enero

Annual Report 2022

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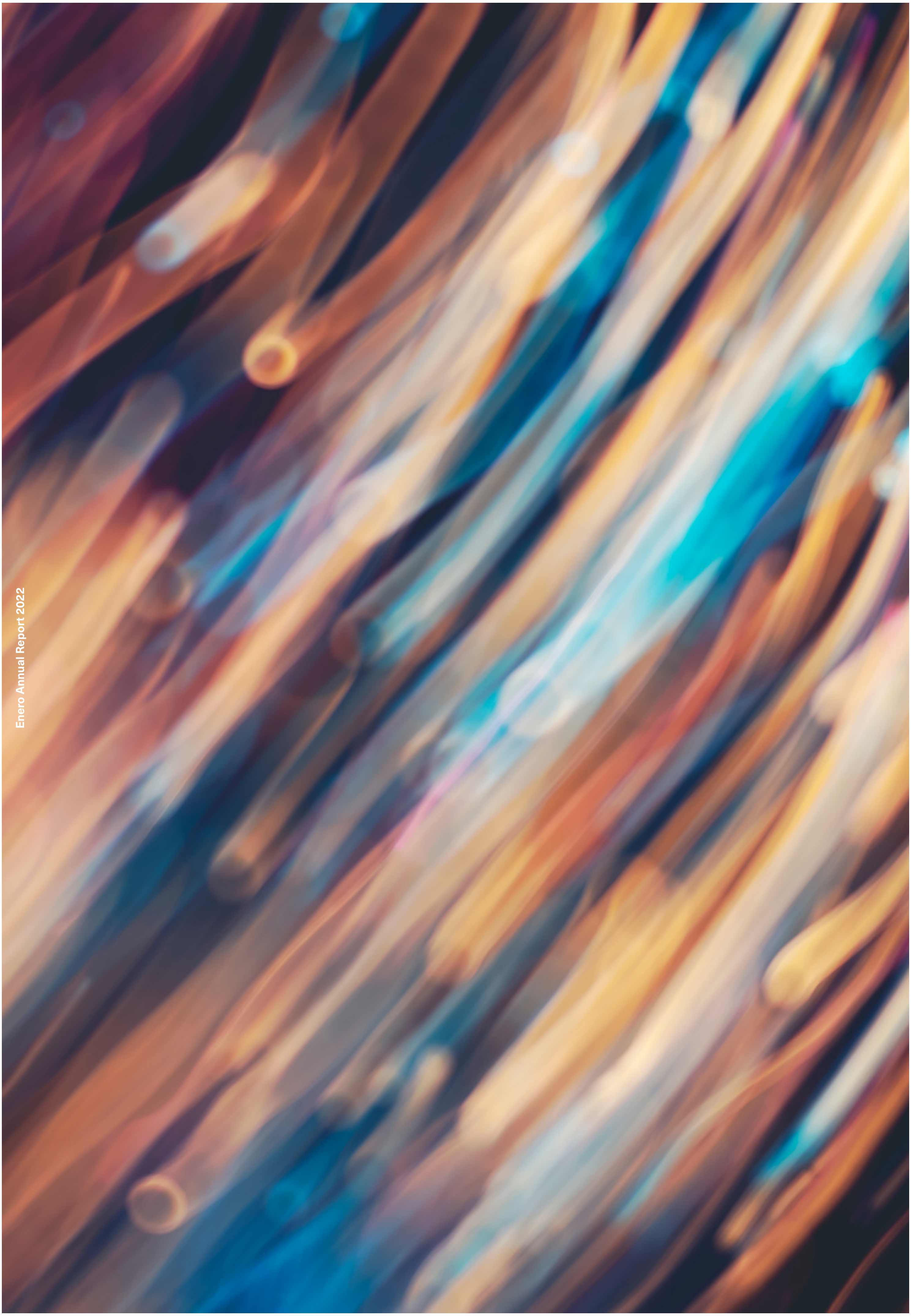


Further, Faster

Enero is a specialist collective of companies.

We accelerate brands and businesses using deep expertise and knowledge in technology, healthcare and high growth consumer verticals, to create transformational customer experiences. We operate in 11 countries and 15 cities, with over 750 employees.

Each of the businesses within Enero support each other to push the boundaries of Brand Transformation and Creative Technology and Data. Our clarity of strategy and ability to relentlessly execute are demonstrated by consistent results delivered through our operating framework and business portfolio. Ongoing refinement of our business capabilities ensures we continually deliver world-class expertise to our clients.

We consistently attract some of the finest minds in the industry, whose creative ideas transform customer and stakeholder experiences, connections, and engagements with our clients' brands.

Our NPS scores continue to increase, despite the challenge of a highly competitive hiring environment, reflecting our commitment to our team and our high performance and flexible culture.

As we set the benchmark for change, with informed optimism, we provide deep functional expertise and support through our global centres of excellence in People and Culture, Finance, Technology, M&A and Legal.

This enables our agency leaders to build deep and enduring client relationships, driving repeatable revenue, with almost 50% of our clients having a relationship within the Enero group for six years or longer.

Our differentiated offering aims to set the benchmark for the industry, and will continue to separate us from our competitors; but most importantly deliver groundbreaking and effective results for our clients.

And we are just getting started, as we go further, faster.

A letter from our Chair

Dear Shareholders,

I am pleased to present the Company's 2022 Annual Report. The 12 months ended 30 June 2022 (FY22) was another outstanding year for the Enero Group.

Our strong portfolio of global businesses have again delivered strong operational results with significant growth across all key financial metrics:

- Net Revenue increasing 20% to $193.4 million
- Operating EBITDA increasing 36% to $62.2 million
- Net profit increasing 19% to $27.1 million
- Earnings per share increasing 17% to 30.9 cents.

These results contribute to the Company's sustainable growth trajectory over the past five years, which is an impressive result.

Over recent years, businesses have needed to rapidly evolve, become smarter and embrace the role of digital transformation in order to futureproof and thrive. Enero has benefited from its unique client facing proposition, progressive capability and deep vertical expertise, to accelerate clients' digital transformation needs, underpinning our strong growth across the Group's portfolio of companies.

During FY22, Enero's leadership team continued to relentlessly focus on the execution of a clear strategic framework, in place for the second year. We remain focused on two strategic segments with high growth potential – Brand Transformation and Creative Technology and Data.

We have delivered solid net revenue growth from all agencies, with BMF delivering a record year and celebrating a 25th birthday anniversary. The strong results delivered from our Creative Technology and Data segment were underpinned by organic growth in OBMedia and Orchard, with OBMedia's strong performance reflecting our strong search engine partnerships.

On 1 July 2022, Enero strengthened our global network with the acquisition of ROI DNA and GetIT.

With the acquisition of ROI DNA and the acquisition in 2021 of McDonald Butler, Hotwire is building scale and strengthening capabilities in NA, Europe and Asia. In FY22 we launched our 'Reputation, Relationship, Revenue' service framework, as we continue to position Hotwire as the pre-eminent global tech communications consultancy.

With a strong balance sheet, Enero Group retains flexibility to pursue its growth strategy as we look to continue to capture market share in high growth verticals.

Reflecting on the Company's growth in FY22, strong balance sheet, and attractive growth opportunities, the Board declared a total FY22 dividend of 12.5 cents per share, fully franked, reflecting our commitment to ensuring shareholders share in Enero's success.

I would like to thank my fellow Board members for their continued commitment to Enero throughout FY22. Their expertise and independent judgement have been vital in progressing the Company's growth strategy. On behalf of the Board, I would also like to thank our talented team for their diligence and dedication to our clients and to each other. I would also like to acknowledge the efforts of Brent Scrimshaw and the executive team, who are executing on our strategy and building a diversified portfolio of marketing and communications agencies with substantial scope to grow our businesses globally in FY23 and beyond.

Finally, I would like to thank you, our shareholders, for your continued support of Enero.

Yours sincerely,

Ann Sherry AO
Chair

A letter from our CEO

Dear Shareholders,

On behalf of the entire team I am proud to report that Enero continued to thrive in FY22, delivering exceptional results for our clients and our shareholders.

Our financial performance is a direct result of the focused execution of our operating strategy. Pleasingly, our growth was supported by our diversified revenue base around the world and across our portfolio, with all businesses in the Group contributing profit.

It was also rewarding to see the team's efforts during the year translate into strong financial results, continuing our track record of sustainable growth.

Strong growth across portfolio businesses

With the deep expertise of our portfolio of specialist agency brands, we continue to focus on accelerating clients' digital transformation in the high-growth global verticals of technology, healthcare and consumer through our two operating segments – Brand Transformation, and Creative Technology and Data.

Revenue within Brand Transformation was up 11% to $106.7 million. Hotwire benefited from its 'Reputation to Revenue' service offering resonating across all geographies and in its 25th year, BMF delivered a number of high profile government COVID vaccine campaigns in H1 FY22, as operating EBITDA margins grew despite some wage pressure and the return of travel in order to re-connect with our teams.

Creative Technology and Data revenue was up 34% to $86.7 million. OBMedia experienced strong growth from the continued enhancement of its media buying capabilities, machine learning and additional sophistication in its data science capabilities. Orchard was also the most awarded agency at the 2021 PRIME Healthcare Marketing Awards reflecting its innovative thought leadership in the healthcare marketing space.

Progressing our strategic priorities

In FY22 the team made significant progress on the four key priorities that continue to guide our global growth ambition.

We continued to expand our capabilities and transformed Hotwire's unique offering through the recent acquisitions of ROI DNA, a strategic B2B sales and marketing agency, and GetIT, a specialist B2B technology marketing agency – which provides a truly global network for the Hotwire group from 1 July 2022.

As we continue to serve the needs of forward-thinking brands, we also unlock the digital transformation and analytics marketplace, which, when combined with the traditional Marketing Services market, provides a total addressable market of $1.2 trillion.

During FY22, we also continued to improve productivity and profitability through the implementation of technology and processes. This has been reflected in our strong underlying operating EBITDA growth. We also retain strategic flexibility with a net cash balance of $52.4 million, to support our long-term growth and innovation plans.

Thank you

On behalf of Enero's Executive Leadership team, I would like to thank all of our 750 talented team members around the world for their dedication throughout the year. I would also like to express my gratitude to the Enero Executive team and my appreciation to the Enero Board, led by Ann Sherry AO, for its continued counsel and guidance as we take the next step in accelerating our business on a global scale. Finally, I would like to thank you, our shareholders, for your ongoing support and confidence in our strategic ambitions.

Having delivered another strong result in FY22 Enero is well placed to continue its growth trajectory into FY23 and beyond.

Yours sincerely,

Brent Scrimshaw
Chief Executive Officer

Financial Highlights

Net Revenue
up 20%
$193.4m

Operating EBITDA
up 36%
$62.2m

Operating
EBITDA margin
up 380bpt
32%

Net Profit
After Tax before
significant items
up 19%
$27.1m

Earnings per
Share before
significant items
up 17%
30.9CPS

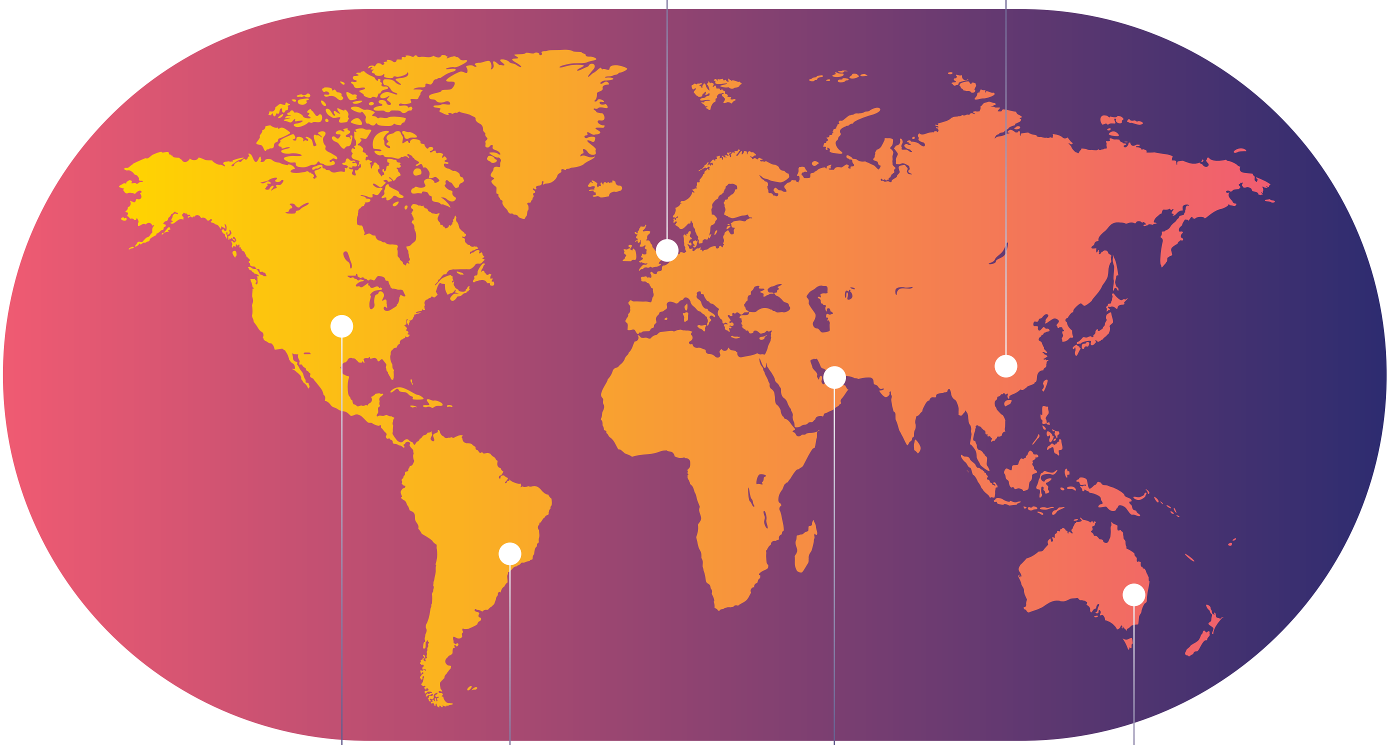
FY22 Dividends
12.5CPS

Geographical Results

Enero has offices around the world; with affiliates in key markets where we have client relationships.

London
Madrid
Paris
Milan
Munich
Frankfurt
Amsterdam

Singapore
Tokyo
Hong Kong
Beijing
Shanghai
Seoul
Taipei
Jakarta



San Francisco
New York
Chicago
Houston
Minneapolis

Sao Paulo

Dubai

Sydney
Melbourne

Includes 51% economic interest in OBMedia:

	Net Revenue FY22	Net Revenue FY21	Operating EBITDA FY22	Operating EBITDA FY21
USA	36%	30%	58%	48%
UK and Europe	22%	25%	16%	19%
Australia	42%	45%	26%	33%

Client Analysis

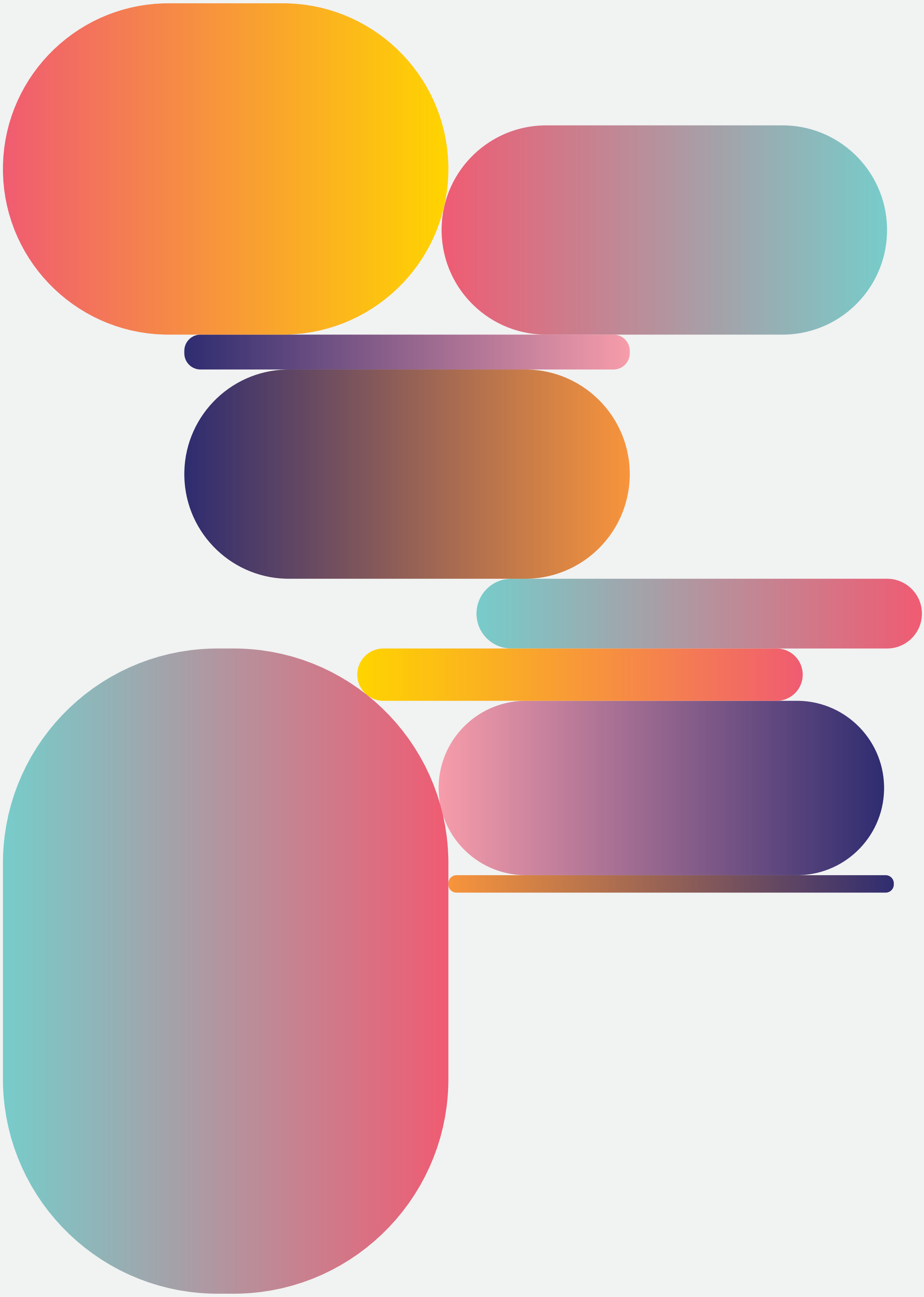
Revenue Diversification

Enero revenue is diversified across both industry and geography. Our largest share of revenue came from the Information Technology sector, at 37% penetration predominately B2B; Technology in sustainable growth segments including cloud computing, security and digital transformation. Other key areas of strategic focus include: Digital Media (19%), Healthcare (12%) and Retail (12%).

In FY22 we invested in additional systems and capability to support our global growth, which is reflected in a balanced contribution from Brand Transformation, up 11%; and Creative Technology & Data, up 34% in net revenue year on year, representing 20% growth as a Group.

We have minimised our exposure to a changing marketplace, with a 50:50 project and retainer split in FY22 across agencies. This is also reflective of our deep and lasting relationships with clients, 66% of whom have been with the Enero Group for four years or longer.

37%	Information Technology
19%	Digital Media
12%	Health Care
12%	Retail
10%	Service
4%	Transportation, Airlines and Auto
3%	Finance
2%	Consumer Goods
1%	Other



Brand Transformation

FY21 $95.9m
FY22 Net Revenue
up 11%
$106.7m

FY21 $21.3m
FY22 Operating EBITDA
up 14%
$24.2m

FY21 22%
FY22 Operating EBITDA margin
up 100bpt
23%

Human generated ideas that transform the way customers and stakeholders connect and engage with brands.

Brand Transformation drives business success by creating thoughtful, distinctive ideation which supports long-term and tactical business communication needs for our clients.

Our Brand Transformation specialist teams are **Hotwire**, **BMF** and **CPR**. Each leads rapid revolution of our clients through world-class talent.

Human-led creative ideas

Hotwire creates Brand Transformation for the worlds' best tech clients, using the unique Revenue, Relationship and Reputation services framework. The team solves increasingly complex client problems – transforming data into integrated communications driven by distinctive narratives. Brand Identity, Account Based Marketing, Data & Analytics, PR & Communications and Digital Marketing programs ignite innovative business outcomes for its global client base.

BMF delivers Brand Transformation by creating lasting relationships between brands and consumers. Their 'long ideas' drive long-term commercial effectiveness, social change, and enduring client relationships.

CPR drives transformation for Government relations and strategic communications. Its unique expertise informs every story, from media advisory from former journalists, to political advice from former Ministerial advisers.

Meaningful connections and engagement

Hotwire delivers meaningful connections in tech centres globally. On the ground relationships with media, influencers, analysts and target accounts help clients drive engagement through tech expertise including the Metaverse, NFTs, and cyber threats; and corporate reputational topics like diversity, equity and inclusion, ESG, and the future of work. Hotwire connects clients to new revenue opportunities by helping them take the lead on new technology narratives before they become mainstream, through ongoing relationships with tech C-Suite, influencers, media, analysts, emerging VC-backed companies, and product developers in fast growth businesses. Hotwire create engagement through informed opinions on emerging innovations; knowing which ones will break through – and how.

BMF specialists use neuroscience, behavioural economics, communications strategy, creativity, CxRM, customer experience and high quality production, to deliver engaging advertising across broadcast, digital and social screens. They drive long-term connections with iconic brand advertising for clients including Tourism Tasmania, REST Super, ALDI Australia, The Australian Government, Tip Top, and the Department of Social Services.

CPR intersects knowledge, networks and experience across three core disciplines – Issues Management, Government Relations, and Public Relations – to create meaningful engagement with complex regulatory conversations, which attract political and public scrutiny. It supports global and Australian brands in dynamic sectors including health and medical research, technology, energy, education and financial services.

Awarded Brand Transformations

Hotwire has been recognised with campaign and agency awards, including ITSMA Gold Award for Marketing Excellence, and Finalist for PRovoke North American Technology Agency of the Year.

BMF is consistently recognised as one of the world's top performing creative agencies, with awards including 2022 Spikes Asia Creative Effectiveness Grand Prix, 2021 WARC #1 Most Effective Creative Agency in Australia, (#3 Globally), 2021 B&T NSW Agency of the Year, 2021 Mumbrella Culture Award, and the 2021 Platinum Tangrams Effectiveness Award.

CPR attracts hundreds of millions of dollars in investment for clients at a Federal and State level, ranging from funding to revive the tourism economy, through to investment in local rapid antigen test production, and air purifier procurement to support a safe return to school and work.

Case Study

Cloudera: Driving Credibility for a Vital Diversity and CSR Program

Challenge

Cloudera's CEO Rob Bearden stated publicly that his company's commitment to take deliberate and decisive action to address inequality in its workplaces and communities is very important to him – both personally and as the leader of a global organisation.

Strategy

As part of this commitment from the top, Cloudera's executive team looked within the organisation and elevated the then Head of Diversity, Inclusion and Learning, Sarah Shin, to the newly created position of Chief Diversity Officer. Before the announcement of Sarah's promotion, Hotwire worked closely with her to develop her thought leadership platform, personal narrative, and internal and external communication strategy, which enabled her to share her vision during All Hands and Sales Kick Off meetings; and grow her organisation.

Sarah and the Global Communications Team recognised the impact of the pandemic on young students and their learning. This led Cloudera to want to make AI more accessible for young students.

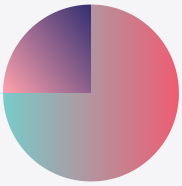
Execution

Hotwire spent time with the CSR team to help evolve and align their vision and activities globally, which led to a successful 'Global Day of Service' for employees.

Hotwire introduced Cloudera to a well established children's STEAM author and publisher, Ready AI. The two companies co-authored a book for 8-10-year-olds, Fresh Squeeze on Data.

Hotwire also introduced Cloudera to the Boys & Girls Club to sponsor a summer camp STEAM program and share the book with camp attendees. The Hotwire driven Cloudera CSR program has been a connected thread through communications, programs and activities, with a consistent narrative in messaging, content and executive communications, both internally and externally. The work also guided brand communications and messaging within the global organisation and continues to serve as a foundation of the CSR program today.

The Cloudera DE&I Program July 2021:



75% complete

Pay Equity Study
Running a pay equity study to understand where Cloudera relates to the trends present in the industry, and addressing any gaps.

100% complete

Chief Diversity Office
Added a Chief Diversity Officer to the executive leadership team.

Centre of Excellence Partnership
Partnered with the Boys & Girls Club to sponsor an educational workspace for under-represented high school minorities.

Diversity and Inclusion
External publishing of Cloudera's Diversity and Inclusion metrics.

The book has now been translated into various languages and is available in:

48 different countries

586 school systems across the globe

Case Study

Department of Social Services: Stop It At The Start

Challenge

Violence against women is at epidemic proportions in Australia.

- One-third of women have been a victim of physical or sexual violence since the age of 15, by someone known to them.
- One-quarter of young people are prepared to excuse violence from a partner.

Research showed violence in men grows from attitudes learned from a young age. To break this cycle in future generations, we need to address the underlying cause – the disrespect towards girls and women that can grow into violence; and to target people who influence 10 to 17-year-old Australians – parents, teachers, sports coaches and peers – to recognise the link between gender inequality, disrespect and violence.

This task is made difficult by multiple barriers.

Firstly, influencers value 'respect' meaning they are blind to how their 'innocent', everyday behaviours permit disrespect that could result in violence later on. Next, intervening in a moment of disrespect carries social risk. The need is to increase self confidence to intervene in a moment of disrespect by making it feel normal. And, more recently, ongoing conversations promoting respect can feel burdensome. BMF must find a role for conversations around dis/respect that feel everyday and natural. In some ways, it is the mother of all the talks we all have in our formative years.

Strategy

A long-term, primary prevention, behaviour change campaign targeting influencers and our children. First, about stopping problem behaviours that lead to disrespect and now evolving into starting positive behaviours that build a culture of respect.

It is considered one of the Australian Federal Government's most successful campaigns, centred around bridging The Value-Action Gap – a behaviour change theory.

The Long Idea is: *Stop It At The Start*. This is a rallying call to address violence against women at the seed of the problem: disrespect. In order to get influencers to understand the connection and act, BMF steps out the change, over seven years.

Execution

Phase 1

Recognise the link between disrespect and end-stage violence.

Phase 2

Reconcile it to everyday behaviours that permit and enable disrespect.

'You're teaching disrespect'

Phase 3

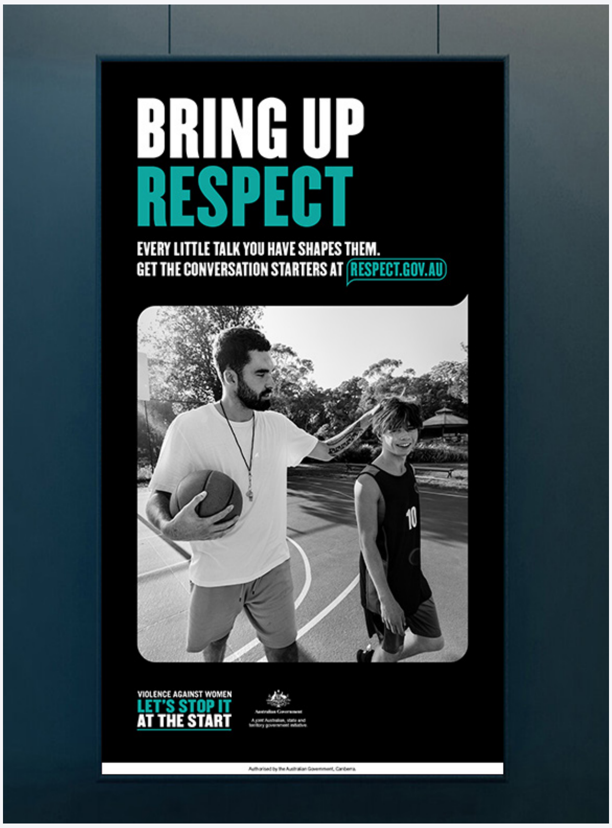
Respond in a moment of disrespect.

'Unmute Yourself'

Phase 4

Reinforce respect – About how conversations around dis/respect set up an enduring culture of respect.

'Bring up Respect'



Case Study

Tourism, Medical and Health Industries: Engaging Government on policy, regulation and funding

cpr Issues Government Media

Challenge

During the pandemic, when public health-led decisions on border closures and lockdowns radically disrupted business and social outcomes, the ability to engage with government became transformational; and business critical.

Federal, State and local governments changed and accelerated traditional policy and grant-making processes to provide urgent support to individuals and businesses in financial distress, and to capture emerging opportunities to underpin a disrupted economy.

The Federal Government's economic response to COVID was $291 billion in the 2021/22 Budget; while multi-billion dollar allocations to support economic recovery and revitalisation were made by State governments, creating a lifeline for local businesses.

The Victorian tourism sector was one of the hardest hit by COVID. Total tourism expenditure in Victoria was $16.5 billion in March 2022, 45% below pre-COVID levels.

Strategy

Headquartered in Melbourne, which endured some of the longest COVID lockdowns in the world, CPR helped clients to connect to government decision makers and influence policy development.

CPR worked closely with the Victoria Tourism Industry Council to highlight challenges facing the sector, and develop and publicise a range of recovery initiatives. This helped inform a series of funding announcements, including a Regional Tourism Support Package, and a $200 million stimulus package to entice Victorians back to food and hospitality venues.

CPR also worked with major health services including Cancer Council Victoria and St John Ambulance to engage with government about the knock-on effects of COVID, such as delayed testing and diagnoses of disease, major workforce shortages, hospital bed shortages and health transport challenges.

Execution

As lockdowns lifted, CPR arranged face-to-face meetings and site visits for clients with Ministers, Shadow Ministers and Members of Parliament – including the now Prime Minister, Anthony Albanese. These bring industry and government closer together to identify and unlock economic opportunities that drive innovation and job creation.

CPR worked with Regional Cities Victoria, a peak group representing the 10 largest Councils outside Melbourne, in support of a successful bid for the 2026 Commonwealth Games. In a world first, the Games will be dispersed across regional locations rather than centralised.

This will deliver a boost to the Victorian economy of

$3 billion

and outside metropolitan Melbourne, a legacy of

affordable housing + new infrastructure

Creative Technology and Data

FY21 $64.7m
FY22 Net Revenue
up 34%

$86.7m

FY21 $31.8m
FY22 Operating EBITDA
up 53%

$48.6m

FY21 49%
FY22 Operating EBITDA margin
up 700bpt

56%

High quality customer experiences connected through technology and enabled by data.

Our Creative Technology specialists at **Orchard** and **OBMedia** use technology to connect; and data to enable cohesive narratives and consumer experiences. World-class creative ideas deliver results from lead generation to loyalty; through online and in-person experiences that connect every moment on the customer journey.

Reimagining creative connections

Orchard's channel agnostic teams pioneer innovative ways to experience everything – from buying a car, to connecting pharmaceutical companies with clinicians and helping patients discover new treatments.

OBMedia's media buyers are empowered by innovative proprietary technology to effectively price and adjust bids, in near real time on expertly selected ad placements from sources including Facebook, TikTok, Google Display Network and Taboola. This allows them to deliver ROI for advertisers in a safe environment for partner brands and end users to operate.

Pioneering innovative technologies

Orchard continues to invest in critical business growth areas across data analytics with deep specialisation in key platforms including Salesforce, Adobe, Kentico and Optimizely. Orchard delivers a unique business transformation approach for brands who want a consultancy mindset with the delivery efficiencies of technology savvy and data-led outcome.

Winning Creative Technologies

Orchard continued its momentum in FY22 with 14 new client wins and extensive industry recognition including B&T and Mumbrella finalist nominations, Webby Awards Honours, and winning the most awards of any healthcare agency group at the most recent PRIME Awards; while **OBMedia** won the Excellence in Quality award from Microsoft for the second year in row.

Case Study

Powering digital advertising growth through ADTech

Challenge

Search-based advertisers continue to look for new sources of growth. They seek cost-effective, high intent audiences that deliver on business needs, and to reduce the impact of fraudulent bot traffic.

Strategy

OBMedia is a digital advertising technology platform that drives high-quality and high-intent traffic to search-based advertisers. OBMedia leverages its proprietary technology, exclusive search partnerships and deep data analytics expertise to fuel demand for advertisers.

OBMedia's business is focused on:

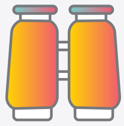
- targeting high-value consumers from digital publishers, ad networks and social channels with dynamic, creative and relevant content
- qualifying the intent of those consumers through proprietary data science techniques
- providing the most relevant search-based advertising results that match consumers' needs

OBMedia derives its revenue from quality audiences delivered to advertiser websites.

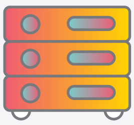
Execution

OBMedia has unique and proprietary technology, machine learning, automation and partnerships that enable it to deliver outstanding value to advertisers and publishers. Its key areas of differentiation are:

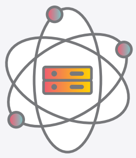
Leading optimisation technology
Providing the most relevant ads for target audiences



Unmatched fraud monitoring
Filtering bot traffic to protect value for partners



Powerful technology stack
Real-time data, system resiliency and rapid new product development



Deep data science
Powering responsive campaign analytics, privacy compliance and end-to-end conversion tracking

OBMedia continues to invest in capabilities that fuel growth for partners and in turn OBMedia. In FY22 OBMedia enhanced campaign optimisation capabilities and platform development to drive more informed traffic acquisition. At the same time, OBMedia continued to refine its fraud monitoring capabilities – critical to maintaining OBMedia's class-leading bot detection rates and trusted status with key partners.

Results

OBMedia delivered outstanding results for advertising partners in FY22, with a 30% increase in traffic conversion and 120% increase in consumers delivered to advertisers:

285m consumers delivered to advertisers' websites

120% increase, compared to FY21

Case Study

Collaborative Care for COPD: COPD Connect

Challenge

Chronic obstructive pulmonary disease (COPD) is a major health burden in Australia and is the second most common cause of potentially preventable hospitalisations. It causes at least moderate symptoms in 29% of Australians aged ≥75 years.

Boehringer Ingelheim wanted a fresh approach to CPD-accredited COPD medical education with a highly interactive series of 60 educational meetings for GPs to bring new interest to a saturated education sphere.

Strategy

Rather than focusing solely on the role of the GP in diagnosing and managing COPD, we focused instead on how GPs were the hub of a much wider COPD care team that included nurses, pharmacists, physiotherapists, nutritionists, etc.

By considering how each member of the multidisciplinary team connected and interacted with the GPs, we covered the necessary COPD-X guidelines while also imparting new and unique information. A modular approach using guest speakers allowed the GPs to hear directly from the wider COPD care team in their own words.

Execution

We developed the content in collaboration with a steering committee made up of a respiratory specialist, GP, specialist nurse and pharmacist, to reflect the collaborative nature of the content while also meeting RACGP requirements.

The meetings were highly interactive, with multiple group discussions and online live polling; and also highly practical, with information about accessing relevant Medicare Items included throughout and in post-meeting resources.

We used instructional design techniques to develop content that was effective, appealing and inspiring for the audience. A unique, refreshing design helped combat ‘slide fatigue’ and brought a positive and uplifting feel to the meetings.

A range of technological measures simplified meeting registration and allowed remote administration of all 60 meetings.

Results

The activity was CPD accredited by the RACGP and by ACRRM to serve GPs in both urban and rural/remote areas. The meeting series has had outstanding feedback from everyone involved, including the GPs, the RACGP, the Steering Committee members and Boehringer Ingelheim. Based on submitted RACGP evaluations:

99% of GPs felt their needs were met across all five learning objectives.

87% reporting they were entirely met.

95% stated they were likely or very likely to recommend the meeting to a peer.

GP confidence in coordinating COPD patient care with other healthcare professionals rose from **47%** to **89%**

Confidence in implementing COPD-X guidelines on early diagnosis rose from **40%** to **86%**

Environmental, Social and Governance

Reconciliation Australia

In November 2021, the Group received formal endorsement of our Reconciliation Action Plan from Reconciliation Australia. This was an important milestone in Enero's commitment to continue to learn about and celebrate the rich culture and history of Aboriginal and Torres Strait Islander peoples.

In forming our RAP committee with representation from all Enero Group AU businesses, Enero held the first meeting in December 2021 operating under our Terms of Reference. Through our Supply Nation membership, we connected with Indigenous owned and operated businesses to secure a partner organisation to act in a RAP Advisory capacity, and provide the Group with cross-cultural training.

In the coming year, we will continue to work with our RAP Advisory partner on further educational opportunities, strategies and policies to meet our RAP commitments including recruitment opportunities to increase employment of Aboriginal and Torres Strait Islander Peoples. We have also placed Supply Nation at the heart of our procurement decisions as it relates to training, catering and RAP consultancy. Teams across Enero also attended the Supply Nation Connect 22 Tradeshow to expand our procurement networks and to create valuable connections.

Enero celebrated its fourth year of working with CareerTrackers and welcomed another outstanding student this year. CareerTrackers is a not-for-profit organisation which connects partner organisations and Indigenous university students with internship opportunities with the idea of converting those opportunities into full-time employment at the completion of their studies.

HIPP

Globally the Group remain committed to in-country DEI initiatives, for example Hotwire launched its HIPP program in February 2021 and committed US $1 million globally in pro-bono Brand Marketing and Public Relations services to tech or tech enabled organisations which are led by or support people of colour and other relevant groups. Since the launch, Hotwire has successfully partnered with nine organisations globally and continues to look for new partners for the program.

Environmental

The Group remain deeply committed to reducing the impact we have on the environment, and in addition to the many programs we have in place to minimise waste, in June 2021 we joined the Work Waste Challenge with ZeroCo (contributing to stopping the production of new single-use plastic bags) and banned paper plates use for our in-office events to reduce our reliance on single-use plastics.

Ethical Conduct Training and Policies

At Enero we want our people to feel safe, empowered, supported and able to bring their whole selves to work in a truly inclusive environment. We are committed to a workplace free from discrimination, a place where our people can grow, develop and thrive regardless of race, religion, sexual preference, gender, marital status or disability.

We ensure we have clear policies in place, which we support with a variety of training opportunities throughout the year. These policies and training ensure we create a respectful workplace with an emphasis on:

- Discrimination, harassment and bullying
- Modern Slavery
- Anti-Bribery and Corruption
- Environmental impacts
- Whistleblowing

Board of Directors

Ann Sherry AO
Independent
Non-Executive Director

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

Ann is a Director of National Australia Bank (ASX: NAB), Chair of its Customer Committee and a member of its Remuneration Committee. Ann is Chancellor of Queensland University of Technology, Chair of UNICEF Australia, Chair of Port of Townsville, and a Director of Infrastructure Victoria and the Museum of Contemporary Art.

Ann is an Advisor, the former Chair and was CEO of Carnival Australia for a decade. Ann was at Westpac for 12 years, CEO of Bank of Melbourne and the CEO of Westpac New Zealand and Pacific Banking.

Ann was named the overall winner of the AFR 100 Women of Influence in 2015.

Brent Scrimshaw
Chief Executive Officer

Brent was appointed Chief Executive Officer and Executive Director on 1 July 2020.

Brent is a creative and brand led business leader with specific expertise in global consumer brands, media and publishing, technology, retail and sports. Brent built his career at Nike Inc around the world holding leadership positions such as Vice President and Chief Executive Western Europe, Vice President and Chief Marketing Officer EMEA based in Amsterdam, The Netherlands, GM Regional USA based in New York City and Marketing Director Nike Pacific in Australia.

Brent is currently a Non-Executive Director of KMD Brands Ltd (ASX: KMD) and Rhinomed Ltd (ASX: RNO) and was previously a Non-Executive Director of Catapult Group Ltd (ASX: CAT) and Fox Head Inc in California USA.

Anouk Darling
Independent
Non-Executive Director

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

Anouk is a Director of Macquarie Telecom Limited (ASX: MAQ) as well as a member of its Audit and Risk Committee and Chair of the Remuneration and Nomination Committee. Anouk is a Board member of Discovery Holiday Parks and Chair of its People and Remuneration Committee.

Anouk is currently the Chief Executive Officer for the Scape Group. Previously Anouk held an Executive role as Chair of Moon Communications Group, a business which she worked in for 12 years, where she held the role of Strategy Director and then served as Chief Executive Officer.

Ian Rowden
Independent
Non-Executive Director

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

Ian is an experienced CEO and senior executive with extensive experience in Australian, regional and global roles in commercial, strategy, M&A, marketing and operational leadership with companies including The Coca-Cola Company, The Callaway Golf Company, Wendy's International, Saatchi & Saatchi and The Virgin Group.

Ian is currently a non-executive director of Reliance Worldwide Corporation (ASX: RWC), DuluxGroup International (UK), and was a director of QMS Media Limited and Virgin Galactic.

Ian chairs the Murdoch Children's Research Institute Marketing Council, is a partner and investment advisory board member for Innovate Partners (US based private equity/venture capital) and a senior advisor to Bowery Capital. He is based in the USA.

David Brain
Independent
Non-Executive Director

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

David has over 25 years' experience in public relations and integrated communications. At Edelman (world's largest PR firm), David was a Director of the Group Supervisory Board and member of its global management board. During 13 years at Edelman, he was CEO of the EMEA region and latterly, CEO of APACMEA.

Prior to Edelman, David was Co-CEO of Weber-Shandwick UK and Managing Director at Burson-Marsteller UK. He has also worked in Corporate Affairs at Visa International and as a planner in advertising.

David is Chair of parking technology company Parkable; Chair of child poverty charity Share My Super; Advisory Board member of The Spinoff, and Co-Founder of research start-up Stickybeak.

Louise Higgins
Independent
Non-Executive Director

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

Louise is the CFO for Australia at ANZ Bank (ASX: ANZ), covering Retail, Commercial and Digital Transformation.

Louise began her Executive career in London with law firm Freshfields Brushaus Deringer followed by seven years at the BBC. Louise has worked at Australia's Macquarie Bank as an Associate Director, COO for Nova Entertainment with responsibility for performance of the Nova and Smooth radio networks and as Chief Financial and Strategy Officer for the Australian Broadcasting Corporation (ABC) to oversee significant technology transformation. Her diverse non-executive career includes service with Commercial Radio Australia, Visit Victoria, Qudos Bank and Canteen Australia.

Financial Report

year ended 30 June 2022

Directors' Report

The Directors present their report, together with the consolidated financial statements of Enero Group Limited (the **Company**) and of the Group, being the Company and its controlled entities, for the year ended 30 June 2022; and the independent auditor's report thereon.

Directors
The Directors in office as at the date of this report are:

Name	Role	Independent	Appointed	Length of service (at 30 June 2022)
Ann Sherry	Non-Executive Chair	Yes	1 January 2020	2 years and 6 months
Anouk Darling	Non-Executive Director	Yes	6 February 2017	5 years and 4 months
Ian Rowden	Non-Executive Director	Yes	21 November 2018	3 years and 7 months
David Brain	Non-Executive Director	Yes	10 May 2018	4 years and 1 month
Louise Higgins	Non-Executive Director	Yes	10 September 2021	9 months
Brent Scrimshaw	Executive Director	No	1 July 2020	2 years

The biographical details of the current Directors included on pages 22 and 23 set out information about the Directors' qualifications, experience, responsibilities and other directorships.

The following person was also a Director during the current financial year:

Name	Role	Independent	Appointed	Length of service
Susan McIntosh	Non-Executive Director	No	Appointed 2 June 2000 and retired 21 October 2021	21 years and 4 months

Company Secretary
Cathy Hoyle is the Group General Counsel and was appointed Company Secretary on 8 March 2021. Cathy is a practising Solicitor in New South Wales Australia, a Graduate of the Australian Institute of Company Directors, and holds several degrees including a Master of Laws from the Australian National University.

Committee Membership
At the date of this report, the Company has an Audit and Risk Committee and a Remuneration and Nomination Committee.

Members of these Committees were:

Audit and Risk Committee
Louise Higgins (Chair)
Anouk Darling
David Brain

Remuneration and Nomination Committee
Ian Rowden (Chair)
Ann Sherry
Anouk Darling

Principal activities

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

Corporate Governance

The Directors recognise the requirement for and have adhered to the principles of corporate governance.

A copy of the Company's full 2022 Corporate Governance Statement, which provides detailed information about governance, and a copy of the Company's Appendix 4G which sets out the Company's compliance with the recommendations in the fourth edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (ASX Principles), are available on the corporate governance section of the Company's website at http://www.enero.com/investor-centre/governance.

Operating and Financial Review

Information relating to the operating and financial review of the Company and its strategy is outlined on pages 30 to 35 and forms part of this Directors' Report.

Directors' meetings

The number of Directors' meetings (including meetings of committees of Directors) and the number of meetings attended by each of the Directors of the Company during the financial year were:

	Board meetings		Audit and Risk Committee meetings		Remuneration and Nomination Committee meetings	
	A	**B**	**A**	**B**	**A**	**B**
Ann Sherry	6	6	–	–	2	**3**
Brent Scrimshaw	6	6	–	–	–	–
Anouk Darling	6	6	4	4	3	3
Ian Rowden	6	6	–	–	3	3
David Brain	6	6	4	4	–	–
Louise Higgins	5	5	3	3	–	–
Susan McIntosh	2	2	1	1	–	–

A = Number of meetings attended.

B = Number of meetings held during the time the Director held office or was a member of the Committee during the year.

Directors' interests

The relevant interests of each Director in the shares or SARs issued by the Group, as notified by the Directors to the Australian Securities Exchange in accordance with section 205G(1) of the *Corporations Act 2001*, at the date of this report, are as follows:

Director	Ordinary shares	Share Appreciation Rights
Ann Sherry	18,750	Nil
Brent Scrimshaw	216,877	2,133,334
Anouk Darling	19,607	Nil
Ian Rowden	75,000	Nil
David Brain	75,000	Nil
Louise Higgins	Nil	Nil
Total	**405,234**	**2,133,334**

Events subsequent to balance date

Transactions or events subsequent to the balance date were:

- on 1 July 2022, the Group acquired 100% of the issued capital of ROI DNA Inc, a USA based strategic B2B sales and marketing agency. The purchase consideration was an upfront payment of US$26,400,000 ($38,306,000) in cash and US$6,600,000 ($9,577,000) of Enero Group Limited shares with additional contingent consideration linked to the achievement of EBITDA targets over the next 3 years through to 30 June 2025. Refer to Note 22 Acquisitions for details.
- on 1 July 2022, the Group acquired 100% of the issued capital of GetIT Pte Ltd, a Singapore based specialist B2B technology marketing agency with presence in India, Malaysia and Japan. The purchase consideration was an upfront payment of S$2,700,000 ($2,816,000) in cash and S$1,800,000 ($1,877,000) of Enero Group Limited shares with additional contingent consideration linked to the achievement of EBIT target over the next 3 years through to 30 June 2025. Refer to Note 22 Acquisitions for details.
- the Directors have declared a final dividend, with respect to ordinary shares, of 6.5 cents per share, fully franked. The final dividend will have a record date of 20 September 2022 and a payment date of 4 October 2022.

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.

Likely developments

The Group will continue to focus on its strategy outlined in the operating and financial review. The Group will specifically focus on new business conversion and organic revenue growth to increase net revenue. Additionally, building scale and presence in the UK and USA markets to seek a more evenly weighted geographic contribution from net revenue and Operating EBITDA is a core element of the Group's strategic framework. The Group will also continue to assess acquisition and capital deployment opportunities as they arise to complement the key operating business brands.

Indemnification and insurance of officers and auditors

Indemnification

The Company has agreed to indemnify the following current Directors of the Company: Ann Sherry, Brent Scrimshaw, Anouk Darling, Ian Rowden, David Brain, Louise Higgins and Company Secretary Cathy Hoyle against liabilities to another person (other than the Company or a related body corporate) that may arise from their positions as Directors, Secretaries or Executives of the Company and its controlled entities, subject to the *Corporations Act 2001*, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any liabilities, including costs and expenses. The Company has also agreed to indemnify the current Directors and Secretaries of its controlled entities for all liabilities to another person (other than the Company or a related body corporate) that may arise from their position, except where the liability arises out of conduct involving a lack of good faith. The agreements stipulate that the Company will meet the full amount of any such liabilities, including costs and expenses.

Insurance premiums

During the financial year, the Company has paid insurance premiums in respect of Directors' and Officers' liabilities, for current Directors and Officers, covering the following:

- costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal; and
- other liabilities that may arise from their position, with the exception of conduct involving a willful breach of duty or improper use of information or position to gain a personal advantage.

The Directors have not included details of the amount of the premium paid in respect of the Directors' and Officers' liability and legal expenses insurance contracts, as such disclosure is prohibited under the terms of the contracts.

Issue of shares and Share Appreciation Rights (SARs)

Shares issued on exercise of SARs

On 15 September 2021, the Company issued 1,389,589 ordinary shares to employees exercising share appreciation rights under the Company's Share Appreciation Rights Plan (SARP), which was approved by shareholders at the Company's Annual General Meeting (AGM). The issue price of these shares was $3.17 and these shares rank equally with existing shareholders.

Share Appreciation Rights

Share Appreciation Rights issued

During the year ended 30 June 2022, a total of 4,525,000 Share Appreciation Rights (30 June 2021: 3,900,000) were issued to senior employees of the Group under the existing Share Appreciation Rights Plan.

Unissued shares under Share Appreciation Rights Plan

At the date of this report, unissued shares of the Company under the Share Appreciation Rights Plan are:

Expiry date	Number of SARs	Strike price VWAP (for the 20 business days prior to the grant)
30 September 2022	416,670	$2.13
30 September 2022	1,033,330	$1.52
30 September 2022	1,508,330	$3.02
30 September 2023	1,033,340	$1.52
30 September 2023	1,508,332	$3.02
30 September 2024	1,508,338	$3.02
Total	7,008,340	

These SARs in the table above do not entitle the holder to participate in any share issue of the Company.

Dividends

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

	Cents per share	Total amount AUD '000	Date of payment
Fully franked:			
2021 Final dividend	4.4	3,874	6 October 2021
2022 Interim dividend	6.0	5,283	16 March 2022

Subsequent to the balance sheet date, the Directors have declared a final dividend, with respect to ordinary shares, of 6.5 cents per share – fully franked with a payment date of 4 October 2022. The financial effect of this dividend has not been brought to account in the consolidated financial statements for the year ended 30 June 2022 but will be recognised in the subsequent financial period.

For further details refer to Note 17 Capital and reserves in this annual report.

Environmental regulation and performance
The Board believes that the Group has adequate systems in place for the management of its environmental requirements and is not aware of any significant breach of those requirements as they apply to the Group.

Non-audit services
During the year KPMG, the Group's auditor, has performed certain other services in addition to the audit and review of the consolidated financial statements.

The Board has considered the non-audit services provided during the year by the auditor and, in accordance with advice provided by resolution of the Audit and Risk Committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit and Risk Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Group, acting as an advocate for the Group, or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the Company, KPMG, and its related practices, for non-audit services provided during the year, are set out below. In addition, amounts paid to other auditors for the statutory audit have been disclosed in Note 31 Auditor's remuneration of the notes to the consolidated financial statements.

	2022 $	2021 $
Services other than statutory audit		
Auditors of the Company		
Taxation compliance services:		
KPMG Australia	–	26,000
Overseas KPMG firms	295,000	286,000
Total services other than statutory audit	295,000	312,000

Auditor independence
The Lead Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 99, and forms part of the Directors' Report for the year ended 30 June 2022.

Rounding off
The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016, 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.

Remuneration Report
The Remuneration Report on pages 36 to 43 forms part of this Directors' Report.

Signed on behalf of the Directors in accordance with a resolution of the Directors:

Ann Sherry AO
Chair
Sydney, 8 September 2022

Operating and financial review
The operating and financial review forms part of the Directors' Report.

Strategy and operations of the Group
Enero Group is a global and diversified creative technology company, focused on delivering modern marketing services to businesses around the world. 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 be a leading group of specialist marketing services businesses, 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.

Our growth strategy is focused on both the continued evolution of the Group's existing portfolio businesses supported by Enero's Centres of Excellence. We continue to invest to add transformational capabilities and geographies such as the acquisitions of ROI DNA and GetIT Communications on 1 July 2022. We also continue to reshape the portfolio through selective divestments, including the sale of The Leading Edge and The Digital Edge in FY22.

The Group is well positioned to continue to invest in growth opportunities in the current economic environment, and to remain resilient to risks that face our business.

- COVID-19 has changed the nature of work, and despite wage inflation pressure and talent shortages across our industry, Enero continues to benefit from our progressive workplace practices. For example, prior to the pandemic, Hotwire built a reputation for 'thoughtful working', which allowed for flexible working arrangements. This enabled Hotwire to proactively recruit high-performing staff during the pandemic, without the need to be located in major metropolitan areas. We continue to evolve our employee value proposition to ensure we can attract and retain the best talent across the Group.
- Economic uncertainty is impacting all industries, however Enero's unique positioning and market offering makes us well placed to outperform competitors:
  - In Technology, we primarily work with the world's leading B2B Technology clients who are less volatile in their allocation of marketing spend versus B2C Technology clients.
  - Healthcare is typically more resilient to macroeconomic volatility.
  - OB Media benefits from the correlation in the movement of advertising rates and the subsequent impact on costs of traffic acquisition. Search advertising rates have also proven more resilient than other advertising channels.

Enero Group remains optimistic about the growth opportunity of our business across all regions. We continue to look for opportunities to invest to modernise our services in order to better serve our clients' needs, whilst also maintaining the delivery of strong margins across our diversified portfolio. 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.

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
COVID-19 pandemic	Potential further lockdowns and related restrictions in response to the COVID-19 pandemic, resulting in one or all of the following: • Business continuity risk from changed working environments for employees; • Supply chain risk from impacted suppliers; and/or • Financial risk from reduced advertising spend.	Business continuity: Over the course of the pandemic, Enero has built robust processes to deal with risks associated with lockdowns, including fully virtual team collaboration tools, strengthened cyber security, WHSE practices and investment in work-from-home people and culture initiatives. Supply chain risk: Our businesses maintain a diverse list of suppliers (e.g. content production houses, media companies), to ensure we are not significantly impacted by over-reliance on a single supplier. Financial risk: As we saw in FY020 and FY21, our diversified business benefited from increased consumer online activity driven by extended lockdowns. Any decrease in advertising dollars spent on traditional advertising is likely to be mitigated by increased demand for digital transformation, performance marketing and increased search advertising traffic.

Potential risk	Risk description	Group’s mitigating actions
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.
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.
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.
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.

Potential risk	Risk description	Group's mitigating actions
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.
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 operations or financial performance.	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 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 $193.4 million, an increase of 20.4% (2021: $160.6 million) compared to the prior reporting period. Net revenue growth was achieved in all key geographic markets. The Group continues to have a high proportion of client revenue exposure to its priority verticals of Technology, Healthcare and Consumer sectors which have increased or maintained business activity levels. Net revenue on a constant currency basis was up $31.2 million compared with the prior year. Net revenue from continuing businesses after the impact of disposals was up 25.6% at $191.6 million compared to $152.6 million for the prior year.

The Group achieved Operating EBITDA[1] of $62.2 million, an increase of 36.4% (2021: $45.6 million) compared to the prior reporting period. The Operating EBITDA[1] margin increased from 28.4% in 2021 to 32.2% in 2022. This increase in the Operating EBITDA[1] margin was driven by:

- an increase in revenue and Operating EBITDA[1] in the Group's programmatic media platform business, OBMedia, which connects publishers with the world's largest search engines. The business functions as a platform and therefore has achieved a higher margin than other businesses in the Group;
- while staff costs rose 13.6% in the current year, a reduction in the staff cost ratio from 61.2% in 2021 to 57.8% in 2022 was achieved given the increase in global headcount was relatively low as compared to the revenue growth; and
- operating costs, particularly travel expenses, have increased as COVID-19 related restrictions have eased. However, the increase in operating costs has not resulted in a return to pre-COVID-19 levels.

The net profit after tax before significant items was $27.1 million, compared to $22.8 million in the prior year, primarily driven by growth in Operating EBITDA[1]. The statutory net profit after tax to equity owners was $25.4 million, compared to a loss of $0.4 million in the prior year. In the current year, the Group incurred incidental acquisition costs of $1.3 million and recognised a fair value loss of $1.0 million relating to revaluation of future contingent consideration, which were partially offset by a gain of $0.6 million recognised on sale of TLE (2021: non-cash accounting loss of $23.0 million relating to disposal of Frank PR and Foreign Currency Translation Reserve (FCTR) transferred to the consolidated income statement on disposal of dormant foreign subsidiaries and the Group incurred incidental acquisition costs of $0.2 million).

In the current year, the operating businesses generated approximately 64% of their net revenue and 82% of their Operating EBITDA[1] from international markets.

A summary of the Group's results is below:

In thousands of AUD	2022	2021
Net revenue	193,426	160,634
EBITDA	66,196	49,904
Depreciation of right-of-use assets	(3,996)	(4,291)
Operating EBITDA[1]	62,200	45,613
Depreciation and amortisation	(2,944)	(2,796)
EBIT	59,256	42,817
Net finance (costs)/income	(9)	20
Present value interest charge	(961)	(1,378)
Profit before tax	58,286	41,459
Income tax expense	(14,340)	(8,514)
Profit after tax	43,946	32,945
Non-controlling interests	(16,834)	(10,110)
Net profit after tax before significant items	27,112	22,835
Significant items[2]	(1,725)	(23,237)
Net profit/(loss) after tax attributable to equity owners	25,387	(402)
Cents per share		
Earnings per share (basic) – pre significant items	30.9	26.4
Earnings per share (basic)	28.9	(0.5)

1. Operating EBITDA, as defined in the basis of preparation section on page 34.
2. Significant items are explained on page 34.

Reconciliation of Operating EBITDA[1] to statutory profit after tax

In thousands of AUD	2022	2021
Net revenue	193,426	160,634
EBITDA	66,196	49,904
Depreciation of right-of-use assets	(3,996)	(4,291)
Operating EBITDA[1]	62,200	45,613
Depreciation of plant and equipment	(1,722)	(1,922)
Amortisation of intangibles	(1,222)	(874)
Net finance (costs)/income	(9)	20
Present value interest charge	(961)	(1,378)
Gain/(loss) on sale of controlled entities[2]	600	(9,878)
Loss on disposal of dormant foreign subsidiaries[2]	–	(13,157)
Incidental acquisition costs[2]	(1,324)	(202)
Contingent consideration fair value loss[2]	(1,001)	–
Statutory profit before tax	56,561	18,222
Income tax expense	(14,340)	(8,514)
Statutory profit after tax	42,221	9,708

1. Operating EBITDA, as defined in the basis of preparation section on page 34.
2. Significant items are explained on page 34.

Significant items

2022

- On 6 May 2022, the Group entered into a sale agreement to sell the business assets of its strategic data consultancy businesses, The Leading Edge (TLE) and The Digital Edge (TDE), for consideration of $1,350,000. The Group recognised an accounting gain on sale of $600,000 in the consolidated income statement for the year ended 30 June 2022.
- The Group recognised a contingent consideration fair value loss of $1,001,000 relating to a change in the best estimate of future contingent consideration payable to the vendors of McDonald Butler Associates.
- The Group incurred incidental costs of $1,324,000 relating to acquisition of ROI DNA Inc. and GetIT Pte Ltd.

2021

- On 2 March 2021, the Group entered into a sale agreement to sell its entire shareholding in Frank PR (75% issued capital) for consideration of £915,000 ($1,647,000). The Group recognised an accounting loss on sale of $9,878,000 in the consolidated income statement for the year ended 30 June 2021.
- The Group disposed of 12 dormant foreign subsidiaries and recognised an accounting loss of $13,157,000 as it transferred the Foreign Currency Translation Reserve (FCTR) relating to these subsidiaries to the consolidated income statement for the year ended 30 June 2021.
- The Group incurred incidental costs of $202,000 relating to acquisition of McDonald Butler Associates.

Geographical performance

In thousands of AUD	2022	2021
Net revenue		
Australia	68,776	65,043
UK and Europe	36,622	35,504
USA	88,028	60,087
Total Operating units	193,426	160,634
Operating EBITDA		
Australia	13,325	13,129
UK and Europe	8,009	7,597
USA	51,497	32,345
Total Operating units	72,831	53,071
Support office	(8,729)	(6,466)
Share-based payments charge	(1,902)	(992)
Total Group	62,200	45,613
Operating EBITDA margin		
Australia	19.4%	20.2%
UK and Europe	21.9%	21.4%
USA	58.5%	53.8%
Total Operating units	37.7%	33.0%
Total Group	32.2%	28.4%

Acquisitions

2022

No acquisitions were completed in the current year, however the Group completed the acquisition of ROI DNA Inc. and GetIT Pte Ltd on 1 July 2022. Refer to Note 22 Acquisitions for details.

2021

On 26 April 2021, the Group acquired 100% of the issued capital of McDonald Butler Associates, a UK based technology public relations agency. The purchase consideration was an upfront payment of £3,500,000 ($6,272,000) in addition to contingent consideration of £5,450,000 ($9,766,000) tied to the net revenue target through to the period 30 June 2024. Refer to Note 22 Acquisitions for details.

Disposals

2022

On 6 May 2022, the Group entered into a sale agreement to sell the business assets of its strategic data consultancy businesses, The Leading Edge (TLE) and The Digital Edge (TDE), for consideration of $1,350,000. The Group recognised an accounting gain on sale of $600,000 in the consolidated income statement for the year ended 30 June 2022. Refer to Note 23 Disposals for details.

2021

On 2 March 2021, the Group entered into a sale agreement to sell its entire shareholding in Frank PR (75% issued capital) for consideration of £915,000 ($1,647,000). The Group recognised a loss on sale of $9,878,000 in the consolidated income statement for the year ended 30 June 2021. Refer to Note 23 Disposals for details.

The Group disposed of 12 dormant foreign subsidiaries and recognised an accounting loss of $13,157,000 as it transferred the Foreign Currency Translation Reserve (FCTR) relating to these subsidiaries to the consolidated income statement for the year ended 30 June 2021. Refer to Note 23 Disposals for details.

Basis of preparation

The Directors' Report includes Operating EBITDA, a measure used by the Directors and management in assessing the ongoing performance of the Group. Operating EBITDA is a non-IFRS measure and has not been audited or reviewed.

Operating EBITDA is calculated as profit before interest, taxes, depreciation of plant and equipment (excluding depreciation of right-of-use assets), amortisation of intangibles, impairment of intangibles, gain/(loss) on disposal of controlled entities and contingent consideration fair value gain/(loss). Operating EBITDA, reconciled in the table on page 33, is the primary measure used by management and the Directors in assessing the performance of the Group. It provides information on the Group's cash flow generation excluding significant transactions and non-cash items which are not representative of the Group's ongoing operations.

Cash and Debt

In thousands of AUD	2022	2021
Cash and cash equivalents	98,742	50,718
Interest bearing liabilities	(36,275)	–
Contingent consideration liabilities	(10,113)	(20,126)
Net cash[1]	52,354	30,592

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 $52.4 million in net cash as at 30 June 2022. Interest bearing liabilities drawn were held in cash and cash equivalents as at 30 June 2022, which were subsequently disbursed on 1 July 2022 to fund the acquisitions completed on that date.

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 $48.8 million (2021: $53.2 million). The decrease in inflows is primarily attributable to higher income tax payments of $14.9 million as compared to $7.1 million in the prior year. The Group converted 96% of EBITDA to cash for the year ended 30 June 2022 (2021: 121%).

Cash flow – Investing activities

Cash outflows from investing activities was $11.1 million (2021: $21.2 million). The decrease in outflows was due to lower contingent consideration payments and no acquisitions were completed during the current year.

Cash flow – Financing activities

Net cash inflows from financing activities was $8.4 million, primarily due to $36.3 million in loans drawn and held in cash and cash equivalents as at 30 June 2022, which were subsequently disbursed on 1 July 2022 to fund the acquisitions completed on that date. Excluding the proceeds received from bank loans, cash outflow increased from $26.7 million in the prior year to $27.8 million in the current year. During the current year, $9.1 million (2021: $12.1 million) in dividends were paid to Enero Group Limited shareholders in addition to $13.0 million (2021: $8.4 million) in dividends paid to minority shareholders of controlled entities.

Contingent consideration liabilities

The Company entered into contingent consideration arrangements in relation to its acquisition of McDonald Butler Associates on 26 April 2021.

As at 30 June 2022, the Company's estimated contingent consideration liability is $10.1 million.

Reconciliation of carrying amounts of contingent consideration payable:

In thousands of AUD	
30 June 2021	20,126
Payments made	(11,000)
Fair value loss recognised in relation to McDonald Butler Associates	1,001
Present value interest unwind and foreign exchange movements	(14)
30 June 2022	10,113

Maturity profile (at present value):	
FY2023	2,711
FY2024	2,461
FY2025	4,941
Total	10,113

Refer to Note 22 Acquisitions for further information regarding management's best estimate of contingent consideration relating to acquisitions completed after balance date.

Remuneration Report – Audited

Contents

1 Introduction

The Directors of Enero Group Limited present this Remuneration Report for the Group for the year ended 30 June 2022. The information provided in the Remuneration Report has been audited as required by section 308(3C) of the *Corporations Act 2001* and forms part of the Directors' Report.

The Remuneration Report outlines practices and specific remuneration arrangements that apply to Key Management Personnel (KMP) in accordance with the requirements of the *Corporations Act 2001* and explains how the Company's financial performance has driven remuneration outcomes.

2 Key Management Personnel (KMP) disclosed in this report

KMP comprise the Directors of the Company and Executives. The KMP covered in this Remuneration Report are those people having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. The table below outlines the KMP at any time during the financial year; and unless otherwise indicated, they were KMP for the entire year.

Name	Role
Non-Executive Directors	
Ann Sherry	Non-Executive Director (Chair)
Anouk Darling	Non-Executive Director
Ian Rowden	Non-Executive Director
David Brain	Non-Executive Director
Louise Higgins[(i)]	Non-Executive Director
Susan McIntosh[(ii)]	Non-Executive Director
Executives	
Brent Scrimshaw	Chief Executive Officer
Carla Webb-Sear	Chief Financial Officer
Fiona Chilcott	Chief People and Culture Officer

(i) Louise Higgins was appointed as a Non-Executive Director effective 10 September 2021.
(ii) Susan McIntosh retired as a Non-Executive Director effective 21 October 2021.

3 Remuneration Governance

The Board has established the Remuneration and Nominations Committee ('Committee'). It is responsible for making recommendations on remuneration matters to the Board on:

– the over-arching executive remuneration framework;
– operation of the incentive plans which apply to Executives including key performance indicators and performance hurdles;
– remuneration levels of Company Executives;
– appointment of the Chief Executive Officer, senior Executives and Directors themselves; and
– Non-Executive Director fees.

The Committee's objective is to ensure that remuneration policies and structures are fair, competitive to attract suitably qualified candidates, reward the achievement of strategic short-term and long-term objectives and achieve long-term value creation for shareholders.

The Corporate Governance Statement (available in the Corporate Governance section of the Company's website) provides further information on the role of the Committee.

The Remuneration and Nomination Committee operates independently of the Enero Executive team and engages directly with remuneration advisers.

During the year ended 30 June 2022, the Remuneration and Nomination Committee engaged Ernst & Young as a remuneration consultant to provide recommendations with regards to the Company's long-term incentives scheme and a benchmarking analysis of the Company's Executive remuneration. A fee of $28,325 was paid to Ernst & Young for this advice.

During this engagement, Ernst & Young reported directly to the Remuneration and Nomination Committee, including prohibiting Ernst & Young providing recommendations to the Company's Executives before the recommendations were given to the Remuneration and Nomination Committee. The Board is satisfied that the recommendations made by Ernst & Young were free from undue influence by the Company's Executives.

4 Executive Remuneration policy and framework

The objective of the Group's executive reward framework is to attract, motivate and retain employees with the required capabilities and experience to ensure the delivery of business strategy aligning with the interests of shareholders.

The framework aligns executive reward with the achievement of strategic objectives resulting in remuneration structures taking into account:

– the responsibility, performance and experience of key management personnel;
– the Key Management Personnel's ability to control the relevant Company's performance; and
– the Group's performance, including:
  – the Group's earnings with profit a core component of remuneration design;
  – the growth in share price and delivering constant returns on shareholder wealth; and
  – the Group's achievement of strategic objectives.

For Company Executives, the remuneration framework currently has the following components:

- fixed remuneration: comprising base pay, benefits and superannuation;
- short-term incentive: comprising an annual cash bonus; and
- long-term incentive: equity-based Share Appreciation Rights Plan.

In structuring the remuneration mix for each role, the Board aims to balance fixed and variable remuneration to best achieve short-term and long-term performance outcomes.

4(a) Fixed remuneration

Fixed remuneration consists of base remuneration (which is calculated on a total cost-to-Company basis and includes fringe benefits tax charges related to employee benefits), as well as employer contributions to superannuation and pension funds.

Remuneration levels are reviewed annually by the Remuneration and Nomination Committee through a process that considers the responsibility, performance and experience of the individual and the overall performance of the Group and ensures competitive market salaries are provided. An Executive's remuneration may also be reviewed on promotion.

There are no guaranteed fixed remuneration increases included in any Executive contracts.

4(b) Performance-linked remuneration

Performance-linked remuneration includes both short-term incentives (**STI**) and long-term incentives (**LTI**) and is designed to reward KMPs, Executives and key leadership for meeting or exceeding financial, strategic and personal targets.

The STI for the CEO and Company Executives align Executives with the creation of shareholder value through driving top-line revenue growth along with Operating EBITDA margin improvements.

Short-term incentives (STI):

The purpose of STI is to motivate and reward Executives for contributing to the delivery of annual business performance as assessed against financial and non-financial measures.

Participant	Performance measures and rationale
CEO and Company Executive	The STI is an annual cash-based maximum short-term incentive payment of 70% of the fixed remuneration determined by the achievement of Operating EBITDA hurdles and Earnings Per Share pre significant items (EPS) growth hurdles set by the Remuneration and Nomination Committee. The hurdles are set each financial year determined by reference to business priorities. A component of the STI is also subject to the achievement of pre-determined KPIs for the individual.

The STIs are paid in cash following the end of the financial year and approval from the Remuneration and Nomination Committee. The Company Executives are not contractually entitled to the STI in their respective employment agreements and the Remuneration and Nomination Committee retains discretion to withdraw or amend the STI at any time.

The Remuneration and Nomination Committee has the discretion to take into account any significant items in determining whether the financial KPIs have been achieved, where it is considered appropriate for linking remuneration reward to Company performance.

Long-term incentives (LTI):

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

Description	The SAR Plan grants rights to shares in the Company on the achievement of appreciation in the Company's share price over the vesting period. Enero's Board may determine whether or not the grant of rights is conditional on the achievement of performance hurdles (including service conditions), and if so the nature of those hurdles. No dividends or voting rights are attached to the SARs.
Eligibility	The plan allows for the Board to determine who is entitled to participate in the SARP and it may grant rights accordingly.
Performance period	The performance period for the LTI is generally three years, with SAR vesting in equal tranches of 1/3 each year over the performance period.
Rights	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. Rights expire at 15 business days after the relevant vesting date or the termination of the individual's employment.
Other conditions	Cessation of employment will result in the lapsing of any unvested SARs. One share right shall never convert into more than one share in the capital of the Company. 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.

Refer to Section 8 (Share-based payments) of the Remuneration Report for further information regarding the SARs.

Summary of Share Appreciation Rights on issue:

Issue date	24 October 2019	21 October 2020	21 October 2021
SARs issued	2,450,000	3,900,000	4,525,000
Participants	Senior Executives	Senior Executives	Senior Executives
VWAP for the 20 business days prior to the grant (B)	$2.13	$1.52	$3.02
Vesting dates: 20 business days after the release of the Group financial report for the year ended:			
Tranche 1 (1/3)	30 June 2020	30 June 2021	30 June 2022
Tranche 2 (1/3)	30 June 2021	30 June 2022	30 June 2023
Tranche 3 (1/3)	30 June 2022	30 June 2023	30 June 2024
Last expiry date	30 September 2022	30 September 2023	30 September 2024
Outstanding SARs as at 30 June 2022	416,670	2,066,670	4,525,000

5 Executive service agreements

It is the Group's policy that service contracts for Key Management Personnel are in force either for a fixed period, with an extension period negotiable after completion of the initial term, or on a rolling basis. The agreements are capable of termination, acknowledging appropriate notice periods, and the Group retains the right to terminate the contract immediately for contractual breach by the Executive or by making payment in lieu of notice.

The service agreements outline the components of remuneration paid to the Key Management Personnel. Remuneration levels are reviewed annually by the Remuneration and Nomination Committee or in accordance with the terms of the service agreements.

Summary terms for current service agreements for Key Management Personnel:

Key Management Personnel	Duration of contract	Notice period on termination by Group	Notice period on resignation by Key Management Personnel	Termination payment on termination by Group (i) (ii) (iii) (iv)	Termination payment on resignation by Key Management Personnel (i) (ii) (iv)
Chief Executive Officer	30 June 2023	6 months	6 months	6 months base salary	6 months base salary
Chief Financial Officer	Rolling	6 months	6 months	6 months base salary	6 months base salary
Chief People and Culture Officer	Rolling	3 months	3 months	3 months base salary	3 months base salary

(i) In addition to termination payments, Key Management Personnel are also entitled to receive, on termination of their employment, their statutory entitlements of accrued annual and long service leave, together with any superannuation benefits.

(ii) Includes any payment in lieu of notice.

(iii) No termination payment is due if termination is for serious misconduct.

(iv) Executives are entitled to a pro-rata STI payment on termination, except for termination for serious misconduct.

Remuneration details of Executives are set out in Section 7 Directors' and Executive Officers' remuneration.

6 Non-Executive Directors

The Company's Constitution provides that the Non-Executive Directors are each entitled to be paid such remuneration from the Company as the Directors decide for their services as Director, but the total amount provided to all Non-Executive Directors for their services must not exceed in aggregate in any financial year the amount fixed by the Company in a general meeting. This amount has been fixed by the Company at $750,000 for the financial year ended 30 June 2022. Total remuneration paid to Non-Executive Directors for the year ending 30 June 2022 amounted to $450,577 (30 June 2021: $440,000), which is 60.1% of the annual aggregate cap.

The remuneration of Non-Executive Directors does not include any performance-based pay and they do not participate in any equity-based incentive plans. Directors may be reimbursed for travelling and other expenses incurred in attending to the Company's affairs. Directors may be paid such additional or special remuneration as the Directors decide is appropriate where a Director performs extra services or makes special exertions for the benefit of the Company.

The following Non-Executive Director fees (inclusive of superannuation) have been applied in the years ended 30 June 2022 and 30 June 2021:

	2022 $	2021 S
Base fees – annual		
Chair	120,000	120,000
Other Non-Executive Directors	75,000	75,000
Committee fees – annual		
Audit and Risk Committee – Chair	10,000	10,000
Remuneration and Nomination Committee – Chair	10,000	10,000

Remuneration details of Non-Executive Directors are set out in Section 7 Directors' and Executive Officers' remuneration.

7 Directors' and Executive Officers' remuneration

7(a) Directors' and Executive Officers' short-term cash benefits, post-employment benefits, other long-term remuneration and equity-based remuneration

Details of the nature and amount of each element of the remuneration of each Director of the Company, and each of the Executives of the Company who are KMPs, are shown in the table below:

		Short-term benefits			Post-employment	Long-term benefits		Share-based payments		
		Salary and fees $	Cash STI[i] $	Annual leave[ii] $	Superannuation $	Long service leave[ii] $	Termination benefit $	Value of Share Appreciation Rights (LTI)[iii] $	Total $	Proportion of total remuneration performance related[iv] %
Non-Executive Directors										
Ann Sherry [viii]	2022	120,833	–	–	–	–	–	–	120,833	–
	2021	130,000	–	–	–	–	–	–	130,000	–
Anouk Darling [ix]	2022	78,523	–	–	644	–	–	–	79,167	–
	2021	77,626	–	–	7,374	–	–	–	85,000	–
Ian Rowden [viii]	2022	84,167	–	–	–	–	–	–	84,167	–
	2021	75,000	–	–	–	–	–	–	75,000	–
David Brain	2022	75,000	–	–	–	–	–	–	75,000	–
	2021	75,000	–	–	–	–	–	–	75,000	–
Louise Higgins[v] [ix]	2022	66,410	–	–	–	–	–	–	66,410	–
	2021	–	–	–	–	–	–	–	–	–
Susan McIntosh[vi]	2022	22,727	–	–	2,273	–	–	–	25,000	–
	2021	68,493	–	–	6,507	–	–	–	75,000	–
Executive Director										
Brent Scrimshaw Director and CEO	2022	800,432	576,800	42,667	23,568	2,513	–	560,419	2,006,399	56.68
	2021	778,306	560,000	39,822	21,694	618	–	236,982	1,637,422	48.67
Executives										
Carla Webb-Sear[vii] Chief Financial Officer	2022	396,432	294,000	12,325	23,568	947	–	205,028	932,300	53.53
Executives	2021	127,151	94,067	11,123	7,231	102	–	–	239,674	39.25
Fiona Chilcott Chief People and	2022	374,500	278,648	18,804	23,568	4,350	–	219,438	919,308	54.18
Culture Officer	2021	350,000	260,186	9,219	21,694	1,848	–	111,013	753,960	49.23

(i) The short-term incentive bonus is for performance during the 30 June 2022 financial year using the criteria set out on page 37. The table above includes the expense incurred during the financial year for the bonuses awarded. Refer to the table on page 41 for the bonuses awarded.

(ii) Amounts represent movements in employee leave entitlements, with a negative balance representing an overall reduction in the employee leave provision compared with the prior year.

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

(iv) Percentages are based on total remuneration, including equity, cash, post-employment benefits and other compensation.

(v) Louise Higgins was appointed as a Non-Executive Director on 10 September 2021.

(vi) Susan McIntosh retired as a Non-Executive Director effective 21 October 2021.

(vii) Carla Webb-Sear was appointed as CFO on 8 March 2021.

(viii) During the current year, Ann Sherry and Ian Rowden were chair of the Remuneration and Nomination Committee from 1 July 2021 to 31 July 2021 and from 1 August 2021 to 30 June 2022 respectively. Ann Sherry was chair of the Remuneration and Nomination Committee during the prior reporting period.

(ix) During the current year, Anouk Darling and Louise Higgins were chair of the Audit and Risk Committee from 1 July 2021 to 30 November 2021 and from 1 December 2021 to 30 June 2022 respectively. Anouk Darling was chair of the Audit and Risk Committee during the prior reporting period.

(x) Executives receive salary continuance insurance cover. There are no other benefits offered by the Company.

7(b) Performance-related remuneration

Details of the Company's policy in relation to the proportion of remuneration that is performance-based are discussed on page 37.

7(c) STI included in remuneration

Details of the vesting profile of the short-term incentive bonuses awarded as remuneration to each Executive of the Company and the Group, who are classified Key Management Personnel, are discussed below.

Short-term incentive bonus(i)	Maximum STI $	Actual STI included in remuneration $(iii)	Actual STI as % of maximum STI	STI forfeited as % of maximum STI	Actual STI as a % of fixed remuneration(ii)	% vested in year
Company Executives						
Brent Scrimshaw	576,800	576,800	100%	–	70%	100%
Carla Webb-Sear	294,000	294,000	100%	–	70%	100%
Fiona Chilcott	278,648	278,648	100%	–	70%	100%

(i) Amounts included in remuneration for the financial year represent the amount that vested in the financial year based on the achievement of specified performance criteria as discussed in Section 4(b) Performance-linked remuneration and are approved following the completion of the reporting period audit.

(ii) Fixed remuneration is salary plus superannuation.

(iii) Actual STI included in remuneration includes any superannuation contribution amounts.

Annual performance for Company Executives is assessed against the following measures in determining the percentage of fixed remuneration payable as STI:

Measure	Weighting	Target	Outcome	Outcome as % of target
Financial				
Operating EBITDA	48%	$47.0 million	$62.2 million	132%
EPS Growth	32%	10%	17%	170%
Non-financial				
Strategy and Culture	20%	Delivery of measure	Met	–

8 Share-based payments

8(a) Share-based payment arrangements granted as remuneration

Details of SARs that were granted as compensation to each Key Management Personnel during the reporting period are as follows:

	Type of rights granted during 2022	Number of rights granted during 2022	Grant date	Fair value per right at grant date $	VWAP (for the 20 business days prior to the grant) $	Expiry date(i)
Company Executives						
Brent Scrimshaw	SAR	1,300,000	21 Oct 2021	0.64 – 0.85	3.02	30 Sept 2024
Carla Webb-Sear	SAR	650,000	21 Oct 2021	0.64 – 0.85	3.02	30 Sept 2024
Fiona Chilcott	SAR	550,000	21 Oct 2021	0.64 – 0.85	3.02	30 Sept 2024

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

8(b) Analysis of share-based payments granted as remuneration

Details of the vesting profiles of the rights granted as remuneration to a Director of the Company, and each of the KMPs, are shown below:

	Number of rights granted	Type of rights granted	Grant date	% vested in year	% forfeited in year	% exercised in year	% remaining to vest	Vesting date(i)
Company Executives								
Brent Scrimshaw	1,250,000	SAR	21 Oct 2020	33	–	33	66	30 Sep 2021, 30 Sep 2022 and 30 Sep 2023
	1,300,000	SAR	21 Oct 2021	–	–	–	100	30 Sep 2022, 30 Sep 2023 and 30 Sep 2024
Carla Webb-Sear	650,000	SAR	21 Oct 2021	–	–	–	100	30 Sep 2022, 30 Sep 2023 and 30 Sep 2024
Fiona Chilcott	900,000	SAR	18 Oct 2018	33	–	33	–	30 Sep 2021
	350,000	SAR	24 Oct 2019	33	–	33	33	30 Sep 2021 and 30 Sep 2022
	100,000	SAR	21 Oct 2020	33	–	33	66	30 Sep 2021, 30 Sep 2022 and 30 Sep 2023
	550,000	SAR	21 Oct 2021	–	–	–	100	30 Sep 2022, 30 Sep 2023 and 30 Sep 2024

(i) The expiry dates reflected in the table above represent all of the vesting dates for each remaining tranche of rights. The vesting date of the SARs is 20 business days after the release of the Group's preliminary financial report for the relevant financial year. This is estimated to be around 30 September each year.

8(c) Analysis of movements in rights and value of rights exercised

The movement during the reporting period in the number of rights over ordinary shares in Enero Group Limited held, directly, indirectly or beneficially, by each KMP, including their related entities, and value of rights exercised during the year, is as follows:

	Granted held at 1 Jul 2021	Granted as remuneration in year	Expired	Cancelled	Exercised	Granted held at 30 Jun 2022	Vested during the year	Vested and exercisable at 30 Jun 2022	Value of rights granted during the year $	Value of rights exercised during the year $
Director										
Brent Scrimshaw	1,250,000	1,300,000	–	–	(416,666)	2,133,334	416,666	–	979,463	145,000
Executives										
Carla Webb-Sear	–	650,000	–	–	–	650,000	–	–	489,732	–
Fiona Chilcott	633,333	550,000	–	–	(450,000)	733,333	450,000	–	414,388	148,350

No share-based payments held by KMP are vested but not exercisable at 30 June 2022.

No share-based payments were held by KMP related parties.

No terms of equity-settled share-based payment transactions (including rights granted as compensation to Key Management Personnel) have been altered or modified by the issuing entity during the reporting period or the prior period.

9 Directors' and Executive Officers' holdings of shares

The movement during the reporting period in the number of ordinary shares in Enero Group Limited, held directly, indirectly or beneficially, by each KMP, including their related parties, is as follows:

	Held at 1 July 2021	Purchases	Issued as remuneration	Received on exercise of rights	Sales	Held at 30 June 2022
Directors						
Ann Sherry	18,750	–	–	–	–	18,750
Brent Scrimshaw	–	–	–	216,877	–	216,877
Anouk Darling	19,607	–	–	–	–	19,607
Ian Rowden	75,000	–	–	–	–	75,000
David Brain	75,000	–	–	–	–	75,000
Susan McIntosh(i)	122,223	–	–	–	–	122,223
Executives						
Fiona Chilcott	41,536	–	–	239,222	(72,252)	208,506

(i) Closing balance represents shares held at the date of retirement as Non-Executive Director.

10 Loans to Key Management Personnel

No loans to Key Management Personnel and their related parties were made during the year or were outstanding at the reporting date.

11 Remuneration and Group performance

The Remuneration and Nomination Committee has given consideration to the Group's performance and consequences on shareholder wealth in the current financial year and the four previous financial years. Financial performance from operations of the current and last four financial years is indicated in the following table:

	30 June 2022	30 June 2021	30 June 2020	30 June 2019	30 June 2018
Metric					
Net revenue ($'000)	193,426	160,634	135,825	129,535	103,685
Operating EBITDA[1] ($'000)	62,200	45,613	24,381	20,722	13,513
Operating EBITDA[1] margin (%)	32.2%	28.4%	18.0%	16.0%	13.0%
Net profit/(loss) to equity holders ($'000)	25,387	(402)	10,707	5,661	8,473
Net profit to equity holders pre significant items ($'000)	27,112	22,835	12,881	12,051	7,846
Earnings Per Share pre significant items (cps)	30.9	26.4	15.0	14.2	9.3
Earnings Per Share pre significant items growth (%)	17%	76%	6%	53%	58%
Earnings Per Share basic (cps)	28.9	(0.5)	12.5	6.7	10.1
Total Dividends Per Share (cps)	12.5	14.9	6.0	5.5	4.0
Opening share price (1 July) ($)	2.56	1.36	1.49	1.06	1.03
Closing share price (30 June) ($)	2.90	2.51	1.40	1.42	1.06

1. Operating EBITDA, as defined in the basis of preparation section on page 34.

The Remuneration and Nomination Committee has determined appropriate remuneration structures which correlate remuneration of KMPs with future shareholder wealth.

The Remuneration and Nomination Committee considers the achievement of financial targets (Operating EBITDA hurdles and EPS growth hurdles) as well as non-financial measures (strategic objectives) in setting the short-term incentives. Short-term incentives have been set by the Remuneration and Nomination Committee based on achievement of certain Operating EBITDA and EPS targets, which align remuneration with increases in profitability. The non-financial measures of the short-term incentives require achievement of financial targets before being assessed for payment.

Longer-term profitability, changes in share price and return of capital are factors the Remuneration and Nomination Committee takes into account in assessing the LTI. The SAR plan aligns remuneration with share price performance because it only rewards KMPs for increases in the share price over the vesting period in addition to completing a service period.

The Remuneration and Nomination Committee has reviewed both the financial performance in the current financial year as well as the achievement of strategic activities which took place during the current financial year. The Remuneration and Nomination Committee believes the current year achievements of:

- Net revenue, Operating EBITDA and Operating EBITDA margin increases;
- a 17% increase in EPS (pre significant items) year on year;
- increase in USA market presence, which was identified as a key strategic objective; and
- the improvements to the integration of the network across the Operating Businesses through increased sharing of clients,

are aligned with the achievement of future shareholder wealth and therefore confirm the Executive Remuneration policy and framework.

End of Remuneration Report.

Consolidated income statement

for the year ended 30 June 2022

In thousands of AUD	Note	2022	2021
Gross revenue	3	522,124	402,478
Directly attributable costs of sales		(328,698)	(241,844)
Gross profit		193,426	160,634
Other income		259	1,631
Employee expenses		(111,716)	(98,360)
Occupancy costs		(1,424)	(1,658)
Travel expenses		(1,565)	(201)
Communication expenses		(1,732)	(1,965)
Compliance expenses		(2,032)	(2,588)
Depreciation and amortisation expenses		(6,940)	(7,087)
Administration expenses		(9,020)	(7,589)
Gain/(loss) on disposal of controlled entities	23	600	(23,035)
Incidental acquisition costs	22	(1,324)	(202)
Contingent consideration fair value loss	13	(1,001)	–
Finance income		20	46
Finance costs	4	(990)	(1,404)
Profit before income tax		56,561	18,222
Income tax expense	5	(14,340)	(8,514)
Profit for the year		42,221	9,708
Attributable to:			
Equity holders of the parent		25,387	(402)
Non-controlling interests		16,834	10,110
		42,221	9,708
Basic earnings per share (AUD cents)	18	28.9	(0.5)
Diluted earnings per share (AUD cents)	18	28.2	(0.5)

The notes on pages 49 to 90 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

for the year ended 30 June 2022

In thousands of AUD	Note	2022	2021
Profit for the year		42,221	9,708
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Foreign currency translation differences for disposed foreign operations	23	–	16,331
Reserve change in ownership interest – partially owned subsidiary disposed during the year	23	–	1,417
Total items that will not be reclassified subsequently to profit or loss		–	17,748
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations		1,231	(585)
Total items that may be reclassified subsequently to profit or loss		1,231	(585)
Other comprehensive income for the year, net of tax		1,231	17,163
Total comprehensive income for the year		43,452	26,871
Attributable to:			
Equity holders of the parent		26,077	16,840
Non-controlling interests		17,375	10,031
		43,452	26,871

The notes on pages 49 to 90 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

for the year ended 30 June 2022

					Attributable to owners of the Company					
In thousands of AUD	Note	Share capital	Retained profits/ (Accumulated losses)	Profit appropriation reserve	Share-based payment reserve	Reserve change in ownership interest in subsidiary	Foreign currency translation reserve	Total	Non-controlling interests	Total equity
Opening balance at 1 July 2020		99,515	(383)	33,209	10,541	(1,417)	(18,843)	122,622	2,355	124,977
(Loss)/profit for the year		–	(402)	–	–	–	–	(402)	10,110	9,708
Other comprehensive income for the year, net of tax		–	–	–	–	1,417	15,825	17,242	(79)	17,163
Total comprehensive income for the year		–	(402)	–	–	1,417	15,825	16,840	10,031	26,871
Transactions with owners recorded directly in equity:										
Shares issued to employees on exercise of Share Appreciation Rights	17	941	–	–	(941)	–	–	–	–	–
Transfer to profit appropriation reserve		–	(15,770)	15,770	–	–	–	–	–	–
Dividends paid to equity holders	17	–	–	(12,132)	–	–	–	(12,132)	(8,359)	(20,491)
Disposal of controlling interest in partially owned subsidiaries	23	–	–	–	–	–	–	–	(266)	(266)
Share-based payment expense		–	–	–	992	–	–	992	–	992
Closing balance at 30 June 2021		100,456	(16,555)	36,847	10,592	–	(3,018)	128,322	3,761	132,083
Opening balance at 1 July 2021		100,456	(16,555)	36,847	10,592	–	(3,018)	128,322	3,761	132,083
Profit for the year		–	25,387	–	–	–	–	25,387	16,834	42,221
Other comprehensive income for the year, net of tax		–	–	–	–	–	690	690	541	1,231
Total comprehensive income for the year		–	25,387	–	–	–	690	26,077	17,375	43,452
Transactions with owners recorded directly in equity:										
Shares issued to employees on exercise of Share Appreciation Rights	17	4,405	–	–	(4,405)	–	–	–	–	–
Dividends paid to equity holders	17	–	–	(9,157)	–	–	–	(9,157)	(12,954)	(22,111)
Share-based payment expense		–	–	–	1,902	–	–	1,902	–	1,902
Closing balance at 30 June 2022		104,861	8,832	27,690	8,089	–	(2,328)	147,144	8,182	155,326

The notes on pages 49 to 90 are an integral part of these consolidated financial statements.

Consolidated statement of financial position

as at 30 June 2022

In thousands of AUD	Note	2022	2021
Assets			
Cash and cash equivalents	6	98,742	50,718
Trade and other receivables	7	63,995	46,941
Other assets	8	6,112	4,925
Income tax receivable	5	222	–
Total current assets		169,071	102,584
Deferred tax assets	5	2,020	2,038
Plant and equipment	9	3,200	3,796
Right-of-use assets	10	5,950	7,979
Other assets	8	162	164
Intangible assets	11	114,664	118,156
Total non-current assets		125,996	132,133
Total assets		295,067	234,717
Liabilities			
Trade and other payables	12	76,496	63,161
Contingent consideration payable	13	2,711	10,886
Lease liabilities	14	5,841	5,589
Employee benefits	15	5,679	4,586
Income tax payable	5	1,798	2,155
Total current liabilities		92,525	86,377
Contingent consideration payable	13	7,402	9,240
Lease liabilities	14	2,756	6,262
Employee benefits	15	783	755
Interest bearing liabilities	16	36,275	–
Total non-current liabilities		47,216	16,257
Total liabilities		139,741	102,634
Net assets		155,326	132,083
Equity			
Share capital	17	104,861	100,456
Other reserves		5,761	7,574
Profit appropriation reserve		27,690	36,847
Retained earnings/(Accumulated losses)		8,832	(16,555)
Total equity attributable to equity holders of the parent		147,144	128,322
Non-controlling interests		8,182	3,761
Total equity		155,326	132,083

The notes on pages 49 to 90 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

for the year ended 30 June 2022

In thousands of AUD	Note	2022	2021
Cash flows from operating activities			
Cash receipts from customers		524,510	408,956
Cash paid to suppliers and employees		(460,748)	(348,666)
Cash generated from operations		63,762	60,290
Interest received		20	46
Income taxes paid		(14,933)	(7,108)
Interest paid		(29)	(26)
Net cash from operating activities	6	48,820	53,202
Cash flows from investing activities			
Proceeds from sale of plant and equipment		6	–
Acquisition of plant and equipment	9	(1,148)	(995)
Acquisition of a business, net of cash acquired	22	–	(4,556)
Sale of controlled entities, net of cash disposed	23	1,018	(740)
Contingent consideration paid	13	(11,000)	(14,885)
Net cash used in investing activities		(11,124)	(21,176)
Cash flows from financing activities			
Payment of lease liabilities	14	(5,732)	(6,162)
Proceeds received from bank loans	16	36,275	–
Dividends paid to equity holders of the parent	17	(9,157)	(12,132)
Dividends paid to non-controlling interests in controlled entities		(12,954)	(8,359)
Net cash from/(used in) financing activities		8,432	(26,653)
Net increase in cash and cash equivalents		46,128	5,373
Effect of exchange rate fluctuations on cash held		1,896	(2,236)
Cash and cash equivalents at 1 July		50,718	47,581
Cash and cash equivalents at 30 June	6	98,742	50,718

The notes on pages 49 to 90 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

for the year ended 30 June 2022

1. Basis of preparation

In preparing these 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 2022 comprise the Company and its subsidiaries (together referred to as the 'Group').

The consolidated financial statements for the year ended 30 June 2022 were authorised for issue in accordance with a resolution of the Directors on 8 September 2022.

(b) Statement of compliance
The consolidated financial statements are a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ('**AASBs**') (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 (**IFRICs**) adopted by the International Accounting Standards Board (**IASB**).

(c) Basis of preparation
(i) Basis of measurement
The 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 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 2022.

(iii) Use of estimates and judgements
The preparation of 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:

- 5. Income tax expense and deferred tax
- 13. Contingent consideration payable
- 20. Impairment of non-financial assets

(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:

- 19. Financial instruments (Contingent consideration payable)
- 30. 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.

(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.

(g) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2022 and have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the Group's financial statements.

(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;
- 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 the nature and outputs, operate in similar economic environments and have a comparable customer mix. The Group's service offering includes integrated marketing and communication services, including strategy, market research and insights, advertising, public relations, communications planning, design, events management, direct marketing, and programmatic media. The Group includes Hotwire, BMF, CPR, Orchard and OBMedia.

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

- Brand Transformation: human generated creative ideas to transform the way customers and stakeholders connect and engage with brands. This includes public relations and communications consultancy Hotwire and CPR and creative agency BMF.
- Creative Technology and Data: high quality customer experience connected by technology and enabled by data. This includes digital agency Orchard and advertising technology platform OBMedia.

The measure of reporting to the Enero Executive team is on an Operating 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:

Operating EBITDA: is calculated as profit before interest, taxes, depreciation of plant and equipment (excluding depreciation of right-of-use assets), amortisation of intangibles, impairment of intangibles, gain/(loss) on disposal of controlled entities and contingent consideration fair value gain/(loss).

2022 In thousands of AUD	Brand Transformation	Creative Technology and Data	Total segments	Unallocated	Eliminations	Consolidated
Gross revenue	142,476	380,046	522,522	–	(398)	522,124
Directly attributable costs of sales	(35,756)	(293,340)	(329,096)	–	398	(328,698)
Gross profit	106,720	86,706	193,426	–	–	193,426
Other income	186	73	259	–	–	259
Operating expenses	(79,139)	(37,256)	(116,395)	(11,094)	–	(127,489)
EBITDA	27,767	49,523	77,290	(11,094)	–	66,196
Depreciation of right-of-use assets						(3,996)
Operating EBITDA						62,200
Depreciation of plant and equipment and amortisation of intangibles						(2,944)
Contingent consideration fair value loss	(1,001)	–	(1,001)	–	–	(1,001)
Gain on disposal of business	–	600	600	–	–	600
Incidental acquisition costs						(1,324)
Net finance costs						(970)
Profit before income tax						56,561
Income tax expense						(14,340)
Profit for the year						42,221
Goodwill	96,315	15,921	112,236	–	–	112,236
Other intangibles	2,428	–	2,428	–	–	2,428
Assets excluding intangibles	54,100	64,734	118,834	76,366	(14,797)	180,403
Total assets	152,843	80,655	233,498	76,366	(14,797)	295,067
Liabilities	51,895	40,320	92,215	62,323	(14,797)	139,741
Total liabilities	51,895	40,320	92,215	62,323	(14,797)	139,741
Amortisation of intangibles	857	365	1,222	–	–	1,222
Depreciation	4,373	1,077	5,450	268	–	5,718
Capital expenditure	825	220	1,045	103	–	1,148

2021 (restated) In thousands of AUD	Brand Transformation	Creative Technology and Data	Total segments	Unallocated	Eliminations	Consolidated
Gross revenue	133,289	269,967	403,256	–	(778)	402,478
Directly attributable costs of sales	(37,396)	(205,226)	(242,622)	–	778	(241,844)
Gross profit	95,893	64,741	160,634	–	–	160,634
Other income	557	1,074	1,631	–	–	1,631
Operating expenses	(71,362)	(33,135)	(104,497)	(7,864)	–	(112,361)
EBITDA	25,088	32,680	57,768	(7,864)	–	49,904
Depreciation of right-of-use assets						(4,291)
Operating EBITDA						45,613
Depreciation of plant and equipment and amortisation of intangibles						(2,796)
Loss on disposal of controlled entities	(9,878)		(9,878)	(13,157)	–	(23,035)
Incidental acquisition costs	(202)		(202)	–	–	(202)
Net finance costs						(1,358)
Profit before income tax						18,222
Income tax expense						(8,514)
Profit for the year						9,708
Goodwill	97,729	16,777	114,506	–	–	114,506
Other intangibles	3,285	365	3,650	–	–	3,650
Assets excluding intangibles	42,926	38,243	81,169	44,254	(8,862)	116,561
Total assets	143,940	55,385	199,325	44,254	(8,862)	234,717
Liabilities	62,163	36,887	99,050	12,446	(8,862)	102,634
Total liabilities	62,163	36,887	99,050	12,446	(8,862)	102,634
Amortisation of intangibles	248	626	874	–	–	874
Depreciation	4,783	1,020	5,803	410	–	6,213
Capital expenditure	755	110	865	130	–	995

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	UK and Europe	USA	Support Office(i)	Unallocated intangibles(ii)	Total
2022						
Gross profit(iii)	68,776	36,622	88,028	–	–	193,426
Operating EBITDA	13,325	8,009	51,497	(10,631)	–	62,200
Operating EBITDA margin	19.4%	21.9%	58.5%	–	–	32.2%
Non-current assets	6,519	3,028	1,785	–	114,664	125,996

In thousands of AUD	Australia	UK and Europe	USA	Support Office(i)	Unallocated intangibles(ii)	Total
2021						
Gross profit(iii)	65,043	35,504	60,087	–	–	160,634
Operating EBITDA	13,129	7,597	32,345	(7,458)	–	45,613
Operating EBITDA margin	20.2%	21.4%	53.8%	–	–	28.4%
Non-current assets	9,106	3,184	1,687	–	118,156	132,133

(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 segments.

(iii) Gross profit represents net revenue, which is gross revenue less directly attributable costs of sales.

2. Operating segments (continued)

Major Customer

Revenue from a customer (2020: 2 customers) represents more than 10% of Group's total revenue, with a breakdown by segment provided below:

Percentage of Group's total revenue	2022	2021
Brand Transformation	–	10.1
Creative Technology and Data	21.7	19.9
	21.7	30.0

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 locations – Australia, 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 its advertising technology platform and digital advertising and marketing services capabilities delivered through the Creative Data and Technology segment and technology communications consultancy, brand transformation consultancy, and public affairs and communications consultancy delivered through the Brand Transformation segment. With the divestment of the TLE and TDE businesses disclosed in Note 23, the Group no longer provides strategic data consultancy and online research and data delivery services.

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 one customer arrangement, we act as an agent and arrange, at the customer's direction, for third parties to perform certain services.

In thousands of AUD	2022	2021
Gross revenue from the rendering of services	522,124	402,478
Directly attributable costs of sales	(328,698)	(241,844)
Gross profit	193,426	160,634

Disaggregation of revenue

Revenue is disaggregated by:

- the type of contract (fixed fees for specific projects or time recovered on a rate per hour basis plus reimbursable costs), with 50% (2021: 46%) of the Group's consulting revenue (excluding revenue from advertising technology platform) generated from fixed fee projects and 50% (2021: 54%) from time and cost recovery and retainer contracts.
- the timing of performance obligation satisfaction (point in time or over time), with 66% (2021: 58%) of the Group's revenue recognised at a point in time and 34% (2021: 42%) revenue recognised over time.

Revenue is disaggregated by service type across reportable segments in Note 2.

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).

In thousands of AUD	2022	2021
Australia	94,405	95,270
UK and Europe	46,235	45,330
USA	381,484	261,878
Total reportable segments	522,124	402,478

Contract balances

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

In thousands of AUD	Note	2022	2021
Trade receivables	7	64,196	47,154
Contract assets – Work in progress	8	3,293	2,758
Contract liabilities – Unearned revenue	12	(17,440)	(16,507)
		50,049	33,405

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 2021 amounted to $16,507,000. Revenue recognised in the current year from performance obligations satisfied (or partially satisfied) as at prior year end was not material.

Accounting policy
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. Substantially all 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.

Revenue recognition methods
A substantial 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.

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	**2022**	**2021**
Interest and finance costs	29	26
Contingent consideration present value interest	441	642
Lease present value interest	520	736
Finance costs	990	1,404

Foreign exchange gain of $376,000 (2021: loss of $418,000) has been recognised in the consolidated income statement and has been included in administration expenses.

Accounting policy
(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. Income tax expense and deferred tax

Income tax expense

Recognised in the consolidated income statement

In thousands of AUD	2022	2021
Current tax expense		
Current year	14,370	8,738
Adjustments for prior years	(66)	237
	14,304	8,975
Deferred tax expense		
Origination and reversal of temporary differences	36	(461)
	36	(461)
Income tax expense in the consolidated income statement	14,340	8,514
Numerical reconciliation between tax expense and pre-tax accounting profit		
Profit for the year	42,221	9,708
Income tax expense	14,340	8,514
Profit before income tax	56,561	18,222
Income tax expense using the Company's domestic tax rate of 30% (2021: 30%)	16,968	5,467
Increase/(decrease) in income tax expense due to:		
Share-based payment expense	571	298
Unwind of present value interest	132	193
Contingent consideration fair value loss	300	–
Incidental acquisition costs	397	61
(Gain)/loss on disposal of controlled entities	(180)	6,910
Effect of losses not previously recognised	–	(1,863)
Effect of lower tax rate on overseas incomes	(3,607)	(2,423)
(Over)/under provision for tax in previous years	(66)	237
Other (non-assessable)/non-deductible items	(175)	(366)
Income tax expense on pre-tax net profit	14,340	8,514

Current taxes

The Group has a net current tax payable of $1,576,000 (tax payable $1,798,000 and tax receivable $222,000) at 30 June 2022 (2021: current tax payable $2,155,000).

Deferred taxes

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

In thousands of AUD	2022	2021
Deferred tax assets		
Tax losses carried forward	3,653	3,653
Employee benefits	1,613	1,303
Accruals and income in advance	1,076	1,000
Leases	695	1,032
Plant and equipment	10	21
Others	66	62
Gross deferred tax assets	7,113	7,071
Deferred tax liabilities		
Fair value gain	3,653	3,653
Identifiable intangibles	729	1,095
Plant and equipment	171	214
Work in progress	469	71
Others	71	–
Gross deferred tax liabilities	5,093	5,033
Net deferred tax asset	2,020	2,038

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	**2022**	**2021**
Revenue losses	3,152	2,996
Capital losses	235,324	207,486
Gross tax losses carried forward	238,476	210,482

These tax losses do not have an expiry date.

Accounting policy

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, 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.

Key judgements

The Group operates in multiple overseas jurisdictions and from time to time is subject to tax reviews, audits and investigations. The Group currently is not subject to any significant reviews, audits or investigations by a tax authority and there are no significant uncertain tax positions in any of the jurisdictions in which the Group operates.

The Group has recognised a deferred tax liability of $3,653,000 arising from the recognition of contingent consideration fair value gains in 2011 resulting in a potential future taxable capital gain. A deferred tax asset of $3,653,000 has been recognised on tax capital losses in the same jurisdiction arising from disposed subsidiaries.

6. Cash and cash equivalents

In thousands of AUD	2022	2021
Cash at bank and on hand	96,618	33,630
Bank short-term deposits	2,124	17,088
Cash and cash equivalents in the consolidated statement of financial position and the consolidated statement of cash flows	98,742	50,718

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 $624,000 for indemnity guarantee facilities (see Note 16 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 19 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	2022	2021
Cash assets	98,742	50,718
(ii) Reconciliation of profit after income tax to net cash provided by operating activities		
Profit after income tax	42,221	9,708
Add/(less) non-cash items:		
(Gain)/loss on disposal of controlled entities	(600)	23,035
Loss on sale of plant and equipment	8	52
Share-based payments expense	1,902	992
Depreciation of plant and equipment	1,722	1,922
Depreciation of right-of-use assets	3,996	4,291
Amortisation of identifiable intangibles	1,222	874
Contingent consideration fair value loss	1,001	–
Contingent consideration present value interest	441	642
Lease present value interest	520	736
(Decrease)/increase in income taxes payable (net)	(579)	2,033
Decrease/(increase) in deferred tax (net)	18	(440)
Net cash provided by operating activities before changes in assets and liabilities	51,872	43,845
Changes in assets and liabilities:		
Increase in trade and other receivables	(17,275)	(13,533)
Increase in work in progress	(535)	(1,276)
Increase in prepayments	(692)	(177)
Decrease in other assets	24	199
Increase in payables and accruals	13,040	18,366
Increase in unearned income	1,030	4,915
Increase in employee benefits	1,356	863
Net cash from operating activities	48,820	53,202

7. Trade and other receivables

In thousands of AUD	Note	2022	2021
Current			
Trade receivables		64,196	47,154
Less: provision for impairment loss	19	(225)	(232)
		63,971	46,922
Other receivables		24	19
Total trade and other receivables		63,995	46,941

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 19 Financial risk management/financial instruments.

8. Other assets

In thousands of AUD	2022	2021
Current		
Work in progress	3,293	2,758
Prepayments	2,812	2,138
Other current assets	7	29
	6,112	4,925
Non-current		
Deposits	162	164
	162	164

9. Plant and equipment

In thousands of AUD	Computer equipment	Office furniture and equipment	Plant and equipment	Leasehold improvements	Total
2022					
Cost	4,528	2,055	228	6,302	13,113
Accumulated depreciation	(2,953)	(1,789)	(221)	(4,950)	(9,913)
Net carrying amount	1,575	266	7	1,352	3,200
Reconciliations of the carrying amounts of each class of plant and equipment:					
Carrying amount at the beginning of the year	1,254	445	9	2,088	3,796
Additions	1,041	52	–	55	1,148
Transfers	33	(33)	–	–	–
Disposal of controlled businesses	(17)	–	–	–	(17)
Depreciation	(736)	(201)	(3)	(782)	(1,722)
Effect of movements in exchange rates	8	3	1	(4)	8
Disposals	(8)	–	–	(5)	(13)
Carrying amount at the end of the year	1,575	266	7	1,352	3,200

2021					
Cost	4,001	2,009	229	6,308	12,547
Accumulated depreciation	(2,747)	(1,564)	(220)	(4,220)	(8,751)
Net carrying amount	1,254	445	9	2,088	3,796
Reconciliations of the carrying amounts of each class of plant and equipment:					
Carrying amount at the beginning of the year	1,476	605	16	2,854	4,951
Additions	734	123	–	138	995
Acquired through business combination	31	–	–	–	31
Disposal of controlled entities	(139)	(3)	–	(13)	(155)
Depreciation	(828)	(266)	(7)	(821)	(1,922)
Effect of movements in exchange rates	(20)	(12)	–	(20)	(52)
Disposals	–	(2)	–	(50)	(52)
Carrying amount at the end of the year	1,254	445	9	2,088	3,796

Accounting policy

(i) Recognition and measurement

Plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see Note 20 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.

All other costs are charged to the consolidated income statement as incurred. 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. 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.

10. Right-of-use assets

In thousands of AUD	2022	2021
Property leases		
Cost	17,300	15,279
Accumulated depreciation	(11,350)	(7,300)
Net carrying amount	5,950	7,979
Reconciliations of the carrying amounts of right-of-use assets:		
Carrying amount at the beginning of the year	7,979	11,759
Additions	–	839
Disposal of controlled entities	–	(108)
Re-measurement of lease liabilities	1,945	–
Disposals	–	(55)
Depreciation	(3,996)	(4,291)
Effect of movements in exchange rates	22	(165)
Carrying amount at the end of the year	5,950	7,979

During the current year, the Group recognised $91,000 (2021: $222,000) 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 20 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.

11. Intangible assets

In thousands of AUD	Goodwill	Contracts and customer relationships	Total
2022			
Cost	112,236	7,759	119,995
Accumulated amortisation	–	(5,331)	(5,331)
Net carrying amount	112,236	2,428	114,664
Reconciliations of the carrying amounts of intangibles:			
Carrying amount at the beginning of the year	114,506	3,650	118,156
Disposal of controlled businesses	(856)	–	(856)
Amortisation	–	(1,222)	(1,222)
Effect of movements in exchange rates	(1,414)	–	(1,414)
Carrying amount at the end of the year	112,236	2,428	114,664

2021			
Cost	114,506	7,609	122,115
Accumulated amortisation	–	(3,959)	(3,959)
Net carrying amount	114,506	3,650	118,156
Reconciliations of the carrying amounts of intangibles:			
Carrying amount at the beginning of the year	107,997	1,105	109,102
Acquired through business combination	12,316	3,428	15,744
Disposal of controlled entities	(6,136)	–	(6,136)
Amortisation	–	(874)	(874)
Effect of movements in exchange rates	329	(9)	320
Carrying amount at the end of the year	114,506	3,650	118,156

Amortisation charge

The amortisation charge of $1,222,000 (2021: $874,000) is recognised in the depreciation and amortisation expense in the consolidated income statement.

Goodwill CGU group allocation

In thousands of AUD	2022	2021 (restated)
Cash Generating Unit (CGU):		
Brand Transformation	96,315	97,729
Creative Technology and Data	15,921	16,777
Search Marketing	–	–
Net carrying amount	112,236	114,506

The Group implemented a new global operating model resulting in change in composition of its CGU group. Accordingly, carrying value of goodwill (previously fully allocated to Operating Brands CGU) was reallocated across Brand Transformation CGU and Creative Technology and Data 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 the 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 consolidated annual financial report as at and for the year ended 30 June 2021 and concluded that the recoverable amount of CGUs exceeded the carrying value.

The re-organisation had no impact on the Search Marketing CGU, which does not obtain synergies with businesses within the Creative Technology and Data segment and has no carrying value.

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-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 20 Impairment of non-financial assets for further details on impairment.

12. Trade and other payables

In thousands of AUD	2022	2021
Current		
Trade payables	41,026	29,543
Other payables and accrued expenses	18,030	17,111
Unearned revenue	17,440	16,507
	76,496	63,161

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 19 Financial risk management/financial instruments.

13. Contingent consideration payable

In thousands of AUD	2022	2021
Current		
Contingent consideration payable	2,711	10,886
Non-current		
Contingent consideration payable	7,402	9,240
Reconciliations of the carrying amounts of contingent consideration payable:		
Carrying amount at the beginning of the year	20,126	25,553
Recognised in business combination	–	8,931
Re-assessment of contingent consideration	1,001	–
Unwind of present value interest	441	642
Effect of movements in exchange rates	(455)	(115)
Contingent consideration paid	(11,000)	(14,885)
Carrying amount at the end of the year	10,113	20,126

During the current year, the Group recognised a contingent consideration fair value loss of $1,001,000 relating to a change in the best estimate of future contingent consideration payable to the vendors of McDonald Butler Associates.

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 McDonald Butler Associates subsequent to the reporting date. Factors which could vary the amount of contingent consideration payable due include a net revenue threshold for future payments, the basis of the average net revenue over the contingent consideration period and purchase price floor/cap. Actual future payments may differ from the estimated liability. A sensitivity analysis for Contingent consideration payable is disclosed in Note 19 Financial risk management/financial instruments.

14. 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 19 Financial risk management/financial instruments.

In thousands of AUD	**2022**	**2021**
Current		
Lease liabilities	5,841	5,589
Non-current		
Lease liabilities	2,756	6,262
Total	8,597	11,851

Reconciliations of the carrying amounts of lease liabilities:		
Carrying amount at the beginning of the year	11,851	16,907
Additions	–	839
Disposal of controlled entities	–	(225)
Other disposals	–	(61)
Re-measurement of lease liabilities	1,945	–
Repayments	(5,732)	(6,162)
Present value interest relating to lease liabilities	520	736
Effect of movements in exchange rates	13	(183)
Carrying amount at the end of the period	8,597	11,851

Accounting policy

Refer to Note 10.

15. Employee benefits

In thousands of AUD	2022	2021
Aggregate liability for employee benefits, including on-costs		
Current		
Annual leave	4,442	3,414
Long service leave	1,237	1,172
	5,679	4,586
Non-current		
Long service leave	783	755

The Group has recognised $2,315,000 (2021: $2,140,000) 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 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.

16. Interest bearing liabilities

In thousands of AUD	2022	2021
Non-current		
Unsecured bank loan	36,275	–

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

In thousands of AUD	2022 Available	2022 Utilised	2021 Available	2021 Utilised
Bank loan (cash advance)	50,000	36,275	–	–
Indemnity guarantee	3,618	2,103	3,582	2,067
Credit card	1,575	321	1,565	216
	55,193	38,699	5,147	2,283

The proceeds from the bank loan drawn on 29 June 2022 were held in cash and cash equivalents as at 30 June 2022, which were subsequently disbursed on 1 July 2022 in order to fund the acquisitions completed on that date. The Group was in compliance with all covenants as at 30 June 2022.

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), maturing in June 2025 at a commercial interest rate (Bank Bill Swap Bid Rate plus margin).

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 $624,000 for indemnity guarantee facilities at 30 June 2022.

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

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 19 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.

17. Capital and reserves

In thousands of AUD	2022	2021
Share capital		
Ordinary shares, fully paid	104,861	100,456

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

Movement in ordinary shares

	2022 Shares	2022 In thousands of AUD	2021 Shares	2021 In thousands of AUD
Balance at beginning of year	86,655,518	100,456	86,074,859	99,515
Shares issued to the employees of the Group on exercise of Share Appreciation Rights[(i)]	1,389,589	4,405	580,659	941
Balance at end of year	88,045,107	104,861	86,655,518	100,456

(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 $3.17 (2021: $1.62).

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

Profit appropriation reserve

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

Foreign currency translation reserve

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

Share-based payment reserve

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

Dividends

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

	Cents per share	Total amount in thousands of AUD	Date of payment
During the year ended 30 June 2022			
Fully franked final dividend – 2021	4.4	3,874	6 October 2021
Fully franked interim dividend – 2022	6.0	5,283	16 March 2022
Subsequent to the balance sheet date, at the date of this report			
Fully franked final dividend – 2022	6.5	5,974	4 October 2022
During the year ended 30 June 2021			
Fully franked final dividend – 2020	3.5	3,033	2 October 2020
Fully franked interim dividend – 2021	10.5	9,099	16 March 2021

Dividend franking account

In thousands of AUD	2022	2021
Franking credits available for future years at 30% to shareholders of Enero Group Limited	9,934	11,732

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.

18. Earnings per share

Profit attributable to equity holders of the parent

In thousands of AUD	2022	2021
Profit for the year	42,221	9,708
Non-controlling interests	(16,834)	(10,110)
Profit/(loss) for the year attributable to equity holders of the parent	25,387	(402)

Weighted average number of ordinary shares

In thousands of shares	2022	2021
Weighted average number of ordinary shares – basic	87,756	86,541
Shares issuable under equity-based compensation plans	2,257	1,738
Weighted average number of ordinary shares – diluted	90,013	88,279

Earnings per share

In AUD cents	2022	2021
Basic	28.9	(0.5)
Diluted	28.2	(0.5)

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.

19. 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 2022, the Group entered into transactions with approximately 400 unique customers. The 10 largest customers accounted for 55% of net revenue for the year ended 30 June 2022, with no one customer accounting for more than 22% 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:

In thousands of AUD	Note	Carrying amount 2022	2021
Cash and cash equivalents	6	98,742	50,718
Trade and other receivables	7	63,995	46,941
Work in progress	8	3,293	2,758
Deposits	8	162	164
		166,192	100,581

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

In thousands of AUD	Note	Carrying amount 2022	2021
Trade receivables	7	63,971	46,922

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	2022	2021
Balance at 1 July	232	261
Impairment loss recognised in the consolidated income statement	19	11
Provision used during year	(26)	(40)
Balance at 30 June	225	232
Average credit loss for year(i)	–	–
Credit loss provision at balance date(ii)	0.4%	0.5%

(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 2022 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	2022	2021
Not past due	61,318	44,311
Past due and less than 90 days	2,430	2,588
Past due and more than 90 days	223	23
Past due, more than 90 days and impaired	225	232
Gross trade receivables	64,196	47,154
Less: Impairment(i)	(225)	(232)
Net trade receivables	63,971	46,922

(i) Impairment includes trade receivables specifically impaired of $35,000 (2021: $42,000) plus expected credit losses of $190,000 (2021: $190,000).

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.

The operating businesses generated approximately 64% of the Group's gross profit and 82% of its Operating EBITDA during the year ended 30 June 2022 from outside Australia. 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 2022, the Group held USD denominated banks loans of $36,275,000 (USD 25,000,000) which were 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 16); and re-estimating the value of contingent consideration liabilities semi-annually.

The following are the contractual maturities of financial liabilities, including estimated interest payments.

2022 **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	8,597	9,045	5,899	2,985	161
Trade and other payables (excluding unearned revenue)	59,056	59,056	59,056	–	–
Contingent consideration payable	10,113	10,575	2,732	7,843	
Interest bearing liabilities[1]	36,275	40,060	1,262	38,798	–
	114,041	118,736	68,949	49,626	161

2021 **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	11,851	12,654	5,600	7,054	–
Trade and other payables (excluding unearned revenue)	46,654	46,654	46,654	–	–
Contingent consideration payable	20,126	21,045	11,000	10,045	–
	78,631	80,353	63,254	17,099	–

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

1. Interest in respect of interest-bearing liabilities was not significant as at 30 June 2022 given the close proximity of entering into the financing arrangement relative to balance date.

Liquidity risk in relation to contingent consideration liabilities

There are critical accounting estimates and judgements in relation to contingent consideration liabilities. Refer to Note 13 Contingent consideration payable for further details.

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

19. Financial risk management/financial instruments (continued)

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 2022, 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 $36,275,000 at 30 June 2022 are variable rate financial instruments.

As the cash advance debt facility was first drawn on 29 June 2022, a reasonably possible change in interest rates would not have a material impact on the finance costs incurred by the Group.

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 13 Contingent consideration payable.

Fair values
Fair values versus carrying amounts
The fair values of financial assets and liabilities, together with the carrying amounts shown in the consolidated statement of financial position, are as follows:

Consolidated In thousands of AUD	2022 Carrying amount	2022 Fair value	2021 Carrying amount	2021 Fair value
Cash at bank and on hand	96,618	96,618	33,630	33,630
Bank short-term deposits	2,124	2,124	17,088	17,088
Trade receivables	63,971	63,971	46,922	46,922
Trade and other payables	(59,056)	(59,056)	(46,654)	(46,654)
Contingent consideration payable	(10,113)	(10,113)	(20,126)	(20,126)
Lease liabilities	(8,597)	(8,597)	(11,851)	(11,851)
Interest bearing liabilities	(36,275)	(36,275)	–	–

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.

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 floor/capped payment (payable over three years), discounted using a risk-adjusted discount rate. The expected payment is determined by considering the possible scenarios of forecast average net revenue, the amount to be paid under each scenario and the probability of each scenario.	– Forecast average net revenue. – Risk-adjusted discount rate: 3.12%.	The estimated fair value would increase (decrease) if: – the forecast average net revenue is higher (lower); or – the risk-adjusted discount rate were lower (higher).

Reconciliation of Level 3 fair values
Refer to Note 13 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 2022 to one of the significant unobservable inputs, holding other inputs constant, would have the following effects on the fair values of contingent consideration:

In thousands of AUD	Increase	Decrease
Movement of 5% in forecast average net revenue	–	(1,647)
Movement of 7.5% in forecast average net revenue	988	(1,647)
Movement of 0.5% in risk-adjusted discount rate	(69)	70

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 and lease liabilities: is the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For leases, the market rate of interest is determined by reference to the Group's incremental borrowing rate on the same term as the underlying lease.

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.

19. Financial risk management/financial instruments (continued)

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

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.

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.

20. 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.

During the current year, the Group implemented a new global operating model resulting in change in composition of its CGU group. Accordingly, carrying value of goodwill (previously fully allocated to the Operating Brands CGU) was reallocated across the Brand Transformation CGU and the Creative Technology and Data CGU using a relative value approach.

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. The Search Marketing businesses do not form part of the Creative Technology and Data CGU as they does not obtain synergies with businesses within the Creative Technology and Data segment and has no carrying value.

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 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 Board approved 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.

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.

Growth rate

Projected cash flows for the first forecast year reflect the growth each CGU is expected to achieve over the current year's actual EBITDA results. Projected cash flows for year two onwards have then been determined using a constant growth rate which is considered modest compared to the growth each CGU achieved in both the current year and that which is expected to be achieved next year.

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:

	Brand Transformation 2022	Creative Technology and Data 2022	Operating Brands 2021
Post-tax discount rate %	9.1 – 10.5	10.5	8.7 – 9.6
Pre-tax discount rate %	12.0 – 15.2	14.3	10.5 – 13.1
Growth rate (CAGR) %	4.9	8.0	2.4
Long-term perpetuity growth rate %	2.5	2.5	2.5

20. Impairment of non-financial assets (continued)

Sensitivity range for impairment testing assumptions

As long as the COVID-19 pandemic, including any existing or new variants, remains a public health threat, global economic conditions will continue to be volatile and such uncertainty cuts across all clients, industries and geographies. Notwithstanding this, given the significant recoveries achieved by the CGUs in the current year as a result of the Group's high sector exposure to technology, healthcare and consumer staples customers, management has not assumed a decline in projected cash flows as a direct result of the COVID-19 pandemic.

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 either CGU's carrying amount to exceed its recoverable amount.

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.

21. Controlled entities

Particulars in relation to controlled entities:

Name	Group interest 2022 %	2021 %	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 (Trustee of The BMF Unit Trust)	100	100	Australia
The BMF Unit Trust	100	100	Australia
Hotwire Integrated Communications Pty Limited	100	100	Australia
Naked Communications Australia Pty Limited	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	100	100	Australia
Enero Group Finance Pty Limited	100	100	Australia
Domain Active Holdco Pty Limited	100	100	Australia
— Domain Active Pty Limited	100	100	Australia
The Leading Edge Market Research Consultants Pty Limited	100	100	Australia
— Enero Group Singapore Pte Limited	100	100	Singapore
The Digital Edge Online Consultants Pty Limited	100	100	Australia
Brigade Pty Limited	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
— McDonald Butler Associates Limited	100	100	UK
OBMedia LLC	51	51	USA
Domain Active LLC	51	51	USA
IdealAds LLC[1]	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

1. Incorporated during the year ended 30 June 2022.

21. 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.

22. Acquisitions

2022

Incidental acquisition costs of $1,324,000 relating to the acquisition of ROI DNA Inc. and GetIT Pte Ltd were recognised in the consolidated income statement for the year ended 30 June 2022. These acquisitions were completed on 1 July 2022, as discussed further below.

Acquisitions completed subsequent to balance date:

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

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

Provisional value of the net identifiable assets and liabilities acquired at the date of acquisition were:

In thousands of AUD	Provisional value
Cash and cash equivalents	12,975
Trade and other receivables	6,154
Other assets	799
Property, plant and equipment	279
Trade and other payables	(2,903)
Unearned revenue	(7,905)
Employee benefits	(945)
Bank loans	(315)
Net identifiable assets	**8,139**

Provisionally determined value of intangibles (including goodwill)

In thousands of AUD	
Initial consideration	52,576
Estimate of contingent consideration payable	53,467
Total consideration	106,043
Less: Provisional value of net identifiable assets	(8,139)
Provisionally determined value of intangibles (including goodwill)	97,904

As at the date of issuing this report, these acquisitions are still subject to further review by management as the Group has 12 months from the date of acquisition to finalise its purchase price accounting. The initial accounting for these business combinations will be recognised in the Group's next financial reporting period, including the allocation of the purchase price to goodwill and any other qualifying intangible assets. Further information about these business combinations has not been disclosed on the basis that it is impracticable given the close proximity between the completion dates of the acquisitions and the approval of these consolidated financial statements.

22. Acquisitions (continued)

2021

On 26 April 2021 the Group, via its subsidiary Hotwire Public Relations Limited, acquired 100% of the issued capital of McDonald Butler Associates, a UK based technology public relations agency. The purchase consideration was an upfront payment of £3,500,000 ($6,272,000) in addition to contingent consideration tied to the net revenue target through to the period ended 30 June 2024. Future payments are subject to a minimum net revenue threshold and are capped based on the average net revenue. The fair value of the future contingent consideration liability is estimated based on the achievement of net revenue targets.

Following completion, the business operations of McDonald Butler Associates and Hotwire Public Relations Limited merged together to operate under the Hotwire Public Relations brand, strengthening the offering and capabilities of Hotwire Public Relations in the UK market.

This acquisition contributed $1,060,000 to net revenue and $214,000 to net profit after tax of the Group for the year ended 30 June 2021.

The net revenue and net profit after tax of the Group for the year ended 30 June 2021 would have been $166,119,000 and $10,698,000 respectively, had the Group acquired McDonald Butler Associates at the beginning of the financial year.

Effect of acquisition for the year ended 30 June 2021 on the Group's assets and liabilities.

The fair values of the net identifiable assets and liabilities acquired at the date of acquisition were:

In thousands of AUD	Fair value
Cash and cash equivalents	3,308
Trade and other receivables	1,497
Other assets	818
Property, plant and equipment	30
Intangible assets	3,428
Trade and other payables	(778)
Unearned revenue	(2,623)
Employee benefits	(163)
Deferred tax liability	(1,028)
Other liabilities	(10)
Net identifiable assets	4,479

Goodwill on acquisition

In thousands of AUD	
Total consideration	16,795
Less: Fair value of net identifiable assets	(4,479)
Goodwill	12,316

Goodwill has arisen on the acquisition of entities during the year as some intangibles, such as key management and technical employee relationships and certain customer relationships, did not meet the criteria for recognition as an intangible asset at the date of acquisition. Considering the characteristics of marketing and communication services companies, acquisitions do not usually have significant amounts of tangible assets as the principal asset typically acquired is creative talent and know-how of people. As a result, a substantial proportion of the purchase price is allocated to goodwill.

Total acquisition cash outflow for year ended 30 June 2021

In thousands of AUD	
Total consideration	16,795
Less: Contingent consideration	(8,931)
Less: Cash acquired	(3,308)
Net cash paid	4,556

Incidental acquisition costs of $202,000 relating to acquisition of McDonald Butler Associates were recognised in the consolidated income statement for the year ended 30 June 2021.

23. Disposals

2022

On 6 May 2022, the Group entered into a sale agreement to sell the business assets of its strategic data consultancy businesses, The Leading Edge (TLE) and The Digital Edge (TDE), for consideration of $1,350,000. The Group recognised an accounting gain on sale of $600,000 in the consolidated income statement for the year ended 30 June 2022.

Assets and liabilities and cash flow of disposed entities

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	220
Other assets	18
Plant and equipment	17
Total assets disposed	**255**
Liabilities	
Trade and other payables	(458)
Employee benefits	(235)
Total liabilities disposed	**(693)**
Net liabilities disposed	(438)

Gain on sale

In thousands of AUD	
Consideration received, net of working capital adjustment	1,144
Less: relative value of goodwill	(856)
Add: net liabilities disposed	438
Less: incidental cost	(126)
Gain on sale in the consolidated income statement	600

Net cash received

In thousands of AUD	
Total consideration	1,350
Less: working capital adjustment	(206)
Less: incidental cost	(126)
Reflected in the consolidated statement of cash flows	1,018

23. Disposals (continued)

2021

On 2 March 2021, the Group entered into a sale agreement to sell its entire shareholding in Frank PR (75% issued capital) for a consideration of £915,000 ($1,647,000). On 2 March 2021, the Group's control over these businesses passed to the acquirer. The proceeds from the disposal were received in March 2021. The Group recognised an accounting loss on sale of $9,878,000 in the consolidated income statement for the year ended 30 June 2021.

Assets and liabilities and cash flow of disposed entities

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

In thousands of AUD	Carrying amounts
Assets	
Cash and cash equivalents	2,387
Trade and other receivables	1,203
Other assets	112
Plant and equipment	155
Right-of-use asset	108
Deferred tax assets	10
Total assets disposed	3,975
Liabilities	
Trade and other payables	(2,377)
Lease liability	(225)
Employee benefits	(73)
Income tax payable	(236)
Total liabilities disposed	(2,911)
Net assets disposed	1,064
Less: net assets attributable to non-controlling interest	(266)
Net assets attributable to equity holder of parent	798

Net cash disposed

In thousands of AUD	
Total consideration	1,647
Less: cash and cash equivalents balance disposed	(2,387)
Reflected in the consolidated statement of cash flows	(740)

Loss on sale of Frank PR

In thousands of AUD	
Consideration received	1,647
Less: relative value of goodwill	(6,136)
Less: net assets disposed	(798)
Less: reserve change in ownership interest transferred to the consolidated income	(1,417)
Less: foreign currency translation reserve transferred to the consolidated income	(3,174)
Loss on sale of Frank PR in the consolidated income statement	(9,878)

Disposal of dormant foreign subsidiaries

The Group disposed of 12 dormant foreign subsidiaries and recognised an accounting loss of $13,157,000 as it transferred the Foreign Currency Translation Reserve (FCTR) relating to these subsidiaries to the consolidated income statement for the year ended 30 June 2021.

Loss on disposal

In thousands of AUD	
Loss on sale of Frank PR	(9,878)
Loss on disposal of dormant foreign subsidiaries	(13,157)
Total loss on disposal in the consolidated income statement	(23,035)

24. Parent entity disclosures

As at, and throughout, the financial year ended 30 June 2022, the parent company of the Group was Enero Group Limited.

	The Company	
In thousands of AUD	**2022**	**2021**
Result of the parent entity		
(Loss)/profit for the year	(15,624)	15,770
Other comprehensive income	–	–
Total comprehensive (loss)/income for the year	(15,624)	15,770
Financial position of the parent entity at year end		
Current assets	15,553	25,349
Total assets	129,144	156,486
Current liabilities	23,539	25,298
Total liabilities	28,663	33,126
Net assets	100,481	123,360
Total equity of the parent entity comprising:		
Share capital	104,861	100,456
Share-based payment reserve	8,089	10,592
Profit appropriation reserve	27,690	36,847
Accumulated losses	(40,159)	(24,535)
Total equity	100,481	123,360

For dividends declared and paid by the Company to members since the end of the previous financial year, refer to Note 17 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 25 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 2022.

25. 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:

– The Leading Edge Market Research Consultants Pty Limited; and
– 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 2022, is set out as follows:

Income statement

In thousands of AUD	2022	2021
Gross revenue	55,995	55,901
Directly attributable costs of sales	(22,283)	(26,215)
Gross profit	33,712	29,686
Other income	–	135
Employee expenses	(31,733)	(27,580)
Occupancy costs	(205)	(221)
Travel expenses	(505)	(67)
Communication expenses	(388)	(419)
Compliance expenses	(799)	(506)
Depreciation and amortisation	(2,055)	(2,182)
Administration expenses	(2,608)	(2,125)
Gain on disposal of business	535	–
Incidental acquisition costs	(89)	–
Finance income	18	43
Finance costs	(466)	(982)
Management fees received from subsidiaries	4,402	3,904
Loan receivable impairment	(4,144)	–
Dividends received from subsidiaries	2,088	15,112
(Loss)/profit before income tax	(2,237)	14,798
Income tax (expense)/benefit	(482)	1,537
(Loss)/profit for the year	(2,719)	16,335
Attributable to:		
Equity holders of the Company	(2,719)	16,335

Statement of financial position

In thousands of AUD	2022	2021
Assets		
Cash and cash equivalents	14,930	26,200
Trade and other receivables	7,354	8,923
Other assets	1,131	858
Total current assets	23,415	35,981
Receivables	53,752	60,763
Other financial assets	30,493	30,558
Deferred tax assets	1,945	2,078
Plant and equipment	1,626	2,300
Right-of-use assets	2,800	4,780
Intangible assets	15,531	16,387
Total non-current assets	106,147	116,866
Total assets	129,562	152,847
Liabilities		
Trade and other payables	17,230	17,093
Contingent consideration payable	–	10,886
Lease liabilities	3,375	3,240
Employee benefits	2,484	2,154
Total current liabilities	23,089	33,373
Lease liabilities	1,347	4,392
Employee benefits	389	371
Total non-current liabilities	1,736	4,763
Total liabilities	24,825	38,136
Net assets	104,737	114,711
Equity		
Issued capital	104,861	100,456
Share-based payment reserve	8,089	10,592
Profit appropriation reserve	27,690	36,847
Accumulated losses	(35,903)	(33,184)
Total equity	104,737	114,711

26. 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	2022	2021
Less than one year	96	42
Between one and five years	11	9
Over five years	–	–
	107	51

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.

27. 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 2022.

28. Subsequent events

Transactions or events subsequent to the balance date, were:

- on 1 July 2022, the Group acquired 100% of the issued capital of ROI DNA Inc, a USA based strategic B2B sales and marketing agency. The purchase consideration was an upfront payment of US$26,400,000 ($38,306,000) in cash and US$6,600,000 ($9,577,000) of Enero Group Limited shares with additional contingent consideration linked to the achievement of EBITDA targets over the next 3 years through to 30 June 2025. Refer to Note 22 Acquisitions for details.
- on 1 July 2022, the Group acquired 100% of the issued capital of GetIT Pte Ltd, a Singapore based specialist B2B technology marketing agency with presence in India, Malaysia and Japan. The purchase consideration was an upfront payment of S$2,700,000 ($2,816,000) in cash and S$1,800,000 ($1,877,000) of Enero Group Limited shares with additional contingent consideration linked to the achievement of EBIT target over the next 3 years through to 30 June 2025. Refer to Note 22 Acquisitions for details.
- the Directors have declared a final dividend, with respect to ordinary shares, of 6.5 cents per share, fully franked. The final dividend will have a record date of 20 September 2022 and a payment date of 4 October 2022.

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.

29. 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
Fiona Chilcott	Chief People and Culture 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	2022	2021
Short-term employee benefits	3,242,268	3,119,950
Other long-term benefits	7,810	(4,945)
Post-employment benefits	73,621	80,771
Termination benefits	–	255,769
Share-based payments – Share Appreciation Rights	984,885	437,572
Total Key Management Personnel compensation	4,308,584	3,889,117

30. 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	24 October 2019	21 October 2020	21 October 2021
SARs issued	2,450,000	3,900,000	4,525,000
Participants	Senior Executives	Senior Executives	Senior Executives
VWAP for the 20 business days prior to the grant (B)	$2.13	$1.52	$3.02
Vesting dates: 20 business days after the release of the Group financial report for the year ended:			
Tranche 1 (1/3)	30 June 2020	30 June 2021	30 June 2022
Tranche 2 (1/3)	30 June 2021	30 June 2022	30 June 2023
Tranche 3 (1/3)	30 June 2022	30 June 2023	30 June 2024
Last expiry date	30 September 2022	30 September 2023	30 September 2024
Outstanding SARs as at 30 June 2022	416,670	2,066,670	4,525,000

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)
2022														
18 Oct 2018	30 Sep 2021	$1.23	–	900,000	–	900,000	–	–	–	–	–	–	550,788	0.9–2.9
24 Oct 2019	30 Sep 2022	$2.13	–	1,083,336	–	599,998	–	66,668	416,670	–	–	–	196,848	0.9–2.9
21 Oct 2020	30 Sept 2023	$1.52	–	3,633,333	–	1,233,329	–	333,334	2,066,670	–	–	–	641,953	0.9–2.9
21 Oct 2021	30 Sept 2024	$3.02	–	–	4,525,000	–	–	–	4,525,000					0.9–2.9
				5,616,669	4,525,000	2,733,327	–	400,002	7,008,340	–	–		1,389,589	

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)
2021														
19 Oct 2017	30 Sep 2020	$1.04	–	1,016,670	–	1,016,670	–	–	–	–	–	–	363,993	0.9–2.9
18 Oct 2018	30 Sep 2021	$1.23	–	1,800,000	–	900,000	–	–	900,000	–	–	–	216,666	0.9–2.9
24 Oct 2019	30 Sep 2022	$2.13	–	2,100,000	–	–	699,998	316,666	1,083,336	–	–	–	–	0.9–2.9
21 Oct 2020	30 Sept 2023	$1.52	–	–	3,900,000	–	–	266,667	3,633,333	–	–	–	–	0.9–2.9
				4,916,670	3,900,000	1,916,670	699,998	583,333	5,616,669	–	–		580,659	

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

	VWAP (for the 20 business days prior to the grant) 2022 $	Weighted average exercise price 2022	Number of rights 2022	VWAP (for the 20 business days prior to the grant) 2021 $	Weighted average exercise price 2021	Number of rights 2021
Outstanding at 1 July	1.59	–	5,616,669	1.58	–	4,916,670
Forfeited during the period	1.62	–	(400,002)	1.85	–	(583,333)
Expired during the period	–	–	–	2.13	–	(699,998)
Exercised during the period	1.56	–	(2,733,327)	1.13	–	(1,916,670)
Granted during the period	3.02	–	4,525,000	1.52	–	3,900,000
Outstanding at 30 June	2.52	–	7,008,340	1.59	–	5,616,669
Exercisable at 30 June	–	–	–	–	–	–

The SARs outstanding at 30 June 2022 have a VWAP (for the 20 business days prior to the grant) range of $1.23 to $3.02 (30 June 2021: $1.23 to $2.13).

The SARs outstanding at 30 June 2022 have a weighted average contractual life of 1.05 years (30 June 2021: 0.98 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 2022 for share-based payment transactions were $1,902,000 (2021: $992,000).

The VWAP for the 20 business days prior the date of exercise of SARs on 15 September 2021 was $3.17.

30. 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)
24 Oct 2019(i)	30 Sept 2022	0.26 – 0.46	2.13	2.04	40	0.73-0.76	2.0	0.9–2.9
21 Oct 2020(ii)	30 Sept 2023	0.35 – 0.40	1.52	1.70	35-55	0.07-0.25	4.7	0.9–2.9
21 Oct 2021(iii)	30 Sept 2024	0.64 – 0.85	3.02	3.38	40-50	0.01-0.36	5.0	0.9–2.9

(i) Grant is in relation to SARs provided to senior employees of the Group which were issued on 24 October 2019. The last expiry date of the rights is 20 business days after the release of the Group's financial report for the year ended 30 June 2022, which is estimated to be around 30 September 2022.

(ii) Grant is in relation to SARs provided to senior employees of the Group which were issued on 21 October 2020. The last expiry date of the rights is 20 business days after the release of the Group's financial report for the year ended 30 June 2023, which is estimated to be around 30 September 2023.

(iii) 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 20 business days after the release of the Group's financial report for the year ended 30 June 2024, which is estimated to be around 30 September 2024.

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.

31. Auditor's remuneration

In AUD	2022	2021
Audit services – auditors of the Company		
KPMG Australia	357,000	356,000
Overseas KPMG firm	136,000	119,000
	493,000	475,000
Other services – auditors of the Company		
Taxation compliance services:		
KPMG Australia	–	26,000
Overseas KPMG firm	295,000	286,000
	295,000	312,000

Directors' Declaration

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

   (a) the consolidated financial statements and notes that are set out on pages 44 to 90 and the Remuneration Report set out on pages 36 to 43 in the Directors' Report, are in accordance with the *Corporations Act 2001*, including:

      (i) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and

      (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. There are reasonable grounds to believe the Company and entities identified in Note 25 will be able to meet any obligations or liabilities to which they are or may become subject by virtue of the Deed of Cross Guarantee between the Company and those entities pursuant to *ASIC Corporations (Wholly owned Companies) Instrument 2016/785*.

3. The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2022 pursuant to section 295A of the *Corporations Act 2001*.

4. The Directors draw attention to Note 1(b) to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Dated at Sydney this 8th day of September 2022.

Signed in accordance with a resolution of the Directors:

Ann Sherry AO

Chair

Independent Auditor's Report

To the shareholders of Enero Group Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Enero Group Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group's*** financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 30 June 2022
- Consolidated income statement, Consolidated statement of comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

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

Key Audit Matters

The ***Key Audit Matters*** we identified are:

- Revenue recognition
- Annual impairment testing of goodwill and intangible assets

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Revenue recognition ($522.1 million)	
Refer to Note 3 to the Financial Report	
The key audit matter	**How the matter was addressed in our audit**

The Group derives the majority of its revenue from marketing and communication service fees from customers, which requires analysis of recognition over the related contractual term. The Group's policy is for consideration received from advance billings to customers prior to the satisfaction of performance obligations are recognised as a contract liability and classified as unearned revenue ($17.4 million).
 	
Revenue from contracts with customers was a key audit matter due to:
 	
• The quantum of service revenue earned during the year and contract liabilities recognised at the end of the year;
 	
• The different revenue recognition policies for rendering of search marketing services (point in time) and all other businesses (over time); and
 	
• The advanced billing arrangements for the rendering of services that require an adjustment for contract liabilities at year end to comply with the Group's revenue recognition policy. The contract liabilities adjustment is prepared manually and is prone to greater risk for bias, error and inconsistent application. Additional audit effort was required to evaluate the revenue recognised.
	Our procedures included:
	
	• We obtained an understanding of the nature of the various revenue streams and the related revenue recording processes, systems and key controls.
	
	• We evaluated the appropriateness of the Group's accounting policies for revenue recognition for each significant revenue stream against the requirements of AASB 15 and our understanding of the business.
	
	• We read a sample of signed customer contracts for search marketing and consulting services to understand the key terms of the arrangements and the performance obligations.
	
	• We tested completeness and accuracy of the underlying data within the Group's revenue and billing systems by tracing a sample of contract information in the systems to signed customer contracts and invoices.
	
	• We tested point in time revenue transactions recognised throughout the year by:
	  • assessing existence of an underlying arrangement with the customer;
	  • comparing the timing of revenue recognition and amounts invoiced to customers to external user traffic reports provided by search engines to the Group; and
	  • checking customer receipts to the Group's bank statements.
	
	• We tested, on a sample basis, over time revenue transactions with performance obligations completely satisfied during the year. This included:
	  • assessing the relevant features of the underlying contracts, including what the Group identified as performance

	obligations; • testing the amounts billed to customers to underlying documentation such as signed customer contracts, signed customer statements of work, and/or signed customer purchase orders; and • assessing the timing of revenue recognition for each revenue contract based on completed performance obligations (evidence of completed marketing or communication deliverables such as a podcast, billboard materials, press release) and the Group's stated revenue recognition policy. • We assessed the manual contract liabilities adjustment prepared by the Group for compliance with Australian Accounting Standards. On a sample basis, we tested the accuracy of key inputs to the contract liabilities adjustment by: • checking an underlying arrangement with the customer existed; • checking the customer's billing cycle and pricing to customer agreed contractual terms; and • obtaining evidence of the estimated measure of progress of the contract (such as timesheet reports or third-party invoices for reimbursable purchases) to assess the allocation between revenue and unearned revenue liability. • We assessed the disclosures in the financial report against the requirements of the accounting standard and using our understanding obtained from our testing.

Annual impairment testing of goodwill ($112.2 million)

Refer to Notes 11 and 20 to the Financial Report

The key audit matter	How the matter was addressed in our audit
The Group's annual testing of goodwill for impairment is a key audit matter, given the size of the balance (being 38% of total assets) and the degree of judgement involved in the significant forward-looking assumptions the Group applied in their value in use models,	Our procedures included: • We considered the appropriateness of the value in use method applied by the Group to perform the annual test of goodwill for impairment against the requirements of the

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including: ● Forecast cash flows – there is uncertainty around future cash flows due to the short term, non-recurring nature of customer contracts. There is also a heightened uncertainty due to volatile economic conditions caused by the COVID-19 pandemic, supply chain issues, rising interest rates, and increasing employee benefits costs. These conditions increase the risk of inaccurate forecasts or a significantly wider range of possible outcomes for us to consider. ● Forecast growth rates, including long-term growth rates into perpetuity – in addition to the uncertainties described above, the Group's models are highly sensitive to small changes in these assumptions, reducing available headroom. This drives additional audit effort specific to their feasibility and consistency of application to the Group's strategy. ● Discount rates – these are complex in nature and vary according to the conditions and environment the specific Cash Generating Unit (CGU) is subject to from time to time. We involve our valuations specialists with the assessment. The Group uses complex models to perform their annual testing of goodwill for impairment. The models are largely manually developed, use adjusted historical performance, and a range of internal and external sources as inputs to the assumptions. Complex modelling, particularly those containing judgemental allocations of corporate assets and costs to CGUs, using forward-looking assumptions tend to be prone to greater risk for potential bias, error and inconsistent application. These conditions necessitate additional scrutiny by us, in particular to address the objectivity of sources used for assumptions, and their consistent application. The Group implemented a new global operating model resulting in a change in composition of its CGUs during the year necessitating our consideration of the Group's determination of CGUs, based on the smallest group of assets to generate largely independent cash inflows. The Group reorganised its segments and divested two businesses during the year, necessitating	accounting standards. ● We assessed the integrity of the value in use models used, including the accuracy of underlying calculation formulas. ● We compared the forecast cash flows contained in the value in use models to Board-approved forecasts. ● We assessed the accuracy of previous Group forecasts to inform our evaluation of forecasts incorporated in the models. We noted previous trends where volatile conditions existed and how they impacted the disposed businesses for use in further testing. ● We assessed the Group's underlying methodology and documentation for the allocation of corporate costs to the forecast cash flows contained in the value in use model, for consistency with our understanding of the business and the criteria in the accounting standards. ● We assessed the Group's allocation of corporate assets to CGUs for reasonableness and consistency based on the requirements of the accounting standards. ● We considered the Group's determination of their CGUs based on our understanding of the operations of the Group's business and how independent cash inflows were generated against the requirements of the accounting standards. ● We analysed the divestment of The Leading Edge and The Digital Edge, the reorganisation of the Group's segments, and the Group's internal reporting to assess the Group's monitoring and management of activities, and the consistency of the allocation of goodwill to CGUs. ● We checked the consistency of the growth rates to the Group's latest Board-approved forecasts, past performance of the Group, and our experience regarding the feasibility of these in the industry and economic environments in which the CGUs operate. ● Working with our valuation specialists, we challenged the Group's significant forecast cash flow and growth assumptions in light of

our consideration of the Group's allocation of goodwill to the CGUs to which they belong based on the management and monitoring of the business.	the expected continuation of volatile economic conditions in key geographies, supply chain issues affecting the Group's customers, rising interest rates, and increasing employee benefits costs. We assessed how the Group had considered the impacts of these possible events in the Board-approved plan and strategy. We compared forecast growth rates and long-term growth rates into perpetuity to published studies of industry trends and expectations, and considered differences for the Group's operations. We used our knowledge of the Group, their past performance, business and customers, and our industry experience. • Working with our valuation specialists, we independently developed a discount rate range considered comparable using publicly available market data for comparable entities, adjusted by risk factors specific to the Group and the industry it operates in. • We considered the sensitivity of the models by varying key assumptions, such as forecast growth rates, long-term growth rates into perpetuity, and discount rates, within a reasonably possible range. We did this to identify those CGUs at higher risk of impairment and those assumptions at a higher risk of bias or inconsistency in application and to focus our further procedures. • We assessed the Group's reconciliation of differences between the year-end market capitalisation and the carrying amount of the net assets by comparing the implicit earnings multiples from the models to market multiples of comparable entities. • We assessed the disclosures in the financial report using our understanding obtained from our testing and against the requirements of the accounting standards.

Other Information

Other Information is financial and non-financial information in Enero Group Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf This description forms part of our Auditor's Report.

Independent Auditor's Report

KPMG

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Enero Group Limited for the year ended 30 June 2022, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 36 to 43 of the Directors' Report for the year ended 30 June 2022.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

Kristen Peterson

Partner

Sydney

8 September 2022

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

To the Directors of Enero Group Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Enero Group Limited for the financial year ended 30 June 2022 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Kristen Peterson

Partner

Sydney

8 September 2022

ASX additional information

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below. The shareholder information set out below was applicable at 12 July 2022.

Substantial shareholders

The number of ordinary shares held by substantial shareholders and their associates is set out below:

Shareholder	Number
Regal Funds Management Pty Limited	12,893,947
Perpetual Limited	11,659,657
RG Capital Multimedia Limited	11,223,268
Wilson Asset Management	9,473,181
Perennial Value Management	9,443,821
Merrill Lynch International	5,614,463
UBS Group	4,938,249

Unquoted equity securities

As at 12 July 2022 there were no options granted over unissued ordinary shares in the Company.

Voting rights

Ordinary shares – refer to Note 17 Capital and reserves.

Distribution of equity security holders:

Range	Number of equity security holders	Ordinary shares	% of issued capital
1 – 1,000	405	186,994	0.21
1,001 – 5,000	400	1,035,262	1.18
5,001 – 10,000	160	1,233,173	1.40
10,001 – 100,000	177	5,113,354	5.81
100,001 and over	42	80,476,324	91.40
	1,184	88,045,107	100.00

The number of shareholders holding less than a marketable parcel of ordinary shares is 96.

Twenty largest shareholders

Rank	Name	Units	% of issued capital
1	CITICORP NOMINEES PTY LIMITED	20,683,612	23.49
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	14,249,644	16.18
3	NATIONAL NOMINEES LIMITED	7,404,986	8.41
4	UBS NOMINEES PTY LTD	4,826,950	5.48
5	IRISH GLOBAL EQUITY LIMITED	4,335,901	4.92
6	RG CAPITAL MULTIMEDIA LIMITED	3,269,079	3.71
7	BRISPOT NOMINEES PTY LTD	3,108,083	3.53
8	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	2,898,965	3.29
9	CH GLOBAL PTY LTD	2,548,301	2.89
10	WARBONT NOMINEES PTY LTD	1,830,166	2.08
11	IRISH GLOBAL EQUITY LIMITED	1,667,025	1.89
12	MR FELICE TESTINI	1,630,102	1.85
13	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	1,409,963	1.60
14	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – A/C 2	1,162,149	1.32
15	RG CAPITAL MULTIMEDIA LIMITED	1,159,020	1.32
16	BNP PARIBAS NOMS PTY LTD	1,064,474	1.21
17	BETA GAMMA PTY LTD	830,000	0.94
18	MRS ANTONIA CAROLINE COLLOPY	788,637	0.90
19	NEWECONOMY COM AU NOMINEES PTY LIMITED	611,920	0.70
20	RG CAPITAL MULTIMEDIA LIMITED	511,945	0.58
Total		**75,990,922**	**86.31**

Corporate Directory

Company Secretary
Catherine Hoyle

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Enero Group Limited
Level 2, 100 Harris Street
Pyrmont NSW 2009 Australia
Telephone: +61 2 8213 3031
Email: companysecretary@enero.com

Share Registry
Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia
Telephone: 1300 554 474
Outside Australia: +61 2 8280 7111
Facsimile: +61 2 9287 0303

Securities Exchange
The Company is listed on the Australian Securities Exchange (ASX Code: EGG).

The home exchange is Sydney.

Other Information
Enero Group Limited, incorporated and domiciled in Australia, is a publicly listed company limited by shares.

Solicitors
Gilbert + Tobin
International Towers Sydney 2
200 Barangaroo Avenue
Sydney NSW 2000 Australia

Auditors
KPMG
International Towers Sydney 3
300 Barangaroo Avenue
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