ENERO GROUP FY24 RESULTS

15 August 2024

AGENDA

- FY24 highlights
- Key financial metrics
- Strategy and outlook
- Q&A

FY24 HIGHLIGHTS

Brent Scrimshaw
CEO

Like-for-like net profit growth

UNDERLYING RESULTS (A$M)	FY24	FY23	% Change	FY23 LFL[1]	% Change LFL[1]
Net revenue[1]	**189.7**	241.6	(21.5%)	202.3	(6.2%)
Expenses	**(152.4)**	(162.8)	6.4%	(160.6)	5.1%
EBITDA[1]	**37.4**	78.8	(52.6%)	41.7	(10.4%)
EBITDA margin[1]	**19.7%**	32.6%	(12.9) ppts	20.6%	(0.9) ppts
Net profit attributable to equity owners	**10.3**	24.4	(57.8%)	9.6	7.0%
Earnings per share (EPS)	**11.3 cents**	26.4 cents	(57.4%)	10.4 cents	8.2%
Dividend per share – fully franked	**5.0 cents**	11.0 cents	(54.5%)		
Free cash flow[1]	**21.7**	54.4	(60.1%)		

SUMMARY

- Prior year figures have been presented on a like-for-like (LFL) basis which adjusts for the rebase[2] of OBMedia in FY23 Q4
- Consolidated Enero Group Net revenue declined 6% on a LFL basis to $189.7m, reflecting strong Australian business performance, offset by challenging international technology and ad tech markets
- Consolidated Enero Group EBITDA declined 10% on a LFL basis to $37.4m with cost initiatives implemented in Q4
- NPAT increased 7% on a LFL basis to $10.3m reflecting lower interest expense and higher profits in wholly owned businesses and lower profits in non-wholly owned OBMedia
- EPS growth of 8% on a LFL basis reflects a combination of profit outcome and share buybacks
- Final dividend of 2.0 cps fully franked, representing a payout ratio of 51% (FY23: 44%)
- Free cash flow of $21.7m with 88% cash conversion[1], demonstrating continued strong working capital management

1. Refer to definitions on slide 28
2. OBMedia proactively halted traffic in FY23 Q4 to protect quality metrics

Economic interest[1]

RESULTS ON ECONOMIC INTEREST (A$M)	FY24	FY23	% Change	FY23 LFL[1]	% Change LFL[1]
Net revenue[1]	**167.1**	197.8	(15.5%)	177.7	(6.0%)
Expenses	**(141.2)**	(151.0)	6.5%	(149.9)	5.8%
EBITDA[1]	**25.9**	46.8	(44.7%)	27.8	(7.1%)
EBITDA margin[1]	**15.5%**	23.6%	(8.2) ppts	15.7%	(0.2) ppts
Free cash flow[1]	**16.4**	25.8	(36.7%)		

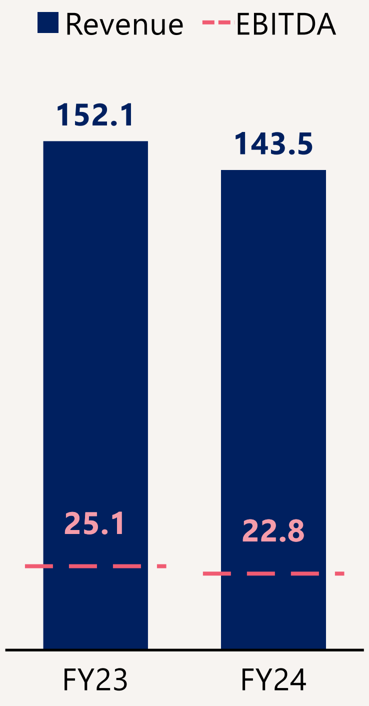
SUMMARY

- Given the high contribution of our non-wholly owned subsidiary, results are also presented on an economic basis. This reflects 51% of OBMedia
- EBITDA decrease of 7% on a LFL basis to $25.9m
- Despite soft international revenue, cost savings (refer slide 13) enabled consistent margin delivery on a LFL basis
- Net profit and EPS figures are the same as Enero Group consolidated
- Free cash flow of $16.4m with 97% cash conversion[1], demonstrating strong working capital management in wholly owned business

1. Refer to definitions on slide 28

Technology, Healthcare and Consumer Practice reflects contrasting performance of agencies

Overall THC Practice



YoY % change	Reported	Continuing business[1]
Revenue	-6%	-4%
EBITDA	-9%	-6%

	FY23	FY24	YoY
EBITDA margin	16.5%	15.9%	-0.6ppts

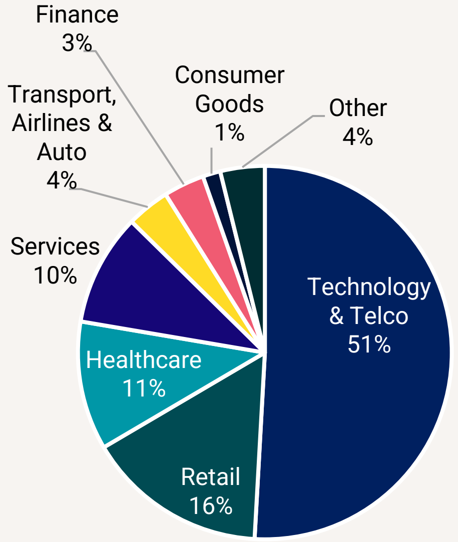
Sub-sector performance

	Key brands	Geography	Overall thematic	Share of THC Practice revenue	Commentary
Technology	HOTWIRE Group	Global / US led	Ongoing weakness in tech sector	~60%	• Compressed margins with additional cost initiatives undertaken in FY24 Q4, predominately in the US • 65% of revenue from clients with relationships with more than one Hotwire Group brand or country
Healthcare and Consumer	orchard BMF	Australia	Double digit growth despite macro uncertainty	~40%	• EBITDA margin improved from high-teens to low-twenties • 60% of revenue from clients with relationships with both brands

1. Continuing business excludes CPR sold 31 October 2023

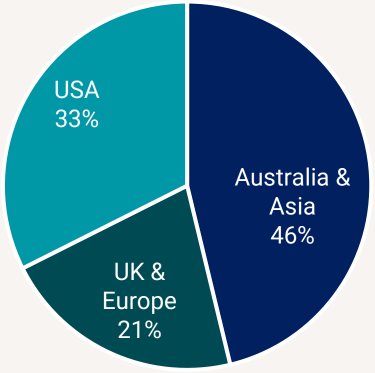
Diversified revenue mix in our practices

Practice revenue by industry



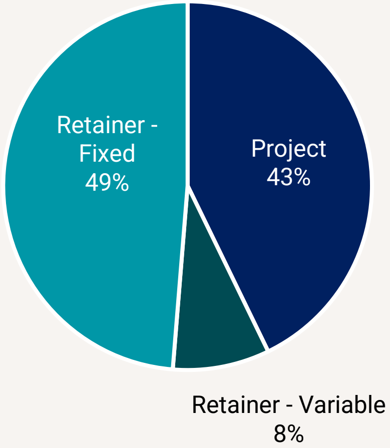
Tech exposure is predominantly B2B with retail and healthcare exposure growing year-on-year

Practice revenue by geography



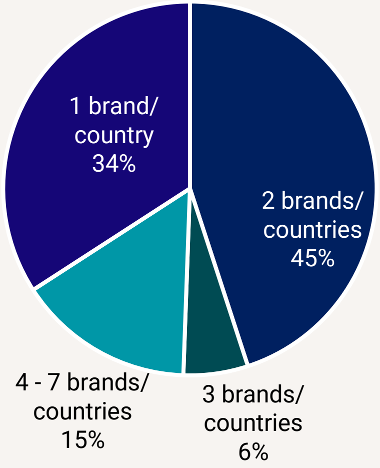
Growth in Australia with Northern Hemisphere market impacted by tech sector

Practice revenue model



Variable retainers largely relate to client media spend in ROI DNA where there is generally a minimum revenue threshold

Shared client revenue



66% of our revenue comes from clients who have relationships with more than one practice brand or country

Winning blue-chip clients of scale in FY24

Enero now has 34 clients with $1m+ revenue

FY24 NEW CLIENT WINS

TECHNOLOGY

- paloalto NETWORKS
- PURESTORAGE
- EQUINIX
- GXO
- ABB
- SIEMENS
- NTT
- eharmony
- 8x8
- employ

HEALTHCARE

- Jazz Pharmaceuticals
- Lilly
- sobi
- Boehringer Ingelheim
- CF
- LifeHealthcare

CONSUMER

- Stan.
- alintaenergy
- QBE
- BWS
- Dan Murphy's
- Pinnacle Drinks
- Australian Government Department of Health and Aged Care
- cricut
- Beyond Bank AUSTRALIA
- Royal Agricultural Society of NSW

34 clients with annual revenue greater than $1m

(FY23: 27 clients)

enero

OBMedia improved in Q4 with sale process ongoing

Revenue and EBITDA (A$M)

EBITDA margin	56.4%	50.8%	-5.6ppts

Commentary

- LFL[1] revenue decreased 8% with market-wide weakness in Q3. Q4 revenue saw some recovery, growing quarter-on-quarter
- LFL[1] EBITDA decline of 17% with margin of 51% with cost management initiatives undertaken in FY24 Q4 in response to market-wide weakness
- Investing in data science capabilities to create AI tools that drive content creation and automate campaign launching
- Developed ad compliance review tool to more than double ad review coverage and improve compliance processes

Strategic Review Update

- Multiple non-binding indicative offers were received, and a preferred bidder selected.
- However, in late FY24 at the end of lengthy negotiations, terms were not finalised.
- To ensure a competitive sale process, Enero is now actively engaged in a non-exclusive due diligence process with multiple bidders.
- Enero anticipates engaging in contractual negotiations with a preferred bidder at the conclusion of the due diligence phase in Q2 FY25.

1. LFL excludes the contribution of OBMedia traffic that was proactively halted in FY23 Q4; underlying results reported in appendix on slide 26

KEY FINANCIAL METRICS

Carla Webb-Sear

CFO

Statutory profit & loss

PROFIT AND LOSS SUMMARY (A$M)	FY24	FY23	% Change
Net revenue	**189.7**	**241.6**	**(21.5%)**
Other income	0.1	0.1	
Staff costs	(133.4)	(141.6)	
Operating expenses	(19.1)	(21.3)	
EBITDA	**37.4**	**78.8**	**(52.6%)**
Depreciation ROUA	(4.4)	(4.3)	
Depreciation & amortisation	(5.5)	(5.8)	
EBIT	**27.4**	**68.8**	**(60.1%)**
Net finance costs	(2.2)	(4.1)	
Net profit before tax before significant items	**25.3**	**64.6**	**(60.9%)**
Tax expense before significant items	(6.6)	(15.2)	
Non-controlling interest	(8.4)	(25.0)	
Net profit after tax before significant items to equity owners	**10.3**	**24.4**	**(57.8%)**
Significant items, net of tax expense	(54.5)	32.1	
Statutory net (loss)/ profit after tax to equity owners	**(44.2)**	**56.5**	**(178.2%)**

SUMMARY

- 22% year-on-year net revenue decline with rebased OBMedia revenue from Q4 FY23
- Staff costs ratio for THC Practice of 75% (FY23: 75%) with ratio for OBMedia of 39% (FY23: 22%)
- Operating expenses ratio of 10% (FY23: 9%) impacted by OBMedia rebase with continued cost discipline during the year
- Lower net finance costs relate to present value interest unwind relating to contingent consideration and leases and debt repayments across FY23 & FY24
- Higher effective tax rate of 26% (FY23: 24%) due to higher US effective tax rate and change in profit mix
- Significant items further broken out on slide 12

Significant items

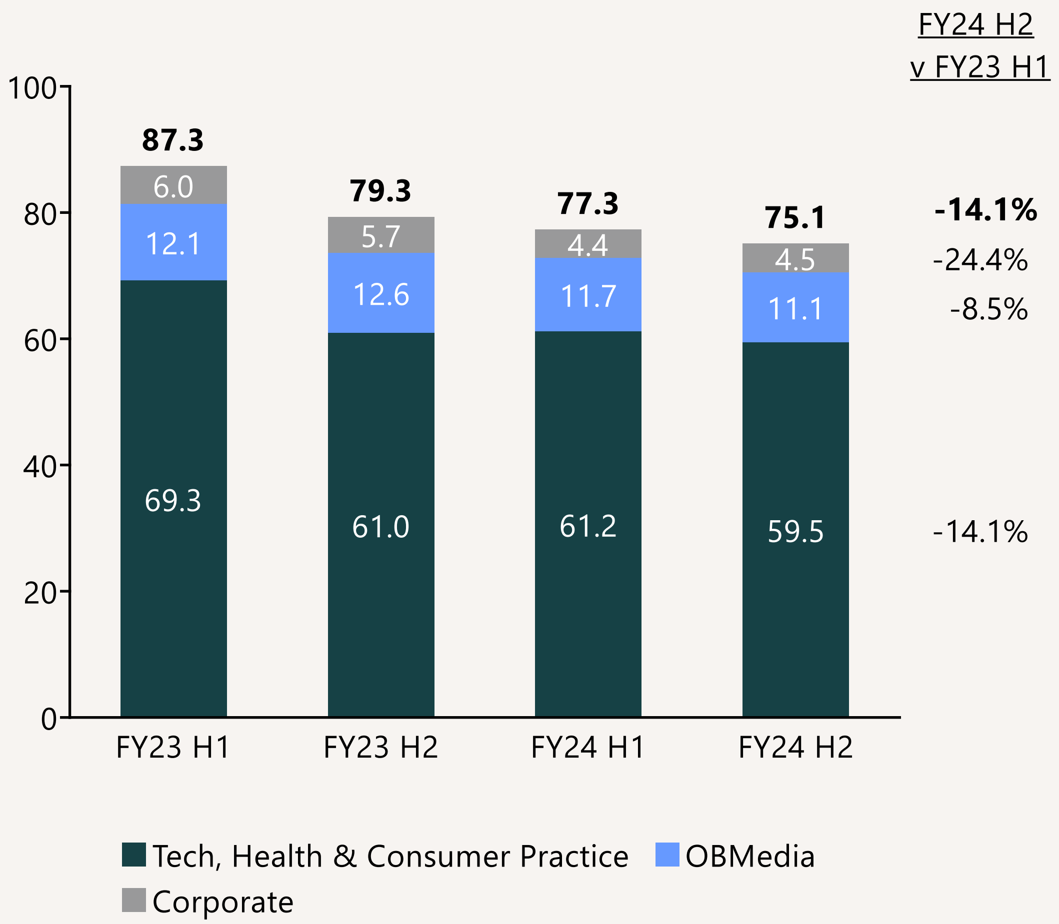
SIGNIFICANT ITEMS (A$M)	FY24	FY23
Impairment loss	(70.8)	-
Contingent consideration fair value gain	22.4	34.6
Restructuring costs and other	(4.9)	(3.4)
Loss on sale of business	(2.2)	-
Total significant items before tax	**(55.5)**	**31.3**
Tax expense	(0.3)	0.8
Significant items, net of tax expense	**(55.8)**	**32.1**
Non-controlling interest	1.4	-
Significant items, net of tax and non-controlling interest	**(54.5)**	**32.1**

SUMMARY

- $70.8m impairment loss relates to ROI DNA and GetIT intangibles
- Fair value gain relates to contingent consideration true up due to lower earnings expectations for ROI DNA and GetIT
- Restructuring costs and other largely incurred in OBMedia and Hotwire Group in FY24
- $2.2m loss on sale of business relates to CPR disposal on 31 October 2023 with $0.1m impairment of the right of use asset associated with that business
- Tax expense relates to prior year US tax adjustments of $1.3m partly offset by $1m tax credit relating to significant items before tax

Ongoing focus on cost management

Expense by segment (A$M, cons curr)



Commentary

Technology, Healthcare and Consumer Practice

- Material cost reduction initiatives in FY23 H2 & FY24 H2
- Remain focused on enhancing capabilities with investment in strategically important areas

OBMedia

- Savings related to staff costs, offset by focused investment in technology, machine learning and data capabilities
- Additional cost management initiatives undertaken in FY24 Q4

Corporate Costs

- Continued focus on corporate costs: 5.4% of Net Revenue (on economic basis) in FY24 (FY23: 5.9%)
- Forfeited rights driving decrease from $2.5m to $1.1m in non-cash equity incentive for group wide executives

FY25 cost drivers

- Staff costs expected to account for almost 90% of cost base
- Proactive cost management programme continued in FY24 H2, expected to deliver full year of savings in FY25 whilst challenging market conditions persist

Cash flow

(A$M)	FY24	FY23
EBITDA	37.4	78.8
Movement in working capital	(0.5)	2.7
Equity incentive expense	1.1	2.5
Restructuring	(4.9)	(3.4)
Gross cash flow	**33.0**	**80.7**
Net interest paid	(1.2)	(1.5)
Tax paid	(4.8)	(17.7)
Operating cash flow	**27.0**	**61.5**
Capex	(0.7)	(1.1)
Lease liability payments	(4.5)	(6.1)
Free cash flow	**21.7**	**54.4**
Net investment in businesses	(3.8)	(34.7)
Loan repayments	(5.7)	(28.9)
Dividend payments & share buyback	(17.8)	(38.9)
Net cash flow	**(5.7)**	**(48.2)**
FX on cash	(0.0)	1.9
Opening cash	52.4	98.7
Closing cash	**46.7**	**52.4**

SUMMARY

- Cash conversion at 88% of EBITDA (FY23: 102%) with economic interest cash conversion at 97% (FY23: 96%)
- Decrease in net interest payment due to lower debt balance
- Decrease in tax payments in the USA and UK and a tax refund in Australia
- Net investment in businesses include contingent consideration payments of $2.7m for MBA and $1.2m for ROI DNA in FY24 and acquisition of ROI DNA and GetIT on 1 July 2023.
- Share buyback repurchases of $2.6m in FY24 and $0.6m in FY23

Strong capital position

(A$M)	30 June 2024	30 June 2023
Cash	46.7	52.4
Trade and other receivables	78.0	74.8
Other assets	24.6	25.8
Intangible assets	149.9	227.7
Property, plant and equipment	1.8	2.6
Total assets	**300.9**	**383.3**
Other current liabilities & provisions	108.0	104.3
Lease liabilities	15.7	14.1
Contingent consideration payable	5.5	30.7
Interest bearing liabilities	3.0	8.7
Other non-current liabilities & provisions	5.5	6.5
Total liabilities	**137.8**	**164.4**
Net assets	**163.1**	**218.8**
Non-controlling interest	**(5.9)**	**(7.2)**
Equity attributable to equity holders	**157.2**	**211.6**

SUMMARY

- Net cash of $38.2m (June 2023: $13m net cash)
- $47m of $50m bank loan facility undrawn at June 2024
- Intangibles reduction largely relates to impairment loss relating to ROI DNA and GetIT
- Contingent consideration balance relates to ROI DNA and GetIT acquired in July 2022 and MBA acquired in April 2021 with $22.4m reduction in FY24 due to fair value adjustments
- Balance sheet retains flexibility to pursue Enero Group's growth plans

Balanced approach to capital management

ZERO LEVERAGE

Net Debt / EBITDA[1]

0.0x

FY24 DIVIDEND PAYOUT

Dividend payout

44%

of NPAT
(excl. one-off items)

- Dividend payout within guided range of 40% to 60%

SHARE BUYBACK

~2m

Enero shares acquired

- Buyback program commenced on 9 May 2023 and completed on 30 April 2024
- Maximum opportunity captured for buyback given limited trading volumes

1. last 12 months EBITDA excluding significant items

STRATEGY & OUTLOOK

Brent Scrimshaw
CEO

Delivering a more focused strategy

Our Vision
What do we want to be known for?

The partner for forward-thinking marketers embracing a world of change

Battlegrounds
What markets are we choosing to compete in?

Global Technology	Global Healthcare	Aus Consumer	Global AdTech
HOTWIRE, ROI·DNA	orchard	orchard, BMF	OBmedia *Strategic review in progress*

Strategic Pillars
What are our sources of competitive advantage?

- Industry specialism
- Differentiated service offering
- Empowered high-calibre teams unburdened by bureaucracy

Enablers
What fundamentals are needed to deliver and enhance our strategic pillars?

- Centres of Excellence support model (Legal, IT, Finance, M&A)
- Efficient systems and processes
- Our insurgent DNA
- Disciplined financial management

Progress on key strategic priorities in FY24

1 Enhance Core

- Strengthen Australian agency margins
- Refine international businesses in line with market conditions
- Integrate acquisitions

2 Portfolio Optimisation

- OBMedia strategic review underway, with multiple parties in due diligence phase
- CPR divestment

3 Tech and AI Capabilities

- AI thought leadership at leading global events
- Tangible AI solutions delivered to clients
- Continued scaling of offshore dev resources

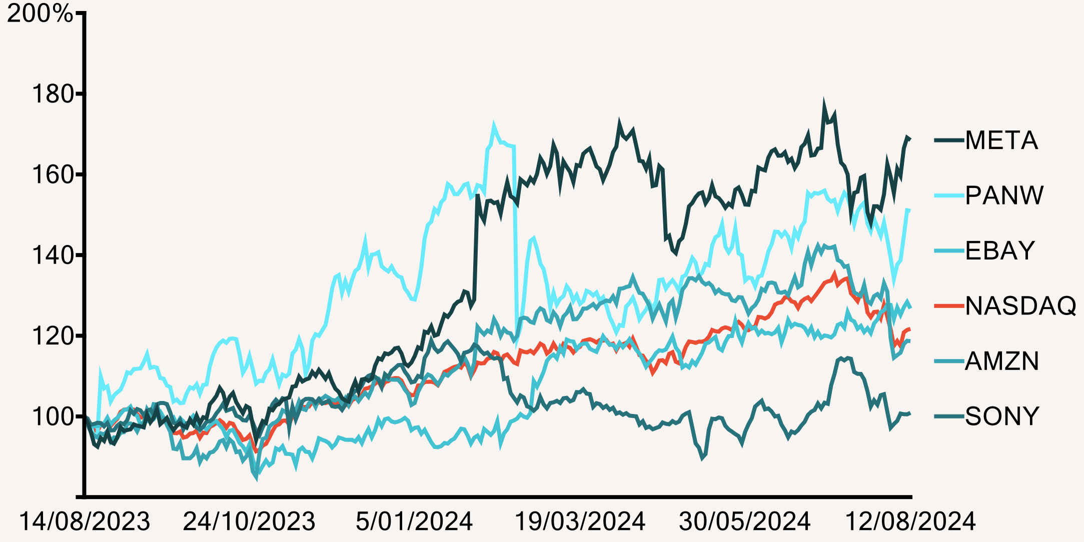
4 Accelerate Health

- Continue to build our healthcare capabilities
- Pursuing partnership opportunities
- Ongoing evaluation of M&A opportunities

We have long term belief in the tech sector

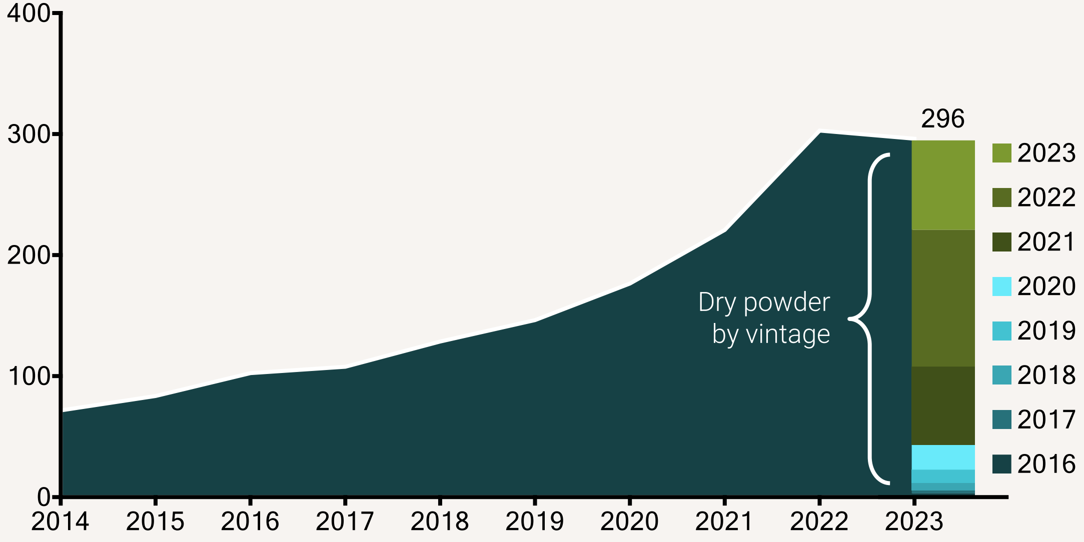
Example Enero tech clients seeing share price improvement in 2024

Share price growth (%, index=100%)



VC dry powder remains elevated and ready to deploy

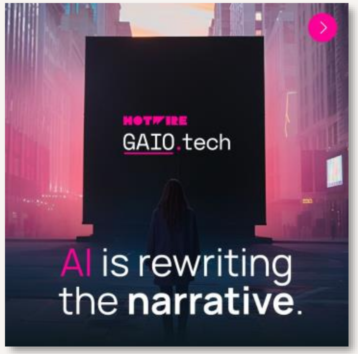
Cumulative venture capital dry powder (US$bn, at 31/12/2023)



Sources: Daily closing share price for example tech client stocks; Pitchbook NVCA Venture Monitor

Building innovative products and services

We are developing tangible AI-focused products and services



AI Council

We will continue to modernise our capabilities in FY25

HOTWIRE

- Continued investment in tech and consulting solutions – 'Hotwire Futures'
  - GAIO.tech (and new AI tools)
  - IQ data suite
  - New ABM solution

orchard

- Expanded Martech advisory capabilities
- Investment in AI/LLM development and advisory services

BMF

- Continued expansion of creative innovation capabilities and 'innovation sprints' product

Positioned to deliver on long-term growth plan

Tech, Healthcare & Consumer Practice opportunity

- Continued momentum in Australian agencies BMF and Orchard; delivering double digit revenue growth
- International business positioned for tech sector rebound
- Continued synergy – 66% of revenue from clients with relationship with more than one brand or country
- Winning with clients of scale – 34 clients delivered $1m+ revenue (FY23: 27)

Profitability and capability focus

- FY23 & FY24 structural cost reductions
- Strategic cost reallocation to fuel future growth and innovation
- Expansion of offshore delivery centre to drive margin growth and access new pools of talent

Clear portfolio vision

- Sale of CPR and OBMedia strategic review enables focus on scaled global agency business
- Competitive sale process of OBMedia underway to crystalise value and focus the Enero portfolio
- Partnered with Citi Group to support in sale process
- Anticipate engaging in contractual negotiations in Q2 FY25

Strong fundamentals

- Low levels of debt and optionality with $47m of $50m loan facility undrawn
- 97% cash conversion (economic interest basis)
- 4.0% dividend yield[1]
- 44% FY24 dividend payout ratio

1. Dividend yield calculated on FY24 dividend divided by share price as at 30 June 2024

Outlook

- Trading for July remained broadly consistent with the end of FY24 H2
- Technology, Healthcare & Consumer Practice continues to operate in a challenging technology industry internationally. The segment is benefiting from cost initiatives taken in FY24 Q4.
- OBMedia revenue broadly in line with FY24 Q4
- OBMedia sale process remains ongoing and Enero anticipates engaging in contractual negotiations with a preferred bidder at the conclusion of the due diligence phase in Q2 FY25
- Enero remains focused on proactively managing its cost base

Q&A

Brent Scrimshaw
Carla Webb-Sear

Appendix

Segment results on underlying basis

(A$M)	Net Revenue				EBITDA				EBITDA Margin	
	FY24	FY23	% Change	% Chg in Constant Currency	FY24	FY23	% Change	% Chg in Constant Currency	FY24	FY23
Technology, Healthcare and Consumer Practice	143.5	152.1	(5.6%)	(7.8%)	22.8	25.1	(8.8%)	(11.0%)	15.9%	16.5%
OBMedia	46.2	89.5	(48.4%)	(49.8%)	23.5	65.4	(64.1%)	(65.0%)	50.8%	73.1%
Corporate Costs	-	-	-	-	(7.9)	(9.2)	14.0%	14.0%	-	-
Equity Incentive Expense	-	-	-	-	(1.1)	(2.5)	56.6%	56.6%	-	-
ENERO Group Underlying	**189.7**	**241.6**	**(21.5%)**	**(23.4%)**	**37.4**	**78.8**	**(52.6%)**	**(54.0%)**	**19.7%**	**32.6%**

Results by geography

ECONOMIC INTEREST (A$M)	FY24	FY23	% Change	% Change Continuing Business in Constant Currency
Net Revenue				
USA	70.1	102.0	(31.3%)	(33.1%)
Australia and Asia	66.4	64.5	2.9%	5.8%
UK and Europe	30.7	31.3	(2.0%)	(8.2%)
Total	**167.1**	**197.8**	**(15.5%)**	**(16.5%)**
EBITDA				
USA	16.4	42.4	(61.2%)	(62.3%)
Australia and Asia	13.5	11.9	12.4%	17.1%
UK and Europe	4.9	4.1	18.7%	11.0%
Total	**34.8**	**58.4**	**(40.4%)**	**(40.7%)**
Corporate Costs	(9.0)	(11.7)	23.1%	23.1%
Group EBITDA	**25.9**	**46.8**	**(44.7%)**	**(45.1%)**

Definitions

Net revenue: gross revenue recognised in accordance with AASB 15 less directly attributable cost of sales

EBITDA: profit before interest, taxes, depreciation, amortisation and any significant items

EBITDA margin: EBITDA / Net revenue

EBIT: profit before interest, taxes, and any significant items

Free cash flow: operating cash flow less capex and lease liability payments

LFL (Like for like): adjusts for the impact of OBMedia traffic that was proactively halted in FY23 Q4

Economic interest: reflect 51% economic interest in OBMedia

Continuing business: excludes CPR sold 31 October 2023

Cash conversion: Gross cash flow/ EBITDA

Gross cash flow: operating cash flow before interest and tax payments

Net debt/ cash: includes present value of contingent consideration, but excludes lease liabilities

THANK YOU

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