

Enero Group FY25 H1 Results

26 February 2025



Underlying and economic interest¹ results

Underlying Results (A\$m)	FY25 H1	FY24 H1	% Change
Net revenue ²	88.3	100.4	(12.1%)
Expenses	(72.5)	(77.5)	6.4%
EBITDA ³	15.7	23.0	(31.5%)
EBITDA margin ⁴	17.8%	22.9%	(5.0) ppts
Net profit attributable to equity owners	3.2	6.7	(51.9%)
Earnings per share (EPS)	3.6 cents	7.3 cents	(51.3%)
Dividend per share – fully franked	1.5 cents	3.0 cents	(50.0%)

Results on economic interest ¹ (A\$m)	FY25 H1	FY24 H1	% Change
Net revenue ²	78.7	87.9	(10.5%)
Expenses	(67.5)	(71.7)	5.9%
EBITDA ³	11.2	16.2	(30.9%)
EBITDA margin ⁴	14.2%	18.4%	(4.2) ppts

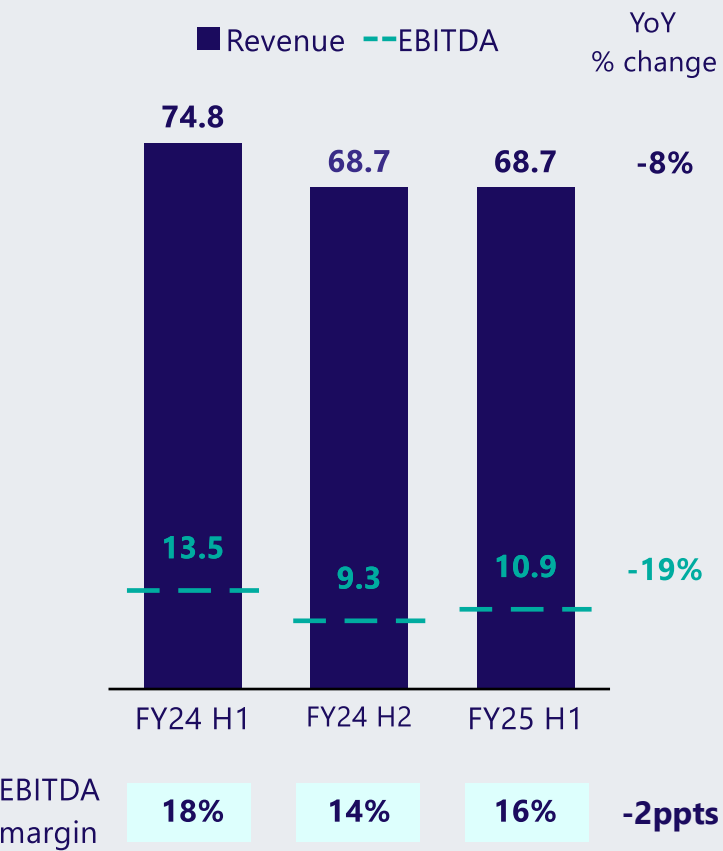
Summary

- FY25 H1 impacted by macroeconomic conditions and challenging technology and AdTech markets
- FY25 H1 EBITDA declined -31% vs FY24 H1 given -12% reduction in revenue with improvement from FY24 H2 (prior half)
- Expense reduction of 6% driven by sustained cost management
- Interim dividend of 1.5 cps fully franked, representing a payout ratio of 42% (FY24 H1: 41%)
- Results are also presented on an economic basis reflecting Enero's 51% ownership of OBMedia




Technology, Healthcare and Consumer Practice stabilised revenue and improved margins vs prior half

Overall THC Practice

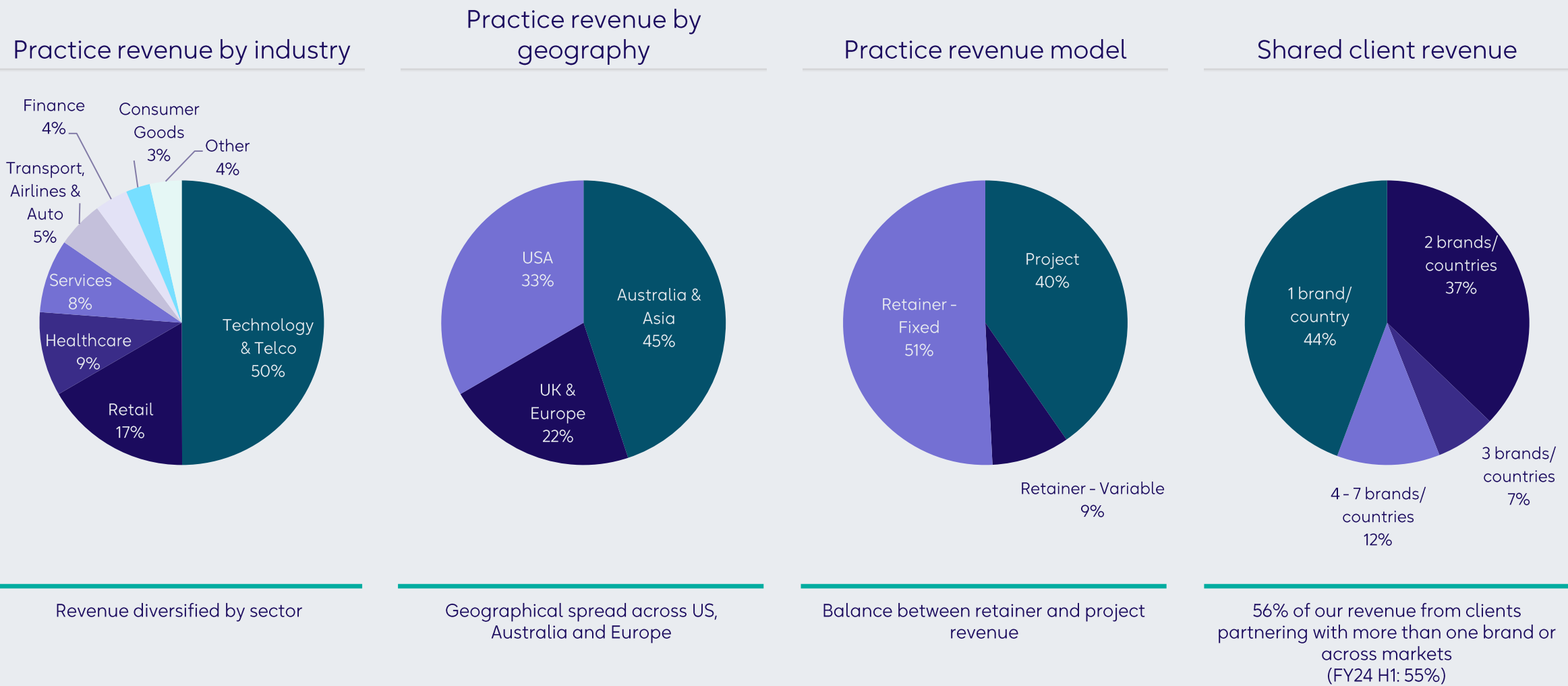
FY25 H1 margin up 2 ppts vs prior half



Sub-sector performance

	Key brands	Geo	Share of THC Practice revenue	Commentary
Technology	 HOTFIRE Group	Global / US led	~60%	<ul style="list-style-type: none">Improved margins from prior half benefiting from cost initiatives undertaken in FY24 Q4 and ongoing cost management in FY25Won best Account Based Marketing Campaign at the B2B Marketing Awards in Nov 2024
Healthcare and Consumer	 orchard  BMF	Australia	~40%	<ul style="list-style-type: none">Strong momentum in BMF pipeline, invited to pitch on multiple large clients winning Westpac in February 2025Margins impacted by pitching costs offset by ongoing cost management in FY25Orchard upgraded to an Optimizely Gold Partner which is expected to drive more pipelineBMF was named Australia's Most Effective Creative Agency at the Effie Awards in Oct 2024 with Orchard the most awarded Healthcare agency at the PRIME Awards in Nov 2024

Diversified revenue mix across our practices












Partnering with leading brands

TECHNOLOGY

HEALTHCARE

CONSUMER

CLIENT WINS



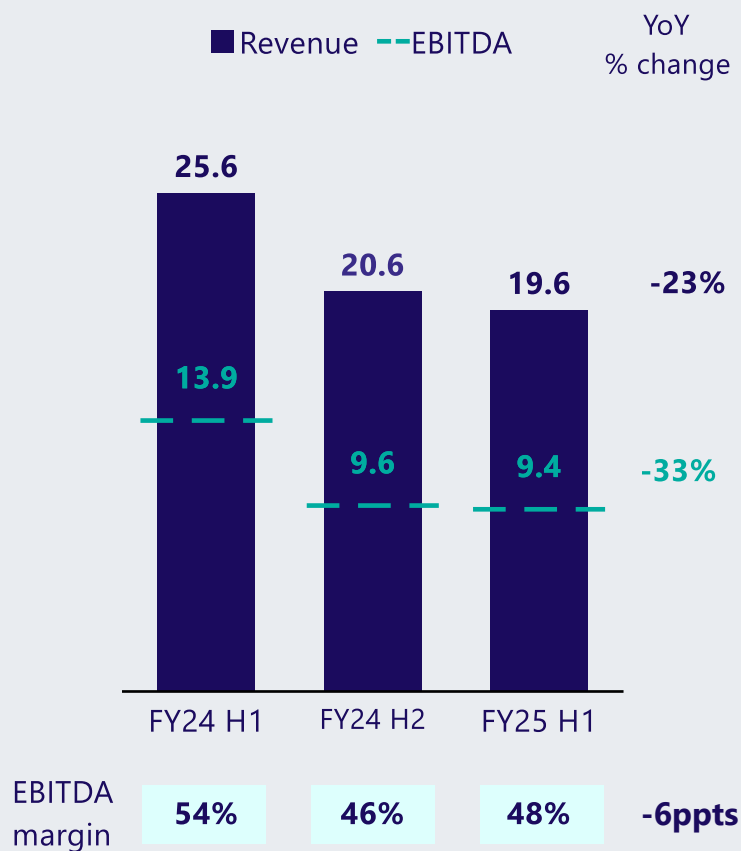




OBMedia continues to be a priority

Revenue and EBITDA (A\$M)

FY25 H1 margin up 2 ppts vs prior half



Commentary

- Revenue and EBITDA decreased -5% and -2% vs prior half (-23% and -33% YoY) impacted by challenging AdTech market
- Improved margin from the prior half to 48% in FY25 H1 reflecting cost management initiatives undertaken in FY24 Q4
- While negotiations continue with multiple parties, mutually agreeable terms to enable a binding agreement to acquire its 51% stake in OBMedia have not yet been reached
- Enero continues to implement changes in OBMedia's operations in order to stabilise operating performance



*Results represent 100% of OBMedia

KEY FINANCIAL METRICS



Statutory profit & loss

(A\$m)	FY25 H1	FY24 H1	% Change
Net revenue ²	88.3	100.4	(12.1%)
Other income	0.1	0.0	
Staff costs	(62.6)	(67.4)	
Operating expenses	(10.0)	(10.1)	
EBITDA ³	15.7	23.0	(31.5%)
Depreciation ROUA	(2.2)	(2.2)	
Depreciation & amortisation	(2.8)	(2.9)	
EBIT	10.7	17.9	(39.9%)
Net finance costs	(0.7)	(1.2)	
Net profit before tax before significant items	10.1	16.7	(39.7%)
Tax expense before significant items	(3.5)	(4.9)	
Non-controlling interest	(3.4)	(5.1)	
Net profit after tax before significant items to equity owners	3.2	6.7	(51.9%)
Significant items, net of tax expense	(4.1)	(19.1)	
Statutory net (loss)/ profit after tax to equity owners	(0.8)	(12.3)	93.4%

SUMMARY

- 12% YoY net revenue decline under challenging macroeconomic conditions
- Staff costs ratio for THC Practice of 75% (FY24 H2: 78%) with ratio for OBMedia of 39% (FY24 H2: 43%)
- Lower net finance costs relate to debt repayments across FY24 & FY25 H1 and present value interest unwind relating to contingent consideration
- Higher effective tax rate (ETR) of 34.5% (FY24 H1: 29%) due to prior year tax adjustments, higher US effective tax rate and change in profit mix. ETR of 29% (FY24 H1: 25%) excluding impact of prior year tax adjustment
- Significant items further broken out on slide 9

Significant items

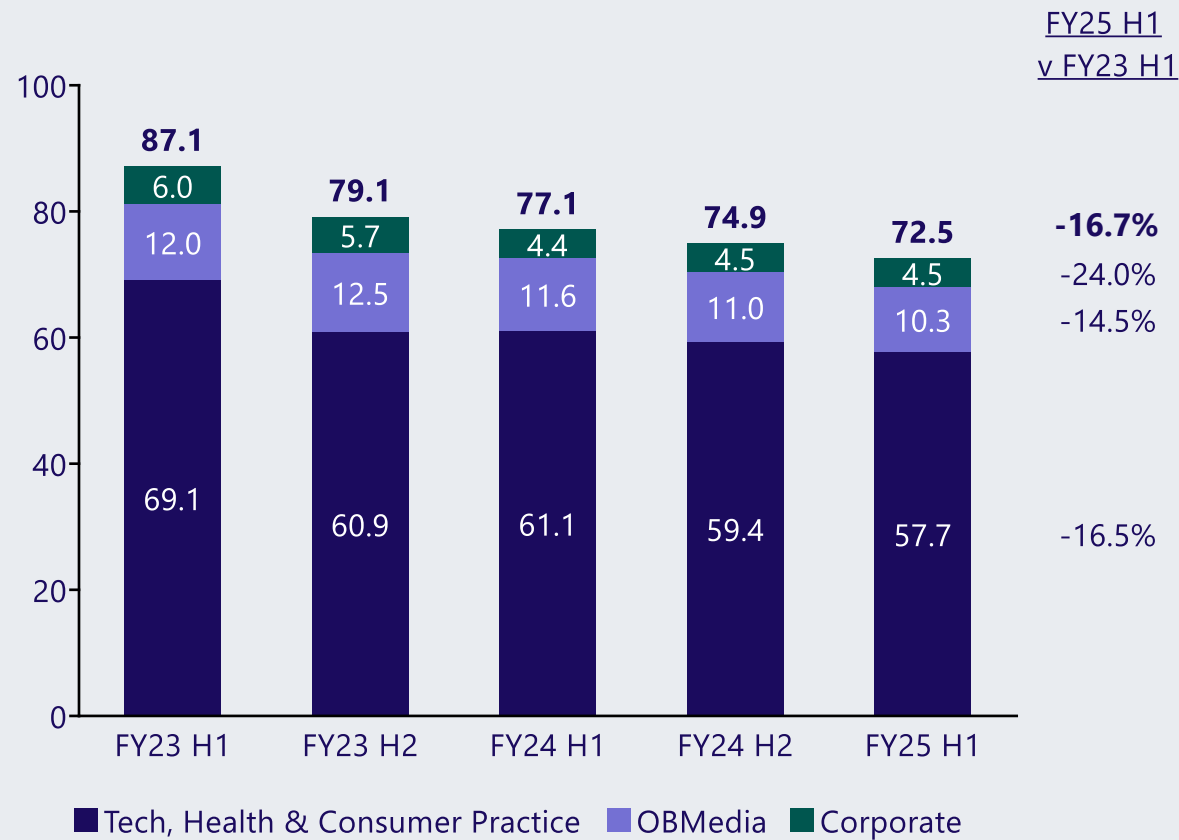
(A\$'m)	FY25 H1	FY24 H1
Restructuring costs	(2.6)	(0.4)
Fair value adjustments	(1.4)	8.8
Impairment loss and reassessment of useful life	(0.3)	(25.3)
Loss on sale of business	-	(2.2)
Total significant items before tax	(4.3)	(19.1)
Tax expense	0.2	0.0
Significant items, net of tax expense	(4.1)	(19.1)

SUMMARY

- Restructuring costs include costs incurred relating to the OBMedia strategic review and redundancies across the Group in FY25 H1
- Fair value adjustment relates to contingent consideration true up due to improved expectations for ROI DNA

Ongoing focus on cost management

Expense by segment (A\$M, cons curr)



Commentary

Technology, Healthcare and Consumer Practice

- Material cost reduction initiatives in FY24 Q4 were partially offset by investment in revenue driving capabilities

OBMedia

- Cost reduction initiatives continue to flow into FY25 H1

Corporate Costs

- Continued focus on corporate costs: 5.8% of Net Revenue (on economic basis) in FY25 H1 (FY24 H1: 5.1%)
- Forfeited rights driving decrease from \$0.6m in FY24 H1 to \$0.3m in FY25 H1 in non-cash equity incentive for group wide executives

Cash flow

(A\$m)	FY25 H1	FY24 H1
EBITDA	15.7	23.0
Movement in working capital	0.1	1.7
Equity incentive expense	0.3	0.6
Restructuring costs	(2.6)	(0.4)
Gross cash flow	13.6	24.8
Net interest paid	(0.6)	(0.4)
Tax paid	(2.4)	(4.3)
Operating cash flow	10.6	20.1
Capex	(0.6)	(0.3)
Lease liability payments	(1.9)	(2.8)
Free cash flow	8.2	16.9
Net investment in businesses	(3.9)	(3.8)
Loan (repayments)/ borrowings	(0.5)	0.5
Dividend payments & share buyback	(4.8)	(10.4)
Net cash flow	(1.1)	3.2
FX on cash	2.7	(1.1)
Opening cash	46.7	52.4
Closing cash	48.3	54.5

SUMMARY

- Cash conversion at 86% of EBITDA (FY24 H1: 108%) with economic interest cash conversion at 80% (FY24 H1: 123%)
- Decrease in tax payments largely driven by the USA
- Net investment in businesses include final contingent consideration payment of \$3.9m for MBA in FY25 H1 and contingent consideration payments for MBA and ROI DNA in FY24 H1.
- FY24 share buyback program consumed \$1.6m in FY24 H1

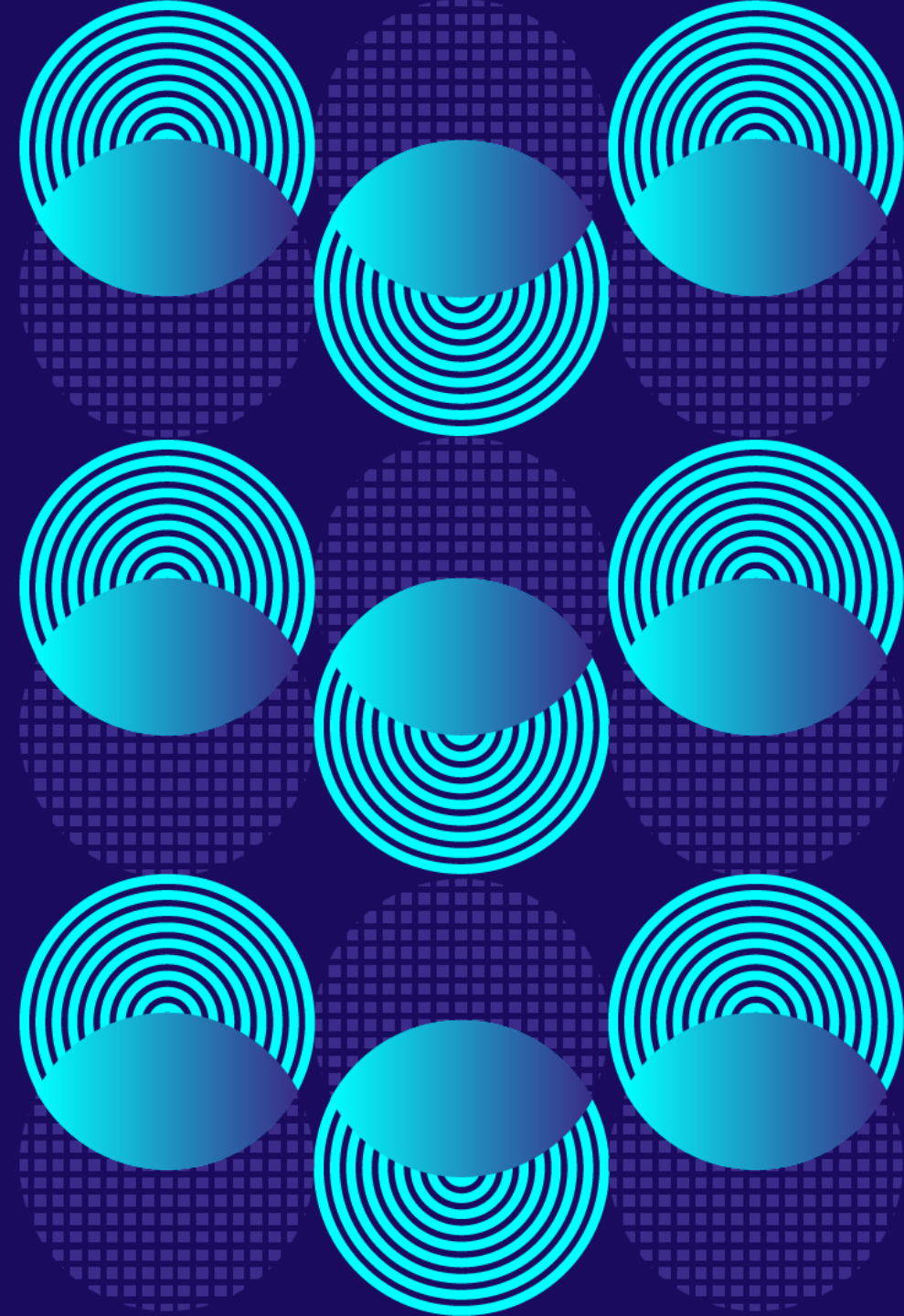
Strong capital position

Balance Sheet (A\$m)	31 Dec 2024	30 Jun 2024
Cash	48.3	46.7
Trade and other receivables	71.4	78.0
Other assets	24.5	24.6
Intangible assets	160.8	149.9
Property, plant and equipment	1.9	1.8
Total assets	306.9	300.9
Other current liabilities & provisions	106.6	108.0
Lease liabilities	14.6	15.7
Contingent consideration payable	3.4	5.5
Interest bearing liabilities	2.5	3.0
Other non-current liabilities & provisions	4.7	5.5
Total liabilities	131.8	137.8
Net assets	175.1	163.1
Non-controlling interest	(6.7)	(5.9)
Equity attributable to equity holders	168.4	157.2

SUMMARY

- Net cash of \$42.4m (June 2024: \$38.2m net cash)
- Zero leverage with Net Debt/ EBITDA 0.0x
- \$47.5m of \$50m bank loan facility undrawn at December 2024
- Contingent consideration balance relates to ROI DNA acquired in July 2022

APPENDIX



Segment results on an underlying basis

(A\$m)	Revenue			EBITDA			EBITDA Margin	
	FY25 H1	FY24 H1	% Change	FY25 H1	FY24 H1	% Change	FY25 H1	FY24 H1
Technology, Healthcare & Consumer Practice	68.7	74.8	(8.2%)	10.9	13.5	(19.1%)	15.9%	18.0%
OBMedia	19.6	25.6	(23.4%)	9.4	13.9	(32.8%)	47.7%	54.3%
Corporate Costs	-	-	-	(4.3)	(3.9)	(9.9%)	-	-
Equity Incentive Expense	-	-	-	(0.3)	(0.6)	52.2%	-	-
Enero Group Underlying	88.3	100.4	(12.1%)	15.7	23.0	(31.5%)	17.8%	22.9%

Results by geography – economic interest¹

(A\$m)	FY25 H1	FY24 H1	% Change
Revenue			
USA	32.9	38.2	(13.9%)
Australia and Asia	30.8	33.5	(7.9%)
UK and Europe	14.9	16.2	(7.7%)
Total	78.7	87.9	(10.5%)
EBITDA			
USA	8.9	10.3	(13.8%)
Australia and Asia	4.9	6.9	(29.5%)
UK and Europe	1.9	3.4	(42.4%)
Total operating companies	15.7	20.6	(23.8%)
Corporate costs	(4.5)	(4.4)	(2.2%)
Total	11.2	16.2	(30.9%)

Definitions

1. **Economic interest:** reflect 51% economic interest in OBMedia
2. **Net revenue:** gross revenue recognised in accordance with AASB 15 less directly attributable cost of sales
3. **EBITDA:** profit before interest, taxes, depreciation, amortisation and any significant items
4. **EBITDA margin:** EBITDA / Net revenue
5. **EBIT:** profit before interest, taxes, and any significant items
6. **Continuing business:** excludes CPR sold 31 October 2023
7. **Free cash flow:** operating cash flow less capex and lease liability payments
8. **Gross cash flow:** operating cash flow before interest and tax payments
9. **Cash conversion:** Gross cash flow/ EBITDA
10. **Net debt/ cash:** includes present value of contingent consideration, but excludes lease liabilities

Thank you

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