

ASX ANNOUNCEMENT

2022 Half Year Results Announcement

Enero growth momentum continues with FY22 H1 revenue up 15% and Operating EBITDA growth of 23% (29% on an underlying basis).

17 February 2022: Enero Group Limited (ASX: EGG) today announced its results for the half year to 31 December 2021.

Enero reported net revenue of \$93.2 million, up 15.1% on the prior year and Operating EBITDA of \$29.9 million, up 23.3% on the prior year. Adjusting for the JobKeeper subsidy in FY21 H1, underlying Operating EBITDA grew 29%. Net profit after tax was \$13.7 million and grew 3.3% on prior year. A dividend of 6.0 cents fully franked was declared by the Board.

Enero's underlying results (excluding significant times) ²

(\$M)	FY22 H1	FY21 H1	% Change
Net Revenue	93.2	81.0	15.1%
Operating EBITDA ¹	29.9	24.3	23.3%
Operating EBITDA margin	32.1%	30.0%	210bps
Net profit after tax attributable to equity holders	13.7	13.3	3.3%
Earnings per share (EPS)	15.7 cents	15.4 cents	2.0%

Notes:

1. Operating EBITDA is net profit before interest, taxes, depreciation of plant and equipment, amortisation, impairment of intangibles, contingent consideration fair value gains/losses and gains/losses on disposal of controlled entities. Operating EBITDA includes depreciation of Right of Use Assets recognised in accordance with AASB16. Operating EBITDA is the primary measure used by management and the directors in assessing the performance of the Group. It provides information on the Group's cash flow generation excluding significant transactions and non-cash items, which are not representative of the Group's ongoing operations.
2. The results announcement and attached presentation includes the following measures used by the Directors and management in assessing the ongoing performance and position of the Group: Operating EBITDA, NPAT before significant items and EPS before significant items. These measures are non-IFRS and have not been audited nor reviewed. Refer to attached results presentation for detailed analysis on significant items and a reconciliation to statutory results.

Enero Group CEO, Brent Scrimshaw said: "Enero Group continues to deliver a consistent and impressive growth story, building on FY21's strong base and benefiting from the establishment of our new operating framework and significant progress in new client wins around the world. We are particularly pleased to deliver on our commitment to maintaining Enero's industry-leading margins, with group operating EBITDA margins now at 32.1% in H1 FY22 compared with 30.0% in FY21 H1.

"Enero Group has accelerated its reputation for industry innovation and creating a progressive home for world class talent with the acquisition of a number of key hires in the USA at OB Media, and in Australia at Hotwire, Orchard and BMF. Our NPS scores continue to grow, despite the challenge of a highly competitive hiring environment, which reflects our commitment to our team and our high-performance culture. We are also proud that the creativity of our team is reflected in numerous global awards, most recently for creative agency BMF which was, in December 2021, named the most effective

creativity agency in Australia and number three in the world by one of the most prestigious global rankings, WARC's Effective 100."

"In addition, we are seeing the benefits of our FY21 acquisition of McDonald Butler by Hotwire UK, with its fully integrated client proposition and suite of services delivering new business wins and cross-selling opportunities. We have a full pipeline of M&A activities, and this important priority is supported by a flexible balance sheet with net cash of \$47 million, adjusted for contingent consideration," said Scrimshaw.

Business Operating Performance:

Net Revenue increased 15.1% and Operating EBITDA was up 23.3% on FY21 H1. International markets represented 56% of the Group's Net Revenue and 71% of the Group's Operating EBITDA on an economic interest basis, up from 55% and 65% respectively in the prior period. Despite the ongoing backdrop of COVID conditions across our global network, and the impact of Omicron lockdowns, we delivered pleasing results across all three geographic regions.

USA

The USA business continued to benefit from the global acceleration in technology adoption and industry transformation with a 37.5% increase in net revenue and 47.4% growth in operating EBITDA on a reported basis. Performance on a constant currency basis was even stronger, with revenue and operating EBITDA up 39.1% and 49.1% respectively.

On an economic interest basis, which adjusts for Enero's 51% ownership of OBMedia, revenue increased 32.6% and Operating EBITDA grew by 42.6%. OBMedia continues to benefit from a structural shift in consumer behaviour to digital channels, contributing to operating EBITDA margins increasing from 47% to 50% during the first half.

Hotwire benefited from its high-quality technology client base, with positive momentum in new client wins and organic growth from its existing client portfolio. New client wins included Peloton, Sage and SoundHound.

Australia

The Australian business delivered net revenue growth of 8.2% and operating EBITDA reduced by 6.4%, reflecting the benefits of the JobKeeper subsidy received in FY21 H1. Adjusting for JobKeeper, Operating EBITDA increased 9.8%, and margins increased to 20.3%. BMF benefited from its exposure to the consumer and government sectors, while Orchard delivered organic growth from its healthcare client base. Momentum with new clients continued, notably Orchard's win of the Tourism Tasmania digital transformation account which is expected to contribute in H2.

UK/Europe

The UK and Europe reported a 6.8% decline in revenue and 7.5% lower EBITDA reflecting the impact of the sale of Frank PR in March 2021 and a challenging environment, with COVID uncertainty remaining in the UK and key continental European markets. On a continuing business basis, revenue increased 12.5% and Operating EBITDA by 22.5%. Tech sector specialist McDonald Butler was acquired in April 2021 and is now fully integrated into Hotwire, with cost efficiencies from the merger underpinning an increase in operating EBITDA margins from 20.7% to 22.5%.

Balance Sheet and Cash Flow:

Operating cash flow for the half year was \$25.3m and the Group is in a Net Cash position (allowing for contingent consideration payable) of \$47.0m as at 31 December 2021.

Dividend:

The Directors declared an interim dividend of 6.0 cents per share, fully franked. The interim dividend will have a record date of 25 February 2022 and a payment date of 16 March 2022.

Trading Update:

- Enero continues its track record of sustainable revenue and EBITDA growth.
- FY22 H2 has started off with strong growth in the US and a solid performance in Australia and UK/Europe.
- We remain focused on maintaining Enero's high margins across our strong and diversified portfolio.
- A strong pipeline of M&A opportunities remains a priority in FY22 to continue the growth and transformation of Enero's portfolio.
- There remains ongoing uncertainty around COVID conditions globally with industry-wide challenges around hiring which may lead to wage cost pressure. With travel opening globally, discretionary travel costs are expected to increase from FY22 H2 onwards

Investor Conference Call details

An investor webcast conference call with Brent Scrimshaw (CEO) and Carla Webb-Sear (CFO) will be held today at 9.30am AEDT.

Participants may register [here](#). Registered participants will be able to participate in the Q&A.

Unregistered participants may join [here](#). Unregistered participants will not be able to participate in the Q&A.

This announcement was authorised for release by the Board of Directors.

About Enero:

Enero Group is a creative technology company operating a global collective of marketing and communications specialist agencies listed on the Australian Securities Exchange (ASX). Its portfolio includes: digital agency Orchard; creative agency BMF; brand, marketing and PR comms consultancy Hotwire; programmatic marketing platform OBMedia; issues management comms advisory CPR; and strategic data consultancies The Leading Edge and The Digital Edge.

www.enero.com

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Enero Group FY22 Half Year Results

17 February 2022

enero

Agenda

Business Performance & Strategy Overview

Trading Update

Group Financials

Q&A

Business Performance & Strategy Overview

Brent Scrimshaw - CEO

Delivering on our strategy

STRATEGIC PRIORITIES



TALENT

Enhance leadership and diversify skillsets to drive organic growth

+



CAPABILITY

Undertake M&A to strengthen current portfolio

+



PRODUCTIVITY

Implement technology and processes to improve productivity and profitability

+



INNOVATION

Create an innovation engine to drive new business growth

H1 PROGRESS

Strong talent acquisitions in key roles at OB Media, Orchard and BMF

Strong NPS scores despite competitive environment for talent

Hotwire MBA proposition delivers joint wins and cross selling to existing client base

+23% FY22 H1 EBITDA growth and +29% adjusted for JobKeeper

EBITDA margin up 210bpt to 32.1%

Ongoing assessment of technology and data opportunities

Flexible balance sheet with net cash of \$47m* to support M&A opportunities

*Adjusted for contingent consideration

Group Trading Performance

(\$M)	FY22 H1	FY21 H1	% Change
Net revenue	93.2	81.0	15.1%
Expenses	(63.3)	(56.7)	11.6%
Operating EBITDA ¹	29.9	24.3	23.3%
Operating EBITDA margin ²	32.1%	30.0%	210bpt
Net profit attributable to equity owners ³	13.7	13.3	3.3%
Earnings per share (EPS) - basic ³	15.7 cents	15.4 cents	2.0%
Dividend per share (interim) – fully franked	6.0 cents	10.5 cents	(42.9%)

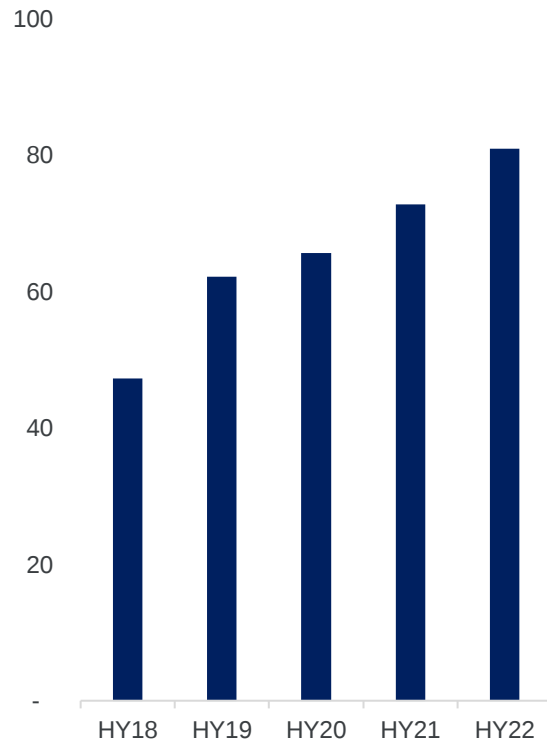
1. Operating EBITDA is net profit before interest, taxes, depreciation of plant & equipment, amortisation of intangibles, impairment of intangibles and losses on disposal of controlled entities.
Operating EBITDA includes depreciation of Right-of-use assets recognised in accordance with AASB16.
2. Operating EBITDA margin is Operating EBITDA / Net revenue.
3. Refer to Slide 23 for a reconciliation to statutory results.

HIGHLIGHTS

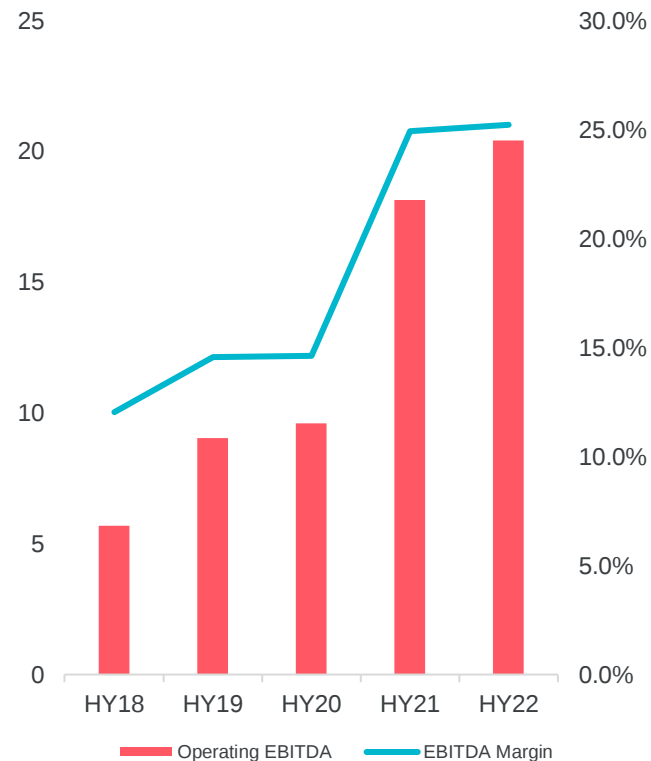
- Operating EBITDA growth of 23.3% YoY. Adjusting for impact of JobKeeper in FY21 H1, operating EBITDA growth of 29.0%
- NPAT growth of 3.3% impacted by:
 - Higher tax rate due to full recoupment of historic tax losses
 - Higher non-controlling interests expense due to strong growth at 51%-owned OB Media
- Dividend payout ratio consistent with FY21 H2

Track record of sustainable growth continues

GROWING NET REVENUE (A\$M)*



GROWING OPERATING EBITDA (A\$M) AND MARGIN (%)*



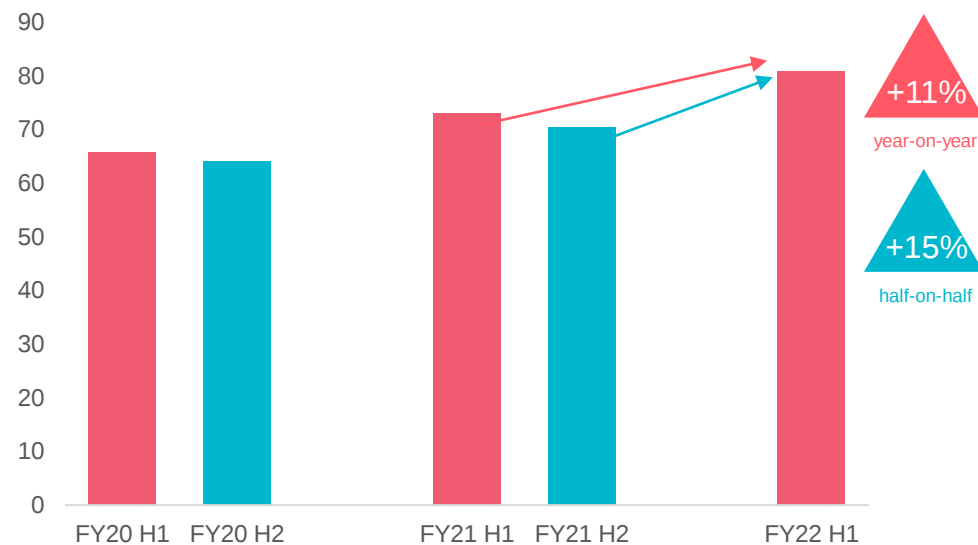
*Revenue and Operating EBITDA reflect 51% economic interest in OB Media

HIGHLIGHTS

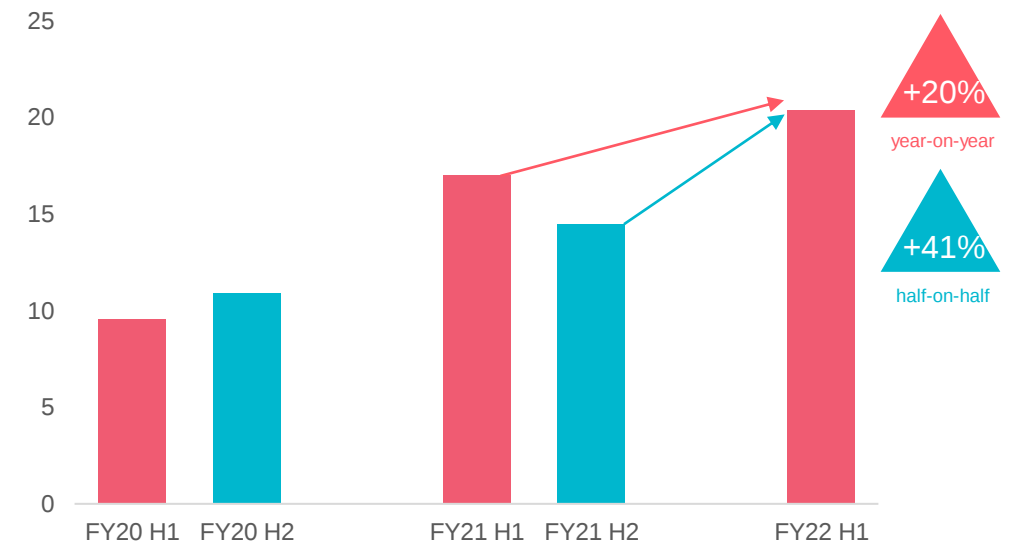
- Net revenue has grown both organically and through acquisitions over the past 5 years. Acquisitions include McDonald Butler Associates (MBA) in FY21 and Orchard in FY18.
- Revenue grew 11%* in FY22 H1, including impact of MBA acquired in April 2021 and Frank PR divested in March 2021.
- Operating EBITDA growth has generated capital for growth allocated to the larger brands and future M&A.
- Operating EBITDA margin expansion from 12% to 25% driven through growth in higher margin businesses such as OB Media, efficient operating cost base and continued leverage of corporate centres of excellence.

FY22 H1 performance builds on strong FY21

NET REVENUE BY HALF YEAR (A\$M)*



OPERATING EBITDA (A\$M) * BY HALF YEAR



*Revenue and Operating EBITDA reflect 51% economic interest in OB Media and exclude JobKeeper

Our global operating model

WHO WE ARE

enero

WE ARE A CREATIVE TECHNOLOGY COMPANY

A group of specialists who accelerate high-growth businesses by transforming brands and deploying creative technology and data to enrich customer experiences



PORTFOLIO

BRAND TRANSFORMATION



Human-generated creative ideas to transform the way customers and stakeholders connect and engage with brands

HOTWIRE



cpr
Issues
Government
Media

CREATIVE TECHNOLOGY AND DATA



High-quality customer experiences connected by technology and enabled by data



PRIORITY VERTICALS



TECHNOLOGY



HEALTHCARE



CONSUMER

CENTRES OF EXCELLENCE



People and Culture



Finance



Technology



M&A



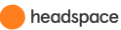
Legal

Priority Vertical - Technology

Our holistic approach to technology across both operating segments

BRAND TRANSFORMATION

NEW CLIENTS FY22

 aircall	 AUTOMOX	 Bolt	 Bright Machines	cybex
 headspace	kyndryl	LINKSYS	 LogicMonitor	 MEGADEV
 PELOTON	 QA	sage	Sendoso	SoundHound Inc.

THE WORLD'S MOST EXCITING TECH & INNOVATION COMPANIES

Adobe	amazon	 AT&T	AVAYA	citrix	CLOUDERA
 DELL	ebay	Google	 GROUPE SEB	Honeywell	IBM
Klarna.	LinkedIn	 Meta	 Nike	 NTT	 Pinterest
 Snapchat	Telefonica	 Discord	 Twitter	vmware	 zoom



CREATIVE TECHNOLOGY AND DATA



PROGRAMMATIC PLATFORM

Uses AI and automation to enhance advertising efficiency in monetizing web traffic



DATA WAREHOUSE

Automated customer acquisition, real-time reporting and revenue attribution platform



PRIVACY COMPLIANT

Well positioned for the future of online privacy with first party data, not reliant on third-party cookies



113M

Consumers delivered to advertiser websites



+80%

FY22 H1 vs FY21 H1

Implementing our M&A strategy

FY22 Strategic Priorities



Capability enhancement



Innovation

Existing Portfolio



Global Acceleration Brands

Brands with opportunity for global scale and capability

HOTWIRE



bmedia



Enhance and Grow Brands

Brands with differentiated local market leadership



Portfolio Expansion



Acquisitions of standalone data and Martech businesses



Selective investments in disruptive innovations (within and outside of the Group)

Transforming the Hotwire offering through performance marketing



HOTWIRE

CORE CAPABILITIES



Insights & Evaluation



Communications & Brand Strategy



Design & Film



Public Relations



Social Media Marketing

McDONALD BUTLER

NEW DIGITAL PERFORMANCE
MARKETING CAPABILITIES



Industry Marketing



Account Based Marketing



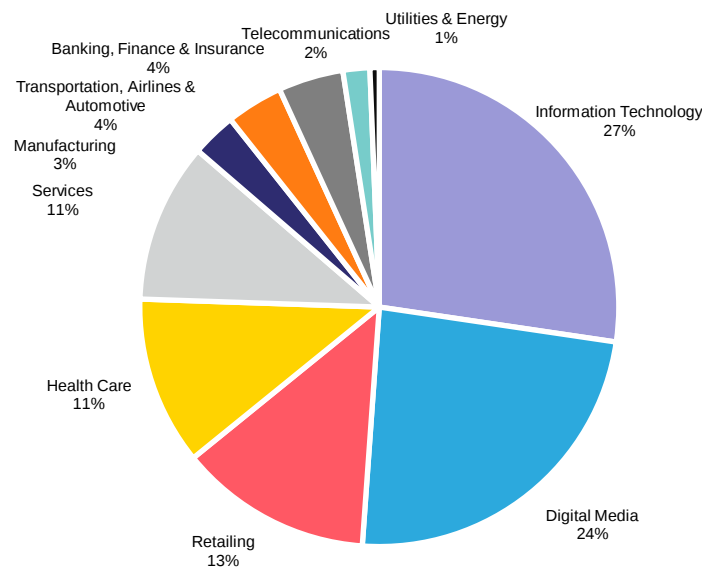
Channel & Alliances Marketing

Client Analysis

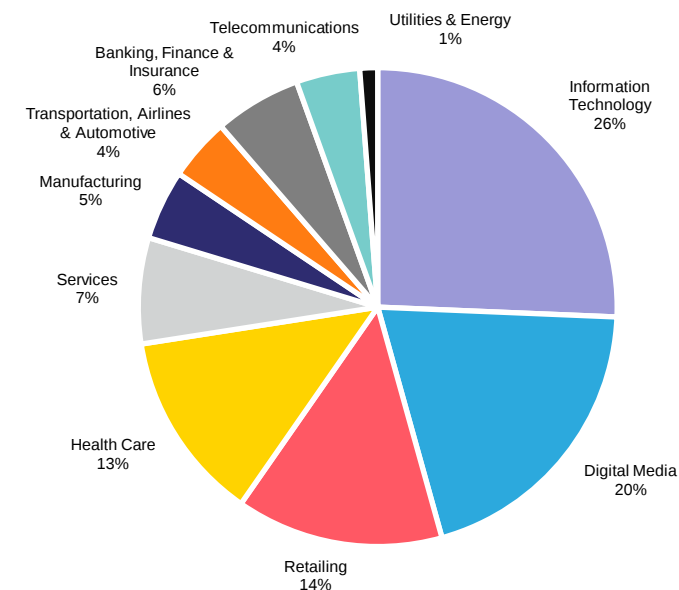
REVENUE DIVERSIFICATION

- Strong client diversification with mix of clients across market industries and sectors.
- Top 10 clients represent 53% of total revenue. Efforts across the Group to maximise larger clients with more touchpoints.
- Highest growth in Digital Media, Information Technology (contribution from MBA acquired April 2021) and Services sectors, while retaining significant share in Health Care consistent with strategy and sector expertise.

REVENUE BY INDUSTRY (FY22H1)*



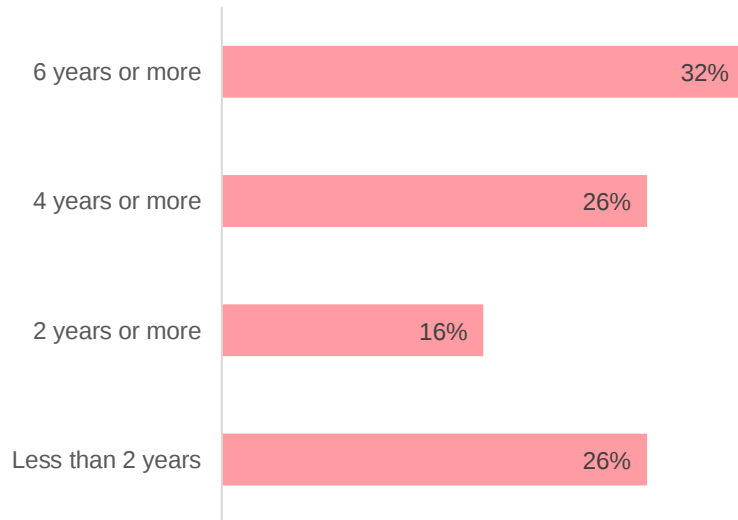
REVENUE BY INDUSTRY (FY21H1)*



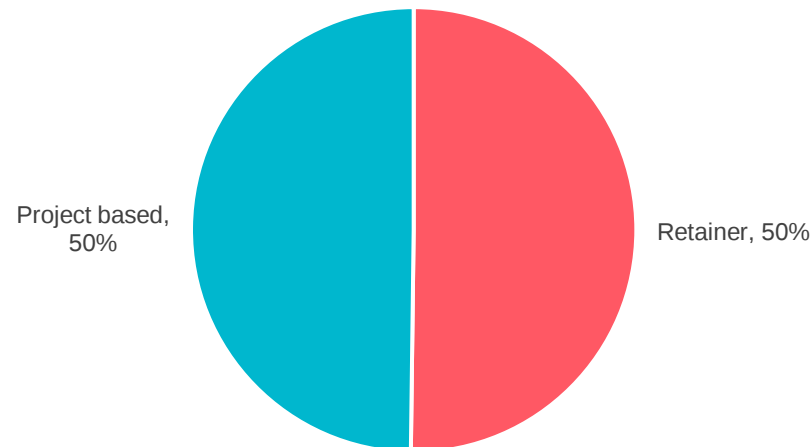
*Includes 51% economic interest in OB Media

Creating repeatable revenue

ATTRACTIVE CLIENT LONGEVITY



BALANCED REVENUE CONTRIBUTION*



HIGHLIGHTS

- The longevity of clients is reflected in 58% having a duration of 4 years or more, supported by Enero's broad offering of services and capabilities which support client retention.
- The progressive nature of our service offering supports and accelerates high-growth businesses by transforming brands and deploying creative technology and data solutions.
- The consulting nature of our services spans both retainer and project based work depending on clients needs.

*Excludes OB Media

Results by Geography

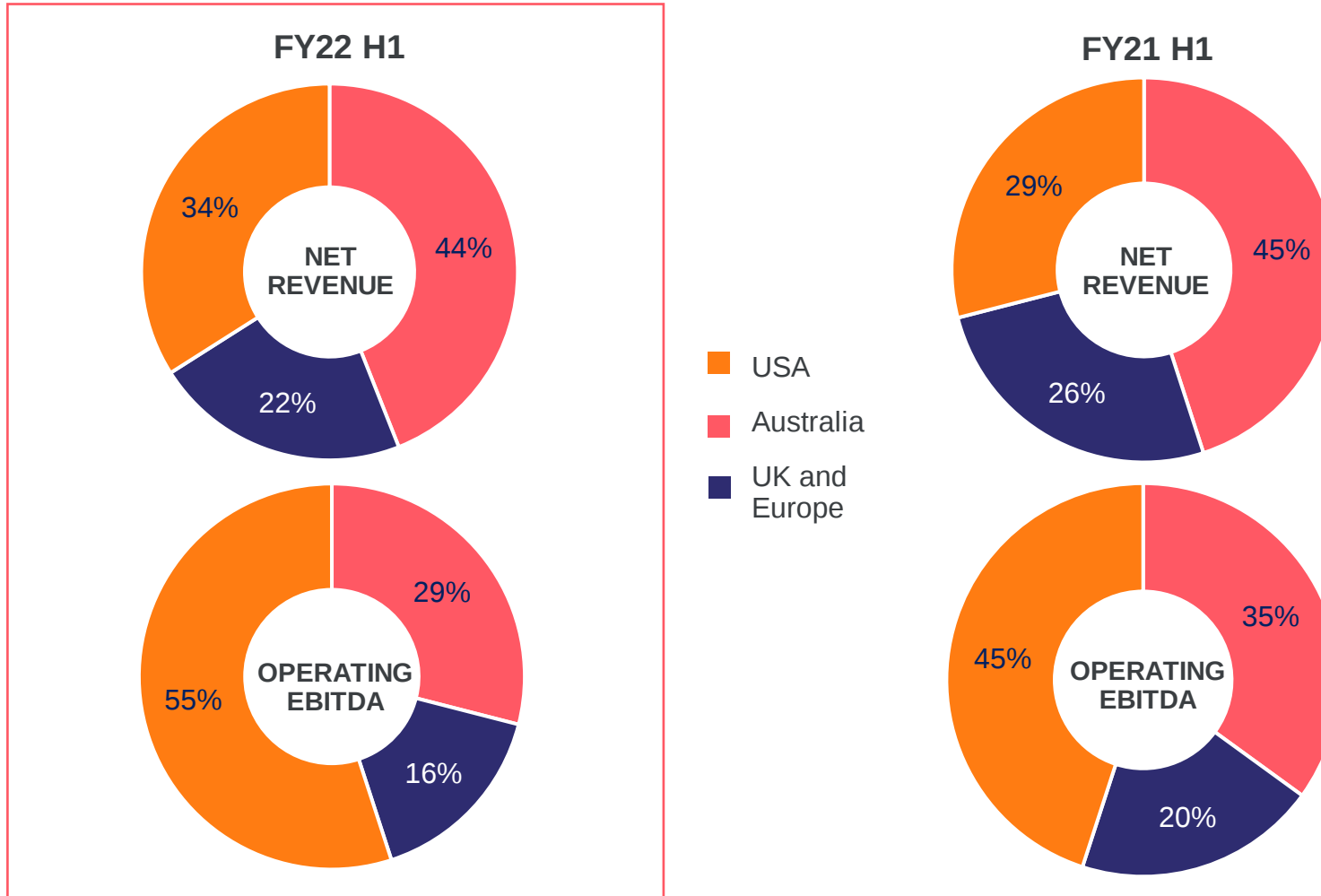
(\$M)	FY22 H1	FY21 H1	% Change	Constant Currency Variance
Net revenue				
USA	39.8	28.9	37.5%	39.1%
Australia	35.4	32.7	8.2%	8.2%
UK and Europe	18.0	19.4	(6.8%)	(6.5%)
Total	93.2	81.0	15.1%	15.4%
Operating EBITDA				
USA	23.4	15.9	47.4%	49.1%
Australia	7.2	7.7	(6.4%)	(6.4%)
UK and Europe	4.0	4.4	(7.5%)	(6.7%)
Total	34.6	28.0	24.0%	
Corporate costs	(4.7)	(3.7)	28.7%	
Group Operating EBITDA	29.9	24.3	23.3%	24.1%

HIGHLIGHTS

- Marginally stronger Australian dollar had nominal negative impact on reported Net Revenue and Operating EBITDA.
- Decline in Operating EBITDA in Australia is on account of JobKeeper subsidy of \$1.1m received in FY21H1 (no subsidy in FY22H1).
- Decline in UK and Europe is due to divestment of Frank PR in March 2021, partially offset by contribution from MBA acquired in April 2021.

Results by Geography

Geographical contribution from operating companies*



* Includes 51% economic interest in OB Media

HIGHLIGHTS

- In FY22 H1 international operations accounted for 56% of total revenue and 71% of Operating Companies EBITDA.
- Strong growth in the US businesses increased their contribution to group earnings. On an economic interest basis, net revenue increased to 34% of total from 29% in FY21H1. Operating EBITDA increased to 55% of total from 45% in FY21H1, reflecting high margins.

USA

(\$M) AS REPORTED	FY22 H1	FY21 H1	% Change	Constant Currency Variance
Net revenue	39.8	28.9	37.5%	39.1%
Operating EBITDA	23.4	15.9	47.4%	49.1%
Operating EBITDA margin	58.8%	54.9%	390bpt	

(\$M) ECONOMIC INTEREST*	FY22 H1	FY21 H1	% Change	Constant Currency Variance
Net revenue	27.5	20.8	32.6%	34.1%
Operating EBITDA	13.9	9.7	42.6%	44.3%
Operating EBITDA margin	50.4%	46.9%	350bpt	

*Reflects Enero's 51% ownership of OB Media

HIGHLIGHTS

- Strong revenue performance with significant margin acceleration.
- OB Media growth trajectory continues, benefiting from an accelerating structural shift in consumer behaviour to digital channels and e-commerce.
- Hotwire delivered 20%+ revenue growth with key client wins and organic growth in strong technology client base.

US PORTFOLIO



Australia

(\$M) AS REPORTED	FY22 H1	FY21 H1	% Change	Constant Currency Variance
Net revenue	35.4	32.7	8.2%	-
Operating EBITDA	7.2	7.7	(6.4%)	-
Operating EBITDA margin	20.3%	23.4%	(310bpt)	-

(\$M) EXCL. JOB KEEPER	FY22 H1	FY21 H1	% Change	Constant Currency Variance
Net revenue	35.4	32.7	8.2%	-
Operating EBITDA	7.2	6.6	9.8%	-
Operating EBITDA margin	20.3%	20.0%	30bpt	-

HIGHLIGHTS

- Robust revenue and margin growth year-on-year (excluding JobKeeper subsidy).
- BMF traded strongly with 30% revenue growth driven by government projects, and high exposure to consumer sector.
- Orchard performance was solid given its strength in the healthcare sector. Consumer sector will expand in the second half of FY22 following the recent Tourism Tasmania win.
- Smaller agencies (The Leading Edge, Hotwire, CPR) revenue is broadly consistent with prior period.

AUSTRALIA PORTFOLIO



UK and Europe

(\$M) AS REPORTED	FY22 H1	FY21 H1	% Change	Constant Currency Variance
Net revenue	18.0	19.4	(6.8%)	(6.5%)
Operating EBITDA	4.0	4.4	(7.5%)	(6.7%)
Operating EBITDA margin	22.5%	22.7%	(20bpt)	

(\$M) CONTINUING BUSINESSES*	FY22 H1	FY21 H1	% Change	Constant Currency Variance
Net revenue	18.0	16.0	12.5%	11.9%
Operating EBITDA	4.0	3.3	22.5%	22.1%
Operating EBITDA margin	22.5%	20.7%	180bpt	

*excludes Frank which was divested in March 2021

HIGHLIGHTS

- Tech sector specialist, MBA, was acquired in April 2021 and fully integrated into Hotwire UK.
- The continuing businesses delivered revenue growth of 12.5% driven by UK, Spain and Italy.
- The Hotwire “Reputation to Revenue” combined offering is resonating with both existing and new clients delivering £0.7m in incremental H1 FY22 revenue.
- A strong cost focus across both UK and Europe has benefited Operating EBITDA margins.

UK/EUROPE PORTFOLIO

HOTWIRE

Trading Update

Brent Scrimshaw - CEO

Trading Update

- Enero continues its track record of sustainable revenue and EBITDA growth.
- FY22 H2 has started off with strong growth in the US and a solid performance in Australia and UK/Europe.
- We remain focused on maintaining Enero's high margins across our strong and diversified portfolio.
- A strong pipeline of M&A opportunities remains a priority in FY22 to continue the growth and transformation of Enero's portfolio.
- There remains ongoing uncertainty around COVID conditions globally with industry-wide challenges around hiring which may lead to wage cost pressure. With travel opening up globally, discretionary travel costs are expected to increase from FY22 H2 onwards.

Group Financials

Carla Webb-Sear, CFO

FY22 H1 Group Financial Performance

Profit and Loss Summary (\$M)	FY22 H1	FY21 H1
Net revenue	93.2	81.0
Other income	0.1	1.4
Staff costs	(54.4)	(48.7)
Operating expenses	(7.0)	(7.1)
EBITDA	31.9	26.6
Depreciation ROUA	(2.0)	(2.3)
Operating EBITDA	29.9	24.3
Depreciation & amortisation	(1.6)	(1.4)
EBIT	28.3	22.9
Net finance costs	(0.5)	(0.8)
Net profit before tax	27.8	22.1
Tax expense	(6.7)	(3.8)
Non-controlling interests	(7.4)	(5.0)
Statutory net profit after tax to equity owners	13.7	13.3

HIGHLIGHTS

- 15% year-on-year revenue growth demonstrated ongoing strong momentum.
- Staff costs ratio lower at 58% (FY21H1 - 60%) despite investment in OB Media. Staff costs includes all fulltime employees and freelance/contractors.
- Operating costs ratio (including right-of-use asset charge) down to 10% (FY21H1: 12%) with continued strong cost discipline across all businesses and relatively lower operating cost (travel, office related) during COVID-19.
- Group net revenue and operating EBITDA represents OB Media consolidated at 100%.
- Effective tax rate of 24% increased from 17% in FY21 H1 due to Australia tax losses being fully recouped.

Segment Results

(\$M)	Net revenue			Operating EBITDA			Operating EBITDA margin	
	FY22 H1	FY21 H1	% Change	FY22 H1	FY21 H1	% Change	FY22 H1	FY21 H1
Brand transformation	53.8	49.5	8.8%	12.8	11.8	8.5%	23.7%	23.8%
Creative technology and data	39.4	31.5	24.9%	21.8	16.2	35.3%	55.5%	51.2%
Corporate costs	-	-	-	(4.7)	(3.7)	28.7%	-	-
ENERO Group	93.2	81.0	15.1%	29.9	24.3	23.3%	32.1%	30.0%

- Brand transformation: growth driven by combination of organic growth in BMF and Hotwire, and contribution from MBA acquired in April 2021, partially offset by reduction due to divestment of Frank PR in March 2021.
- Creative technology and data: growth driven by organic growth in Orchard and OBMedia.
- Corporate costs increased due to investment in additional capability in Head Office Centres of Excellence (COE) to support global growth and expense associated with the Share Appreciation Rights (SAR) allocation to senior employees under the existing SAR Plan.

Reconciliation of statutory (4D) to continuing business results

FY22 H1 (\$M)	4D	Less Significant items	Statutory excluding significant items	Less Disposals	Continuing businesses
Net revenue	93.2	-	93.2	-	93.2
Other income	0.1	-	0.1	-	0.1
Expenses	(61.4)	-	(61.4)	-	(61.4)
Depreciation ROUA	(2.0)	-	(2.0)	-	(2.0)
Operating EBITDA	29.9	-	29.9	-	29.9
Depreciation & Amortisation	(1.6)	-	(1.6)	-	(1.6)
EBIT	28.3	-	28.3	-	28.3
Net finance costs	(0.5)	-	(0.5)	-	(0.5)
Net profit before tax	27.8	-	27.8	-	27.8
Tax expense	(6.7)	-	(6.7)	-	(6.7)
Net profit after tax	21.1	-	21.1	-	21.1
Net profit attributable to non-controlling interests	(7.4)	-	(7.4)	-	(7.4)
Net profit attributable to equity owners	13.7	-	13.7	-	13.7
Earnings per share (EPS) - basic	15.7 cents	-	15.7 cents	-	15.7 cents

Reconciliation of statutory (4D) to continuing business results

FY21 H1 (\$M)	4D	Less Significant items	Statutory excluding significant items	Less Disposals	Continuing businesses
Net revenue	81.0	-	81.0	(4.3)	76.7
Other income	1.4	-	1.4	(0.2)	1.2
Expenses	(55.8)	-	(55.8)	2.8	(53.0)
Depreciation ROUA	(2.3)	-	(2.3)	0.3	(2.0)
Operating EBITDA	24.3	-	24.3	(1.4)	22.9
Depreciation & Amortisation	(1.4)	-	(1.4)	0.1	(1.3)
EBIT	22.9	-	22.9	(1.3)	21.6
Net finance costs	(0.8)	-	(0.8)	-	(0.8)
Net profit before tax	22.1	-	22.1	(1.3)	20.8
Tax expense	(3.8)	-	(3.8)	0.3	(3.5)
Net profit after tax	18.3	-	18.3	(1.0)	17.3
Net profit attributable to non-controlling interests	(5.0)	-	(5.0)	0.2	(4.8)
Net profit attributable to equity owners	13.3	-	13.3	(0.8)	12.5
Earnings per share (EPS) - basic	15.4 cents	-	15.4 cents	(0.9 cents)	14.5 cents

* relates to Frank which was divested in March 2021.

Balance Sheet

(\$M)	FY22 H1	FY21
Cash	56.5	50.7
Trade and other receivables	48.5	46.9
Other assets	4.5	4.9
Current assets	109.5	102.5
Deferred tax asset	2.2	2.0
Intangible assets	118.3	118.2
Property, Plant and Equipment	3.3	3.8
Non-current lease assets	7.3	8.0
Other non-current assets	0.2	0.2
Non-current assets	131.3	132.2
Total assets	240.8	234.7
Other current Liabilities	70.4	69.9
Lease liabilities	5.8	5.6
Contingent consideration payable	1.8	10.9
Current liabilities	78.0	86.4
Lease liabilities	4.8	6.3
Contingent consideration payable	7.7	9.2
Provisions	0.8	0.7
Non-current liabilities	13.3	16.2
Total liabilities	91.3	102.6
Net assets	149.5	132.1
Contributed equity	104.9	100.4
Retained profit (including appropriation reserve)	30.1	20.3
Other reserves	5.2	7.7
Total parent equity interest	140.2	128.4
Non-controlling interest	9.3	3.7
Total Equity	149.5	132.1

HIGHLIGHTS

- Increased cash position of \$56.5m due to strong cash collection at period end and increase in non-controlling interest balance (dividend to be paid to NCI in FY22H2).
- Interim dividend of 6.0 cps fully franked payable on 16 March 2022, a payout ratio of 38%.
- \$10.1m franking credit balance at 31 Dec. 2021.
- Balance sheet retains flexibility to pursue further acquisitions enhancing geographical presence in hubs or expansion of services.

Balance Sheet & Capital Management

CASH AND CONTINGENT CONSIDERATION (\$M)	FY22 H1	FY21
Contingent consideration Opening 1 July (at present value)	20.1	25.6
Recognition on acquisition - MBA	-	8.9
Present value interest unwind / FX revaluations	0.4	0.5
Payments	(11.0)	(14.9)
Contingent consideration balance at end of period	9.5	20.1
Cash	56.5	50.7
Net cash adjusted for contingent consideration	47.0	30.6

HIGHLIGHTS

- Contingent consideration balance relates to MBA acquired in April 2021. Maturity profile is over the FY23 to FY25 periods.
- Actual payments are subject to performance subsequent to the reporting date and capped on the purchase price with minimum thresholds. Actual future payments may therefore differ from the estimated liability at reporting date.
- Final contingent consideration relating to Orchard Marketing paid in September 2021.
- Strong net cash position of \$47.0m (30 June 2021 - \$30.6m) at balance date.

Cash Flow & Working Capital

(\$M)	FY22 H1	FY21 H1
Operating EBITDA	29.9	24.3
Right-of-use asset depreciation charge	2.0	2.3
Movement in working capital	(1.4)	9.0
Equity incentive expense	0.8	0.6
Gross cash flow	31.3	36.2
Tax paid	(6.0)	(2.6)
Operating cash flow	25.3	33.6
Cash funded capex	(0.4)	(0.5)
Lease liability payments	(2.9)	(3.1)
Free cash flow	22.0	30.0

HIGHLIGHTS

- Cash conversion at 98% of EBITDA (excludes right-of-use asset depreciation charge) as compared to 137% in FY21H1 resulting from expected unwinding working capital. The Group targets a cash conversion of 85%.
- Tax payments made in all jurisdictions with increase predominantly in the USA and Australia (operations commenced to pay tax in FY21H2).
- Marginally lower lease payment relating to Frank PR (divested in March 2021).

Q&A

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