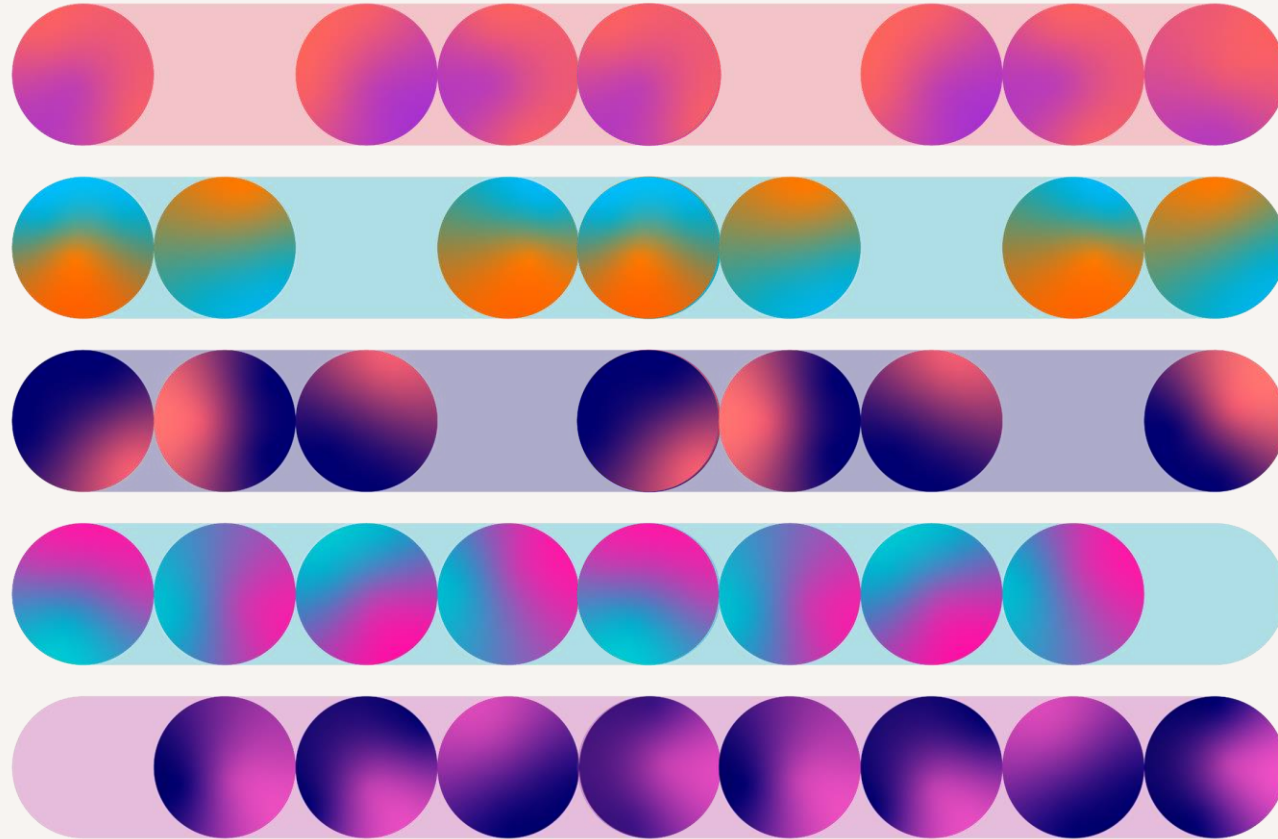


enero



ENERO GROUP FY24 HALF YEAR RESULTS

28 February 2024

AGENDA

- FY24 H1 highlights
- Key financial metrics
- Trading update
- Q&A



FY24 H1 HIGHLIGHTS

Brent Scrimshaw
CEO



Positive underlying result on like-for-like basis

UNDERLYING RESULTS (A\$M)	FY24 H1	FY23 H1	% Change	FY23 H1 LFL ¹	% Change LFL ¹
Net revenue ¹	100.4	129.5	(22.4%)	105.3	(4.6%)
Expenses	(77.5)	(85.1)	9.0%	(83.7)	7.4%
EBITDA ¹	23.0	44.3	(48.2%)	21.6	6.3%
EBITDA margin ¹	22.9%	34.2%	(11.4) ppts	20.5%	2.4 ppts
Net profit attributable to equity owners	6.7	14.8	(54.6%)	5.8	17.0%
Earnings per share (EPS) - basic	7.3 cents	16.1 cents	(54.3%)	6.2 cents	17.7%
Dividend per share – fully franked	3.0 cents	6.5 cents			
Free cash flow ¹	16.9	2.1	724.0%		

SUMMARY

- Prior year figures have been presented on a like-for-like (LFL) basis which excludes the contribution of OBMedia traffic that was proactively halted in FY23 Q4
- Consolidated Enero Group Net revenue declined 5% on a LFL basis to \$100.4m
- Consolidated Enero Group EBITDA increased 6% on a LFL basis to \$23m driven by 8% EBITDA growth in agencies
- NPAT of \$6.7m increased 17% on a LFL basis reflecting higher profits in wholly owned businesses compared to lower profits in non-wholly owned OBMedia
- EPS performance reflects a combination of profit outcome and share buybacks
- Interim dividend of 3.0 cps fully franked, representing a payout ratio of 41% (FY23 H1: 40%)
- Free cash flow up 724% to \$16.9m, demonstrating strong working capital management



Economic interest¹ key metrics

RESULTS ON ECONOMIC INTEREST (A\$M)	FY24 H1	FY23 H1	% Change	FY23 H1 LFL ¹	% Change LFL ¹
Net revenue ¹	87.9	105.2	(16.4%)	92.8	(5.3%)
Expenses	(71.7)	(79.3)	9.6%	(78.7)	8.9%
EBITDA ¹	16.2	25.8	(37.4%)	14.1	14.2%
EBITDA margin ¹	18.4%	24.6%	(6.2) pts	15.2%	3.1 pts

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 increase of 14% on a LFL basis to \$16.2m reflects robust growth in wholly owned businesses
- Net profit and EPS figures are the same as Enero Group consolidated



Enero Group has updated its segments to better reflect business drivers and operational synergies

Previous segments

BRAND TRANSFORMATION

HOTWIRE
ROI-DNA GETIT

BMF

cpr
Issues Government Media

CREATIVE TECH & DATA

orchard

obmedia
•email •display •mobile



New segments

TECHNOLOGY, HEALTHCARE AND CONSUMER PRACTICE

HOTWIRE Group
HOTWIRE ROI-DNA

orchard

BMF

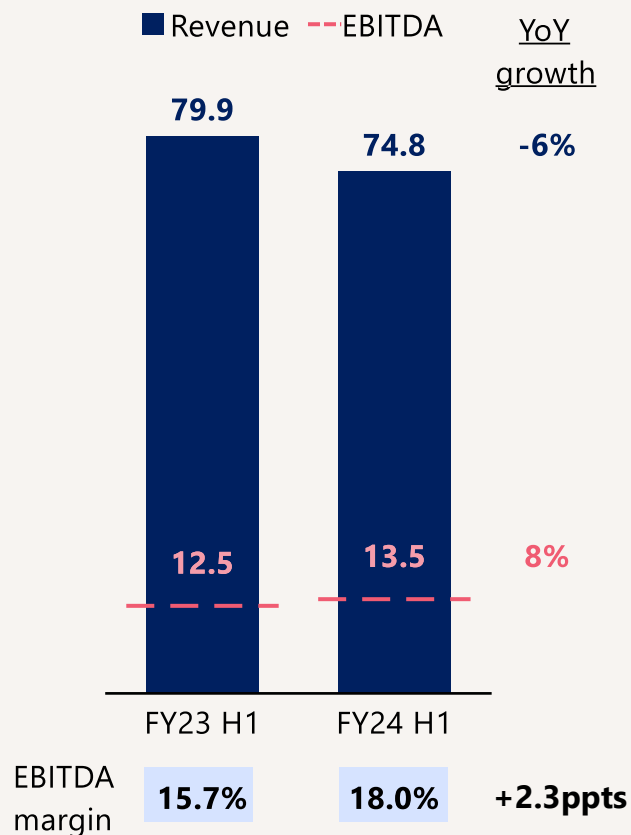
OBMEDIA

obmedia



Strong profit growth in Technology, Healthcare and Consumer Practice

Revenue and EBITDA (A\$M)



Commentary

- Revenue decline of 6% largely due to the challenging tech market in the US impacting the Hotwire Group. Australian based agencies BMF and Orchard delivered robust revenue growth
- Margin up 2.3 ppts to 18% driven by FY23 cost management initiatives and continued profitability focus
- Margin in line with target range
- CPR sold on 31 October 2023

Achievements

HOTWIRE Group

- Won Telstra Global with work led from Singapore and utilising new data and analytics offerings
- Grew data and analytics offerings to 7 products
- Awarded Gold for Most Effective In-House Change Of Practice In Measurement In A PR Agency

BMF

- Appointed by Department of Health for two national behaviour change campaigns
- Delivered first innovation sprint product at the AO for Tennis Australia
- Awarded Gold Effie for Insight & Strategic Thinking for Tourism Tasmania's off season

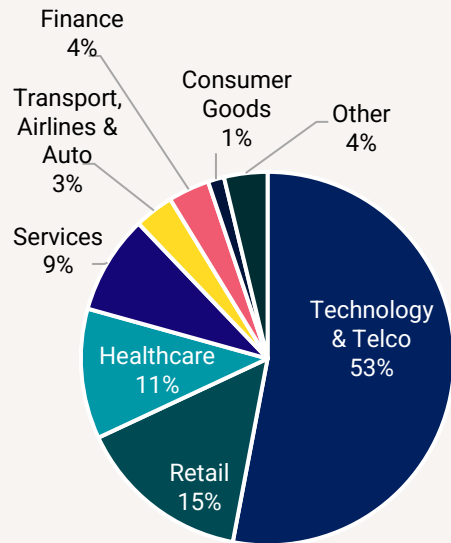


- Appointed by Beyond Bank to deliver digital transformation work
- Increased Medical Education work, growing area of pharmaceutical spend
- Won Prime Awards for Marketing Innovation with Sanofi Specialty Care



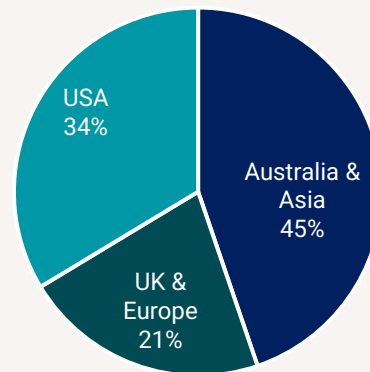
Diversified revenue mix in our practices

Practice revenue by industry



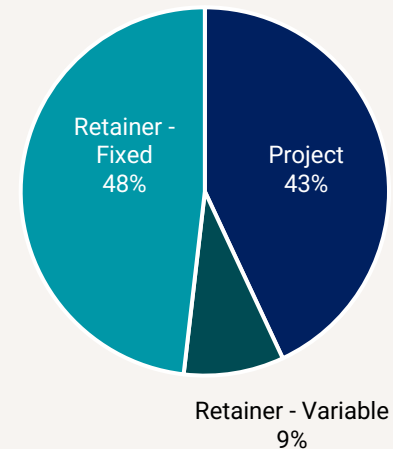
Tech exposure is predominantly B2B with retail and healthcare exposure growing in the half

Practice revenue by geography



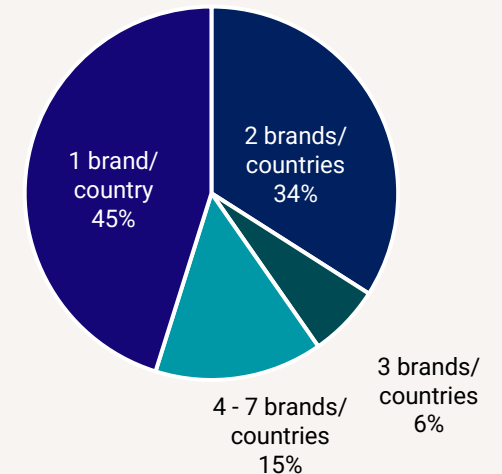
Growth in Australia with North American market impacted by tech sector

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



55% of our revenue comes from clients who have relationships with more than one practice brand or country



We continue to win and expand our services with blue-chip brands

TECHNOLOGY



HEALTHCARE



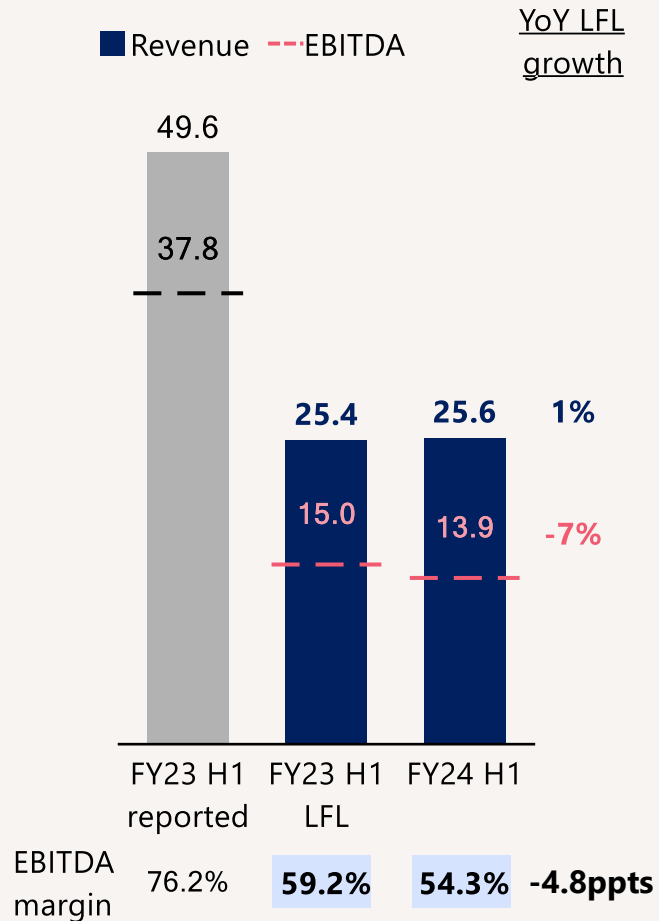
CONSUMER





A solid OBMedia result in a challenging market

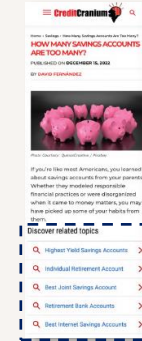
Revenue and EBITDA (A\$M)



Commentary

- ~150% YoY increase in customers to advertisers and 5% YoY improvement in traffic conversion
- LFL revenue increased 1%, impacted by market-wide pressure on rates with Q2 revenue flat on Q1
- LFL EBITDA decline of 7% reflects ongoing investment and inflation in technology costs partly offset by lower performance incentives
- LFL excludes the contribution of OBMedia traffic that was proactively halted in FY23 Q4
- EBITDA margin of 54% slightly below guided range of 55% - 65%

Highlights

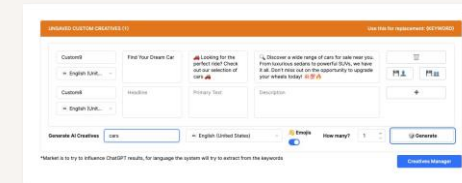


Google RSOC Launch

- Launched new Google Related Search on Content ("RSOC") feed, enabling OBMedia to develop a new revenue stream for its ~30 in-house content websites

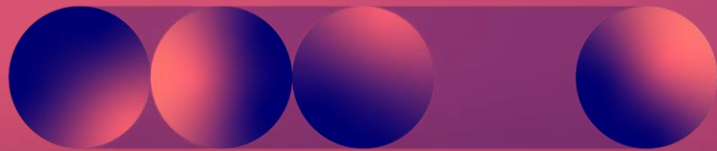
NEMO Media Buying Platform

- Rolled out proprietary platform across internal media buying team, with AI-generated ad creative, and intelligent automation and optimisation features to manage performance



Compliance Capability Enhancement

- Continued enhancement of compliance processes & tech
- Multiple best-of-breed 3rd party anti-fraud technologies



KEY FINANCIAL METRICS

Carla Webb-Sear
CFO



Statutory profit & loss

PROFIT AND LOSS SUMMARY (A\$M)	FY24 H1	FY23 H1	% Change
Net revenue	100.4	129.5	(22.4%)
Other income	0.0	0.1	
Staff costs	(67.4)	(74.7)	
Operating expenses	(10.1)	(10.5)	
EBITDA	23.0	44.3	(48.2%)
Depreciation ROUA	(2.2)	(2.0)	
Depreciation & amortisation	(2.9)	(1.4)	
EBIT	17.9	40.8	(56.2%)
Net finance costs	(1.2)	(2.3)	
Net profit before tax before significant items	16.7	38.6	(56.7%)
Tax expense before significant items	(4.9)	(9.3)	
Non-controlling interest	(5.1)	(14.5)	
Net profit after tax before significant items to equity owners	6.7	14.8	(54.6%)
Significant items, net of tax expense	(19.1)	(1.2)	
Statutory net (loss)/ profit after tax to equity owners	(12.3)	13.6	(190.5%)

SUMMARY

- 22% year-on-year net revenue decline with rebased OBMedia revenue from Q4 FY23
- Staff costs ratio of 67% (FY23 H1: 58%) with increase driven by OBMedia with agencies delivering improved ratios
- Operating expenses ratio of 10% (FY23 H1: 8%) impacted by OBMedia rebase with continued cost discipline during the half
- Depreciation & amortisation increase relates to amortisation of customer relationships relating to ROI DNA and GetIT acquisitions as amortisation not recognised until FY23 H2
- Lower net finance costs relate to present value interest unwind relating to contingent consideration and debt repayments in FY23
- Higher effective tax rate of 29% (FY23 H1: 24%) due to prior year tax adjustments; higher US tax rate and change in profit mix. ETR of 25% excluding impact of prior year tax adjustment.



Significant items

SIGNIFICANT ITEMS (A\$M)	FY24 H1	FY23 H1
Impairment loss	(25.3)	-
Fair value adjustments	8.8	-
Loss on sale of business	(2.2)	-
Restructuring	(0.4)	(1.5)
Total significant items before tax	(19.1)	(1.5)
Tax expense	0.0	0.3
Significant items, net of tax expense	(19.1)	(1.2)

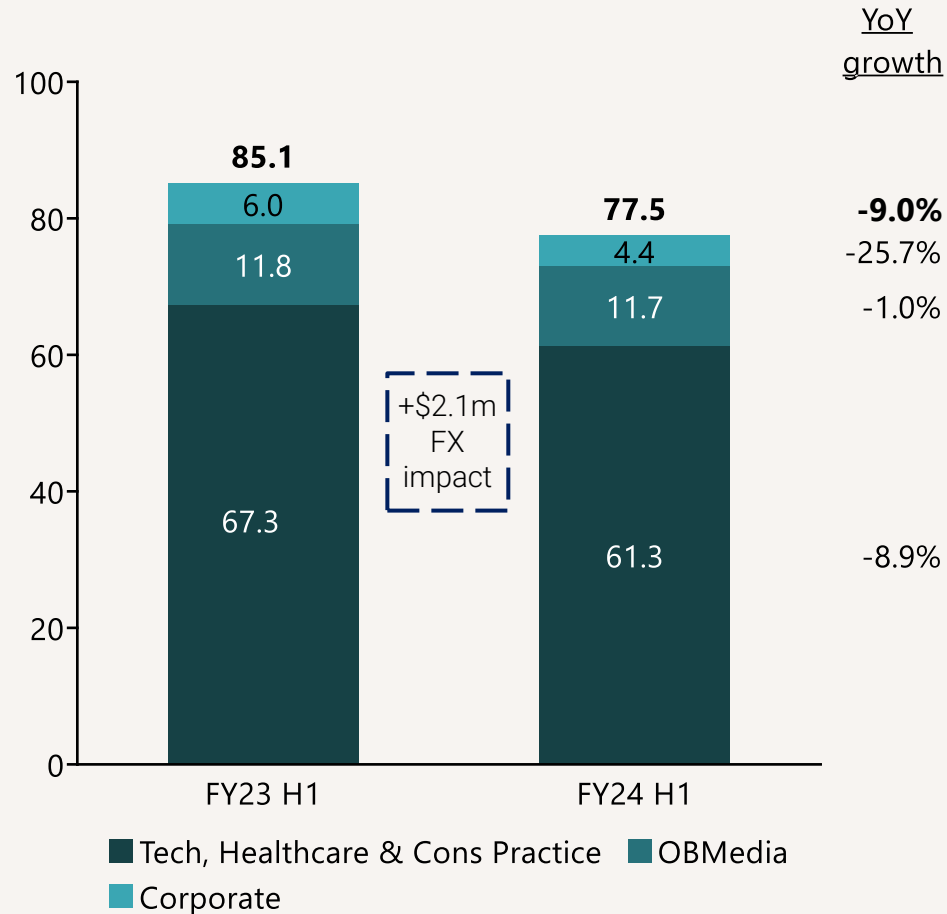
SUMMARY

- \$25.3m impairment loss relates to ROI DNA and GetIT goodwill and onerous lease relating to CPR
- Fair value adjustments in FY24 H1 relate to gains on contingent consideration true up due to lower earnings expectations
- \$2.2m loss on sale of business relates to CPR disposal on 31 October 2023 with \$0.4m impairment of the right of use asset associated with that business
- Restructuring costs largely incurred in CPR and OBMedia in FY24 H1



Ongoing focus on cost management

Expense by segment (A\$M)



Commentary

Technology, Healthcare and Consumer Practice

- Cost reduction initiatives in FY23 flowing into FY24 H1 cost base
- Remain focused on retaining key capability with investment in strategically important areas

OBMedia

- Savings related to lower traffic offset by continued investment in technology and data capabilities

Corporate Costs

- Continued management of corporate costs: 4.4% of Net Revenue (on economic basis) in FY24 H1 (FY23 H1: 4.7%)
- Forfeited rights driving decrease from \$1m to \$0.6m in non-cash equity incentive for group wide executives

FY24 H2 cost drivers

- Staff costs account for 87% of cost base
- Proactive cost management programme continues in FY24 H2



Cash flow

(A\$M)	FY24 H1	FY23 H1
EBITDA	23.0	44.3
Movement in working capital	1.7	(27.9)
Equity incentive expense	0.6	1.0
Restructuring	(0.4)	(1.5)
Gross cash flow	24.8	16.0
Net interest paid	(0.4)	(0.8)
Tax paid	(4.3)	(9.6)
Operating cash flow	20.1	5.5
Capex	(0.3)	(0.5)
Lease liability payments	(2.8)	(2.9)
Free cash flow	16.9	2.1
Net investment in businesses	(3.8)	(34.7)
Loan borrowings / (repayments)	0.5	(10.3)
Dividend payments & share buyback	(10.4)	(18.2)
Net cash flow	3.2	(61.1)
FX on cash	(1.1)	0.3
Opening cash	52.4	98.7
Closing cash	54.5	38.0

SUMMARY

- Cash conversion at 108% of EBITDA (FY23 H1: 74% adjusting for impact of timing of customer payments)
- Decrease in net interest payment due to lower debt balance
- Decrease in tax payments in the USA, Australia and UK
- Net investment in businesses include contingent consideration payments of \$2.7m for MBA and \$1.2m for ROI DNA in FY24 H1 and acquisition of ROI DNA and GetIT on 1 July 2023.
- FY24 H1 includes the share buyback program with repurchases of \$1.6m



Strong capital position

(A\$M)	31 December 2023	30 June 2023
Cash	54.5	52.4
Trade and other receivables	82.2	74.8
Other assets	26.3	25.8
Intangible assets	194.5	227.7
Property, plant and equipment	1.9	2.6
Total assets	359.6	383.3
Other current liabilities & provisions	115.1	104.3
Lease liabilities	13.8	14.1
Contingent consideration payable	18.1	30.7
Interest bearing liabilities	9.0	8.7
Other non-current liabilities & provisions	6.0	6.5
Total liabilities	162.1	164.4
Net assets	197.5	218.8
Non-controlling interest	(7.4)	(7.2)
Equity attributable to equity holders	190.1	211.6

SUMMARY

- Net cash of \$27.4m (June 2023: \$13m net cash)
- \$41m of \$50m bank loan facility undrawn at December 2023
- Contingent consideration balance relates to ROI DNA and GetIT acquired in July 2022 and MBA acquired in April 2021
- Balance sheet retains flexibility to pursue Enero Group's growth plans

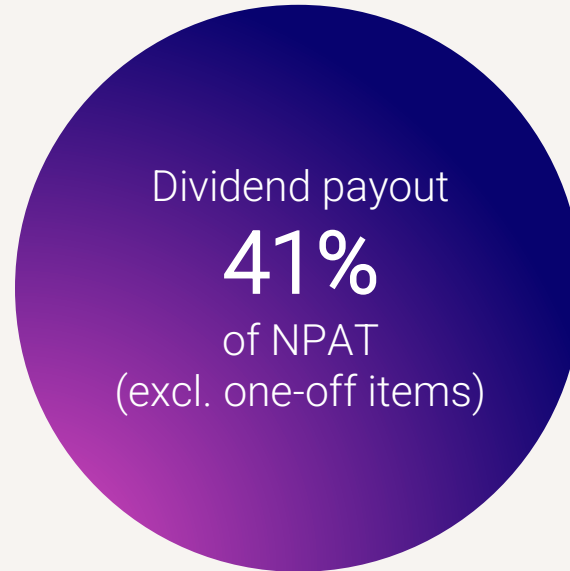


Optimising our capital position

ZERO LEVERAGE

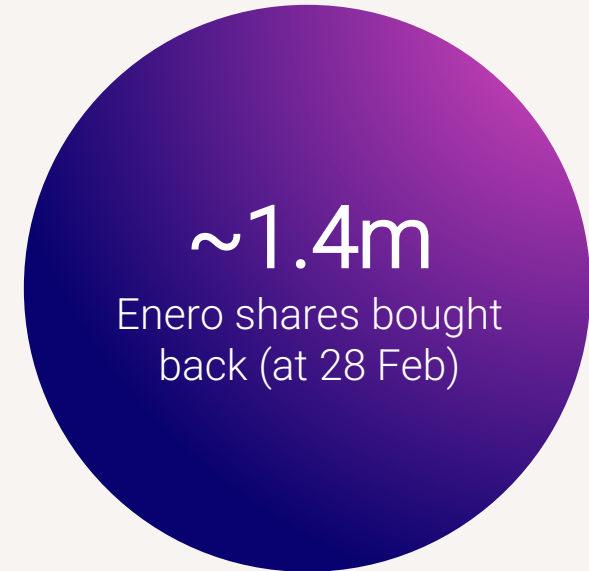


FY24 H1 DIVIDEND PAYOUT



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

SHARE BUYBACK



- Buyback program commenced on 9 May 2023



STRATEGY & OUTLOOK

Brent Scrimshaw
CEO



Focused on delivering on our strategy

enero
A CREATIVE TECHNOLOGY COMPANY

An integrated offering...

Develop end-to-end offerings with simple engagement models for clients

... of the most modern marketing services ...

Build deep expertise in Digital, Data and AdTech, underpinned by outstanding Creativity

... specialising in the verticals that count

Known as the go-to specialists in Technology, Healthcare and Growth Consumer

People and culture as a competitive advantage

Efficient systems and processes

Disciplined capital management

Innovation and artificial intelligence

New in
FY24



Strategic priorities for FY24

1

Enhance Core

- Agency margin recovery
- Rebuild Hotwire UK
- Commercialise and integrate acquisitions
- New P&C leadership

2

Portfolio Optimisation

- OBMedia strategic review
- 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 scale our healthcare capabilities
- Actively evaluating partnership opportunities



Continued portfolio optimisation

Strategic Review Update

- Strategic review initiated in August 2023
- Several potential scenarios evaluated to maximise shareholder value
- Decision to pursue a competitive sale process for OBMedia to crystallise value and focus the Enero portfolio
- Partnered with Citi Group Sydney and New York (marketing services team) to support in sale process
- Initial 'fireside chat' management presentations held in December with small set of high-potential buyers
- Global outreach to trade and PE buyers, with Confidential Information Memorandum shared with shortlist of interested parties
- Indicative offers due 25 March 2024

Divestment

- Executed on portfolio strategy to divest non-core businesses
- Sold to key competitor, The Civic Partnership
- 12-month revenue share on future business performance

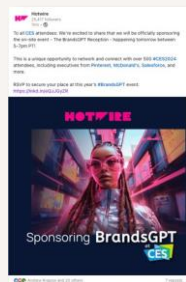
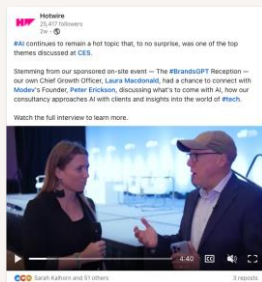


Expanding our AI and Tech capabilities

Positioning Hotwire as a thought leader on AI

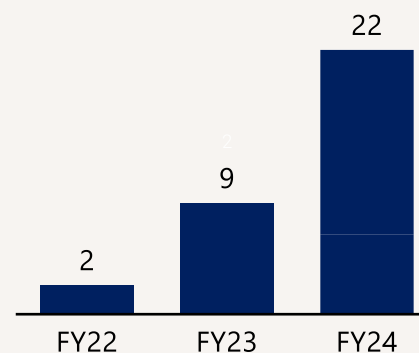


- “Brands in the Age of AI” white paper developed to showcase Hotwire thought leadership to the world’s most powerful leaders at the World Economic Forum in Davos
- Hotwire partnered with SAP and the House of Beautiful Business to present the insights across two separate sessions
- More than 120 attendees, ranging from Fortune 500 brands, tech leaders and global organizations
- Hotwire presenting at global tech events; at BrandsGPT during CES 2024 in Las Vegas and upcoming at SXSW 2024 in Austin

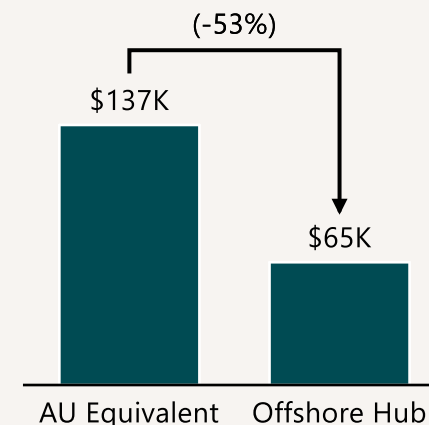


Accelerating Enero’s offshore Tech Hub

Offshore Tech Hub FTE (annual avg.)



Average FTE Cost (AUD)



Our offshore hub delivers strategic benefits:

- Lower cost talent base
- Ability to find high quality and hard-to-hire roles (deep talent base, particularly software development and analytics)



Trading update

- Enero's Australian agencies continued to perform well in January while international market conditions remained challenging
- Australian agencies BMF and Orchard delivered strong revenue growth in January, up 20% YoY, benefiting from favourable timing of projects and soft performance in January 2023.
- Hotwire Group declined 4% YoY (9% YoY in constant currency) in January and continues to be impacted by a challenging international technology industry.
- Enero remains focused on proactively managing its cost base given these ongoing challenges
- OBMedia continues to be impacted by market-wide pressure in January. Strategic review progressing with indicative offers due 25 March 2024
- Share buyback to recommence from 28 February 2024



Positioned to deliver on long-term growth plan

Tech, Healthcare & Consumer Practice momentum

- 8% EBITDA growth with improved margin to 18%
- Momentum building in Australian agencies BMF and Orchard; delivering robust revenue growth
- 55% of revenue from clients with relationship with more than one practice brand or country

Profitability and capability focus

- FY23 structural cost reductions allowed investment in strategically important areas
- Continued cost management in H2
- Strategically-focused tech practice ready to capitalise on technology industry recovery
- Ability to deliver quality work from lower cost markets

OBMedia strategic review

- Competitive sale process of OBMedia underway to crystallise value and focus the Enero portfolio
- Partnered with Citi Group to support in sale process
- Indicative offers due 25 March 2024

Strong fundamentals

- Low levels of debt and optionality with \$41m of \$50m loan facility undrawn
- 108% cash conversion
- 5% dividend yield¹
- 41% dividend payout ratio



Q&A

Brent Scrimshaw

Carla Webb-Sear



Appendix



Segment results on underlying basis

(A\$M)	Net Revenue				EBITDA				EBITDA Margin	
	FY24 H1	FY23 H1	% Change	% Chg in Constant Currency	FY24 H1	FY23 H1	% Change	% Chg in Constant Currency	FY24 H1	FY23 H1
Technology, Healthcare and Consumer Practice	74.8	79.9	(6.3%)	(9.0%)	13.5	12.5	7.6%	4.4%	18.0%	15.7%
OBMedia	25.6	49.6	(48.3%)	(49.7%)	13.9	37.8	(63.1%)	(64.0%)	54.3%	76.2%
Corporate Costs	-	-	-	-	(3.9)	(5.0)	21.4%	21.4%	-	-
Equity Incentive Expense	-	-	-	-	(0.6)	(1.0)	46.1%	46.1%	-	-
ENERO Group Underlying	100.4	129.5	(22.4%)	(24.6%)	23.0	44.3	(48.2%)	(49.9%)	22.9%	34.2%



FY23 restated segment results on underlying basis

(A\$M)	Net Revenue			EBITDA			EBITDA Margin	
	FY23	FY22	% Change	FY23	FY22	% Change	FY23	FY22
Technology, Healthcare and Consumer Practice¹	152.1	135.4	12.3%	25.1	33.2	(24.6%)	16.5%	24.5%
OBMedia	89.5	58.0	54.4%	65.4	44.0	48.6%	73.1%	76.0%
Corporate Costs	-	-	-	(9.2)	(9.2)	0.3%	-	-
Equity Incentive Expense	-	-	-	(2.5)	(1.9)	(31.5%)	-	-
ENERO Group Underlying	241.6	193.4	24.9%	78.8	66.2	19.1%	32.6%	34.2%



Results by geography

ECONOMIC INTEREST (A\$M)	FY24 H1	FY23 H1	% Change	% Change in Constant Currency
Net Revenue				
USA	38.2	56.3	(32.1%)	(33.8%)
Australia and Asia	33.5	32.8	2.0%	1.8%
UK and Europe	16.2	16.0	0.7%	(8.1%)
Total	87.9	105.2	(16.4%)	(18.8%)
EBITDA				
USA	10.3	23.8	(56.8%)	(57.9%)
Australia and Asia	6.9	5.6	24.5%	24.3%
UK and Europe	3.4	2.4	39.9%	27.7%
Total	20.6	31.8	(35.2%)	(37.0%)
Corporate Costs	(4.4)	(6.0)	25.7%	25.7%
Group EBITDA	16.2	25.8	(37.4%)	(39.6%)



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 OB Media traffic that was proactively halted in FY23 Q4

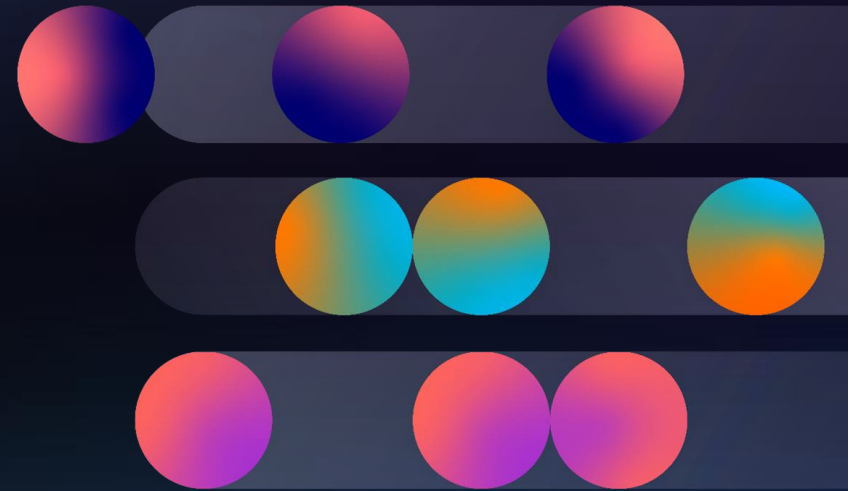
Economic interest: reflect 51% economic interest in OBMedia

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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