



Investor AGM Update

23 December 2020

Overview

2020 has been a challenging year where we faced unexpected events of dramatic global impact, creating market uncertainty and volatility but also opportunities to grow and improve. Enprise is confident it has implemented measures to mitigate further impacts, consolidate existing business units and support an ambitious growth strategy over the coming years.

Working from home became the norm due to lockdowns implemented by governments around the world. Organisations that did not have all their software applications available to enable their teams to work remotely had to adopt cloud computing to allow their businesses to operate.

Enprise initially suffered, like many other entities, a sharp drop in revenue (over 30%) and qualified for wage support in both New Zealand and Australia. In response to the COVID-19 lockdown, cost cutting measures were implemented across the group. The Government support enabled us to retain our full team despite the downturn.

To shore up our capital base, a \$1 million capital raise was completed in May 2020 positioning the business well for the future.

After the initial sharp correction, the demand for our products and services quickly recovered because all the software that Enprise companies supply (including in particular MYOB Advanced) can be deployed in the cloud. Sales have still not fully recovered however, with the additional lockdowns in Victoria and Auckland impacting confidence in those markets.

Currently the Australian MYOB business is performing strongly and employing our underutilised New Zealand personnel. New Zealand new business for the MYOB Enterprise products remains weak. Overall, the division has returned to strong profitability and we expect this to continue over the remainder of the year.

Technology Investment Network (TIN) has ranked Enprise Group third in the top ten Absolute IT Supreme Scale-Ups in this year's TIN Report. Enprise Group achieved the number three spot due to 85% revenue growth. Enprise Group's revenue was \$5.7 million higher for 2020, to \$12.4 million. The results were announced at a virtual, interactive launch event, [Tech Pulse 2020](#).

At 30 November 2020, Enprise had no debt and cash reserves of \$2.48m (after increasing our share of iSell from 50 to 67%).

Enprise has decided to move its banking from ASB/CBA to BNZ/NAB. BNZ has committed to providing Enprise Group with a three year loan of \$2 million and an overdraft facility of \$1 million to facilitate future growth. These facilities have not yet been drawn.

Unaudited Management Information for the 5 months ended 30 November 2020

Group Results

	Unaudited Management Information		
	5 months to 30 November		Change
	2020	2019	
Revenue	6,612,898	7,199,969	8% Decrease
EBITDA	221,031	26,695	728% Increase
Share of Datagate losses	(199,912)	(215,056)	24% decrease
Government Assistance: Australia	753,284	n.a.	
Net Profit before tax	510,093	(280,550)	282% Increase

Enterprise Division

	Unaudited Management Information		
	5 months to 30 November		Change
	2020	2019	
Revenue			
- Recurring revenue	2,059,263	1,943,689	6% Increase
- Non-recurring revenue	4,170,966	4,778,771	13% Decrease
Total	6,230,229	6,722,460	7% Decrease
Profit	763,618	494,581	54% Increase
Government Assistance: Australia	664,699	n.a.	
Net Profit before tax	1,428,317	484,851	195% Increase

Enprise Division Highlights

- Pivoted the business in response to COVID-19 and retained our highly skilled teams.
- Restructured the two divisions (Enprise Solutions and Kilimanjaro Consulting) into a single Enterprise Division generating cost savings and efficiency improvements.
- Established a new management team for this combined division and team-based structures designed for growth
- Geographic diversification, reduces the impact of recession in one location and enables better utilisation of the teams.
- Addressed the rapidly emerging market for MYOB Advanced, with the move to Cloud accelerated by COVID-19
- Pleased with the clear indication from MYOB that they will attack the mid-market with the MYOB Advanced product, which is our sweet spot
- The solid link between MYOB Advanced and Acumatica, the fastest growing ERP system in the world, is leading to rapid development of the MYOB advanced product.

- The emergence of MYOB as the market leader in the mid-market positions us for growth with Kilimanjaro being MYOB's largest Australian Partner and Enprise the largest NZ partner.
- Underlying strength in our joint client base will likely lead to increased spend as the economies improve
- Strong financial management across the Enterprise Division, with good debtor management impacting positively on cash flow.

iSell

Unaudited Management Information

	As at 30 November		Change
	2020	2019	
Cloud customer count			
- Australia	174	69	152% Increase
- New Zealand	29	11	164% Increase
- Europe	29	-	
- North America	2	-	
- Rest of the world	8	4	100% Increase
Total	242	84	188% Increase
Revenue (5 months ended 30 November)			
- Recurring revenue	307,269	261,555	17% Increase

iSell Highlights of the last 12 months

- iSell has a further 44 on-premises customers to migrate to cloud, 12 of those are in progress. It is planned to complete the cloud migration of the remaining 32 on-premises customers in Q1 2021.
- iSell's first customer in the USA was acquired in October 2020. iSell is now focussed on creating a beachhead in the USA similar to that successfully achieved in the UK.
- A non-exclusive reseller heads of agreement has been signed in December 2020 with a value added reseller (VAR) in the UK with offices across Europe to represent iSell in these markets.
- Enprise made an offer to the minority shareholders in iSell to acquire all their shares at A\$0.30 per share. Only three accepted, seeing our share of iSell increase to 67%.
- Further investment will be required in iSell over 2021 with breakeven not anticipated until June 2022.

Datagate

Unaudited Management Information

At 30 November 2020	2020	2019	Change
Annual Recurring Revenue	\$1,197,408	\$838,632	43% Increase
Customer count			
- New Zealand	31	33	6% Decrease
- North America	58	16	263% Increase
- Australia	22	8	175% Increase
- Rest of the world	5	4	25% Increase
Total	116	61	90% Increase

Datagate Highlights of the last 12 months

- Started a Value Added Reseller (VAR) channel and signed 3 VAR's (2 in USA and 1 in Australia) which combined have delivered 50 signed customers.
- The Datagate team in North America has grown to nine FTE's.
- Signed deals yet to go live will increase the ARR to \$1.5 million.
- In November 2020 Datagate raised \$1,154,349 at \$2.20 per share in new capital to continue its successful growth in North America. Enprise took its full rights entitlement (\$335,038) which it funded from existing cash resources.

- **At \$2.20 per share, Enprise's investment in Datagate after this commitment is valued at \$4,422,873.**

Vadacom

Vadacom is performing to plan and the board is pleased with the year to date progress.

A buyback of the share capital has been processed, with \$1 million in cash distributed to the shareholders in December and a further \$1.4 million over coming years. Enprise will receive \$62,350 in cash and its share of the future distribution when it is paid. Currently we value our holding in Vadacom including the future distribution rights at \$750,570.