

ASX ANNOUNCEMENT

2023 Annual General Meeting CEO Address

19 October 2023

Enero Group Limited (ASX: EGG) 2023 Annual General Meeting CEO Address – Brent Scrimshaw:

Thanks Ann and good morning everyone,

I am pleased to provide a business update to all shareholders at today's AGM as we look back on a challenging year in which Enero continued to deliver exceptional and award winning work for our clients whilst navigating the many challenges of macro-economic uncertainty in many of our key global markets and particularly in the technology sector.

As a business with more than 70% of our revenue outside of Australia, we recognise that FY23, off the back of two prior years dominated by Covid 19, was both a dynamic and at times, a difficult and volatile trading environment, with particular impact across the marketing services sector as clients became more conservative and cautious with their marketing investments.

With that said, the question I am most frequently asked in the past few months is when do you see the current market sentiment changing? and more importantly when we can we expect your clients to resume a more confident, growth orientation in both their short and mid term thinking and business outlook?

Like everyone, we continue to look for signs of market recovery and remain focussed on positioning each of our portfolio businesses to be leaner, sharper and more agile in order to capitalise on a more robust and growth oriented client investment when it returns.

There is no doubt that the marketing industry has been challenged globally, with many common themes within the technology sector, however large, market setting technology businesses are beginning to show some small signs of positivity in the digital advertising market and clients are also indicating some positivity for the first time in the last 12 months. We do believe we are 'bottom of cycle' right now, and look forward to the second half of the fiscal year with some renewed optimism.

Despite this, Enero businesses continued to add a number of blue-chip clients to our portfolio, including Lego, QBE, Tennis Australia, Alinta Energy, A2Milk and Open Text amongst other high-profile brands highlighted on this slide, in the last 12 months.

Significantly, and directly as a result of a deliberate cross business focus, 31% of our revenue now comes from clients who have relationships with more than one Enero Group brand, providing us with more opportunities to engage with our clients and also to drive stickier reoccurring revenue in the long term.

Whilst in FY23 we made a number of business decisions that led to a significant reduction in our global headcount, we also made a number of strategic senior hires to key leadership positions around the globe.



As we explained in our year end results presentation, its critical we maintain and extend our competitive advantage and are well positioned with the most modern and relevant capability to continue to change the shape of our work and most importantly anticipate rapidly changing client needs to deliver a differentiated, innovative, and market-leading services offering.

Enero's ambition and ultimate opportunity is underpinned by our strategic intent:

That is to provide, deep industry knowledge within long term growth industries in order to drive competitive differentiation

To continually refine our progressive and modern marketing services to create client stickiness and success

And to ensure the deployment and relevance of those services in markets of strategic importance and scale in order to respond with world class work, to briefs of all shapes and sizes.

So with that said, just a reminder on the Group's corporate strategy.

We serve the continually evolving business, transformation and creative needs of our clients globally. With a sharp focus on the long-term growth segments of Technology, Healthcare and Consumer. Each of the Enero brands must continue to build deep industry expertise and remain strategically positioned to win within each of the priority segments.

In addition, our centres of excellence supported by an amazing team of over 700 people worldwide are also what make us truly unique.

The implementation of our strategy in practise is best illustrated within the technology sector, through the evolution of Hotwire.

From a humble PR and communications business, based in London, the Hotwire Group has deliberately been transformed into the pre-eminent global technology and communications consultancy, serving clients in 16 markets worldwide and is arguably the 'Go To' tech sector specialist working with some the world's best and well known tech brands such as Meta, Citrix, and Honeywell. This enables a blueprint for scalable success in other priority verticals over time.

I am also pleased this morning to announce a new multi-market partnership with Palo Alto Networks, the global cybersecurity leader, utilising the Group's end to end service capabilities. Combined with our established reputation for innovation, in FY24 we will continue to embrace new technology such as artificial intelligence, in order to enhance and accelerate our competitive offering.

We continue to see opportunities across the portfolio within content creation, data and analytics and in the provision of strategic insights, powering campaigns and creative development for clients as we test and learn with AI in FY24.

It is also important to manage AI in a responsible way on behalf of our clients across the Group, through the formation of Enero's AI Council.

In terms of outcomes, two early stage repeatable and scalable examples that I'd like to share this morning include work with Hotwire client Indeed to better measure business results and the impact of communication activities through the development of a reputation impact scorecard, along with ROI DNA client Hewlett Packard to deliver meaningful and impactful insights about their Top 20 target accounts to better equip their sales force and impact revenue generating conversations.



So that concludes this morning's business review, and I would now like to turn to our Q1 business update.

In Q1 FY24, Agencies are cycling a strong comparative period and revenue has declined by -7% YoY but above levels seen in H2 FY23.

Recent client wins such as Sobi, Alinta Energy, ABB and Palo Alto Networks building momentum in Q2.

Q1 FY24 Agencies margin of 16% is above prior year despite lower revenue, benefiting from cost initiatives in FY23 and are expected to be within the guided range of above 18% in Q2.

OBMedia continues to build back from revenue rebased and is expected to grow from Q1 FY24 trading.

OBMedia EBITDA margin is in line with guidance of 55-65% in Q1 FY24.

OBMedia strategic review is in progress, and is expected to be concluded by early 2024.

That concludes my presentation this morning, I'd like to sincerely thank all of our investors for their continued support and loyalty.

Authorised for release by the Board of Directors.

About Enero:

Enero Group is a specialist portfolio of marketing, technology and communications businesses listed on the ASX (Australian Stock Exchange) that includes creative agency BMF, PR and integrated communications agencies Hotwire Group (Hotwire, ROI DNA, GetIT) and CPR, digital & experiential agency Orchard and adtech platform OB Media.

www.enero.com

For further information, please contact:

Investors:

Aline van Deventer
Investor Relations
m. +61 423 553 434

aline.vandeventer@automicgroup.com.au

Media:

Abigail Dawson
Group Communications Director
m. +61 415 169 987

abigail.dawson@enero.com

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