

27 February 2020

ASX – Market Announcements Office
Australian Securities Exchange Limited

Infomedia FY20 Interim Report

On behalf of Infomedia Ltd (ASX:IFM) please find attached for release to the market:

- Appendix 4D; and
- Interim Financial Report for the half year ended 31 December 2019.

For and on behalf of Infomedia Ltd



Daniel Wall

Company Secretary

The release of this announcement was authorised by the Infomedia Board

1. Company details

| | |
|-------------------|--|
| Name of entity: | Infomedia Ltd |
| ABN: | 63 003 326 243 |
| Reporting period: | For the half-year ended 31 December 2019 |
| Previous period: | For the half-year ended 31 December 2018 |

2. Results for announcement to the market

The consolidated entity has adopted Accounting Standard AASB 16 'Leases' for the half-year ended 31 December 2019 using the modified retrospective approach and as such the comparatives have not been restated.

| | | | \$'000 |
|---|----|----------|--------|
| Revenues from ordinary activities | up | 18.6% to | 47,885 |
| Earnings before interest, tax, depreciation and amortisation expenses ('EBITDA') (Note 1) | up | 34.9% to | 22,899 |
| Cash EBITDA (Note 1) | up | 44.7% to | 11,414 |
| Profit from ordinary activities after tax attributable to the owners of Infomedia Ltd | up | 23.6% to | 9,041 |
| Profit for the half-year attributable to the owners of Infomedia Ltd | up | 23.6% to | 9,041 |

| | Consolidated | |
|---|---------------|--------------|
| | 31 Dec 2019 | 31 Dec 2018 |
| | \$'000 | \$'000 |
| EBITDA* | 22,899 | 16,980 |
| AASB 16 rent adjustment | (976) | - |
| Development expenses capitalised | (10,296) | (8,691) |
| Unrealised foreign currency translation gains | (213) | (400) |
| Cash EBITDA | <u>11,414</u> | <u>7,889</u> |

*Refer to page 3 of the half-year financial report for the reconciliation between EBITDA and Net profit after tax ('NPAT').

3. Net tangible assets

| | Reporting period Cents | Previous period Cents |
|---|---------------------------|--------------------------|
| Net tangible assets per ordinary security | <u>4.06</u> | <u>2.60</u> |

The net tangible assets (NTA) per ordinary share as at 31 December 2019 is calculated as net assets (including contingent consideration liabilities associated with acquisitions) adjusted for intangible assets including goodwill and net deferred tax liabilities. This methodology is consistent with the financial report for the year ended 30 June 2019.

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

| | Amount per security Cents | Franked amount per security Cents |
|---|------------------------------|--------------------------------------|
| Dividends paid during the financial half-year ended 31 December 2019. Final dividend for the year ended 30 June 2019. | 2.15 | - |

Previous period

| | Amount per security Cents | Franked amount per security Cents |
|---|------------------------------|--------------------------------------|
| Dividends paid during the financial half-year ended 31 December 2018. Final dividend for the year ended 30 June 2018. | 1.70 | 1.70 |

| | Amount per share cents | Franked amount per share cents | Franking credit % |
|---------------------------------|---------------------------|-----------------------------------|----------------------|
| 2020 Interim dividend per share | 2.15 | 1.505 | 70% |

Interim dividend dates

| | |
|------------------|---------------|
| Ex-dividend date | 4 March 2020 |
| Record date | 5 March 2020 |
| Payment date | 20 March 2020 |

7. Dividend reinvestment plans

Not applicable.

The Company's Dividend Reinvestment Plan ('DRP') was suspended on 31 October 2019.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

11. Attachments

Details of attachments (if any):

The Interim Report of Infomedia Ltd for the half-year ended 31 December 2019 is attached.

12. Date

27 February 2020

Infomedia Ltd

ABN 63 003 326 243

Interim Report - 31 December 2019

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The directors present their report, together with the financial statements, of the consolidated entity (referred to hereafter as the 'Group' or 'Infomedia') consisting of Infomedia Ltd (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2019.

Directors

The following persons were directors of Infomedia Ltd during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

| | |
|----------------------|---|
| Bart Vogel | Chairman and Independent Non-Executive Director |
| Jonathan Rubinsztein | Managing Director & Chief Executive Officer |
| Paul Brandling | Independent Non-Executive Director |
| Clyde McConaghy | Independent Non-Executive Director |
| Anne O'Driscoll | Independent Non-Executive Director |

Principal activities

Infomedia Ltd is a global technology company, incorporated in New South Wales and listed on the Australian Securities Exchange (ASX: IFM). The Company is headquartered in Sydney, NSW (Australia) with regional offices in Melbourne, VIC (Australia), Cambridge, ENG (United Kingdom) and Plymouth, MI (USA) serving the Group's customers across the world.

During the half-year ended 31 December 2019, the principal continuing activities of the consolidated entity consisted of:

- development and supply of Software as a Service ('SaaS') offerings, including electronic parts catalogues and service quoting software systems, for the parts and service sectors of the global automotive industry; and
- information management, analysis and data creation for global automotive and domestic oil industries.

There have been no significant changes in the nature of these activities during the half-year.

Dividends

Dividends paid during the financial half-year were as follows:

| | Consolidated | |
|---|---------------------|--------------------|
| | 31 Dec 2019 | 31 Dec 2018 |
| | \$'000 | \$'000 |
| Final dividend for the year ended 30 June 2019 (30 June 2018) | <u>6,837</u> | <u>5,284</u> |

On 27 February 2020, the directors declared an interim dividend of 2.15 cents per share to be paid on 20 March 2020. As this occurred after the reporting date, the dividends declared have not been recognised in this financial report.

Operating and financial review

A. Financial and Operating Review

Infomedia's 1H20 results demonstrate a consistent growth trend in revenue of \$47.885 million, up 18.6% on the previous corresponding period (pcp) and earnings of \$9.041 million, up 23.6% pcp. Solid revenue growth combined with operating cost discipline enabled the business to maintain strong margins. Notwithstanding increased levels of product investment, Cash EBITDA grew 44.7% pcp. Cash and cash equivalents grew by 10.7% compared to June 2019, reflecting the cash generative nature of Infomedia's business. The Company remains debt free.

At a product level, Infomedia continued to deliver strong revenue growth in both the Parts and Service product suites when compared to the previous corresponding period. Parts growth, up 10.2% pcp, was driven by the completion of the Nissan global contract roll-out, and sales of other products within the Parts suite during the 1H20. The Service segment grew 31.8% pcp following the roll-out of several new contract wins in all regions.

Asia Pacific (APAC) reported great growth in the period, up 49.0% pcp following several mandated contract wins across the product range. Europe, Middle-East and Africa (EMEA) reported a solid result up 5.8% pcp. Revenue growth in the Americas was modest at 2.5% pcp. A new regional head was appointed in the Americas during the period.

Capitalised development grew 18.5% in line with the increased investment in an integrated Parts and Service platform and added product functionality.

A summary of the results is shown below:

| | 31 Dec 2019 \$'000 | 31 Dec 2018 \$'000 | Movement % |
|--|-----------------------|-----------------------|---------------|
| Revenue | 47,885 | 40,389 | 18.6% |
| EBITDA | 22,899 | 16,980 | 34.9% |
| AASB 16 rent adjustment | (976) | - | 100.0% |
| Development costs capitalised | (10,296) | (8,691) | 18.5% |
| Unrealised foreign currency (gains)/losses | (213) | (400) | (46.8%) |
| Cash EBITDA | 11,414 | 7,889 | 44.7% |
| NPAT | 9,041 | 7,315 | 23.6% |
| EPS | 2.86 | 2.36 | 21.2% |
| Interim dividend | 2.15 | 1.75 | 22.9% |

| By geographical location (local currency) | 31 Dec 2019 \$'000 | 31 Dec 2018 \$'000 | Movement % |
|---|-----------------------|-----------------------|---------------|
| Worldwide revenue (AUD) | 47,885 | 40,389 | 18.6% |
| Asia Pacific (AUD) | 14,449 | 9,695 | 49.0% |
| EMEA (EUR) | 11,218 | 10,601 | 5.8% |
| Americas (USD) | 10,424 | 10,173 | 2.5% |

| Reconciliation of EBITDA to NPAT | 31 Dec 2019 \$'000 | 31 Dec 2018 \$'000 | Movement % |
|----------------------------------|-----------------------|-----------------------|---------------|
| EBITDA | 22,899 | 16,980 | 34.9% |
| Net finance (costs)/income | (488) | 18 | (2813.2%) |
| Depreciation and amortisation | (10,264) | (7,493) | 37.0% |
| Income tax expense | (3,106) | (2,190) | 41.8% |
| NPAT | 9,041 | 7,315 | 23.6% |

B. Outlook

Infomedia will continue to invest and remains on track to deliver low double digit growth in revenue and earnings in FY20. Growth in the Americas and the execution and roll-out of data opportunities could contribute potential upside to the FY20 result.

Infomedia's Board and management remain confident about Infomedia's position in the market. The Company believes the business can grow by leveraging its core assets, investing to ensure the business remains competitive and exploring acquisitions that support the business' ability to leverage and compete globally.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial half-year.

Matters subsequent to the end of the financial half-year

On 27 February 2020, the Board declared an interim dividend of 2.15 cents per share.

On 4 February 2020, the Company signed a share purchase agreement to acquire The Learning Experience International Holdings Pty Ltd ('The Learning Experience'). The Learning Experience is an international automotive learning, communication and development consultancy based in Australia. Completion of the agreement is subject to the satisfaction of conditions precedent. If completed, the contribution of this small but strategic acquisition will be immaterial and included in the financial report for the year ending 30 June 2020.

On 12 February 2020, the Company signed a new lease agreement to replace its existing office premises in Melbourne. The lease is for a term of 5 years at an initial rent charge of \$272,800 per annum. The Company only expects to occupy the premises after the June 2020 year-end.

No other matter or circumstance has arisen since 31 December 2019 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities & Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Bart Vogel
Chairman

27 February 2020

The Board of Directors
Infomedia Limited
3 Minna Close,
Belrose
SYDNEY NSW 2085

27 February 2020

Dear Board Members

Infomedia Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Infomedia Limited.

As lead audit partner for the review of the half-year financial report of Infomedia Limited for the period ended 31 December 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Pooja Patel

Pooja Patel
Partner
Chartered Accountants

| | Note | Consolidated 31 Dec 2019 \$'000 | 31 Dec 2018 \$'000 |
|--|------|---------------------------------------|-----------------------|
| Revenue | 4 | 47,885 | 40,389 |
| Expenses | | | |
| Research and development expenses | | (10,721) | (8,596) |
| Sales and marketing expenses | | (12,986) | (12,786) |
| General and administration expenses | | (11,772) | (9,938) |
| Operating profit | | 12,406 | 9,069 |
| Net finance (costs)/income | | (488) | 18 |
| Net foreign currency translation gain | | 229 | 418 |
| Profit before income tax expense | | 12,147 | 9,505 |
| Income tax expense | | (3,106) | (2,190) |
| Profit after income tax expense for the half-year attributable to the owners of Infomedia Ltd | | 9,041 | 7,315 |
| Other comprehensive loss | | | |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | | |
| Foreign currency translation | | (385) | (52) |
| Other comprehensive loss for the half-year, net of tax | | (385) | (52) |
| Total comprehensive income for the half-year attributable to the owners of Infomedia Ltd | | <u>8,656</u> | <u>7,263</u> |
| | | Cents | Cents |
| Basic earnings per share | | 2.86 | 2.36 |
| Diluted earnings per share | | 2.84 | 2.34 |

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

| | | Consolidated | |
|--------------------------------|------|-----------------------|-----------------------|
| | Note | 31 Dec 2019 \$'000 | 30 Jun 2019 \$'000 |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | | 17,196 | 15,534 |
| Trade and other receivables | | 9,138 | 9,340 |
| Prepayments | | 2,951 | 1,460 |
| Total current assets | | 29,285 | 26,334 |
| Non-current assets | | | |
| Property, plant and equipment | | 1,668 | 1,531 |
| Right-of-use assets | 5 | 5,266 | - |
| Intangibles | 6 | 65,611 | 64,355 |
| Total non-current assets | | 72,545 | 65,886 |
| Total assets | | 101,830 | 92,220 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade payables | | 1,108 | 1,840 |
| Other payables | | 5,015 | 6,094 |
| Lease liabilities | | 1,949 | - |
| Provision for income tax | | 1,186 | 2,145 |
| Provisions | | - | 216 |
| Employee benefits | | 3,724 | 3,447 |
| Contingent consideration | | 1,787 | 1,655 |
| Contract liabilities | | 1,016 | 1,728 |
| Total current liabilities | | 15,785 | 17,125 |
| Non-current liabilities | | | |
| Lease liabilities | | 4,059 | - |
| Deferred tax | | 9,581 | 6,526 |
| Provisions | | 468 | 1,019 |
| Employee benefits | | 327 | 365 |
| Contingent consideration | | 3,389 | 3,120 |
| Total non-current liabilities | | 17,824 | 11,030 |
| Total liabilities | | 33,609 | 28,155 |
| Net assets | | 68,221 | 64,065 |
| Equity | | | |
| Issued capital | 9 | 19,904 | 14,790 |
| Treasury shares held in trust | | - | (1,230) |
| Foreign currency reserve | | 1,704 | 2,089 |
| Share-based payments reserve | | 1,819 | 5,826 |
| Retained profits | | 44,794 | 42,590 |
| Total equity | | 68,221 | 64,065 |

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

| Consolidated | Share capital \$'000 | Treasury shares held in trust \$'000 | Foreign currency reserve \$'000 | Share-based payments reserve \$'000 | Retained profits \$'000 | Total equity \$'000 |
|--|-------------------------|---|------------------------------------|--|----------------------------|------------------------|
| Balance at 1 July 2018 | 12,923 | (978) | 1,665 | 3,328 | 37,290 | 54,228 |
| Profit after income tax expense for the half-year | - | - | - | - | 7,315 | 7,315 |
| Other comprehensive loss for the half-year, net of tax | - | - | (52) | - | - | (52) |
| Total comprehensive income/(loss) for the half-year | - | - | (52) | - | 7,315 | 7,263 |
| <i>Transactions with owners in their capacity as owners:</i> | | | | | | |
| Contributions of equity, net of transaction costs | 1,866 | - | - | - | - | 1,866 |
| Share-based payments | - | - | - | 872 | - | 872 |
| Purchase of treasury shares | - | (253) | - | - | - | (253) |
| Prior year adjustment for make good expenses | - | - | - | - | (124) | (124) |
| Dividends paid (note 7) | - | - | - | - | (5,284) | (5,284) |
| Balance at 31 December 2018 | 14,789 | (1,231) | 1,613 | 4,200 | 39,197 | 58,568 |

| Consolidated | Share capital \$'000 | Treasury shares held in trust \$'000 | Foreign currency reserve \$'000 | Share-based payments reserve \$'000 | Retained profits \$'000 | Total equity \$'000 |
|--|-------------------------|---|------------------------------------|--|----------------------------|------------------------|
| Balance at 1 July 2019 | 14,790 | (1,230) | 2,089 | 5,826 | 42,590 | 64,065 |
| Profit after income tax expense for the half-year | - | - | - | - | 9,041 | 9,041 |
| Other comprehensive loss for the half-year, net of tax | - | - | (385) | - | - | (385) |
| Total comprehensive income/(loss) for the half-year | - | - | (385) | - | 9,041 | 8,656 |
| <i>Transactions with owners in their capacity as owners:</i> | | | | | | |
| Contributions of equity, net of transaction costs (note 9) | 5,114 | - | - | - | - | 5,114 |
| Share-based payments | - | - | - | 583 | - | 583 |
| Tax effect related to share-based payments | - | - | - | (3,547) | - | (3,547) |
| Shares allocated to employees on vesting of performance rights and options | - | 1,230 | - | (1,043) | - | 187 |
| Dividends paid (note 7) | - | - | - | - | (6,837) | (6,837) |
| Balance at 31 December 2019 | 19,904 | - | 1,704 | 1,819 | 44,794 | 68,221 |

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

| | Consolidated | |
|---|-----------------------|-----------------------|
| Note | 31 Dec 2019 \$'000 | 31 Dec 2018 \$'000 |
| Cash flows from operating activities | | |
| Receipts from customers | 47,863 | 40,684 |
| Payments to suppliers and employees | (28,482) | (24,740) |
| | 19,381 | 15,944 |
| Interest received | 9 | 18 |
| Interest and other finance costs paid | (96) | - |
| Income taxes paid | (4,558) | (1,337) |
| Net cash from operating activities | 14,736 | 14,625 |
| Cash flows from investing activities | | |
| Payment for purchase of business, net of cash acquired | - | (5,500) |
| Payment of contingent consideration | - | (467) |
| Payments for property, plant and equipment | (363) | (148) |
| Payments for development costs capitalised | (10,296) | (8,691) |
| Payments of other intangibles | - | (15) |
| Net cash used in investing activities | (10,659) | (14,821) |
| Cash flows from financing activities | | |
| Proceeds on exercise of executive options | 5,301 | - |
| Purchase of treasury shares | - | (253) |
| Dividends paid | (6,837) | (5,284) |
| Payment of lease liabilities, excluding the financing component | (879) | - |
| Net cash used in financing activities | (2,415) | (5,537) |
| Net increase/(decrease) in cash and cash equivalents | 1,662 | (5,733) |
| Cash and cash equivalents at the beginning of the financial half-year | 15,534 | 13,282 |
| Cash and cash equivalents at the end of the financial half-year | 17,196 | 7,549 |

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover Infomedia Ltd as a Group consisting of Infomedia Ltd and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is the Group's functional and presentation currency.

The Company is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

3 Minna Close
Belrose, Sydney NSW 2085

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 27 February 2020.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2019 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the Group:

Interpretation 23 Uncertainty over Income Tax

The Group has adopted Interpretation 23 from 1 July 2019. The interpretation clarifies how to apply the recognition and measurement requirements of AASB 112 'Income Taxes' in circumstances where uncertain tax treatments exist. The interpretation requires: the Group to determine whether each uncertain tax treatment should be treated separately or together, based on which approach better predicts the resolution of the uncertainty; the Group to consider whether it is probable that a taxation authority will accept an uncertain tax treatment; and if the Group concludes that it is not probable that the taxation authority will accept an uncertain tax treatment, it shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates, measuring the tax uncertainty based on either the most likely amount or the expected value. In making the assessment it is assumed that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations. Interpretation 23 was adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact of adoption on opening retained profits as at 1 July 2019.

The Company has made claims under the research and development tax incentive provided by the Australian Government (R&D incentive). The R&D incentive is claimed by way of self-assessment by the Company.

Note 2. Significant accounting policies (continued)

In recent times there has been a heightened level of audit activity on claims previously submitted under the R&D incentive. The Company's 2016 R&D claim is currently under review. There is a risk that the Australian Taxation Office and/or AusIndustry could form a different view to the Company about the extent to which the R&D incentive could be claimed for the Company's research and development activities. The directors and their professional advisors are of the opinion that the R&D incentive claims in respect to past years can be substantiated by the Company.

No provision has been recognised in the financial statements in connection with any liability that might arise as at the date of signing this financial report, it is not practicable to estimate the financial effect of this matter, if any.

AASB 16 Leases

The Group adopted AASB 16 Leases on 1 July 2019 using the 'modified retrospective' approach with no restatement of comparatives for the 2019 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and adjustments arising from the new leasing rules are, therefore, recognised in the opening balance sheet on 1 July 2019. There was no impact on opening retained profits at 1 July 2019 following the adoption of AASB 16.

On adoption of AASB 16, the Group recognised lease liabilities in relation to property leases which had previously been classified as 'operating leases' under the principles of AASB 117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rates as of 1 July 2019. The weighted average incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 3.05%.

The associated right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any deferred incentives relating to that lease as at the transition date.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases (with terms of 12 months or less) and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

The impact of the adoption of the standard on the Group's financial position was as follows:

| | 1 July 2019 \$'000 |
|---------------------------------|-----------------------|
| Assets | |
| Non-current right-of-use assets | <u>6,202</u> |
| Liabilities | |
| Current lease liabilities | (1,996) |
| Non-current lease liabilities | <u>(4,979)</u> |
| | <u>(6,975)</u> |

The net impact on retained profits on 1 July 2019 was Nil.

The following table reconciles the Group's operating lease commitments as at 30 June 2019 to the lease liabilities recognised upon transition on 1 July 2019:

| | \$'000 |
|---|--------------|
| Operating lease commitments (net of sublease income) as at 30 June 2019 | 7,460 |
| Commitments related to outgoing and similar service costs | (989) |
| Commitments related to short-term leases and leases of low-value assets | (76) |
| Impact of discounting | (369) |
| Lease agreements and/or renewals executed during the half-year | 903 |
| Other | <u>46</u> |
| Lease liabilities as at 1 July 2019 | <u>6,975</u> |

Note 3. Operating segments

Identification of reportable segments

The Group is organised into three reportable segments:

- Asia Pacific;
- Europe, Middle East and Africa ('EMEA'); and
- Americas, representing the combined North America and Latin & South America regions.

These reportable segments are based on the internal reports that are reviewed and used by the Chief Executive Officer & Managing Director (who is identified as the Chief Operating Decision Maker ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of reportable segments.

The reportable segments are identified by management based on the region in which the product is sold. Discrete financial information about each of these operating businesses is reported to the Board of Directors regularly.

The CODM reviews earnings before interest, tax depreciation and amortisation ('EBITDA'). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

Major customers

The Group has many customers to which it provides products. There is no significant reliance on any single customer.

Reportable segment information

| Consolidated - 31 Dec 2019 | Asia Pacific \$'000 | EMEA \$'000 | Americas \$'000 | Unallocated \$'000 | Total \$'000 |
|--|------------------------|----------------|--------------------|-----------------------|-----------------|
| Revenue | | | | | |
| Revenue from external customers | 14,449 | 18,208 | 15,228 | - | 47,885 |
| Total revenue | <u>14,449</u> | <u>18,208</u> | <u>15,228</u> | <u>-</u> | <u>47,885</u> |
| EBITDA | 11,037 | 14,642 | 8,630 | (11,410) | 22,899 |
| Net finance costs | (5) | (4) | (10) | (469) | (488) |
| Depreciation and amortisation | (47) | (49) | (87) | (10,081) | (10,264) |
| Profit/(loss) before income tax expense | <u>10,985</u> | <u>14,589</u> | <u>8,533</u> | <u>(21,960)</u> | <u>12,147</u> |
| Income tax expense | | | | | (3,106) |
| Profit after income tax expense | | | | | <u>9,041</u> |

AASB 16 was adopted using the modified retrospective approach. As such, the comparatives have not been restated and therefore are not directly comparable.

| Consolidated - 31 Dec 2018 | Asia Pacific \$'000 | EMEA \$'000 | Americas \$'000 | Unallocated \$'000 | Total \$'000 |
|--|------------------------|----------------|--------------------|-----------------------|-----------------|
| Revenue | | | | | |
| Revenue from external customers | 9,695 | 16,799 | 13,895 | - | 40,389 |
| Total revenue | <u>9,695</u> | <u>16,799</u> | <u>13,895</u> | <u>-</u> | <u>40,389</u> |
| EBITDA | 7,671 | 13,492 | 6,258 | (10,441) | 16,980 |
| Net finance costs | 16 | - | - | 2 | 18 |
| Depreciation and amortisation | - | - | - | (7,493) | (7,493) |
| Profit/(loss) before income tax expense | <u>7,687</u> | <u>13,492</u> | <u>6,258</u> | <u>(17,932)</u> | <u>9,505</u> |
| Income tax expense | | | | | (2,190) |
| Profit after income tax expense | | | | | <u>7,315</u> |

Note 4. Revenue

| | Consolidated | |
|---|---------------------|--------------------|
| | 31 Dec 2019 | 31 Dec 2018 |
| | \$'000 | \$'000 |
| Subscription revenue | 45,638 | 38,926 |
| Development and other ancillary service revenue | 2,247 | 1,463 |
| | <u>47,885</u> | <u>40,389</u> |

Note 5. Non-current assets - right-of-use assets

| | Consolidated | |
|--------------------------------|---------------------|--------------------|
| | 31 Dec 2019 | 30 Jun 2019 |
| | \$'000 | \$'000 |
| Right-of-use asset | 6,219 | - |
| Less: Accumulated depreciation | (953) | - |
| | <u>5,266</u> | <u>-</u> |

The Group leases buildings for its offices under agreements of between 1 to 5 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Note 6. Non-current assets - intangibles

| | Consolidated | |
|---------------------------------------|---------------------|--------------------|
| | 31 Dec 2019 | 30 Jun 2019 |
| | \$'000 | \$'000 |
| Goodwill | 20,828 | 20,828 |
| Less: Impairment | (3,367) | (3,367) |
| | <u>17,461</u> | <u>17,461</u> |
| Capitalised development costs | 91,547 | 81,172 |
| Less: Accumulated amortisation | (50,359) | (42,577) |
| | <u>41,188</u> | <u>38,595</u> |
| Software systems - at valuation | 8,309 | 8,309 |
| Less: Accumulated amortisation | (3,410) | (2,233) |
| | <u>4,899</u> | <u>6,076</u> |
| Customer relationships - at valuation | 1,894 | 1,894 |
| Less: Accumulated amortisation | (545) | (385) |
| | <u>1,349</u> | <u>1,509</u> |
| Brand names - at valuation | 714 | 714 |
| | <u>65,611</u> | <u>64,355</u> |

Note 6. Non-current assets - intangibles (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

| Consolidated | Goodwill \$'000 | Capitalised development costs \$'000 | Software systems \$'000 | Customer relationships \$'000 | Brand names \$'000 | Total \$'000 |
|-----------------------------|----------------------------|---|--|--|-----------------------------------|-------------------------|
| Balance at 1 July 2019 | 17,461 | 38,595 | 6,076 | 1,509 | 714 | 64,355 |
| Additions | - | 10,296 | - | - | - | 10,296 |
| Amortisation expense | - | (7,703) | (1,177) | (160) | - | (9,040) |
| Balance at 31 December 2019 | <u>17,461</u> | <u>41,188</u> | <u>4,899</u> | <u>1,349</u> | <u>714</u> | <u>65,611</u> |

Note 7. Equity - dividends

Dividends paid during the financial half-year were as follows:

| | Consolidated | |
|---|-------------------------------|-------------------------------|
| | 31 Dec 2019 \$'000 | 31 Dec 2018 \$'000 |
| Final dividend for the year ended 30 June 2019 (30 June 2018) | <u>6,837</u> | <u>5,284</u> |

On 27 February 2020, the directors declared an interim dividend of 2.15 cents per share to be paid on 20 March 2020. As this occurred after the reporting date, the dividends declared have not been recognised in this financial report.

Note 8. Fair value measurement

Fair value hierarchy

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

| Consolidated - 31 Dec 2019 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 |
|--|---------------------------|---------------------------|---------------------------|
| <i>Liabilities</i> | | | |
| Contingent consideration - current | - | - | 1,787 |
| Contingent consideration - non-current | - | - | 3,389 |
| Total liabilities | - | - | <u>5,176</u> |

| Consolidated - 30 Jun 2019 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 |
|--|---------------------------|---------------------------|---------------------------|
| <i>Liabilities</i> | | | |
| Contingent consideration - current | - | - | 1,655 |
| Contingent consideration - non-current | - | - | 3,120 |
| Total liabilities | - | - | <u>4,775</u> |

There were no transfers between levels during the financial half-year.

Note 8. Fair value measurement (continued)

Valuation techniques for fair value measurements categorised within level 2 and level 3

The contingent consideration arose on the acquisitions of Randem and Nidasu.

For the Randem contingent consideration, the fair value was estimated based on a multiple of forecast net profit after tax and revenue of the acquired business over a three year period, subject to clawback. Any settlement of contingent consideration will be in the form of cash and Infomedia Ltd's ordinary shares split 50:50.

For the Nidasu contingent consideration, the fair value was estimated based on a multiple of forecast net profit before tax and revenue of the acquired business over a three year period, subject to clawback. Any settlement of contingent consideration will be in the form of cash and Infomedia Ltd's ordinary shares split 70:30.

Any variation between the provision and final payment at the time of settlement will be recognised as income or expense in profit or loss.

Level 3 assets and liabilities

Movements in level 3 assets and liabilities during the current financial half-year are set out below:

| Consolidated | Contingent consideration \$'000 |
|--|--|
| Balance at 1 July 2019 | 4,775 |
| Release of finance costs during the financial year | 401 |
| | <hr/> |
| Balance at 31 December 2019 | <u>5,176</u> |

Note 9. Equity - issued capital

| | 31 Dec 2019 | 30 Jun 2019 | 31 Dec 2019 | 30 Jun 2019 |
|------------------------------|--------------------|--------------------|--------------------|--------------------|
| | Shares | Shares | \$'000 | \$'000 |
| Ordinary shares - fully paid | <u>318,345,240</u> | <u>312,426,494</u> | <u>19,904</u> | <u>14,790</u> |

Movements in ordinary share capital

| Details | Date | Shares | Issue price | \$'000 |
|---|------------------|--------------------|--------------------|---------------|
| Balance | 1 July 2019 | 312,426,494 | | 14,790 |
| Shares issued to executives upon vesting of options and/or performance rights | 19 August 2019 | 5,546,280 | \$0.922 | 5,114 |
| Shares issued to executives upon vesting of options and/or performance rights | 1 October 2019 | <u>372,466</u> | \$0.000 | <u>-</u> |
| Balance | 31 December 2019 | <u>318,345,240</u> | | <u>19,904</u> |

Note 10. Events after the reporting period

On 27 February 2020, the Board declared an interim dividend of 2.15 cents per share.

On 4 February 2020, the Company signed a share purchase agreement to acquire The Learning Experience International Holdings Pty Ltd ('The Learning Experience'). The Learning Experience is an international automotive learning, communication and development consultancy based in Australia. Completion of the agreement is subject to the satisfaction of conditions precedent. If completed, the contribution of this small but strategic acquisition will be immaterial and included in the financial report for the year ending 30 June 2020.

On 12 February 2020, the Company signed a new lease agreement to replace its existing office premises in Melbourne. The lease is for a term of 5 years at an initial rent charge of \$272,800 per annum. The Company only expects to occupy the premises after the June 2020 year-end.

No other matter or circumstance has arisen since 31 December 2019 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declaration required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the half-year ended 31 December 2017.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors



Bart Vogel
Chairman

27 February 2020

Independent Auditor's Review Report to the members of Infomedia Ltd

We have reviewed the accompanying half-year financial report of Infomedia Ltd, which comprises the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 6 to 17.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Infomedia Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Infomedia Ltd, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Infomedia Ltd is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Pooja Patel

Pooja Patel

Partner

Chartered Accountants

Sydney, 27 February 2020