

Infomedia Ltd and controlled entities

Appendix 4D

Interim report for the half-year ended 31 December 2020

Results for announcement to the market

(All comparisons to half-year ended 30 December 2019)

| | 31 December 2020 \$'000 | (Down) / Up \$'000 | Movement |
|--|----------------------------|-----------------------|----------|
| Revenue from ordinary activities | 47,689 | (197) | 0% |
| Earnings before interest, tax, depreciation and amortisation ('EBITDA') (Note 1) | 22,372 | (526) | (2%) |
| Cash EBITDA (Note 1) | 9,545 | (1,869) | (16%) |
| Profit from ordinary activities after income tax attributable to shareholders ('NPAT') | 9,331 | 289 | 3% |
| Net profit for the period attributable to shareholders | 9,331 | 289 | 3% |

The impact of the Coronavirus (COVID-19) pandemic is ongoing, specifically with regard to delays in sales converting to revenue across the Group's geographies. Whilst the effect of COVID-19 on the Group has been modest up to 31 December 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation continues to change and is dependent on measures imposed by authorities in relevant jurisdictions, such as maintaining social distancing requirements, quarantine, vaccines, travel restrictions and economic stimulus.

Note 1:

| | 31 December 2020 \$'000 | 31 December 2019 \$'000 |
|--|----------------------------|----------------------------|
| EBITDA ^(a) | 22,372 | 22,899 |
| Development expenses capitalised | (12,448) | (10,296) |
| AASB 16 rent adjustment | (987) | (976) |
| Unrealised foreign currency translation losses / (gains) | 608 | (213) |
| Cash EBITDA | 9,545 | 11,414 |

(a) Refer to page 4 of the Interim Report for the half-year ended 31 December 2020 for a reconciliation of EBITDA to NPAT.

Dividend information

| | Amount per share cents | Franked amount per share cents | Franking credit |
|--|---------------------------|--------------------------------------|-----------------|
| 2020 Final dividend per share paid during the half-year ended 31 December 2020 | 2.15 | 1.505 | 70% |
| 2021 Interim dividend per share | 2.15 | 2.15 | 100% |

Interim dividend dates

| | |
|------------------|---------------|
| Ex-dividend date | 3 March 2021 |
| Record date | 4 March 2021 |
| Payment date | 26 March 2021 |

The Company's Dividend Reinvestment Plan ('DRP') has been suspended since 31 October 2019.

Net tangible assets

| | 31 December 2020 | 31 December 2019 |
|---|------------------|------------------|
| | cents | cents |
| Net tangible assets per ordinary share ^(b) | 25.55 | 4.06 |

(b) The net tangible assets ('NTA') per ordinary share as at 31 December 2020 is calculated as net assets (including contingent consideration liabilities associated with acquisitions) adjusted for intangible assets including goodwill, right-of-use assets, lease liabilities and net deferred tax liabilities. The significant increase in net tangible assets per ordinary share is attributable to the capital raise in May 2020.

Other information

In the half-year ended 31 December 2020, the Group did not gain or lose control over any entities, nor did it acquire any joint ventures or associates.

Additional Appendix 4D disclosure requirements (including explanation of the figures reported above) can be found in the Interim Report for the half-year ended 31 December 2020 which contains the directors' report and the 31 December 2020 financial statements and accompanying notes.

This report is based on the consolidated financial statements which have been reviewed by Deloitte Touche Tohmatsu, with an unqualified review report issued.

Infomedia Ltd

ABN 63 003 326 243

Interim Report - 31 December 2020

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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 2020.

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 |
| Kim Anderson | Independent Non-Executive Director |
| Paul Brandling | Independent Non-Executive Director |
| Clyde McConaghy | Independent Non-Executive Director (resigned on 11 November 2020) |
| Anne O'Driscoll | Independent Non-Executive Director |

Principal activities

Infomedia Ltd is a global technology solutions company incorporated in New South Wales, Australia 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 2020, 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 and provision of data analytics to assist automakers and the dealers optimise operations, grow sales and improve customer retention.

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:

| | 31 Dec 2020 | Consolidated 31 Dec 2019 |
|---|--------------------|-------------------------------------|
| | \$'000 | \$'000 |
| Final dividend for the year ended 30 June 2020 (30 June 2019) | <u>8,051</u> | <u>6,837</u> |

On 25 February 2021, the directors declared a fully franked interim dividend of 2.15 cents per share to be paid on 26 March 2021. As this occurred after the reporting date, the dividends declared have not been recognised in this financial report.

Financial and Operating Review

Infomedia's financial result for the six months ended 31 December 2020 (1H21) was in line with expectations. The global pandemic and associated travel restrictions continued to have an impact on customer sentiment resulting in delayed negotiations and installations of sold contracts affecting top-line growth.

1H21 Revenue of \$47.689 million was flat on the previous corresponding period (pcp). Revenue in the prior period included a more substantial contribution from one-off revenue linked to installations and customer led development projects.

Cash EBITDA was \$9.545 million, down 16% pcp reflecting the impact of continued investment in Next Gen during the period to deliver and rollout the new integrated SaaS platform across the Company's global customer base.

NPAT was \$9.331 million, up 3% pcp. EPS declined 13% pcp to 2.49 cents due to the dilutive effect of the capital raise in 2H20.

Cash and cash equivalents declined by 6% to \$97.325 million compared to June 2020, due to the cash cost of investment in the Group's innovative Next Gen SaaS platform. Net cash from operating activities increased 19% pcp reflecting improved collections as a result of customer engagement and confidence across the customer base. Capitalised development grew 21% in line with the increased investment in the Next Gen SaaS platform and added product functionality. The Company remains debt free.

Engagement with customers remained high through the end of the calendar year with the near completion of the Next Gen platform rollout. Infomedia customers welcome the innovation which transforms the largely manual aftersales environment into a paperless, efficient, and productive digital experience for dealer employees and their customers.

Parts revenue declined 6% pcp due to the combination of delayed negotiations, a reduction in one-off revenue, the completion of a several credits to support customers through the most difficult months of COVID-19, and the impact of currency fluctuation. Service revenue grew 9% pcp following the rollout of several new contract wins in each region.

Asia Pacific (APAC) reported strong growth in the period, up 8% pcp following several mandated Superservice contract wins and new Parts contracts in the region.

Infomedia's Northern Hemisphere operations of Europe, Middle-East and Africa (EMEA) and Americas, being most impacted by COVID-19, reported flat revenue and a decline of 6% pcp, respectively. One-off revenue related to installations was delayed due to lockdowns and travel restrictions in the Americas and contributed to revenue decline during the half.

COVID-19 restrictions had a significant impact on trading activity and sentiment in EMEA and the Americas in the last months of the calendar year. During this period, however, the Company secured a strategically significant contract win with Ford Europe and signed several strategic, leveraged partnerships in the Americas which underpin growth in Infomedia's SaaS platform and emerging data business.

A summary of the results is shown below:

| | 31 Dec 2020 \$'000 | 31 Dec 2019 \$'000 | Movement % |
|--|-----------------------|-----------------------|---------------|
| Revenue (a) | 47,689 | 47,885 | 0% |
| EBITDA (b) | 22,372 | 22,899 | (2%) |
| Development costs capitalised | (12,448) | (10,296) | 21% |
| AASB 16 rent adjustment | (987) | (976) | 1% |
| Unrealised foreign currency losses/(gains) | 608 | (213) | |
| Cash EBITDA | 9,545 | 11,414 | (16%) |
| NPAT | 9,331 | 9,041 | 3% |
| EPS | 2.49 | 2.86 | (13%) |
| Interim dividend | 2.15 | 2.15 | 0% |

(a) Revenue details

| | 31 Dec 2020 \$'000 | 31 Dec 2019 \$'000 | Movement % |
|--|-----------------------|-----------------------|---------------|
| By geographical location (local currency) | | | |
| Worldwide revenue (AUD) | 47,689 | 47,885 | 0% |
| Asia Pacific (AUD) | 15,673 | 14,449 | 8% |
| EMEA (EUR) | 11,185 | 11,218 | 0% |
| Americas (USD) | 9,837 | 10,424 | (6%) |

(b) Reconciliation of EBITDA to NPAT

| | 31 Dec 2020 \$'000 | 31 Dec 2019 \$'000 | Movement % |
|---|-----------------------|-----------------------|---------------|
| Reconciliation of EBITDA to NPAT | | | |
| EBITDA | 22,372 | 22,899 | (2%) |
| Add/(less): | | | |
| Net finance costs | (52) | (488) | (89%) |
| Depreciation and amortisation | (10,059) | (10,264) | (2%) |
| Income tax expense | (2,930) | (3,106) | (6%) |
| NPAT | 9,331 | 9,041 | 3% |

Outlook

The Board is confident Infomedia is well positioned to leverage disruption underway in the global automotive market. Strategic focus, investment in innovation and data and the pursuit of M&A are expected to drive Infomedia's future performance. While an acquisition has yet to close since the capital raise, Infomedia continues to adopt a disciplined approach and be vigilant in the pursuit of M&A.

The Group anticipates some moderate organic growth in the second half of the 2021 financial year. Global travel restrictions and lockdowns will continue to delay the timing of closed sales converting to revenue although this will likely improve as restrictions ease with the widespread rollout of a vaccine.

In the medium term, the Group expects a return to sustained growth reinforced by recent strategic wins across all regions and a new integrated SaaS platform. Infomedia remains committed to an aspirational target of doubling revenue to \$200 million by 2025 as shared at the 2020 Annual General Meeting.

The impact of the Coronavirus (COVID-19) pandemic is ongoing, specifically with regard to delays in sales converting to revenue across the Group's geographies. Whilst the effect of COVID-19 on the Group has been modest up to 31 December 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation continues to change and is dependent on measures imposed by authorities in relevant jurisdictions, such as maintaining social distancing requirements, quarantine, vaccines, travel restrictions and economic stimulus.

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 25 February 2021, the Board declared a fully franked interim dividend of 2.15 cents per share.

No other matter or circumstance has arisen since 31 December 2020 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

25 February 2021

25 February 2021

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

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 financial report of Infomedia Limited for the half-year ended 31 December 2020, 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 faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Pooja Patel

Pooja Patel
Partner
Chartered Accountants

Infomedia Ltd
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2020



| | Note | 31 Dec 2020 \$'000 | Consolidated 31 Dec 2019 \$'000 |
|--|-------------|-------------------------------------|--|
| Revenue | 4 | 47,689 | 47,885 |
| Expenses | | | |
| Research and development expenses | | (9,918) | (10,721) |
| Sales and marketing expenses | | (13,972) | (12,986) |
| General and administration expenses | | (11,493) | (11,772) |
| Total expenses | | <u>(35,383)</u> | <u>(35,479)</u> |
| Operating profit | | 12,306 | 12,406 |
| Other income | 7 | 783 | - |
| Net finance costs | | (52) | (488) |
| Net foreign currency exchange (loss)/gain | 5 | <u>(776)</u> | <u>229</u> |
| Profit before income tax expense | | 12,261 | 12,147 |
| Income tax expense | | <u>(2,930)</u> | <u>(3,106)</u> |
| Profit after income tax expense for the half-year attributable to the owners of Infomedia Ltd | | 9,331 | 9,041 |
| Other comprehensive loss | | | |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | | |
| Foreign currency translation | | <u>(995)</u> | <u>(385)</u> |
| Other comprehensive loss for the half-year, net of tax | | <u>(995)</u> | <u>(385)</u> |
| Total comprehensive income for the half-year attributable to the owners of Infomedia Ltd | | <u><u>8,336</u></u> | <u><u>8,656</u></u> |
| | | Cents | Cents |
| Basic earnings per share | | 2.49 | 2.86 |
| Diluted earnings per share | | 2.49 | 2.84 |

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 2020 | 30 Jun 2020 | |
| | \$'000 | \$'000 | |
| Assets | | | |
| Current assets | | | |
| | 97,325 | 103,919 | |
| Cash and cash equivalents | | | |
| Trade and other receivables | 8,130 | 12,055 | |
| Income tax refund due | 795 | - | |
| Prepayments | 3,702 | 2,337 | |
| Total current assets | 109,952 | 118,311 | |
| Non-current assets | | | |
| | 2,366 | 1,556 | |
| Property, plant and equipment | | | |
| Right-of-use assets | 5,069 | 4,494 | |
| Intangibles | 71,525 | 67,898 | 6 |
| Total non-current assets | 78,960 | 73,948 | |
| Total assets | 188,912 | 192,259 | |
| Liabilities | | | |
| Current liabilities | | | |
| | 6,039 | 7,540 | |
| Trade and other payables | | | |
| Contract liabilities | 1,021 | 1,520 | |
| Promissory note | - | 104 | 7 |
| Lease liabilities | 1,853 | 1,889 | |
| Provision for income tax | - | 3,504 | |
| Employee benefits | 4,291 | 4,131 | |
| Contingent consideration | 2,652 | 1,669 | 9 |
| Total current liabilities | 15,856 | 20,357 | |
| Non-current liabilities | | | |
| | - | 743 | 7 |
| Promissory note | | | |
| Lease liabilities | 3,116 | 3,136 | |
| Deferred tax | 12,381 | 10,820 | |
| Provisions | 1,068 | 473 | |
| Employee benefits | 721 | 348 | |
| Contingent consideration | 1,414 | 2,080 | 9 |
| Total non-current liabilities | 18,700 | 17,600 | |
| Total liabilities | 34,556 | 37,957 | |
| Net assets | 154,356 | 154,302 | |
| Equity | | | |
| | 104,400 | 103,192 | 10 |
| Issued capital | | | |
| Foreign currency reserve | 370 | 1,365 | |
| Share-based payments reserve | 841 | 2,280 | |
| Retained profits | 48,745 | 47,465 | |
| Total equity | 154,356 | 154,302 | |

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 2020 | 103,192 | - | 1,365 | 2,280 | 47,465 | 154,302 |
| Profit after income tax expense for the half-year | - | - | - | - | 9,331 | 9,331 |
| Other comprehensive loss for the half-year, net of tax | - | - | (995) | - | - | (995) |
| Total comprehensive income/(loss) for the half-year | - | - | (995) | - | 9,331 | 8,336 |
| <i>Transactions with owners in their capacity as owners:</i> | | | | | | |
| Share-based payments | - | - | - | (231) | - | (231) |
| Shares issued to employees upon vesting of options and/or performance rights | 1,208 | - | - | (1,208) | - | - |
| Dividends paid (note 8) | - | - | - | - | (8,051) | (8,051) |
| Balance at 31 December 2020 | 104,400 | - | 370 | 841 | 48,745 | 154,356 |

| 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 | 5,114 | - | - | - | - | 5,114 |
| Share-based payments | - | - | - | 583 | - | 583 |
| Tax effect related to share-based payments | - | - | - | (3,547) | - | (3,547) |
| Shares issued to employees upon vesting of options and/or performance rights | - | 1,230 | - | (1,043) | - | 187 |
| Dividends paid (note 8) | - | - | - | - | (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

| | Note | 31 Dec 2020 \$'000 | Consolidated 31 Dec 2019 \$'000 |
|---|------|-----------------------|---------------------------------------|
| Cash flows from operating activities | | | |
| Receipts from customers | | 51,619 | 47,224 |
| Payments to suppliers and employees | | (29,190) | (28,275) |
| | | 22,429 | 18,949 |
| Interest received | | 340 | 9 |
| Interest and other finance costs paid | | (72) | (96) |
| Income taxes paid | | (5,666) | (4,557) |
| Net cash from operating activities | | 17,031 | 14,305 |
| Cash flows from investing activities | | | |
| Payments for property, plant and equipment | | (1,023) | (420) |
| Payments for development costs capitalised | | (12,448) | (10,296) |
| Net cash used in investing activities | | (13,471) | (10,716) |
| Cash flows from financing activities | | | |
| Proceeds on exercise of executive options | | - | 5,302 |
| Dividends paid | 8 | (8,051) | (6,837) |
| Repayment of lease liabilities, excluding the financing component | | (915) | (879) |
| Net cash used in financing activities | | (8,966) | (2,414) |
| Net (decrease)/increase in cash and cash equivalents | | (5,406) | 1,175 |
| Cash and cash equivalents at the beginning of the financial half-year | | 103,919 | 15,534 |
| Effects of exchange rate changes on balances held in foreign currencies | | (1,188) | 487 |
| Cash and cash equivalents at the end of the financial half-year | | 97,325 | 17,196 |

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 25 February 2021.

Note 2. Significant accounting policies

These general purpose financial statements for the interim reporting period ended 31 December 2020 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 2020 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.

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.

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. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

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

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, Central and 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.

Note 3. Operating segments (continued)

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 contract.

Reportable segment information

| Consolidated - 31 Dec 2020 | Asia Pacific \$'000 | EMEA \$'000 | Americas \$'000 | Unallocated \$'000 | Total \$'000 |
|--|------------------------|----------------|--------------------|-----------------------|-----------------|
| Revenue | | | | | |
| Revenue from external customers | 15,673 | 18,320 | 13,696 | - | 47,689 |
| Total revenue | 15,673 | 18,320 | 13,696 | - | 47,689 |
| EBITDA | 11,659 | 15,136 | 8,003 | (12,426) | 22,372 |
| Net finance costs | (2) | (4) | (7) | (39) | (52) |
| Depreciation and amortisation | (32) | (54) | (83) | (9,890) | (10,059) |
| Profit/(loss) before income tax expense | 11,625 | 15,078 | 7,913 | (22,355) | 12,261 |
| Income tax expense | | | | | (2,930) |
| Profit after income tax expense | | | | | 9,331 |

Australia and the United States of America are the only individual countries from which the Group derives material revenues. In the current half-year, the Group derived revenue of \$11.643 million from Australia (2019: \$10.046 million) and \$8.715 million from the United States of America (2019: \$9.691 million). \$78.435 million (June 2020: \$67.110 million) of the Group's non-current assets are located in Australia.

| 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 | 14,449 | 18,208 | 15,228 | - | 47,885 |
| 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 | 10,985 | 14,589 | 8,533 | (21,960) | 12,147 |
| Income tax expense | | | | | (3,106) |
| Profit after income tax expense | | | | | 9,041 |

Note 4. Revenue

| | 31 Dec 2020 \$'000 | Consolidated 31 Dec 2019 \$'000 |
|---|-----------------------|---------------------------------------|
| Subscription revenue | 46,242 | 45,638 |
| Development and other ancillary service revenue | 1,447 | 2,247 |
| Revenue | <u>47,689</u> | <u>47,885</u> |

Note 5. Net foreign currency exchange (losses)/gains

| | 31 Dec 2020 \$'000 | Consolidated 31 Dec 2019 \$'000 |
|---|-----------------------|---------------------------------------|
| Net foreign currency exchange (losses)/gains - realised | (168) | 16 |
| Net foreign currency exchange (losses)/gains - unrealised | (608) | 213 |
| | <u>(776)</u> | <u>229</u> |

Note 6. Intangibles

| | 31 Dec 2020 \$'000 | Consolidated 30 Jun 2020 \$'000 |
|---------------------------------------|-----------------------|---------------------------------------|
| Goodwill | 17,461 | 17,461 |
| Capitalised development costs | 115,609 | 103,161 |
| Less: Accumulated amortisation | (66,420) | (58,579) |
| | <u>49,189</u> | <u>44,582</u> |
| Software systems - at valuation | 8,309 | 8,309 |
| Less: Accumulated amortisation | (5,232) | (4,357) |
| | <u>3,077</u> | <u>3,952</u> |
| Customer relationships - at valuation | 1,894 | 1,894 |
| Less: Accumulated amortisation | (810) | (705) |
| | <u>1,084</u> | <u>1,189</u> |
| Brand names - at valuation | 714 | 714 |
| | <u>71,525</u> | <u>67,898</u> |

Note 6. Intangibles (continued)

Reconciliations

Reconciliations of the written down values between 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 2020 | 17,461 | 44,582 | 3,952 | 1,189 | 714 | 67,898 |
| Additions | - | 12,448 | - | - | - | 12,448 |
| Amortisation expense | - | (7,841) | (875) | (105) | - | (8,821) |
| Balance at 31 December 2020 | 17,461 | 49,189 | 3,077 | 1,084 | 714 | 71,525 |

Note 7. Promissory note

| | 31 Dec 2020 \$'000 | Consolidated 30 Jun 2020 \$'000 |
|-------------|-----------------------|---------------------------------------|
| Current | - | 104 |
| Non-current | - | 743 |
| | - | 847 |

On 22 June 2020, the Group received funds under the US Small Business Administration Paycheck Protection Programme ('PPP') established by the Coronavirus Aid, Relief and Economic Security ('CARES') Act.

Per the original terms, the promissory note had a maturity date of 1 June 2025 and was repayable in equal instalments at an interest rate of 1% per annum.

Given the proceeds were used toward permitted payroll, rent and other utility costs, the promissory note was eligible for forgiveness. On 11 December 2020, the application for the forgiveness under the terms of the CARES Act was approved and the promissory note was forgiven in full. This is disclosed as other income in the consolidated statement of profit or loss and other comprehensive income net of a foreign currency translation loss.

Note 8. Dividends

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

| | 31 Dec 2020 \$'000 | Consolidated 31 Dec 2019 \$'000 |
|---|-----------------------|---------------------------------------|
| Final dividend for the year ended 30 June 2020 (30 June 2019) | 8,051 | 6,837 |

Note 9. 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 2020 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 |
|--|-------------------|-------------------|-------------------|
| <i>Liabilities</i> | | | |
| Contingent consideration - current | - | - | 2,652 |
| Contingent consideration - non-current | - | - | 1,414 |
| Total liabilities | - | - | 4,066 |

| Consolidated - 30 Jun 2020 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 |
|--|-------------------|-------------------|-------------------|
| <i>Liabilities</i> | | | |
| Contingent consideration - current | - | - | 1,669 |
| Contingent consideration - non-current | - | - | 2,080 |
| Total liabilities | - | - | 3,749 |

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

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

The contingent consideration arose on the acquisition of Nidasu Pty Limited.

The fair value is based on a multiple of estimated forecast profit before tax 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's ordinary shares split 70:30. Any variation 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 2020 | 3,749 |
| Release of finance costs during the financial half-year | 317 |
| Balance at 31 December 2020 | 4,066 |

Note 9. Fair value measurement (continued)

Sensitivity analysis on fair value of contingent consideration

The carrying value of contingent consideration at 31 December 2020 might be impacted by the changes in discount rate or the forecast net profit before tax of Nidasu Pty Limited. The impact to the carrying value for the following unobservable inputs is as follows:

- Discount rate - a 100 basis points increase/decrease in the discount rate would decrease/increase the contingent consideration liability by \$0.012 million (30 June 2020: decrease/increase \$0.033 million).
- Profitability, adjustments on profit before tax - a 5% increase/decrease in the profitability would increase/decrease the contingent consideration liability by \$0.337 million (30 June 2020: decrease/increase \$0.352 million).

Note 10. Issued capital

| | 31 Dec 2020 Shares | 30 Jun 2020 Shares | 31 Dec 2020 \$'000 | Consolidated 30 Jun 2020 \$'000 |
|------------------------------|-----------------------|-----------------------|-----------------------|---------------------------------------|
| Ordinary shares - fully paid | 375,217,384 | 374,457,626 | 104,400 | 103,192 |

Movements in ordinary share capital

| Details | Date | Shares | Issue price | \$'000 |
|--|------------------|-------------|-------------|---------|
| Balance | 1 July 2020 | 374,457,626 | | 103,192 |
| Shares issued to employees upon vesting of options and/or performance rights | 2 October 2020 | 759,758 | \$1.590 | 1,208 |
| Balance | 31 December 2020 | 375,217,384 | | 104,400 |

Note 11. Income tax

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.

The Company's 2016 R&D claim had been under review with AusIndustry since July 2019. In March 2020, the Company received formal notification from AusIndustry that in their opinion certain R&D activities were ineligible R&D activities and, therefore, would not qualify for the R&D tax offset for the 2016 income year. The Company requested an Internal Review by AusIndustry of the negative finding and submitted additional information to AusIndustry on 17 August 2020 to address the concerns raised.

On 7 Jan 2021, AusIndustry issued a revised Certificate and Compliance Report stating that all the 2016 activities under review are eligible as R&D activity. Subsequently, on 4 February 2021, in light of the outcome of the internal review by AusIndustry, the Australian Taxation Office confirmed the matter finalised with no further action.

Note 12. Events after the reporting period

On 25 February 2021, the Board declared a fully franked interim dividend of 2.15 cents per share.

No other matter or circumstance has arisen since 31 December 2020 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.

The Directors declare that:

- (a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Group.

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

On behalf of the Directors



Bart Vogel
Chairman

25 February 2021

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

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Infomedia Ltd (the "Company") and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 31 December 2020, 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 as set out on pages 7 to 17.

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 the Group is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2020 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*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Directors' Responsibilities 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 Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether 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 Group's financial position as at 31 December 2020 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*.

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.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Pooja Patel

Pooja Patel

Partner

Chartered Accountants

Sydney, 25 February 2021