

ASX Release

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19 November 2020

2020 Annual General Meeting – Chairman and CEO Addresses

In accordance with ASX Listing Rule 3.13 attached are the Chairman and CEO Addresses together with presentation slides which will be delivered at Isentia Group Limited's Annual General Meeting commencing at 11.00am today.

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The release of this announcement was authorised by the Board.

About Isentia

Isentia (ASX:ISD) is APAC's leading integrated Media Intelligence and Insights business with operations in eight markets. Isentia blends market-leading monitoring experience with analytics to help the world's biggest brands uncover the whole picture – and act on it. Powered by cutting-edge technology and a team of world class experts, our mission is to help businesses leap-forward where only genuine insight can take them. To find out more about how we inform better decisions, please visit

www.isentia.com

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Isentia Group Limited
Annual General Meeting
19 November 2020

Chairman's Address

Before moving to the formal part of the meeting and an update from your Managing Director and CEO Ed Harrison, I would like to welcome you to Isentia's 2020 Annual General Meeting.

Today I would like to provide an overview of the 2020 financial year which was a period of significant achievement as we continued to implement our strategic plan and addressed challenges arising from COVID-19.

Leading Provider of Media Intelligence in Asia-Pacific

Isentia remains the leading provider of media intelligence across the Asia-Pacific region with a high-quality client base that includes government and leading corporates.

Our business is based on the delivery of media intelligence and insights that informs thousands of decisions made each day by communications professionals. Our platform captures and analyses data from over 6 million sources to provide the most up-to-date information to over 3,000 customers.

The importance of our products and services in a crisis was highlighted during the year when bushfires in Australia and COVID-19 resulted in significantly higher usage of our platform across all markets.

In FY20, Isentia earned \$20.9m in underlying EBITDA on revenue of \$110.3m, 90% of which was recurring.

FY20 Operational Overview

Slide 4 provides an operational overview of the 2020 financial year in which we made good progress in executing our strategy and delivered an underlying EBITDA result which was in line with our previously stated guidance.

Performance across our markets was mixed with ANZ continuing to face competitive pressures which resulted in a 10% decline in revenue. Despite this, our focus on strong margin discipline allowed us to right size our cost base to deliver ongoing profitability.

We remain committed to achieving a fair and equitable copyright outcome and Ed will provide an update on our ongoing efforts to realise a “level playing field”.

We recorded good revenue growth in South East Asia but North Asia continued to underperform and we took the decision to exit these operations. Isentia remains committed to its South East Asian markets where it is a leading provider of social media analytics and has close partnerships with local and multi-national clients.

We continued to implement efficiency programs which resulted in a 10% reduction in total costs. We also invested in product and technology to deliver excellent media intelligence solutions and strengthen our competitive position.

Trading through COVID-19

I would like to briefly comment on the pandemic which impacted the second half of the financial year.

I am proud of our rapid response to the crisis, transitioning 18 offices to remote working with limited impact on customer delivery. We experienced high utilisation levels for our platform and increased demand for our insights products as clients struggled to understand the implications of the pandemic on their brand and corporate reputation.

To further assist our clients, we fast-tracked platform improvements and developed a library of resources which allowed them to stay on top of media conversations relating to the crisis. We also supported a number of smaller clients by pausing contracts for certain periods.

The hard work we have done over the past two years to introduce greater variability into our cost base enabled us to move quickly to reduce costs and accelerate existing cost management programs in response to the pandemic. It also highlighted the resilience of our subscription model and reflected the Board's priorities around improving productivity and streamlining our operations.

In summary, FY2020 was a year of considerable upheaval as we supported customers through bushfires and a global pandemic and shifted our team to remote working across multiple markets while maintaining service levels to our clients.

The ability of our business to weather these events and the recent cyber security incident, is testament to the leadership shown by Ed and his executive team and the dedication of our people across the Asia-Pacific. I would like to thank them all for their commitment and outstanding efforts.

I would also like to thank my fellow directors for their ongoing support and valuable contribution to the Company.

The recent cyber security incident is a temporary setback for Isentia, and although disappointing, we have addressed this issue and limited the impact on our operations.

Like you, our shareholders, we are unhappy with the current share price and believe it does not adequately reflect the underlying value of our Company or its long-term prospects. I want to assure you that the Board and management are doing all we can to restore shareholder value.

We are very fortunate in the quality of the team we have here at Isentia and I look forward to working with them and the Board in FY21.

I would now like to invite your Managing Director and CEO, Ed Harrison to address the meeting.

CEO's Address

Good morning ladies and gentlemen and I would like to add my welcome to today's AGM.

In the 2020 financial year, we continued to transform our business while dealing with a global pandemic that highlighted the calibre of our people and the mission-critical nature of the services we provide.

Before I comment on FY20 and our growth strategy, I would like to make a few comments on the cyber security incident which occurred last month. Yesterday, we notified the market that all our key services including our Mediaportal platform have been restored and that we have finalised the new 3-year debt facility with the Commonwealth Bank of Australia, who we are pleased to have as our new banking partner.

This has been a challenging time for Isentia, and I am grateful for our customers' ongoing support and proud of how our people have responded to this unfortunate event. Our tech teams, together with leading cyber-security experts, have worked around the clock to restore services and our account managers have developed even stronger relationships with our customers as they have worked tirelessly to keep them informed of important media coverage.

As a result of the incident, Isentia has provided discounts or credits to affected customers, significantly reducing expected FY2021 revenues. We have also incurred remediation costs, which together with the revenue impact, are expected to reduce net profit before tax (NPBT) by \$7-8.5m in FY2021. To be clear, this is a non-recurring impact.

Despite the costs and delays created by the cyber security incident, our strategic plan remains intact. The new debt facility provides us with cost effective funding and improved flexibility to drive future growth and invest in product and technology in line with that plan.

FY20 Financial Overview

In FY2020, we continued to execute our strategic plan realising significant operational efficiencies, releasing new product features and streamlining our operations as we exited North Asia.

In the second half of the year, the strength of our processes and capabilities was evident as we were able to rapidly transition to remote working while continuing to service our clients who were struggling to understand the implications of a global pandemic on their brand and corporate reputation.

Turning to our full year result, Slide 7 shows that with \$110m in revenue and underlying EBITDA of almost \$21m, Isentia remains one of the largest media intelligence organisations in the region.

The strategic initiatives we have put in place over the last couple of years delivered a 10% reduction in our cost of doing business, which enabled us to maintain our EBITDA margin at a healthy 19%. We also continued to reduce net debt which has halved since June 2017.

The State of the Strategy

We made further progress in implementing our 3-year strategy plan which we launched in February 2019.

During the year, we continued to transform our operating model, automating core production and data pipeline workflows and using market-validated iterative product development processes to deliver new products and features to our clients.

We also made progress in transitioning to a single platform across the region and took the decision to exit North Asia because it was not aligned to our strategy.

Driving operational efficiencies

Slide 9 shows that we continued to transform our processes and capabilities in FY20. These strategic initiatives not only removed cost from the business but also accelerated workflows and increased the speed of content delivery.

We standardised products and processes in South East Asia and further consolidated platforms and systems to simplify our tech footprint.

Looking ahead, critical enhancements to social media functionality in FY21 will bring Isentia closer to meeting all clients' needs from a single platform across our markets.

Transforming our technology

A key element of our strategy has been to invest in technology to improve client experience. During the year, we continued to transform our tech to deliver better outcomes across the business and for our clients.

Through the use of machine learning and leading-edge cloud architectures, we have improved the efficiency and scalability of our tech stack and delivered faster and more relevant content to clients.

We have also incorporated third-party SaaS providers onto the platform allowing us to provide a broader range of products and features to our customers.

Delivering world-class product innovation

Our six development teams focused on critical areas to ensure the delivery of world-class product innovation. This includes the expansion of social media capability and an improved user experience on our core platform.

Our broadcast team is transforming TV and radio monitoring so that clients can receive broadcast items faster and in a digestible format that is easy to share.

Other teams continued to work hard revamping our reporting, improving the speed of our data ingestion and enhancing our new mobile app which was launched last year.

Investing in and delivering product innovation

Slide 12 shows our product roadmap. During FY2020, our ongoing investment in product and development provided us with a pipeline of differentiated features such as enhancements to Live Alerts, a new analytics dashboard, next generation broadcast delivery and automated translations. We further improved the usability and functionality of our mobile app which meets client demand for the delivery of relevant content in real time across multiple devices.

These new features strengthened our competitive position and we received a lot of positive feedback from our clients. These improvements also allowed our sales teams to open new conversations with prospective customers.

Looking ahead, the velocity of our product releases is expected to remain high in FY21, though the cyber security incident has delayed some aspects of our product roadmap.

Reimagining broadcast delivery

The delivery of broadcast content in real time has been a priority for Isentia for some time. Current voice-to-text solutions in market are rudimentary, predominantly relying on keyword matching within digital streaming. Isentia will be rolling out a series of important new capabilities in FY21. The new tech changes will, amongst other things, allow:

- improved accuracy and relevance;
- the automated detection of story boundaries;
- and the ability to download and edit items from directly the platform.

Aligning South East Asia and ANZ

On 30 June, we announced the closure of our North Asian operations which, despite the implementation of cost out programs, had remained loss-making and cashflow-negative as print media continued to decline.

This decision followed an extensive strategic review which concluded that there was poor alignment between these assets and the rest of the business, and that significant capital investment was needed to meet customer demands and achieve scale in these markets.

As part of this process, we entered into a strategic alliance with Wisers, a leading provider of big data smart business solutions based in Hong Kong, to transition clients to Wisers. This provides some offset to closure costs and new opportunities to collaborate across other markets.

The exit from North Asia frees up capital and management attention to focus on building regional scale across ANZ and South East Asia via the implementation of a single platform.

Our operations across these markets are similar with commonality in data sets, insights capabilities and in the mix of traditional and social media monitoring.

Significant operational efficiencies are being realised across the region and a new matrix structure is ensuring better alignment of head office functions across the region.

FY21 Outlook

Isentia will not be providing guidance in FY21 as our earnings visibility has been affected by;

- The economic uncertainty created by COVID-19 and;
- The uncertain outcome of our Copyright Tribunal proceedings.

Our operating performance in the September quarter remained in line with the 2020 financial year, reflecting an ANZ market that remains competitive and the effects of a second wave of COVID-19 in some South East Asian markets. The extended sales cycle, that we previously noted as an effect of the pandemic, continues to slow the pace of new business. Our disciplined approach to costs and the realisation of operational efficiencies enabled us to achieve further cost reductions and preserve margins.

In October, Isentia returned to the Copyright Tribunal as we continued our efforts to achieve a fair and reasonable arrangement for Copyright Agency licence materials. This hearing has now been adjourned until early next calendar year.

Despite the recent challenges, Isentia's subscription model has proved resilient and our team has responded rapidly to changing circumstances supporting our clients through bushfires and pandemics. We were also extremely grateful for the support and understanding that we have been shown by our customers in recent weeks as we dealt with our own crisis. As I have already mentioned, the cyber security incident is expected to result in a one-time \$7-8.5m reduction in FY2021 Net Profit before Tax.

The implementation of our strategy remains a key priority and we have the people and capabilities in place to continue the transformation of our business.

I would like to thank the Board and the entire Isentia team for their hard work and dedication over the past 12 months.

And finally, I would like to thank you, our shareholders, for your ongoing support.

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Annual General Meeting

19 November 2020

Chairman's Address

Doug Snedden

Leading provider of media intelligence in Asia-Pacific region

Most extensive suite of products and services

FY20 Revenue¹
\$110.3m

FY20 Underlying
EBITDA²
\$20.9m

Recurring revenue³
90%



Media intelligence software and managed services delivered across 8 markets



High quality client base including government and leading corporates



Globally awarded insights products and capabilities

FY20 Operational Overview

Varied market performance, good progress against strategy

- ➔ FY2020 underlying EBITDA¹ in line with previously stated guidance
- ➔ Revenue decline of 10% driven by competitive pressures in ANZ market
- ➔ Good revenue growth in South East Asia
- ➔ Efficiency programs deliver 10% reduction in total costs
- ➔ New product releases strengthen competitive position
- ➔ Exit North Asia as no longer aligned to strategy

1. Underlying EBITDA is \$20.9m. It includes an EBITDA loss of \$1.2m from North Asia.

Trading through COVID-19

Rapid response limits impact of crisis

- Rapid transition of 18 offices to remote working ensures safety of staff
- Limited impact on customer delivery
- Essential nature of product and services, especially during a crisis
- Diverse client portfolio across industry sectors and government
- High utilisation levels of products and services

Limited Net Impact On FY20 Earnings

- ▼ Extended sales cycle
- ▼ Some cancellations or deferrals by small clients
- ▼ Some additional service and content costs
- ▲ Increased demand for COVID-19 insights products
- ▲ Early action on operational expenses.
- ▲ Acceleration of cost management program
- ▲ Small government wage subsidies in Asia

CEO's Address

Ed Harrison

FY20 Financial Overview

Realising significant operational efficiencies, strong cashflow results in further debt reduction

Revenue

\$110.3m

\$12.2m lower on pcp

Cost base reduced by \$10m or

10%

Yielding a more efficient, adaptable business model

Underlying EBITDA¹

\$20.9m

\$2.2m lower on pcp

Underlying EBITDA margin

18.9%

In line with pcp

Underlying NPATA² of

\$7.7m

AASB16 neutral impact on NPATA

Net debt

\$24.6m

Strong operating cashflow reduces debt by \$3.7m

¹ Underlying EBITDA adjusts for certain non-operating items and is pre AASB 16. EBITDA post AASB 16 and non-operating items was \$11.4m

² Underlying NPATA adds back to NPAT the amortisation of intangibles resulting from acquisitions and adjusts for certain non-operating items. NPATA inclusive of non-operating items is a loss of \$4.9m

The State of the Strategy

Strategic plan has adapted to changing market conditions

Establish an efficient operating model underpinned by single platform



ACHIEVED

- Automated all press and some broadcast workflows
- Increased speed and reliability of core systems
- Levelled playing field in copyright

Deliver world-class, market-centric product innovation



- Launched multiple new platform features and functions
- Introduced innovative growth products incl. Reputation Analysis

Create regional scale to strengthen Asia Pacific leadership



- Increased product development resources in South East Asia (SEA)
- Developed multinational offering and sales structure
- Exited North Asia as not aligned with strategy

IN PROGRESS

- Consolidate systems and move closer to a single platform
- Extend machine learning to accelerate decision-making
- Complete full automation of data pipelines

- Roll out new platform architecture and UX
- Expand on-platform social media analytics to provide unique 'social + traditional' capability
- Make final transition to 100% real-time content delivery

- Continue to launch new Asia-focused products
- Standardise product offering across SEA markets to improve local and multimarket sales
- Standardise processes across SEA to achieve labour efficiency

Driving operational efficiencies

Transforming processes and capabilities

- Automated press and broadcast functions increase speed of content delivery and reduces costs
- Standardisation of products and processes in South East Asia
- Further consolidation of platforms and systems simplifies technology footprint
- Machine learning removes cost and accelerates workflows

➔ Moving towards a single platform

Critical enhancements to social media functionality in FY21 will bring Isentia closer to meeting all clients' needs from a single platform in all markets

Trade war between Australia and China. China has suspended imports from three Queensland abattoirs as tensions between Canberra and Beijing rise. He's led the global push for a coronavirus inquiry infuriating Beijing. This morning Scott Morris and praised Chinese Australians, they have been extraordinary for backing the country's covid measures, but said nothing or no ominous news from overnight. Four Australian meat processors had their licenses suspended, the trade door slammed shut on Queensland plan in Kilcoy, Toowoomba and Brisbane and casino New South Wales halted more than one-third of the beef Australia sends to China. The technical reasons for this is due to food and health certificates. But locals and others point to the prime minister's enquiry push. A bit of a taste of what it's like when you Miss Minnie's the relationship with our largest trading partner. To speculate is dangerous and I think you need to deal in facts. Last year China spent 134 billion dollars on Australian Goods, buying 36 percent of the country's exports.

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ITEM HISTORY

Fast delivery More content Better quality

Transforming our technology

Enhancing business efficiency and improving client experience



Leading-edge cloud architectures



Integrating third party providers into tech stack



Increased use of machine learning



Business Outcomes

- Scalable and reliable tech stack
- Reduced costs across data pipelines
- Faster product development



Client Outcomes

- Faster delivery of content
- Improved relevance
- Continuous release of new products and features

Delivering world-class product innovation

Six development teams, one focus



Social Monitoring

Expanding capability for social media monitoring, analysis and reporting in Mediportal.



New User Experience

Making Mediportal even easier to use, as well as delivering a fresh look.



Next Generation Broadcast

Transforming broadcast monitoring so clients receive broadcast items fast, in an easily digestible and shareable format.



Revamped Reporting

A new suite of reporting tools to help Comms professionals keep stakeholders informed in an efficient, controlled and elegant way.



Data Ingestion

Enhanced speed of media items, new metadata and new media types.

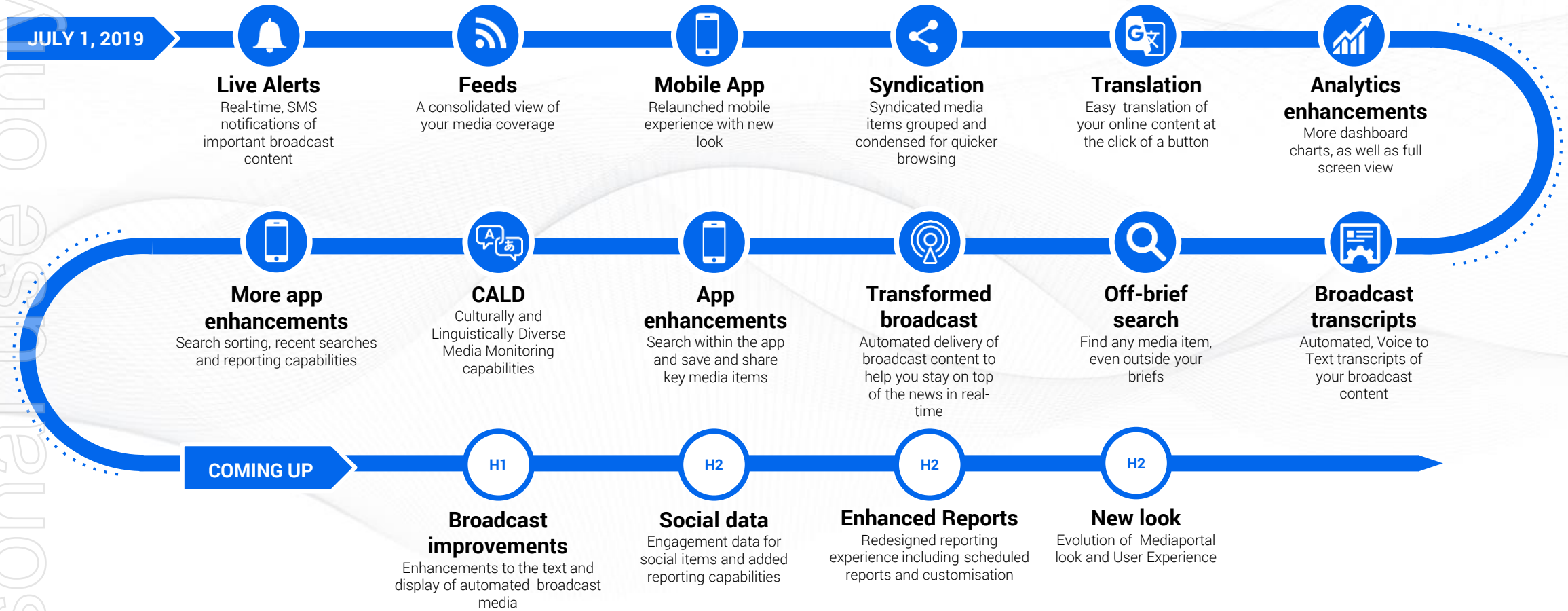


App

Delivering a new app experience, so users can check and share media coverage through the day.

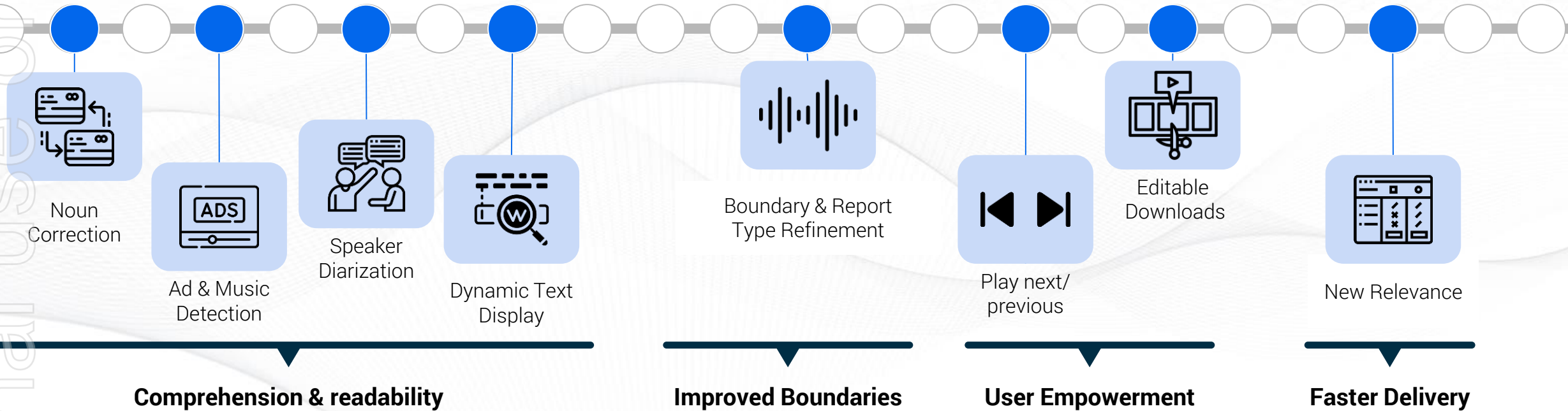
Investing in and delivering product innovation

Maintaining high velocity in product release rate



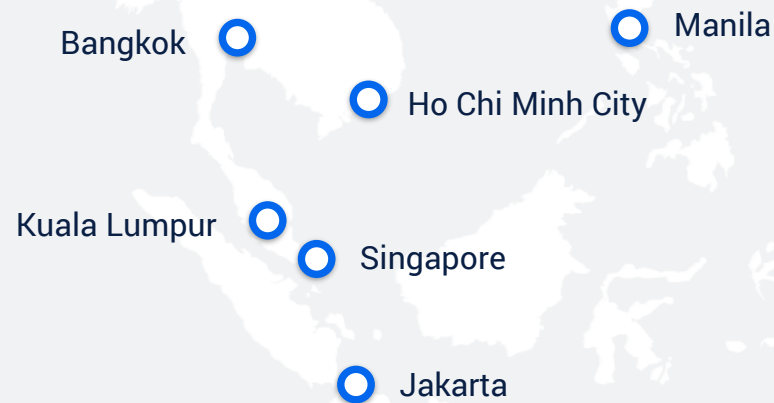
Reimagining broadcast delivery

World-class technology, game changing capability in FY2021



Aligning South East Asia and ANZ

Building regional scale with a single platform



- Commonality in data sets across ANZ and South East Asia
- Market-leading insights capability and common research methodologies in all markets
- Unique mix of traditional and social media monitoring
- Strong local partnerships and multi-market sales will increase multi-national client base
- Significant operational efficiencies through the standardisation of product and processes across region
- New matrix structure allows better access to head office functions

Looking ahead

FY2021 economic outlook remains uncertain



The economic uncertainty created by COVID-19 and the Copyright Tribunal proceedings has limited FY21 earnings visibility. As a result, Isentia will not provide FY21 financial guidance



Cyber security incident is expected to reduce Net Profit before Tax in FY21 by \$7-8.5m



Q1 FY21 revenue and EBITDA trends consistent with FY20; ANZ market remained competitive, impact from second wave of COVID-19 in South East Asia

Disclaimer

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