(386,059)	(593)
Balance at end of year	90,735,121	115,262	92,334,315	117,815

(i) Share capital recognised during the 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 $1.60 (2023: $3.28).

(ii) Share capital recognised 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.

Share buy-back

When the Company re-acquires its own ordinary shares as the result of a share buy-back, those shares are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the consolidated income statement and the consideration paid including any directly attributable incremental costs is recognised directly in equity.

On 4 April 2023, the Company announced an on-market buy-back of shares with a maximum number of ordinary Enero shares to be acquired of 8,804,510 which commenced on 1 May 2023. From 1 May 2023 to 30 June 2024 the Company purchased and cancelled 2,018,237 ordinary shares at a total cost of $3,198,124 including brokerage costs at an average of $1.60 excluding brokering costs.

Profit appropriation reserve

The profit appropriation reserve comprises profits appropriated by the parent entity in order to pay dividends.

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 year ended 30 June 2024			
Fully franked final dividend – 2023	4.5	4,139	28 September 2023
Fully franked interim dividend – 2024	3.0	2,741	12 April 2024
Subsequent to the balance sheet date, at the date of this report			
Fully franked final dividend – 2024	2.0	1,815	3 October 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	2024	2023
Franking credits available for future years at 30% to shareholders of Enero Group Limited	996	5,273

18. Capital and reserves (continued)

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.

Accounting policy
(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.

19. Earnings per share

Profit attributable to equity holders of the parent

In thousands of AUD	2024	2023
(Loss)/Profit for the year	(37,138)	81,476
Non-controlling interests	(7,049)	(25,002)
(Loss)/Profit for the year attributable to equity holders of the parent	(44,187)	56,474

Weighted average number of ordinary shares

In thousands of shares	2024	2023
Weighted average number of ordinary shares – basic	91,422	92,485
Shares issuable under equity-based compensation plans [1]	-	619
Weighted average number of ordinary shares – diluted	91,422	93,104

Earnings per share

In AUD cents	2024	2023
Basic	(48.3)	61.1
Diluted	(48.3)	60.7

Accounting policy
The Group presents basic and diluted earnings per share (**EPS**) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit and loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share rights granted to employees.

[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. The potential ordinary shares that may be dilutive is 50.

20. Financial risk management/financial instruments

The Group's exposure to financial risks, objectives, policies and processes for managing the risks including methods used to measure the risks, and the management of capital, are presented below.

The Group's activities expose it to the following financial risks:

- credit risk;
- liquidity risk; and
- market risk.

The Group's principal financial instruments comprise cash, receivables, payables, interest-bearing liabilities, contingent consideration payable and other financial liabilities.

The Board has overall responsibility for the oversight of the risk management framework. Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly and modified as appropriate to reflect changes in market conditions and the Group's activities.

The Group considers that there are no changes to the objectives, policies and processes to managing risk and the exposure to risks from the prior reporting period.

Credit risk

Exposure to credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligation, and arises principally from the Group's receivables from customers.

Each subsidiary performs credit analysis of a new customer and standard payment terms are offered only to creditworthy customers.

During the year ended 30 June 2024, the Group entered into transactions with approximately 390 unique customers. The 10 largest customers accounted for 49% of Net Revenue for the year ended 30 June 2024, with one customer accounting for more than 20% of Net Revenue. There are no material credit exposures relating to a single receivable or groups of receivables.

The maximum exposure to credit risk is net of any provisions for impairment of those assets, as disclosed in the consolidated statement of financial position.

The carrying amount of financial assets and contract assets represents the maximum credit exposure. The maximum credit exposure to credit risk at the reporting date was:

		Carrying amount	
In thousands of AUD	**Note**	**2024**	**2023**
Cash and cash equivalents	7	46,703	52,432
Trade and other receivables	8	77,953	74,801
Work in progress	9	3,273	3,506
Deposits	9	271	169
		128,200	130,908

The Group's maximum exposure to trade receivables credit risk at the reporting date was:

		Carrying amount	
In thousands of AUD	**Note**	**2024**	**2023**
Trade receivables	8	77,421	71,806

The Group's credit risk exposure is consistent across the geographic and business segments in which the Group operates.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

In thousands of AUD	**2024**	**2023**
Balance at 1 July	617	225
Reversal of prior year recognized in income statement	(57)	255
Provision raised during year	–	137
Provision used during year	(339)	–
Balance at 30 June	221	617

Average credit loss for year(i)	–	–
Credit loss provision at balance date(ii)	0.3%	0.9%

(i) Average credit loss for year is calculated by dividing impairment loss recognised for the year by the gross trade receivables balance.

(ii) Credit loss provision at balance date is calculated by dividing the provision by the gross trade receivable balance.

The average credit loss was assessed at 30 June 2024 and the Group continues to provide for expected credit losses higher than the average credit loss for each financial year.

Impairment losses

The ageing of the Group's trade receivables at the reporting date was:

In thousands of AUD	**2024**	**2023**
Not past due	72,538	63,872
Past due and less than 90 days	2,608	7,042
Past due and more than 90 days	2,278	892
Past due, more than 90 days and impaired	218	617
Gross trade receivables	77,642	72,423
Less: Impairment(i)	(221)	(617)
Net trade receivables	77,421	71,806

(i) Impairment includes trade receivables specifically impaired of $61,000 (2023: $427,000) plus expected credit losses of $160,000 (2023: $190,000).

20. Financial risk management/financial instruments (continued)

Foreign exchange risk

Foreign exchange risk arises from transactions and recognised assets and liabilities and net investments in foreign operations. The Group's general operating policy historically has been to conduct business in the currency of the local area in which businesses of the Group are geographically located, thereby naturally hedging the consideration resulting from client work. Businesses of the Group maintain bank accounts in the currency of these transactions solely for working capital purposes.

The Group is exposed to movements in foreign currency exchange rates in respect of the translation of net assets and income statement of foreign subsidiaries and equity accounted investments. The group does not hedge the translation effect of exchange rate movements on the income statements or balance sheets of foreign subsidiaries, as it regards these as long term investments.

Currency risk
Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The source and nature of this risk arises from operations and translation risks.

In the current year, the operating businesses generated approximately 66% of their Net Revenue and 64% of their EBITDA from international markets. The Group's reporting currency is Australian dollars. However, the international operations give rise to an exposure to changes in foreign exchange rates, as the majority of its revenues from outside Australia are denominated in currencies other than Australian dollars, most significantly Great British pound (GBP) and US dollar (USD).

The Group's currency risk exposure is predominantly to consolidated Australian dollar translation risk as the majority of transactions denominated in foreign currencies are transacted by entities within the Group with the same functional currency as the relevant transaction. Additionally, as at 30 June 2024, the Group held AUD denominated bank loans of AUD 3,000,000 (2023: 8,735,000 (USD 5,800,000)) which were initially drawn in order to fund the acquisition of ROI DNA Inc., a USA based agency. In future financial reporting periods, the Group intends to hedge its exposure to changes in the value of its net investment in its US foreign operations through these borrowings as they are denominated in the same currency as the foreign operation's functional currency.

Market risk
Market risk is the risk relating to changes in market prices, such as foreign exchange rates, interest rates and equity prices, which will affect the Group's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return.

Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they become due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due.

The Group manages liquidity risk by monitoring forecast operating cash flows and committed unutilised facilities (refer to Note 17); and re-estimating the value of contingent consideration liabilities semi-annually. The following are the contractual maturities of financial liabilities, including estimated interest payments.

20. Financial risk management/financial instruments (continued)

2024 In thousands of AUD	Carrying amount	Contractual cash flows	Less than 1 year	1 to 5 years	Over 5 years
Non-derivative financial liabilities					
Lease liabilities	15,747	17,036	4,461	11,584	991
Trade and other payables (excluding unearned revenue)	76,173	76,173	76,173	–	–
Contingent consideration payable	5,499	5,474	3,717	1,757	–
Interest bearing liabilities	3,000	3,179	3,179	–	–
	100,419	101,862	87,530	13,341	991

2023 In thousands of AUD	Carrying amount	Contractual cash flows	Less than 1 year	1 to 5 years	Over 5 years
Non-derivative financial liabilities					
Lease liabilities	14,142	15,385	4,827	10,528	30
Trade and other payables (excluding unearned revenue)	78,094	78,094	78,094	–	–
Contingent consideration payable	30,740	30,349	4,516	25,833	
Interest bearing liabilities	8,735	9,149	547	8,602	–
	131,711	132,977	87,984	44,963	30

Liquidity risk in relation to contingent consideration liabilities

There are critical accounting estimates and judgements in relation to contingent consideration liabilities. Refer to Note 14 Contingent consideration payable for further details.

There are no other significant uncertainties in the timing or amounts of contractual liabilities.

Interest rate risk

Interest rate risk refers to the risk that the fair value of the future cash flows of financial instruments will fluctuate because of changes in market interest rates. The Group's borrowings which have a variable interest rate attached give rise to cash flow interest rate risk, as do the Group's lease liabilities. Whilst there is no formal policy in place mandating hedging levels, the Group may hedge the interest rate risk by taking out floating to fixed rate swaps on drawn debt. Such interest rate swaps have the economic effect of converting borrowings from variable rates to fixed rates.

The following considerations are made to material interest rate transactions to ensure that the Group:

- is afforded some protection from significant increases in interest rates, thereby adding some degree of certainty to the financial budgeting process; and
- maintains sufficient interest rate flexibility to participate in normal yield curve environments without unduly paying up for term interest rate hedges; repay debt without significant swap (fixed rate) break costs; and undertake interest rate maturity extension trades as appropriate.

As at 30 June 2024, the Group has not entered into any interest rate swaps to convert the borrowings from variable rate to fixed rates. Accordingly, the Group's interest-bearing liabilities of $3,000,000 at 30 June 2024 (30 June 2023: $8,735,000) are variable rate financial instruments.

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting dates would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rate, remain constant.

2024 In thousands of AUD	Profit or Loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Interest-bearing liabilities	76	(76)	-	-

2023 In thousands of AUD	Profit or Loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Interest-bearing liabilities	313	(313)	-	-

20. Financial risk management/financial instruments (continued)

Capital management

The Group's key sources of capital are available committed facilities and share capital. The Board seeks to maintain a balance between higher returns that might be possible with higher levels of gearing and the advantages afforded by a prudent capital position. The Group also has contingent consideration payable as described in Note 14 Contingent consideration payable.

Fair value measurement:

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 statement of financial position, as well as the significant unobservable inputs used. There is uncertainty around the actual payments that will be made as the payments are subject to the performance of 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 purchase price cap. Actual future payments may differ from the estimated liability.

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: 5.05% - 6.17% (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).

Reconciliation of Level 3 fair values

Refer to Note 14 Contingent consideration payable for a reconciliation of the opening and closing carrying amounts of contingent consideration payable.

Sensitivity analysis

Reasonably possible changes after 30 June 2024 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	88	(84)
Movement of 10% in forecast performance indicator	176	(160)
Movement of 15% in forecast performance indicator	264	(229)

Other items

The carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables, interest bearing liabilities and lease liabilities approximates their fair value. The fair value which is determined for disclosure purposes only is calculated as:

- Trade receivables: is the present value of future cash flows, discounted at the market rate of interest at the reporting date.
- Trade and other payables: is the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

20. Financial risk management/financial instruments (continued)

Accounting policy

Non-derivative financial assets

Non-derivative financial assets are recognised on the date that they are originated. All other financial assets (including assets designated as fair value through the profit and loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

Non-derivative financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets:

(i) Trade and other receivables

Trade and other receivables are financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money or services directly to a debtor with no intention of selling the receivable.

Trade and other receivables are recognised initially at fair value, plus any directly attributable transaction costs.

Subsequent to initial recognition, trade and other receivables are measured at amortised cost using the effective interest method, less a loss allowance equal to the expected credit loss determined under the expected credit loss assessment for receivables.

(ii) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

Non-derivative financial liabilities

Non-derivative financial liabilities are recognised on the date they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

Non-derivative financial liabilities are derecognised when the Group's contractual obligations are discharged or cancelled or expire.

Non-derivative financial liabilities (continued)

The Group has the following non-derivative financial liabilities: lease liabilities, trade, other payables, contingent consideration payable and borrowings

Non-derivative financial liabilities, other than contingent consideration payable, are recognised initially at fair value, plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

Contingent consideration payable is classified as a financial liability and is measured at fair value through profit or loss. Contingent consideration relating to acquisition of subsidiaries is recognised based on management's best estimate of the liability (up to any relevant cap) at the reporting date. The liability is discounted using a market interest rate for the liability and a present value interest charge is recognised in the consolidated income statement as the discount unwinds. Any change in estimate of contingent consideration payable is recognised in the consolidated income statement as a fair value gain or loss during the period when the estimate is revised.

Impairment of Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed on a monthly basis to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, and/or indications that a debtor or issuer will enter bankruptcy.

20. Financial risk management/financial instruments (continued)

Expected credit loss assessment for receivables and contract assets

In addition to identifying impairment for specific financial assets, at each reporting date the Group also predicts the expected credit loss based on actual credit loss experience of the past three years. Expected credit losses are recognised in the consolidated income statement and reflected in an allowance account against receivables. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Key estimates

Trade receivables are carried at amortised cost less impairment. The impairment of these receivables is an estimate based on:

- evidence suggesting that an event has occurred leading to a negative effect on the estimated future cash inflow; and
- prediction of expected credit loss based on actual credit loss experience of the past three years.

Events subsequent to the reporting date but prior to the signing of the consolidated financial statements which indicate a negative effect are taken into account in the calculation of impairment. Future events may occur which change these estimates of the future cash inflows related to impaired trade receivables.

21. 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.

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 THC Practice represents a group of CGUs as this is the lowest level at which the goodwill is monitored for internal management purposes.

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.

The Group recognised an impairment loss of $63,058,000 relating to ROI DNA and $7,664,000 GetIT

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 next financial year's risk adjusted budgets. 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. Projected cash flows for year two onwards have then been built off Net Revenue and EBITDA growth for each CGU.

Discount rates
Discount rates are based on the Group'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.

Long-term growth rate into perpetuity
Long-term growth rate is used into perpetuity, based on the expected long-range growth rate for the industry.

Impairment testing key assumptions:

CGU Groups 2024	THC Practice	OBMedia	ROI DNA	GetIT
Post-tax discount rate %	10.6 – 12.2	18.1	15.0	13.0
Long-term perpetuity growth rate %	2.5	2.5	2.5	2.5

CGU Groups 2023	Brand Transformation	Creative Technology and Data	ROI DNA	GetIT
Post-tax discount rate %	10.5 – 11.8	11.0	10.5	10.2
Long-term perpetuity growth rate %	2.5	2.5	2.5	2.5

OBMedia has been separated into its own CGU and the agencies have been grouped into Technology, Healthcare and Consumer (THC) Practice CGU, ROI DNA CGU and GetIT CGU however, the re-organisation had no impact on ROI DNA and GetIT CGUs.

21. Impairment of non-financial assets (continued)

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 each CGU 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 not cause the corresponding CGU's carrying amount to exceed its recoverable amount except for ROI DNA and GetIT CGUs.

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

30-Jun-2024 In thousands of AUD	ROI DNA		GetIT	
Key Assumption	**Change %**	**Impact**	**Change %**	**Impact**
Discount rate	+0.5%	(803)	+0.5%	(59)
Revenue growth rate	-5%	(1,783)	-5%	(189)
EBITDA margin rate	-5%	(7,172)	-5%	(1,125)

Accounting policy

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future post-tax cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of assessing impairment, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the 'cash-generating unit').

Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of goodwill and then to reduce the carrying amount of the other assets on a pro-rata basis.

At each reporting date, the Group reviews non-financial assets other than goodwill that have been previously impaired for indications that the conditions that resulted in the impairment have reversed.

22. Controlled entities

Particulars in relation to controlled entities:

Particulars in relation to controlled entities:

Name	2024 %	2023 %	Country of incorporation
Parent entity			
Enero Group Limited			
Controlled entities			
Enero Group UK Holdings Pty Limited	100	100	Australia
— Enero Group UK Limited	100	100	UK
Enero Group (US) Pty Limited	100	100	Australia
— Enero Group (US) Inc.	100	100	USA
BMF Holdco Pty Limited	100	100	Australia
BMF Advertising Pty Limited (also as Trustee of The BMF Unit Trust)	100	100	Australia
The BMF Unit Trust	100	100	Australia
Hotwire Integrated Communications Pty Limited (Dormant)	100	100	Australia
Naked Communications Australia Pty Limited (Dormant)	100	100	Australia
Hotwire Australia Pty Limited	100	100	Australia
Orchard Marketing Pty Ltd	100	100	Australia
Alfie Agency Pty Ltd	100	100	Australia
CPR Communications and Public Relations Pty Limited (Disposed)	100	100	Australia
Enero Group Finance Pty Limited	100	100	Australia
Domain Active Holdings Pty Limited	100	100	Australia
— Domain Active Pty Limited	100	100	Australia
The Leading Edge Market Research Consultants Pty Limited (Dormant)	100	100	Australia
— Hotwire Global Communications Pte Ltd	100	100	Singapore
- Hotwire Global Pte Ltd (formerly GetIT Pte Ltd)	100	100	Singapore
- GetIT Japan G.K.	100	100	Japan
- GetIT Comms Sdn Bhd	100	100	Malaysia
- GetIT Communications Private Limited	100	100	India
The Digital Edge Online Consultants Pty Limited (Dormant)	100	100	Australia
Brigade Pty Limited (Dormant)	100	100	Australia
The Hotwire Public Relations Group Limited	100	100	UK
— Hotwire Public Relations GMBH	100	100	Germany
— Hotwire Public Relations SARL	100	100	France
— Hotwire Public Relations SL	100	100	Spain
— Hotwire Public Relations SRL	100	100	Italy
— Hotwire Public Relations Limited	100	100	UK
OBMedia LLC	51	51	USA
— OBMedia Network 1 L.T.D	51	51	Israel
IdealAds LLC	51	51	USA
SiteMath LLC	51	51	USA
— Clicksciences.com LLC	51	51	USA
Orchard Creative Technology Inc.	100	100	USA
Hotwire Public Relations Group LLC	100	100	USA
ROI DNA, Inc	100	100	USA

22. Controlled entities (continued)

Accounting policy
Basis of consolidation
(i) Business combinations
Business combinations are accounted for using the acquisition method. For every business combination, the Group identifies the acquirer, which is the combining entity that obtains control of other combining entities or businesses. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Goodwill arising from the business combination is measured at fair value of the consideration transferred including the recognised amount of any non-controlling interests in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. Non-controlling interest is measured at its proportionate interest in the identifiable net assets of the acquiree.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination.

A contingent liability of the acquiree assumed in a business combination is recognised only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

Transaction costs incurred in connection with a business combination are expensed as incurred.

(ii) Subsidiaries
Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances, and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

23. Acquisitions

2024

There were no acquisitions for the year ended 30 June 2024.

2023

On 1 July 2022, the Group acquired 100% of the issued capital of ROI DNA Inc. (“ROI DNA”), a USA based strategic B2B sales and marketing agency. The purchase consideration was an upfront payment of $38,306,000 (US$26,400,000) in cash and $9,014,000 (US$6,600,000) of Enero Group Limited shares. The Group agreed to pay the selling shareholders over three years additional consideration up to $82,707,000 based on the acquiree’s EBITDA each year. The Group has included $47,887,000 as contingent consideration related to the estimated additional earn-out payments, which represents its fair value at the date of acquisition. At 30 June 2023, the contingent consideration had decreased to $21,556,000 due to lower earnings expectations.

On 1 July 2022, the Group acquired 100% of the issued capital of GetIT Pte Ltd (“GetIT”), a Singapore based specialist B2B technology marketing agency with presence in India, Malaysia and Japan. The purchase consideration was an upfront payment of $2,816,000 (S$2,700,000) in cash and $1,843,000 (S$1,800,000) of Enero Group Limited shares. The Group agreed to pay the selling shareholders over three years additional consideration up to $10,952,000 based on the acquiree’s EBIT each year. The Group included $5,580,000 as contingent consideration related to the estimated additional earn-out payments, which represents its fair value at the date of acquisition. At 30 June 2023, the contingent consideration had decreased to $2,969,000 due to lower earnings expectations.

The acquisition of both ROI DNA and GetIT and introduction of revenue services to complement the reputation and relationship services will enable the Group to strategically reposition the Hotwire agency and provide a unique marketplace offering. The acquisitions will also expand its footprint into Asia Pacific and provide further opportunities to support global technology clients.

For the 12 months ended 30 June 2023, ROI DNA contributed net revenue of $27,700,000 and EBITDA of $2,900,000 to the Group’s results. GetIT Pte Ltd contributed net revenue of $2,200,000 and EBITDA of $200,000 to the Group’s results.

Fair value of the net identifiable assets and liabilities acquired at the date of acquisition for ROI DNA were:

In thousands of AUD	Fair value recognition on acquisition
Cash and cash equivalents	12,108
Trade and other receivables	5,396
Current tax asset	1,415
Other assets	423
Property, plant and equipment	196
Other intangible assets	19,223
Trade and other payables	(2,274)
Unearned revenue	(7,510)
Deferred tax liability	(5,618)
Employee benefits	(810)
Net assets acquired	22,549

Value of goodwill

In thousands of AUD	
Initial consideration	47,320
Estimate of contingent consideration payable	47,887
Total consideration	95,207
Less: Working capital adjustment	(17)
Less: fair value of net assets acquired	(22,549)
Effect of movement in exchange rate	7,962
Value of goodwill	80,603

23. Acquisitions (continued)

Fair value of the net identifiable assets and liabilities acquired at the date of acquisition for GetIT were:

In thousands of AUD	Fair value recognition on acquisition
Cash and cash equivalents	866
Trade and other receivables	934
Other assets	86
Property, plant and equipment	83
Other intangible assets	2,960
Trade and other payables	(833)
Unearned revenue	(341)
Deferred tax liability	(468)
Bank loans	(315)
Net assets acquired	2,972

Value of goodwill

In thousands of AUD	
Initial consideration	4,659
Estimate of contingent consideration payable	5,580
Total consideration	10,239
Less: Working capital adjustment	(352)
Less: fair value of net assets acquired	(2,972)
Effect of movement in exchange rate	779
Value of goodwill	7,694

24. Disposals

2024

On 31 October 2023, the Group entered into a sale agreement to sell the business assets of its public affairs agency, CPR 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 30 June 2024.

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
Goodwill	2,640
Plant and equipment	10
Total assets disposed	2,945
Liabilities	
Trade and other payables	15
Employee benefits	30
Total liabilities disposed	45
Net assets disposed	2,900

Gain on sale

In thousands of AUD	
Consideration received	746
Less: net assets disposed	(2,900)
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

2023

There were no disposals in the year ended 30 June 2023.

25. Parent entity disclosures

As at, and throughout, the financial year ended 30 June 2024, the parent company of the Group was Enero Group Limited.

In thousands of AUD	2024	2023
Result of the parent entity		
Profit/(Loss) for the year	5,206	(5,572)
Other comprehensive income	–	–
Total comprehensive profit/(loss) for the year	5,206	(5,572)
Financial position of the parent entity at year end		
Current assets	18,984	17,164
Total assets	120,262	132,849
Current liabilities	24,399	28,183
Total liabilities	27,835	37,229
Net assets	92,427	95,620
Total equity of the parent entity comprising:		
Share capital	115,262	117,815
Share-based payment reserve	8,934	7,900
Profit appropriation reserve	13,962	15,636
Accumulated losses	(45,731)	(45,731)
Total equity	92,427	95,620

For dividends declared and paid by the Company to members since the end of the previous financial year, refer to Note 18 Capital and Reserves.

Parent entity guarantees in respect of debts of its subsidiaries

The parent entity has entered into a Deed of Cross Guarantee with the effect that the Company guarantees debts in respect of its subsidiaries.

Further details of the Deed of Cross Guarantee, and the subsidiaries subject to the deed, are disclosed in Note 26 Deed of Cross Guarantee.

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 applied to these agreements and there are no known obligations outstanding at 30 June 2024.

26. Deed of Cross Guarantee

Pursuant to ASIC Corporations (Wholly owned Companies) Instrument 2016/785, the wholly owned subsidiaries listed below are relieved from the *Corporations Act 2001* requirements for the preparation, audit and lodgment of financial statements and a Directors' Report.

It is a condition of the Instrument that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the *Corporations Act 2001*. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

The subsidiaries subject to the Deed are:

- BMF Advertising Pty Ltd
- BMF Holdco Pty Limited.

A consolidated income statement and consolidated statement of financial position, comprising the Company and controlled entities which are party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, at 30 June 2024, is set out as follows:

Income statement

In thousands of AUD	2024	2023
Gross revenue	68,051	64,213
Directly attributable costs of sales	(33,014)	(32,721)
Net Revenue	35,037	31,492
Other income	14	2
Employee expenses	(33,511)	(30,743)
Occupancy costs	(289)	(244)
Travel expenses	(482)	(572)
Communication expenses	(113)	(398)
Compliance expenses	1,176	(1,419)
Depreciation and amortisation expenses	(1,774)	(2,084)
Administration expenses	(1,937)	(1,983)
Gain on disposal of business	(3,265)	–
Incidental acquisition costs	(449)	(50)
Restructuring costs	(638)	(374)
Impairment	(104)	
Finance income	369	275
Finance costs	(501)	(389)
Management fees received from subsidiaries	3,199	3,879
Dividends received from subsidiaries	4,405	–
Loss before income tax	1,137	(2,608)
Income tax benefit/(expense)	310	820
Loss for the year	1,447	(1,788)
Equity holders of the Company	1,447	(1,788)

Statement of financial position

In thousands of AUD	2024	2023
Assets		
Cash and cash equivalents	10,108	9,162
Trade and other receivables	10,944	12,209
Income tax receivable	1,340	2,950
Other assets	1,119	1,295
Total current assets	23,511	25,616
Receivables	40,815	45,330
Other financial assets	31,001	35,013
Deferred tax assets	2,111	5,378
Plant and equipment	480	921
Right-of-use assets	5,053	7,296
Intangible assets	16,365	16,333
Total non-current assets	95,825	110,271
Total assets	119,336	135,887
Liabilities		
Trade and other payables	13,933	17,067
Lease liabilities	1,910	2,640
Employee benefits	2,502	2,447
Total current liabilities	18,346	22,154
Lease liabilities	3,260	5,557
Deferred tax liabilities	358	3,966
Employee benefits	665	550
Total non-current liabilities	4,283	10,073
Total liabilities	22,628	32,227
Net assets	96,708	103,660
Equity		
Issued capital	115,262	117,815
Share-based payment reserve	8,934	7,900
Profit appropriation reserve	13,962	15,636
Accumulated losses	(41,450)	(37,691)
Total equity	96,708	103,660

27. Commitments

Leases

Leases as lessee

Commitments for minimum lease payments (undiscounted) in relation to non-cancellable low value leases are payable as follows:

In thousands of AUD	2024	2023
Less than one year	169	68
Between one and five years	4	9
Over five years	–	–
	173	77

The Group leases many assets, including properties and office equipment, under non-cancellable low value leases generally expiring in two to 10 years. Amounts disclosed in the above table relate only to leases exempt from AASB 16 recognition.

28. Contingencies

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 has been applied to these agreements and there are no known obligations outstanding at 30 June 2024.

29. Subsequent events

Transactions or events subsequent to the balance date, were:

- the Directors have declared a final dividend, with respect to ordinary shares, of 2.0 cents per share, fully franked. The final dividend will have a record date of 20 September 2024 and a payment date of 3 October 2024.

Except for these events there has not arisen, in the interval between the end of the financial 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 future financial years.

30. Key Management Personnel and other related party disclosures

In addition to Executive and Non-Executive Directors, the following were Key Management Personnel of the Group at any time during the reporting period:

Name	Position
Carla Webb-Sear	Chief Financial Officer

Other transactions with the Company or its controlled entities

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 reporting period.

Director related party transactions

There were no related party transactions with any Director during the current or prior reporting period.

Key Management Personnel compensation (including all Directors) is as follows:

In AUD	2024	2023
Short-term employee benefits	2,453,440	2,969,498
Other long-term benefits	7,585	14,100
Post-employment benefits	61,647	75,876
Termination benefits	205,236	–
Share-based payments – Share Appreciation Rights	200,500	1,326,097
Total Key Management Personnel compensation	2,928,408	4,385,571

31. Share-based payments

Equity-based plans
Long-term incentives (**LTI**) were provided as equity-based incentives in the Company under the Share Appreciation Rights Plan (**SARP**) in the current and prior financial years.

Share Appreciation Rights (SARs)
The Share Appreciation Rights Plan is designed to incentivise the Company's Senior Executives and other senior management of the Group.

The fair value of the SARs is measured using the Monte Carlo simulation model. Measurement inputs include share price on measurement date, exercise price of the instruments, expected volatility (based on weighted average historical volatility), weighted average expected life of the instruments (based on historical experience and general rights holder behaviour), expected dividends, and the risk-free interest rate (based on Government bonds). Service conditions attached to the transactions are not taken into account in determining fair value.

The plan allows for the Board to determine who is entitled to participate in the SAR Plan, and it may grant rights accordingly. Enero's Board may determine whether or not the grant of rights is conditional on the achievement of performance hurdles; and if so, the nature of those hurdles.

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:

- 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.

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.

The number of shares to be granted will equal the number of SARs awarded multiplied by the above conversion formula.

One share right shall never convert into more than one share in the capital of the Company. Rights expire at 15 business days after the relevant vesting date or the termination of the individual's employment. The Board may exercise discretion on early vesting of rights in the event of a change of control of the Group. Refer to the table below for a summary of SARs on issue.

Summary of Share Appreciation Rights on issue:

Issue date	21 October 2021	21 October 2022	30 October 2023
SARs issued	4,525,000	4,425,000	4,550,000
Participants	Senior Executives	Senior Executives	Senior Executives
VWAP for the 20 business days prior to the grant (B)	$3.02	$2.85	$1.60
Vesting dates: 20 business days after the release of the Group financial report for the year ended:			
Tranche 1 (1/3)	30 June 2022	30 June 2023	30 June 2024
Tranche 2 (1/3)	30 June 2023	30 June 2024	30 June 2025
Tranche 3 (1/3)	30 June 2024	30 June 2025	30 June 2026
Last expiry date	30 September 2024	30 September 2025	30 September 2026
Outstanding SARs as at 30 June 2024	1,275,004	2,533,333	4,330,000

31. Share-based payments (continued)

Share Appreciation Rights (SARs)

Summary of rights over unissued ordinary shares

Grant date	Expiry date	VWAP (for the 20 business days prior to the grant)	Weighted average exercise price	Number of Rights outstanding at beginning of year	Rights granted during year	Rights exercised during year	Rights expired during year	Rights forfeited during year	Number of Rights at year end outstanding	Number of Rights at year end vested	Proceeds received	Date issued	Number of shares issued	Expected life (years)
2024														
21 Oct 2020	30 Sep 2023	$1.52	–	908,340	–	841,672	–	66,668	-	–	–	–	32,984	–
21 Oct 2021	30 Sept 2024	$3.02	–	3,016,670	–	–	1,324,999	416,667	1,275,004	–	–	–	–	–
21 Oct 2022	30 Sept 2025	$2.85	–	4,425,000	–	–	1,300,000	591,667	2,533,333	–	–	–	–	0.9–2.9
30 Oct 2023	30 Sep 2026	$1.60	–	–	4,550,000	–	–	220,000	4,330,000	–	–	–	–	0.9–2.9
				8,350,010	4,550,000	841,672	2,624,999	1,295,002	8,138,337	–	–		32,984	

Grant date	Expiry date	VWAP (for the 20 business days prior to the grant)	Weighted average exercise price	Number of Rights outstanding at beginning of year	Rights granted during year	Rights exercised during year	Rights expired during year	Rights forfeited during year	Number of Rights at year end outstanding	Number of Rights at year end vested	Proceeds received	Date issued	Number of shares issued	Expected life (years)
2023														
24 Oct 2019	30 Sep 2022	$2.13	–	416,670	–	416,670	–	-	-	–	–	–	146,087	–
21 Oct 2020	30 Sept 2023	$1.52	–	2,066,670	–	1,033,330	–	125,000	908,340	–	–	–	554,472	–
21 Oct 2021	30 Sept 2024	$3.02	–	4,525,000	-	1,508,330	–	–	3,016,670	–	–	–	119,561	0.9–2.9
21 Oct 2022	30 Sep 2025	$2.85	–	–	4,425,000	-	-	-	4,425,000	–	–	–	–	0.9–2.9
				7,008,340	4,425,000	2,958,330	–	125,000	8,350,010	–	–		820,120	

The number and weighted average exercise price of share rights is as follows:

	VWAP (for the 20 business days prior to the grant) 2024 $	Weighted average exercise price 2024	Number of rights 2024	VWAP (for the 20 business days prior to the grant) 2023 $	Weighted average exercise price 2023	Number of rights 2023
Outstanding at 1 July	2.77	–	8,350,010	2.52	–	7,008,340
Forfeited during the period	2.62	–	(1,295,002)	1.52	–	(125,000)
Exercised during the period	1.52	–	(841,672)	2.37	–	(2,958,330)
Expired during the period	2.94		(2,624,999)	–	–	–
Granted during the period	1.60	–	4,550,000	2.85	–	4,425,000
Outstanding at 30 June	–	–	8,138,337	–	–	8,350,010
Exercisable at 30 June	–	–	–	–	–	–

The SARs outstanding at 30 June 2024 have a VWAP (for the 20 business days prior to the grant) range of $1.60 to $2.21 (30 June 2023: $1.52 to $2.85).

The SARs outstanding at 30 June 2024 have a weighted average contractual life of 0.94 years (30 June 2023: 0.96 years).

The fair value of services received in return for SARs granted is based on the fair value of SARs, measured using the Monte Carlo simulation model.

The total net expenses recognised by the Group for the year ended 30 June 2024 for share-based payment transactions were $1,086,000 (2023: $2,501,000).

The VWAP for the 20 business days prior the date of exercise of SARs on 15 September 2023 was $1.60.

31. Share-based payments (continued)

Inputs for measurement of grant date fair value
The following factors and key assumptions were used in determining the fair value of the SARs on the grant date:

Grant date	Expiry date	Value per SAR $	VWAP (for the 20 business days prior to the grant) $	Price of shares on grant date $	Expected volatility %	Risk-free interest rate %	Dividend yield %	Expected life (years)
21 Oct 2021(i)	30 Sept 2024	0.64 – 0.85	3.02	3.38	40-50	0.01-0.36	5.0	0.9–2.9
21 Oct 2022(ii)	30 Sept 2025	0.41 – 0.68	2.85	2.80	40-45	0.03-0.04	4.0	0.9–2.9
30 Oct 2023(iii)	30 Sept 2026	0.41 – 0.68	1.60	1.56	40-45	0.04-0.05	5.5	0.9–2.9

(i) Grant is in relation to SARs provided to senior employees of the Group which were issued on 21 October 2021. The last expiry date of the rights is 15 days after the relevant vesting date for the year ended 30 June 2024, which is estimated to be around 30 September 2024.

(ii) Grant is in relation to SARs provided to senior employees of the Group which were issued on 21 October 2022. The last expiry date of the rights is 15 days after the relevant vesting date for the year ended 30 June 2025, which is estimated to be around 30 September 2025.

(iii) Grant is in relation to SARs provided to senior employees of the Group which were issued on 30 October 2023. The last expiry date of the rights is 15 days after the relevant vesting date for the year ended 30 June 2026, which is estimated to be around 30 September 2026.

Accounting policy
The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related services and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Fair value measurement and key estimates
The grant date fair value of employee share rights is measured using the Monte Carlo simulation model. This value is determined by an appropriately qualified independent expert commissioned by the Directors. Inputs to the determination of fair value are subjective and include the market value of the Company's share price on the grant date, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information) of the Company's share price, the risk-free interest rate, the dividend yield, the expected life of the share rights, the probability of occurrence of certain events and the exercise price. Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value. Certain of these inputs are estimates.

The Directors review the methodology used by the expert and make enquiries with management to satisfy themselves that the factual information used by the expert is correct prior to relying on the expert's opinion.

32. Auditor's remuneration

In AUD	2024	2023
Audit services – auditors of the Company		
EY Australia	643,000	–
KPMG Australia	–	565,000
Overseas KPMG firm	–	335,632
Overseas EY firm	191,500	–
	834,500	900,632
Taxation compliance services:		
Overseas KPMG firm	532,785	144,000
	1,367,285	1,044,632