



ABN 62 606 252 644

# APPENDIX 4E

## YEAR ENDED 30 JUNE 2022

### Company Information

Current Reporting Period: For the year ended 30 June 2022

Previous Corresponding Period: For the year ended 30 June 2021

This information should be read in conjunction with the 30 June 2022 Year End Financial Report of IVE Group Limited and its controlled entities and any public announcements made in the period by IVE Group Limited in accordance with the continuous disclosure requirements of the Corporations Act 2001 and Listing Rules.

Additional Appendix 4E disclosure requirements can be found in the Directors' Report and the consolidated financial statements for the year ended 30 June 2022.

This report is based on the consolidated financial statements for the year ended 30 June 2022 of IVE Group Limited and its controlled entities, which have been audited by KPMG. The Independent Auditor's Report provided by KPMG is included in the consolidated financial statements for the year ended 30 June 2022.

### Results for announcement to the market

In accordance with the ASX Listing Rule 4.3, the board and management of IVE Group Limited has enclosed an Appendix 4E for the year ended 30 June 2022.

Results		30 June 2022 \$'000	30 June 2021 \$'000
Revenue from continuing operations	<b>Up 16%</b>	<b>758,976</b>	656,457
Profit from ordinary activities after tax attributable to members	<b>Down 7%</b>	<b>26,932</b>	29,060
Net profit for the period attributable to members	<b>Down 7%</b>	<b>26,932</b>	29,060

All comparisons are on a statutory basis unless stated

Refer to the attached Directors' Report and Operating and Financial Review for commentary and explanation of results.



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<b>Net tangible assets per security</b>	<b>30 June 2022</b>	<b>30 June 2021</b>
Net tangible asset per security (cents)	<b>34.3</b>	32.1

<b>Dividend amount per security</b>	<b>Amount per security cents</b>	<b>Franked amount per security cents</b>
Final dividend for the year ended 30 June 2022 to be paid 13 October 2022	<b>8.0</b>	<b>8.0</b>
Interim dividend for the year ended 30 June 2022 paid 14 April 2022	8.5	8.5

Final dividend entitlement date: close of business 14 September 2022.

#### **Audit report**

The Independent Auditor's Report provided by KPMG is included in the IVE Group Limited Financial Report for the year ended 30 June 2022.

#### **Attachments**

Financial Report for the year ended 30 June 2022 for IVE Group Limited.

Authorised for release by the IVE Group Limited Board.

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# IVE GROUP LIMITED ANNUAL FINANCIAL REPORT

ABN 62 606 252 644

YEAR ENDED 30 JUNE 2022

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# OPERATING AND FINANCIAL REVIEW (OFR)

## 1. SUMMARY OF FINANCIAL PERFORMANCE

A strong uplift in financial performance following two years of unprecedented uncertainty and volatility



The underlying financial results are on a non IFRS basis and are not audited or reviewed

The underlying results are on a continuing operations basis, post AASB16 and exclude other income and non-operating items (refer reconciliation page 14)

Underlying results exclude net JobKeeper receipts in FY21

## 2. OUR VISION, PURPOSE AND VALUES

Our vision and purpose is to maintain and grow a highly respected, strong and sustainable business for all key stakeholders – our staff, our clients and our shareholders. Core to this is ensuring a value proposition that maintains its relevance to our clients' ever evolving communications needs.

IVE unlocks value for our stakeholders through the powerful combination of our brand values that are the guiding principles of our behaviour – core to this is our 'one company philosophy'.

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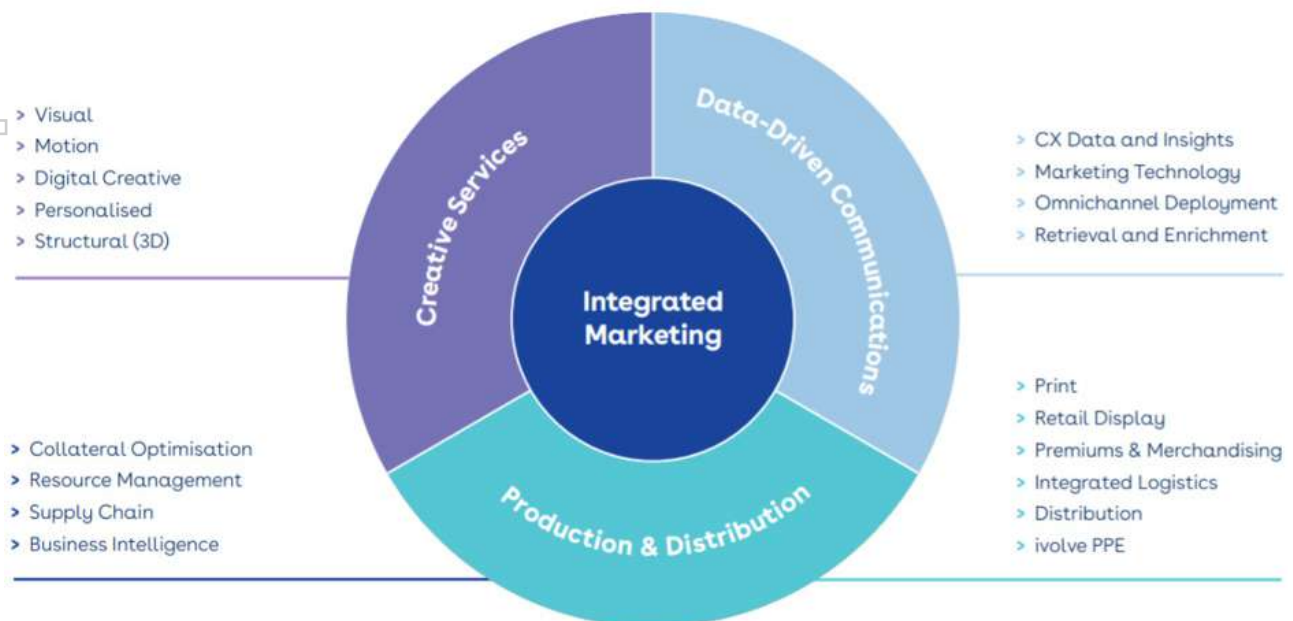
## OPERATING AND FINANCIAL REVIEW (CONT.)

### Values



### 3. OUR INTEGRATED SERVICE OFFERING

Specialising in creative, data-driven communications, integrated marketing, production & distribution, we bring together the capabilities, specialists and technology needed to make customer connection seamless.



Our offering is supported by robust integrated technology platforms that make complex marketing simpler for our clients.

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## OPERATING AND FINANCIAL REVIEW (CONT.)

### 4. STRATEGY AND GROWTH

IVE commenced the evolution to a broader product and service offering late in the 1990's, through a combination of organic growth initiatives and a disciplined acquisition program. Core to expediting the execution of our growth and ongoing diversification strategy was our decision to list on the ASX in December 2015. Strong free cash flow, combined with access to capital, has enabled the Company to successfully execute a transformational investment and growth program over recent years to further expand and strengthen our integrated communications offer to enhance long-term client relationships.

Our continued growth and diversification, and the convergence of technologies on the back of the digital revolution over the last decade, has coincided with a meaningful consolidation across the more traditional parts of the marketing communications sector. This has resulted in a more defined competitive landscape than ever before with a reduced number of competitors. IVE has led sector consolidation and innovation over the last 10 years and today is the largest and has the most diversified integrated marketing communications offer in the Australian market.

Core to the ongoing sustainability of the business is that the value proposition we take to market has always remained relevant by being closely aligned to our clients evolving marketing communications requirements.

The diversity of IVE's value proposition places us in a strong position relative to a number of competitors across the sector. IVE does not have one headline competitor that has an equivalent breadth of offering, and we continue to hold leading market positions across the sub sectors in which we operate.

A clearly defined and well executed strategy has resulted in a resilient business with diversified revenue streams, well positioned to pursue growth initiatives.

#### **Continuation of the Group's long-term strategy to further diversify and grow revenue and earnings**

*A clearly defined and well executed strategy over the last 20 years has cemented IVE as the largest integrated marketing communications business in Australia, holding leading market positions across all sectors in which we operate.*

*Execution of our strategy has resulted in a diversified, resilient business supporting a consistently high dividend yield, and a strong balance sheet to pursue further growth opportunities.*

#### **Investment, expansion and growth since listing on the ASX in December 2015**

- The execution of our strategy has resulted in the compelling diverse value proposition IVE takes to market
- Strong free cash flow since listing and access to capital has enabled the Company to execute a transformational investment program that has further expanded our diversified integrated marketing communications offer
- IVE holds leading market positions across the marketing communications sector, has a strong and diverse client base, good revenue mix across a range of sectors, and has maintained stable margins
- The Group has consistently generated strong cash flow
  - Five year track record of strong operating and free cash flow since FY18:
    - Operating cash flow of \$380m
    - Free cash flow of \$290m
    - Delivered an average operating cash conversion to pre AASB16 EBITDA of 100%
- The disciplined execution of our strategic investment program over the last 5 years has resulted in significant increases in both revenue and earnings, albeit FY20 and FY21 were COVID-19 impacted

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## OPERATING AND FINANCIAL REVIEW (CONT.)

### Market positioning

COVID-19 disruption has strengthened our market position in a number of key sectors:

- No 1 provider in key sectors we operate in
- IVE is considered an attractive counterparty given the diversity and power of our value proposition, geographical footprint and financial strength
- The effects of COVID-19 have increased pressure on key competitors in some sectors. We are ideally positioned to take advantage of any opportunities

### Revenue diversification

Execution of our strategy has resulted in the increased diversification of revenue streams and broader client relationships

- Our long-term strategy of evolving our value proposition has resulted in well-diversified revenue streams across multiple sectors
- IVE's broad product and service offering has resulted in a large proportion of our clients engaging with us across multiple parts of our business
- We have seen revenue bounce back across most parts of the business as the economy emerges from COVID-19
- We are ideally positioned to capitalise on opportunities across multiple sectors to grow market share
- The Company's capacity to fund a range of organic and inorganic strategic initiatives will result in further diversification of revenues

### Growth opportunities

We continue to organically grow the revenues and earnings on the strength of our integrated offer, world class operations, market position and competitive advantage.

Our strong balance sheet places us in a very good position to invest across a range of organic initiatives like Lasoo, together with attractive 'bolt on' and strategic acquisitions that may present.

**In this regard, the Company has allocated \$30-40m to invest in a range of earnings accretive opportunities as outlined below.**

#### Complementary bolt-on acquisitions

We expect a number of 'bolt on' acquisition opportunities will present over the coming 12-24 months. We have a demonstrable track record over many years of successfully acquiring and integrating businesses at low multiples to unlock synergies and drive EPS uplift.

#### Packaging

We have previously communicated that the Company sees opportunities for both organic and acquisition growth in the packaging sector. Our near term focus is on finalising the strategy and plans to build our packaging capability over the coming two years. To this end, the Company has been working closely with an expert advisory firm over recent months to further develop and refine our strategy to move more aggressively into the packaging sector:

- An in-depth analysis of the Australian packaging market and other packaging markets is now complete
- This work has confirmed that IVE's strategic imperative to grow our packaging offer is sound, and IVE should continue to actively seek an appropriate acquisition to expedite this strategy
- The analysis also identified other packaging markets which strongly complement IVE's key strengths, with the potential to further build out the breadth and depth of IVE's offering to its diverse customer base



## OPERATING AND FINANCIAL REVIEW (CONT.)

### Lasoo

A significant organic initiative has been the investment to upgrade our digital catalogue platform, Lasoo. In FY22, we invested \$4.7m to completely rebuild and market test the Lasoo platform. The commentary following provides an overview of this important initiative.

### Lasoo IVE's new eCommerce marketplace for retailers' specials

#### Lasoo today – significant loyal consumer and retailer base despite limited functionality

- Lasoo was established in 2007 and acquired by IVE in January 2020
- The platform was historically positioned as a digital catalogue aggregation site
  - Offered as an adjunct (bundled service) to the printed catalogue
  - Minimal historical investment in functionality and marketing
  - Superficial and inefficient comparison of 'specials'
  - No transactional capability: users redirected to retailers' platforms
  - Generated only modest digital catalogue creation revenue for IVE
- Lasoo has longstanding, loyal consumer and retailer support despite the limited functionality
  - Over 200,000 active users per month on average since 2016
  - 23% of current users visit the site daily
  - 8.6% of sessions result in a buy now click (demonstrating high purchase intent)
  - Many of Australia's major retailers are active on the platform including ALDI, Chemist Warehouse, Woolworths, Coles, Big W, Target, Kmart, The Good Guys and Australia Post
- We were unable to properly commercialise Lasoo given the limited historical functionality

#### Lasoo tomorrow – eCommerce marketplace for retailers' specials

- IVE identified a meaningful opportunity to transform Lasoo into a superior platform to drive a greatly enhanced online consumer experience and to deliver commercial upside to our extensive retail client base and to IVE
- In FY22, the Group invested \$4.7m to completely rebuild and market test the Lasoo platform
- This investment provides an opportunity to commercialise and grow our already active user base on the back of
  - Game changing upgrade of functionality
  - Greatly improved product range, pricing visibility, search and comparison engine
  - Consumers ability to easily discover, compare and purchase specials from multiple retailers on the one platform in a single transaction
- **IVE revenue will be derived from multiple sources**
  - **Existing digital catalogue creation and hosting revenue**
  - **Commission revenue** via a fully integrated checkout capability
  - Other new revenue including:
    - **Lead conversion revenue** for retailers not yet fully integrated
    - **Advertising and product boosting revenue** via a scalable self-service retailer portal
    - **Data related revenue** on a subscription basis
- **The new Lasoo platform will 'go live' mid-September 2022**

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## OPERATING AND FINANCIAL REVIEW (CONT.)

### Lasoo launch - strong retailer support, best-in-class tech stack and CX, experienced team

- Around 65 of Australia's leading retailers across a broad range of sectors confirmed for launch (previous platform peak of 42)
  - 30 new retailers
  - 13 existing IVE (retailer) clients
- 15 additional retailers will join post-launch due to integration timing
- Targeting further growth in retailer participation
  - As platform traffic increases and marketing drives heightened awareness
  - Cross-selling into IVE's 200+ retailer clients not already on Lasoo
- 80% of retailers will have full eCommerce functionality at launch
- 20% of retailers will be on lead generation model (via click through to their own platforms) until integrated with eCommerce capability
- Experienced team of 14 in place led by CEO, Rob Draper and Chief Product Officer, Matthew Paule, formerly of Domain Group
- Consumer go-to-market campaign and staff costs will total \$4m pre-tax in FY23
- Scalable best-in-class tech stack built on Amazon Web Services

### 5. 2022 - YEAR IN REVIEW

Following two years of unprecedented uncertainty and volatility, and whilst not without its challenges, FY22 pleasingly resulted in revenues bouncing back significantly over the COVID-19 impacted FY21 year. Revenue growth combined with our recalibrated and tightly managed cost base, resulted in a strong uplift in both EBITDA and NPAT over PCP. The result was impacted by a slight reduction in gross profit margin over PCP primarily due to contractual timing differences of passing on paper price increases throughout the year.

Our financial and operational performance once again demonstrates IVE's underlying solid fundamentals and continued resilience.

The Company met full year earnings guidance reporting NPAT of \$33.1m, resulting in 71% growth in earnings per share (EPS) over PCP (excluding JobKeeper receipts in PCP).

Our committed workforce of circa 1,800 staff under the leadership of our CEO Matt Aitken, once again responded by coming together and committing to do whatever was required to ensure our high levels of client service were maintained. This was achieved through a hybrid of continuing operations across multiple production/service facilities and staff working remotely.

We undertook a number of strategic initiatives over the year including the acquisitions of Active Display Group (ADG) and AFI Branding Solutions (AFI) on 1 November 2022, the significant investment to consolidate a number of our Victorian businesses into our new Braeside precinct, and our strategic and meaningful investment in Lasoo.

Further, our balance sheet has continued to strengthen over the last two years which places the Company in a solid position to pursue a range of earnings accretive initiatives.

## OPERATING AND FINANCIAL REVIEW (CONT.)

### Customers and revenue

IVE continues to benefit from its differentiated value proposition and a loyal, strong and diversified customer base.

### Retention

- IVE provided continuity of service and supply to all customers throughout the year notwithstanding the ongoing impacts of the pandemic during H1 and supply chain challenges experienced throughout the majority of the year
- Share of wallet growth across IVE's 2,800 customers continues to yield meaningful results through selling more products and services to existing customers
- Our client retention remains excellent with all key contracts renewed throughout FY22
- There was no material client loss in FY22

### Growth

- Throughout FY22 IVE continued its focus on growing market-share through harnessing the power and uniqueness of IVE's go-to-market proposition, in particular signing meaningful contracts with Nestle and News Limited
- New business momentum across all parts of the business remains strong, and despite the pandemic and supply chain challenges \$50m of new client revenue was transacted during FY22
- The pipeline of opportunities is strong for FY23 with a number of key prospects well advanced in the sale cycle

### Supply Chain

Global supply chain disruption for both raw materials and finished goods required close attention throughout the year.

Our strategic decision to increase inventory holdings places us in a strong competitive position to respond to client demands.

During the year we also benefited from clients moving revenue onshore from Asia, particularly across the retail display sector.

The Company remains well placed to manage this dynamic which is expected to continue for the foreseeable future, albeit we have seen an improvement in the stability of our supply chain over recent months.

### Capital expenditure

The Company's excellent operational footprint is the result of targeted investment over many years.

- FY22 capital expenditure was \$13.9m (excluding Lasoo investment), \$3.8m relating to our Victorian site consolidation program and \$3.7m relating to our digital printing fleet upgrade and expansion
- Lasoo investment of \$4.7m to transform existing digital catalogue aggregation platform into a new eCommerce enabled marketplace for retail 'specials'
- FY23 capital expenditure is expected to be circa \$14m

## OPERATING AND FINANCIAL REVIEW (CONT.)

### Banking and liquidity

#### *Dividends*

Strong operating cash flow of \$91.7m delivered a 95% operating cash conversion. The final dividend of 8 cents per share declared today results in a full year dividend of 16.5 cents per share fully franked, an uplift of 18% over PCP.

The Company's dividend policy remains unchanged, targeting a full year payout ratio of 65-75% of underlying NPAT.

#### *Net Debt*

The Company's balance sheet has significantly strengthened over the last two years on the back of continued strong cash flow.

Net debt at 30 June 2022 was \$76.8m, down \$60.3m from \$137.1m at 30 June 2020. Cash at bank at 30 June 2022 was \$67.0m, after repaying \$35.0m of senior debt since August 2021. At 25 August 2022, undrawn facilities were \$55.0m.

Net debt of 1.1x pre AASB16 EBITDA is well below the Company's stated target of 1.5x.

The strength of our balance sheet places IVE in a very good position to invest across a range of organic initiatives, together with a combination of opportunistic 'bolt on' acquisitions, or more strategic acquisitions to further broaden and diversify the Group's revenue and earnings.

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## OPERATING AND FINANCIAL REVIEW (CONT.)

### 6. REVIEW OF FINANCIAL PERFORMANCE

#### Basis of preparation

IVE's Financial Report for FY2022 is presented in accordance with Australian Accounting Standards which comply with International Financial Reporting Standards (IFRS).

In this OFR, certain non-IFRS financial information (underlying) has also been included to allow investors to understand the underlying performance of IVE. The non-IFRS financial information relates to FY2022 and FY2021 results presented before the impact of certain non-operating items and on a continuing business basis, which allow for a direct comparison to FY2021. The Directors believe the non-IFRS underlying results better reflect the underlying operating performance and is consistent with prior year reporting, this differs from the IFRS presentation.

The non-IFRS underlying financial information has not been audited or reviewed.

Financial information in this OFR is expressed in millions and has been rounded to one decimal place. This differs from the Financial Report where numbers are expressed in thousands. As a result, some minor rounding discrepancies occur.

### 7. FINANCIAL RESULTS

#### IVE Group Financial Results - on an IFRS and underlying basis (underlying where noted)

	FY2022 \$m	FY2021 \$m	Variance \$m	Variance %
Revenue	759.0	656.5	102.5	15.6%
Gross Profit	353.7	316.0	37.7	11.9%
% of Revenue	46.6%	48.1%	-	-3.2%
Underlying EBITDA continuing operations (inc JobKeeper)	96.6	100.2	-3.6	-3.6%
Underlying EBITDA continuing operations (ex JobKeeper)	96.6	85.3	11.4	13.3%
EBITDA	90.5	95.6	-5.1	-5.4%
Depreciation and amortisation	42.0	47.2	-5.2	-11.1%
EBIT	48.5	48.4	0.1	0.2%
Net finance costs	9.1	12.1	-3.0	-24.4%
NPBT	39.3	36.3	3.1	8.5%
Income tax expense	12.4	12.1	0.3	2.6%
NPAT from continuing operations	26.9	24.2	2.8	11.4%
Discontinued Operations (NPAT)	0.0	4.8	-4.8	-100.0%
NPAT	26.9	29.0	-2.0	-7.1%
NPATA continuing operations	30.3	28.2	2.1	7.6%
Underlying NPAT continuing operations (inc JobKeeper)	33.1	30.2	2.9	9.5%
Underlying NPAT continuing operations (ex JobKeeper)	33.1	19.9	13.2	66.1%
Underlying NPATA continuing operations (inc JobKeeper)	36.4	34.1	2.3	6.9%
Underlying NPATA continuing operations (ex JobKeeper)	36.4	23.8	12.6	53.1%

The underlying financial results are on a non-IFRS basis and are not audited or reviewed

The underlying results are on a continuing operations basis and exclude non-operating items

## OPERATING AND FINANCIAL REVIEW (CONT.)

### Non-operating items excluded from underlying NPAT

IFRS to underlying NPAT reconciliation	FY2022 \$m
<b>IFRS NPAT (continuing)</b>	<b>26.9</b>
Restructure costs (site & acquisition relocation)	4.9
Acquisition costs	0.7
Software as a service (still in development stage)	1.7
Employee share issue	1.2
Others	-0.3
<i>Pre-tax non-operating items</i>	<i>8.2</i>
Tax effect of adjustments	2.1
<b>Underlying NPAT</b>	<b>33.1</b>

All financial commentary is on a continuing operations basis in order for meaningful comparison with PCP

### Revenue

Total revenue for the year ended FY22 was \$759.0m, an increase of \$102.5m or \$656.5m on PCP. Circa \$30m of the revenue increase includes eight months of revenue from ADG and AFI (acquired 1 November 2021). Revenue growth of 11.1% on PCP excluding ADG/AFI acquisitions reflects increased activity over COVID-19 impacted PCP, continued solid new business momentum and high levels of client retention.

### Earnings

IFRS and underlying gross profit margin was 46.6% and compares to 48.1% in PCP. The reduction in gross profit (revenue less material cost of goods sold) margin over PCP is primarily due to contractual timing differences of passing on recent paper price increases as previously foreshadowed. We continue to build inventory levels to ensure no disruption to client service levels, and to place the business in a strong position to take advantage of growth opportunities. We are working closely with our clients to successfully manage flow-through price increases as a result of upward pressure on input costs.

The company's margins have remained stable over time.

IFRS EBITDA of \$90.5m compares to PCP of \$95.6m with PCP including a \$14.9m net benefit from JobKeeper.

Underlying EBITDA of \$96.6m on a continuing operations basis compares to PCP of \$85.3m (excluding JobKeeper) an increase of \$11.4m (13.3%). Growth in EBITDA over PCP driven primarily by uplift in revenue, offset in part by contractual timing differences of passing on recent paper increases.

Depreciation and amortisation of \$42.0m to PCP of \$47.2m. Pre AASB16 depreciation (excluding amortisation) of \$16.9m to PCP of \$17.2m.

IFRS net finance costs of \$9.1m compares to \$12.1m PCP. Both periods impacted by financial asset valuation write down (\$1.7m in FY22 and \$2.6m in FY21). On an underlying basis (excluding the impacts of the financial asset valuation write down) net finance costs of \$7.1m compares to PCP of \$9.5m post AASB16 and on a pre AASB16 basis is \$3.7m to PCP of \$6.3m, reflecting the lower net debt position due to pay down of debt facility in the year.

IFRS NPAT of \$26.9m to \$24.2m PCP on a continuing operations basis noting PCP also includes JobKeeper benefits (\$10.3m on an after-tax basis). Underlying NPAT of \$33.1m compares to FY21 of \$19.9m (excluding JobKeeper), growth of 66%, a strong result and a significant uplift on PCP reflecting much stronger activity across all areas of the business.

## OPERATING AND FINANCIAL REVIEW (CONT.)

Earnings per share (EPS) on a IFRS basis 18.8 cps, on an underlying basis of 23.1 cps compares to PCP of 13.5 cps excluding JobKeeper and a 71.0% growth on PCP.

Non-operating items excluded from the underlying NPAT includes:

- \$4.9m for the relocation of 4 Victorian businesses to new Braeside precinct, including redundancies as a result of the ADG and AFI acquisitions and subsequent integration
- \$0.7m for acquisition costs related to ADG and AFI
- \$1.2m as previously communicated one-off employee share issue as a result of our employees' efforts and sacrifices made through the COVID-19 period
- \$1.7m software as a service computer expenses, relating to new system implementation, however excluded from underlying as MIS system is still in development stage
- Other (\$0.3m) includes loss on sale of fixed asset, financial asset write down more than offset by proceeds of contractual claim recovery in other income.

### Net debt

Net debt	FY2022 \$m	FY2021 \$m
<b>Loans &amp; borrowings* - sub total</b>	<b>143.8</b>	<b>183.8</b>
Less cash	67.0	106.5
<b>Net debt</b>	<b>76.8</b>	<b>77.3</b>

\* Loans & borrowings are gross of facility establishment costs

\* Excludes right of use liabilities impacts from adopting AASB 16

Net debt at 30 June 2022 of \$76.8m and compares to \$77.3m PCP.

Net debt was lower than guidance (provided on 22 June 2022) due to better than expected debtor collections in the month of June, a pleasing result given the Company's targeted and foreshadowed increase in inventory holdings.

The reduction in the cash balance on PCP reflected:

- \$35.0m senior debt repaid in August 2021
- Increase in working capital (circa \$30m of additional inventory) due to targeted build of inventory levels.

At 30 June 2022, undrawn facilities were \$35.0m and as at 25 August 2022, undrawn facilities were \$55.0m following a further \$20.0m debt repayment in July 2022.

In May 2022, the Company successfully renewed its syndicated senior debt facility for a further term of 4 years, with the maturity date extended to May 2026. The renewal process achieved improvements in both the terms and pricing of the facility. These favourable outcomes are reflective of IVE's ongoing balance sheet strength, earnings quality, and our strong relationship with syndicate members.

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## OPERATING AND FINANCIAL REVIEW (CONT.)

### Capital expenditure

	FY2022
Group-wide targeted investment and maintenance	13.9
Lasoo investment	4.7
<b>Total</b>	<b>18.6</b>

Capital expenditure excludes addition of Braeside make good asset provision

Full year capital expenditure of \$13.9m excluding Lasoo investment:

- \$3.8m relates to the Group's Victorian site construction
- \$3.7m relates to digital print fleet upgrade and expansion.

Lasoo investment of \$4.7m to provide a greatly enhanced and expanded Lasoo platform including user and consumer experience.

FY23 capital expenditure expected to be circa \$14.0m.

### Cash flow

	Underlying FY2022 \$m	IFRS FY2021 \$m
<b>EBITDA</b>	<b>96.6</b>	<b>90.5</b>
Movement in NWC/non-cash items in EBITDA	-4.9	-3.8
<b>Operating cash flow</b>	<b>91.7</b>	<b>86.7</b>
Capital expenditure (net)	-15.5	-15.5
Payments for acquisitions & deferred consideration	-5.0	-5.0
<b>Net cash flow before financing and taxation</b>	<b>71.3</b>	<b>66.2</b>
Tax	-13.7	-11.8
Payments of bank loans (net)	-39.2	-39.2
Payment of lease liabilities	-29.1	-29.1
Payment of share buy back	-0.2	-0.2
Dividends paid	-22.2	-22.2
Interest paid	-3.2	-3.2
<b>Net cash flow</b>	<b>-36.2</b>	<b>-39.4</b>
Operating cash conversion to EBITDA	95%	96%
Free cash conversion to EBITDA	79%	79%

The underlying financial results are on a non-IFRS basis and are not audited or reviewed

The underlying results are on a continuing operations basis and exclude non-operating items



## OPERATING AND FINANCIAL REVIEW (CONT.)

Operating cash flow of \$91.7m, with 95% operating cash conversion.

Disciplined management of working capital, including reduced debtor days over the period and strong collections, offset by targeted increase in inventory holdings due to supply chain volatility as previously noted.

Final dividend of 8.0 cents per share fully franked, up 14% from 7.0 cents PCP resulting in a full year dividend of 16.5 cents per share fully franked.

The company's dividend policy remains unchanged, targeting a full year payout ratio of 65% to 75% of underlying NPAT.

Return on funds employed (ROFE) improved to 21% from 14% PCP on an underlying basis.

### 8. OUTLOOK AND GUIDANCE

**The solid fundamentals of the business, combined with the strength of our balance sheet, place IVE in an ideal position to deliver growth over the year ahead.**

- As illustrated by the strength of our FY22 earnings, heightened operating leverage across the business has contributed to a significant uplift over FY21 performance, as existing client revenue rebounded post COVID-19 impacted FY21, combined with the benefit of new business
- We remain optimistic that revenue momentum will continue in the near term
- FY23 guidance\*
  - underlying EBITDA of \$105m excluding Lasoo as noted below
  - underlying NPAT of \$36m excluding Lasoo as noted below
  - the Company's dividend policy remains unchanged, targeting a full year payout ratio of 65-75% of underlying NPAT
  - restructure and acquisition costs expected to be significantly less than FY22
  - capital expenditure expected to be \$14m
- The Company has demonstrated its capacity to effectively manage our supply chain throughout a period of unprecedented volatility. Whilst we will maintain vigilance over our supply chain, it is encouraging to note that we are experiencing an improvement in the stability of our supply chain over recent months
- Initiatives
  - Complete the Victorian business relocations and final phase integrations of ADG and AFI by 30 September 2022
  - The successful launch of Lasoo in mid-September 2022
  - Finalise and communicate our strategy and plans to move into the packaging sector
- The Company has allocated \$30-40m of available capacity to drive earnings accretive growth opportunities

\* FY23 underlying EBITDA and NPAT targets exclude an expected \$3.3m after-tax loss associated with Lasoo's consumer go-to-market campaign and team buildout, and exclude any potential impact of the Ovato transaction.

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## OPERATING AND FINANCIAL REVIEW (CONT.)

### 9. ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

Over the last 12 months, we have continued to experience a meaningful increase in interest from our clients and investors regarding Environmental, Social and Governance (ESG) topics. At IVE, the Board has committed to taking concrete steps to understand, improve and report on our impacts in collaboration with our valued stakeholders.

We recognise the critical role of ESG in our long-term success and the responsibility we have to our people, customers, investors and wider stakeholders to do the right thing. We have a long history of adapting to change and acting responsibly. From this position of strength, we will be able to meet the needs of our stakeholders, address risks, leverage opportunities and remain a partner of choice.

During this year, we undertook a materiality assessment with a third-party to define our material ESG issues and inform the development of a robust and transparent sustainability framework. To define our material topics we engaged internal and external stakeholders, reviewed trends shaping the future risks and opportunities for our sector and referred to domestic and international sustainability best practices. We have finalized our material topics and in the following years, we will align our reporting to these key topics.

In addition to completing a materiality assessment, we measured our environmental impact across key topics such as waste, water and energy and are in the process of completing a carbon footprint. Over the coming year, we will finalise a strategic framework for sustainability action at IVE based on science and informed by our stakeholders and ambitions for sustainability leadership.

IVE has developed policies and solid positions on a range of ESG issues and these efforts are detailed in the following pages. We recognise this is a rapidly evolving landscape and there is much to do. So, we are embarking on a journey that will see us reduce the negative impacts of our operations and bolster the positive contribution we make to society.

As we continue to develop and evolve our approach, we welcome feedback and participation from our stakeholders and look forward to sharing our progress in future reporting and communications.

#### People and culture

Proudly inclusive, we believe we are an employer of choice across all the sectors in which we operate, continuing to attract and retain the best diversity of talent. Our IVE Care program is focused on ensuring and improving the wellbeing, diversity and inclusion, and health and safety of all our employees. We believe in 'a better you, a better workplace' for our people and for their families.

The residual impacts of the pandemic continued throughout FY22, and we wanted to acknowledge the fantastic efforts and contribution of all of our employees in successfully meeting these impacts and challenges.

The business has maintained a resolute focus on keeping our employees and their families safe, and our employees have been fantastic in this regard. Whether it was through working from home as required, social distancing, mask wearing or applying additional hygiene measures, every employee has been fantastic in helping us maintain a safe and healthy workplace across all sites.

The business has also maintained a close focus on workload impacts across FY22 due to the pandemic-related absences and more flexible work arrangements. Again, our employees have been fantastic in their co-operation to assist the business to successfully meet these challenges.

## OPERATING AND FINANCIAL REVIEW (CONT.)



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## OPERATING AND FINANCIAL REVIEW (CONT.)



### ivecare

We are exceptionally proud of our people. Our IVE Care program aims to help our people, through recognition and support, to achieve their personal and professional goals. Designed to create an environment that embraces our diverse workforce, our employee wellbeing program provides our 1,800+ employees access to a wide range of benefits, including:

#### Health and wellbeing

Our Employee Assistance Program (EAP) helps employees resolve issues and challenges arising in the workplace or in their personal life in a positive way. The EAP provides access to independent, confidential counselling and advice from qualified and experienced psychologists, and allied health professionals. IVE also provides periodic onsite health assessments to help employees understand and increase awareness of their health.

Education, information programmes and health and wellbeing campaigns are also made available to assist employees in making changes for a healthier lifestyle. As a result of awareness initiatives, access to our EAP has increased by 50% over the past 18 months. Flu vaccinations were again offered across the IVE business during FY22. The business conducted an employee awareness initiative aligned to R U OK? Day.

#### Lifestyle benefits

IVE Rewards program provides our employees and their families the opportunity to stretch their dollar further through significant savings at all of their favourite retailers. Our employees spent more than \$1.4m through this program across FY22, yielding savings of close to \$90k.

#### Wealth and security

IVE have partnered with Bupa to provide a corporate health insurance offer with an employee discount on rates. In addition to receiving competitive premiums, the cover reduces the waiting periods for certain benefits and provides access to the Bupa Life Skills program. IVE has also made an additional superannuation fund choice available to employees via a key client partner.

#### Personal, family and community

Our Workplace Giving Program has been developed to build a stronger link between IVE Group and the community. We believe each of us has an important role to play in the broader community. We have designed this program around a number of great charity partners to provide employees with a simple and effective way to regularly donate from their pre-tax earnings.

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## OPERATING AND FINANCIAL REVIEW (CONT.)

### Diversity and inclusion

We come from many different nationalities, backgrounds, experiences and lines of work. Our rich diversity is at the centre of our success, and at the heart of our evolution as Australia's leading holistic marketing company.

An inclusive working environment that embraces our unique differences and diverse perspectives, brings greater creativity and innovation, leads to higher wellbeing, productivity and engagement, and importantly, enables us to better reflect and relate to our customers.

IVE Group is committed to ensuring diversity and inclusion permeates all areas and levels of our business, with every individual feeling included, safe and supported to express themselves authentically. In recognition and support of this, we have established IVE's Diversity and Inclusion Program, reinforcing our commitment to growing a diverse and inclusive organisational culture encompassing and benefiting all employees.

Our Diversity and Inclusion program identifies six key areas of focus:

- Gender equality and inclusion, Cultural and linguistic diversity, Intergenerational and mature age
- Aboriginal and Torres Strait Islander Australians
- LGBTIQ (lesbian, gay, bisexual, trans/transgender, intersex, queer)
- Disability

In FY22 we ran a range of employee events related to Pride Week and International Women's Day, R U OK? Day, Liptember and we again partnered with the Australian Network on Disability to participate in their 'Stepping Into' internship program.

### Workplace health and safety (WH&S)

IVE Group is committed to providing a healthy and safe workplace for all of our employees, contractors, visitors and suppliers, through our 'IVE Care' program.

IVE Care embeds WH&S principles into everything that we do. Our WH&S commitments include:

- Engagement programs to ensure that our people are involved in identifying, and enabling the solutions to WHS risks.
- Empowering our people to make informed, effective, risk-based decisions through education, instruction and continual improvement models.
- Using innovation and continual improvement pathways to consistently improve WHS performance.
- Always seeking to set industry best approaches to critical risk management.
- Achievement of our objectives, targets and actions through evidence-based decision-making.
- Planning, implementation and evaluation of all activities for operational excellence.
- Education through information, instruction, data and analytics.

We have a dedicated, full-time team continually enhancing our WH&S processes and amplifying awareness to ensure all of our people, across all of our locations, experience the best work conditions possible.

### Sustainability and risk management

As the expectations on corporate responsibility increase, and as transparency becomes more prevalent, IVE recognises the need to act on sustainability and is committed to engaging and collaborating with our clients and investors to provide an ethical and sustainable partnership.

Through the ongoing assessment of our quality, information security, ethical and environmental practices, IVE continues to focus on being a responsible business that values what's important to our customers. IVE's accreditations continue to make us a preferred partner for many of our customers.

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## OPERATING AND FINANCIAL REVIEW (CONT.)

### Quality assurance



IVE understands the importance of quality management and has maintained certification to ISO 9001 in Quality Management for 20 years. This commitment to quality ensures we can provide superior products and services to our customers, measured in terms of performance, reliability and durability and returned in customer satisfaction and loyalty. We regularly receive positive and welcomed feedback from our clients and strive to continue to provide this level of excellence from marketing technology through to production and distribution.

### Ethical sourcing and environmental management



IVE Group continues to deliver a number of processes to ensure that we have a focus on improved sustainability and the ongoing protection of the environments that we source from, work in and supply.

IVE expects all our suppliers (companies and individuals who conduct business with any IVE Group business unit) to adhere to the same ethical values we uphold and as such has put in place controls to ensure that every supplier is assessed, complies to our values and standards, and meets and exceeds our delivery expectations. Through the blending of our best practices and our socially responsible supply base, we are able to achieve the optimal levels of cost efficiency, product/service effectiveness and product safety in a sustainable, inclusive and socially ethical manner.

IVE is an active member of Supplier Ethical Data Exchange (SEDEX). Supplier membership is highly regarded, and allows IVE to assess risk relating to labour standards, health and safety, environmental impact and provide supply chain visibility. We understand that ensuring good business practices is important to our clients, our employees, our shareholders and we support the introduction of the *Australian Modern Slavery Act 2018*.

We continue to hold accreditation with the Programme for the Endorsement of Forest Certification® (PEFC), which tracks forest-based products from sustainable sources to the final product. It demonstrates close monitoring of each step of the supply chain through independent auditing to ensure that unsustainable sources are excluded.

Additionally, certification of our fibre, paper and fibre-based product supply chains to Forest Stewardship Council® standards assure they are free from any direct or indirect involvement in activities that violate traditional and human rights in forestry operations, as required by the International Labour Organization (ILO) Convention 169.4.

Modern slavery involves the exploitation of human beings, and is completely unacceptable. IVE recognises that we have a responsibility to improve our understanding and mitigate the risks of it occurring within our operations and supply chains and have implemented controls to ensure the integrity of our suppliers. Our outstanding credentials include ISO 14001 Environment certification and our focus remains on delivering our promise of continual improvement by establishing sustainability targets that reflect our commitment to our customers and the communities we work in.



## OPERATING AND FINANCIAL REVIEW (CONT.)

### Paper

As the largest printer in Australia, IVE is a significant user of paper from sustainably managed forests. These sustainably run forests help prevent the land being sold and lost to non-forest use e.g. agriculture or infrastructure development.

The benefits of 'forest land' include prevention of soil erosion, improved water quality - fighting salinity, providing habitat for native birds and wildlife and reducing the use of fertiliser and chemicals. Forests are also an important source of CO<sub>2</sub> capture, acting as a 'carbon sink' - taking more carbon dioxide out of the atmosphere than they produce.

The industry is a leading recycler as 87% of paper is recovered for recycling in Australia, a substantial increase from 28% in 1990. The majority of catalogues produced are recycled. Recycling complements the need for virgin wood fibre, further supporting the growth in fibre-based packaging as an environmentally sustainable alternative to plastic.

Around 90% of our paper requirement is sourced offshore as the Australian paper we use is quite specific in nature. We source paper from North America, Scandinavia, Europe, and South East, UK, Italy, Canada, Switzerland, Malaysia, France, Belgium.

Though we have seen a proliferation of electronic screens across society, findings conclude that 74% of consumers prefer to read from paper than from screens and 71% enjoy the tactile nature of paper. Consumers also fundamentally believe that when sourced from sustainably managed forests, paper and print remain a sustainable way to communicate. (Source: "The Attractiveness and Sustainability of Paper and Print" - Two Sides survey July 2016.)

### Data security



IVE invests over \$2 million dollars annually to ensure we maintain best in class data security certifications such as ISO 27001, PCI DSS (RoA) and IRAP, all of which are complex and provide a mature information security profile that supports our customer's obligations and commitment to protecting their customers' data.

In 2022, IVE completed a group wide full infrastructure upgrade which demonstrates our commitment to continual investment and improvement in the confidentiality, integrity and availability of our information systems and the future growth of our business.

Over the past 12-24 months IVE Group has invested significantly in enterprise grade software and hardware to advance our maturity in protecting the business from cyber security risks. We also have several key initiatives underway to uplift our capabilities through endpoint, email and internet protection.

We believe that IVE leads the way in providing robust and technologically advanced systems, with the highest security requirements giving our customers the assurance they require.

### Risk Management Framework



The purpose of the Risk Management Framework is to provide a mechanism for IVE to identify opportunities and challenges that could impact the business, understand the risk appetite, and ensure appropriate mitigations are in place.

Together with the senior executives, the Risk Register is reviewed on a quarterly basis to ensure that risk mitigation is in place for all identified risks, and includes recent events such as COVID-19, and economic impacts affecting sales and client demand and supply volatility.

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## OPERATING AND FINANCIAL REVIEW (CONT.)

In the last review conducted in June 2022, the following key risks were identified as being the most relevant to the business achieving its operational and financial targets:

Key Risk	Description	Risk Appetite	Mitigation
<b>Supply Chain</b>	<p><b>Supply Chain Volatility</b></p> <p>Disruption to the availability of key inputs and/or sustained price increases.</p>	IVE will execute <b>caution</b> when working with suppliers of key inputs. There is low risk appetite for non-supply or cost increases. This is measured by lead times, cost increases and supplier noncompliance with SLAs.	<ul style="list-style-type: none"> <li>• Inputs readily available through multitude of suppliers</li> <li>• Ability to pass costs on to customers</li> <li>• Plan production in advance</li> <li>• Use of larger, reputable suppliers</li> <li>• Sourcing from alternative countries to avoid regional tensions in South East Asia</li> <li>• Increase inventory holdings</li> <li>• Increases prices in other areas of business to offset</li> <li>• Absorb some increases to protect channel</li> </ul>
<b>Environment</b>	<p><b>Environmental, Social, and Governance (ESG)</b></p> <p>Pressure from investors and due to lack of disclosure and policy to support ESG.</p>	IVE will take a <b>balanced</b> approach to the risks associated with climate change. The level of risk taken will be planned for each risk event. This will be measured by monitoring of production downtime due to climate change events, Government reporting on environment/emissions and ASX disclosures.	<ul style="list-style-type: none"> <li>• Government &amp; ASX disclosures &amp; reporting</li> <li>• ISO 14001 certification</li> <li>• Appropriate and up to date certification for all suppliers</li> <li>• Ongoing gathering of accreditations for IVEs responses to RFPs</li> <li>• Implementation of ESG strategy and workstreams with outsource providers</li> </ul>
<b>Macro Environment</b>	<p><b>Pandemic</b></p> <p>COVID-19 impacts on business/business does not react fast enough/not manage staff health impacts.</p>	IVE will take a <b>balanced</b> approach to the risks associated with changes in the macro environment. The level of risk taken will be planned for each risk event. This will be measured by monitoring by employee health, the revenue to budget in customer sectors, increased debtor days forward bookings and economic indicators.	<ul style="list-style-type: none"> <li>• Manage work from home for employees' wherever possible/ monitor employees health, additional cleaning at sites, provide hand sanitiser and temperature checks, split shifts</li> <li>• Pandemic/BCP plans, identification of Key Customers/Suppliers/Staff &amp; Functions, site redundancy, staff stand downs, revenue and cost forecast management</li> <li>• Essential service support for clients/ supply chain mitigation</li> <li>• Only vaccinated staff, customers and suppliers to attend IVE sites</li> <li>• High level of staff vaccinations</li> </ul>



## OPERATING AND FINANCIAL REVIEW (CONT.)

Key Risk	Description	Risk Appetite	Mitigation
<b>People</b>	<p><b>Labour Supply</b></p> <p>Limited skilled human resources available and retainment of staff due to increases in market demand and competitiveness.</p>	<p>IVE will take a <b>balanced</b> approach to the risks associated with retained and attracting skilled workers. Each instance will be considered on its own merits to drive the desired outcome. This will be measured by turnover in specific skills and roles, exit interviews and talent loss to competitors.</p>	<ul style="list-style-type: none"> <li>• Salary Reviews</li> <li>• Training &amp; Development</li> <li>• Staff Benefits i.e. Shares Bonus, EAP</li> <li>• Succession Planning</li> <li>• Flexible Workplace</li> <li>• Employer of Choice</li> <li>• Career Progression Opportunities</li> <li>• Appropriate Contract Labour Suppliers</li> </ul>
<b>Competitive Environment</b>	<p><b>Existing Competition Drives Down Margin</b></p> <p>An existing competitor undertakes an aggressive and sustained price discounting, marketing or product innovation strategy.</p>	<p>IVE will take risks in response to competition and the competitive environment that represents <b>value for money</b> in the returns obtained for the risk taken. This will be measured through pricing and margin pressures, talent and client retention and competitor mergers or failures.</p>	<ul style="list-style-type: none"> <li>• Monitor pricing in market e.g. Ovato/others</li> <li>• Continuous conversations with customers</li> <li>• Driving consistent and high level customer service</li> </ul>
<b>Macro Environment</b>	<p><b>Macro-economic</b></p> <p>Macro-economic changes disrupting the Australian economy, international trade and key sectors (i.e. retail or AusPost services). Inflation, energy and other cost increases.</p>	<p>IVE will take a <b>balanced</b> approach to the risks associated with changes in the macro-economic environment. The level of risk taken will be planned for each risk event. This will be measured by monitoring the revenue to budget in customer sectors, increased debtor days forward bookings and economic indicators.</p>	<ul style="list-style-type: none"> <li>• Ability to pass costs on to customers</li> <li>• Horizon scanning by executive</li> <li>• Indicators in day-to-day figures i.e. increased debtor days</li> <li>• MGM and margin decreases</li> </ul>

### Additional information

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# DIRECTORS' REPORT

For the year ended 30 June 2022

The directors present their report together with the consolidated financial statements of the Group comprising of IVE Group Limited (the Company), and its subsidiaries (the Group) for the financial year ended 30 June 2022 and the auditor's report thereon.

## Principal activities

The principal activities of the Group during the course of the financial year were:

- Conceptual and creative design across print, mobile and interactive media;
- Printing and distribution of catalogues, magazines, marketing and corporate communications materials and stationery;
- Manufacturing of point-of-sale display material and large format banners for retail applications;
- Personalised communications including marketing automation, marketing mail, publication mail, eCommunications, and multi-channel solutions;
- Data analytics, customer experience strategy, and CRM; and
- Outsourced communications solutions for large organisations including development of customised multi-channel management models covering creative and digital services, supply chain optimisation, inventory management, warehousing and logistics.

The Group services all major industry sectors in Australia including financial services, publishing, retail, communications, property, clubs and associations, not-for-profit, utilities, manufacturing, education and government.

## Operating and financial review

The profit after tax of the Group for the year ended 30 June 2022 was \$26,932 thousand (2021 Restated: \$29,060 thousand). A review of operations and results of the Group for the year ended 30 June 2022 are set out in the Operating and Financial Review, which forms part of the Annual Financial Report.

## Dividends

The directors have declared a final dividend of 8.0 Australian cents per share, fully franked, to be paid on 13 October 2022 to shareholders on the register at 14 September 2022.

Total dividends of \$22,191 thousand were declared and paid by the Company to members during the 2022 financial year. Further details on dividends are included in Note 23 of the Financial Report.

## Significant changes in the state of affairs

In the opinion of the directors there were no other significant changes in the state of affairs of the Group that occurred during the financial year under review.

## DIRECTORS' REPORT (CONT.)

For the year ended 30 June 2022

### Information on Directors

The directors of the Company at any time during or since the end of the financial year are:

Director	Experience, special responsibilities and other directorships
<p><b>Geoff Bruce Selig</b> <i>Executive Chairman</i> <i>Appointed:</i> <i>10 June 2015</i></p>	<p>Geoff has over 30 years' experience in the marketing communications sector. Geoff was managing director of IVE Group prior to moving in to the role of executive chairman following the Company's listing on the ASX in December 2015.</p> <p>Geoff is a director Caxton Group and Caxton Print Holdings, and also sits on the board of The Lysicrates Foundation. He was the State President of the NSW Liberal Party from 2005-8.</p> <p>Geoff holds a Bachelor of Economics from Macquarie University and is a member of the Australian Institute of Company Directors.</p>
<p><b>Gavin Terence Bell</b> <i>Independent Non-executive Director</i> <i>Appointed:</i> <i>25 November 2015</i></p>	<p>Gavin is an experienced director, executive and lawyer. Gavin is currently a director of Smartgroup Corporation Limited (ASX: SIQ) and Qantm Intellectual Property Limited (ASX: QIP). Prior to becoming a director, Gavin was the CEO of global law firm Herbert Smith Freehills. He was a partner in the firm for 25 years.</p> <p>Gavin holds a Bachelor of Law from the University of Sydney and a Master of Business Administration from the AGSM, University of New South Wales.</p> <p><b>Committees:</b> Chair of the Nomination &amp; Remuneration Committee and Member of the Audit, Risk &amp; Compliance Committee</p>
<p><b>Sandra Margaret Hook</b> <i>Independent Non-executive Director</i> <i>Appointed:</i> <i>1 June 2016</i></p>	<p>Sandra has a track record in driving customer-centred business transformation and transitioning traditional organisations in rapidly evolving environments. A former Managing Director, CEO and CMO for some of Australia's largest media companies including News Limited, Foxtel, Federal Publishing Company, Murdoch Magazines and Fairfax she brings more than 20 years' experience as a non-executive director on listed, public and private companies and government bodies. Sandra is currently director of, MedAdvisor Ltd (ASX: MDR) ICollege Limited (ASX: ICT) CRC Fight Food Waste and the Sydney Harbour Foundation Management Ltd.</p> <p>Sandra is a graduate of the Australia Institute of Company Directors.</p> <p><b>Committee:</b> Member of the Nomination &amp; Remuneration Committee</p>
<p><b>Paul Stephen Selig</b> <i>Executive Director</i> <i>Appointed:</i> <i>10 June 2015</i></p>	<p>Paul's career commenced in banking and treasury management before moving into the print and marketing communications sector over 25 years ago. He has been a director of the Company since 2012, and appointed to IVE Group Limited on its incorporation in 2015. Paul is an experienced director and investor having run the Caxton Group family office for over 15 years.</p> <p>Paul is also a director of Caxton Group, Caxton Print Holdings and Caxton Property Developments. He holds a Bachelor of Economics (Hons) from Macquarie University.</p>

## DIRECTORS' REPORT (CONT.)

For the year ended 30 June 2022

Director	Experience, special responsibilities and other directorships
<p><b>James Scott</b> <b>Charles Todd</b></p> <p><i>Independent Non-executive Director</i></p> <p><i>Appointed: 10 June 2015</i></p>	<p>James is an experienced company director, corporate adviser and investor. He commenced his career in investment banking and has taken active roles in a range of private and public companies. He was until recently Managing Director of Wolseley Private Equity, an independent private equity firm he co-founded in 1999.</p> <p>James is also a Non-Executive Director of three other ASX listed companies, HRL Holdings Limited (ASX: HRL), Coventry Group Limited (ASX: CYG), and Bapcor Limited (ASX: BAP).</p> <p>James holds a Bachelor of Commerce and a Bachelor of Laws from the University of New South Wales, and a Graduate Diploma of Applied Finance from the Financial Services Institute of Australasia (FINSIA), where he is a Fellow. He is also a member of the Australian Institute of Company Directors.</p> <p><b>Committees:</b> Member of the Audit, Risk &amp; Compliance Committee and Nomination &amp; Remuneration Committee</p>
<p><b>Catherine Ann Aston</b></p> <p><i>Independent, Non-executive Director</i></p> <p><i>Appointed: 15 December 2020</i></p>	<p>Cathy is an internationally experienced executive and non-executive director across a diverse range of sectors including telecommunications, digital, government and financial services. She has a broad commercial background with senior roles including CEO, CFO, marketing, strategy and digital business.</p> <p>Cathy is currently a director of Macquarie Investment Management Ltd, IMB Bank Ltd (Chair, Risk Committee) and Integrated Research Ltd (ASX: IRI; Chair, Audit and Risk Committee). She was previously a director of Virtus Health Ltd (ASX: VRT) and Over The Wire Ltd (ASX: OTW) up to 27 June 2022.</p> <p>Cathy holds a Bachelor of Economics from Macquarie University and a Master of Commerce from the University of NSW. She is a Senior Fellow of the Financial Services Institute of Australasia and a graduate of the Australian Institute of Company Directors.</p> <p><b>Committees:</b> Chair of the Audit, Risk and Compliance Committee, Member of the Nomination and Remuneration Committee.</p>
<p><b>Andrew Bird</b></p> <p><i>Independent, Non-executive Director</i></p> <p><i>Appointed: 1 April 2022</i></p>	<p>Andrew has extensive financial, operational and strategic experience acquired from a 30-year executive career in consulting, strategy, digital and investment roles primarily in Australia.</p> <p>Following the earlier part of his career in management consulting with Booz, Allen and Hamilton, he joined CCH, a multi-national listed publishing company and ran one of their business units in Australia. In 1997 Andrew co-founded Aspect Huntley. This business was acquired by Morningstar in 2006 and Andrew was appointed CEO for Australia and New Zealand. In 2010 Andrew established his own family investment firm with a focus on private equity and early-stage investments in technology and information businesses.</p> <p>Andrew is currently the Chair of Sharesight Limited and a Director of LegalVision and Allette Systems.</p> <p>Andrew holds a Bachelor of Arts from Williams College in Massachusetts, USA and an MBA from INSEAD Business School in Fontainebleau, France.</p> <p><b>Committee:</b> Member of the Nomination &amp; Remuneration Committee</p>

## DIRECTORS' REPORT (CONT.)

For the year ended 30 June 2022

### Company Secretaries

#### Sarah Prince

Sarah was appointed as joint Company Secretary on 25 November 2020. Sarah is an experienced Company Secretary and has worked with ASX-listed entities in the biotech, technology, managed funds, legal and mining and resources industries. Sarah holds a Bachelor of Arts, Bachelor of Laws and a Graduate Diploma of Applied Corporate Governance. Sarah is a member of The Governance Institute of Australia and is admitted as a Solicitor of the Supreme Court of New South Wales.

#### Darren Dunkley

Darren has been the Chief Financial Officer (CFO) of the Group since 2012, and has been with IVE for over 15 years. He has over 25 years of experience with a range of blue chip companies including Sharp Corporation, ANZ Banking Group Ltd and Nashua Australia. Darren has a Bachelor of Commerce majoring in Accounting and is a CPA.

### Meetings of Directors

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company during the financial year are:

	Board		Audit, Risk & Compliance Committee (ARCC)		Nominations & Remuneration Committee (NRC)		Other Committees	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Geoff Selig	15	14	-	-	-	-	2	2
Gavin Bell	15	15	4	4	3	3	-	-
Sandra Hook	15	15	-	-	3	3	-	-
Paul Selig	15	15	-	-	-	-	-	-
James Todd	15	15	4	4	3	3	-	-
Catherine Aston	15	15	4	4	-	-	2	2
Andrew Bird*	4	4	-	-	-	-	-	-

\* Andrew Bird was appointed as a director of the Company on 1 April 2022.

## DIRECTORS' REPORT (CONT.)

For the year ended 30 June 2022

### Directors' interest and benefits

The relevant interests of each director in the shares of the Company as at the date of this report are disclosed in the Remuneration Report (on page 31).

### Environmental regulation

The Group's operation is not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the Board believes that the Group has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they may apply to the Group during the period covered by this report.

### Events subsequent to reporting date

On 10 August 2022 the Group announced it had entered into an Implementation Deed with the administrators of Ovato Limited under which the parties agree to progress good faith negotiations for signing of an asset sale agreement in which the Group may acquire certain business or assets of Ovato Limited, subject to clearance from the Australian Competition and Consumer Commission.

Aside from the above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

### Likely developments

Information about likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

### Indemnification and insurance of officers

During the financial year, the Group paid a premium insuring the directors of the Group, the company secretaries, and executive officers to the extent permitted by the *Corporations Act 2001*.

The Group indemnified its directors and company secretaries to the extent permitted by law against a liability incurred.

### Indemnification and insurance of auditor

During or since the end of the financial year the Group has not indemnified or made a relevant agreement to indemnify the auditor of the Group against a liability incurred as the auditor. In addition, the Group has not paid, or agreed to pay, a premium in respect of a contract insuring against a liability incurred by the auditor.

### Insurance premiums

During the financial year the Company has paid premiums in respect of directors' and officers' liability insurance contracts for the year ended 30 June 2022. In addition, since the financial year, the Company paid or agreed to pay premiums in respect of such insurance contracts for the year ending 30 June 2023. Such insurance contracts insure against certain liability (subject to specific exclusions) for persons who are or have been directors or executive officers of the Company.

The directors have not included details of the nature of the liabilities covered or the amount of the premiums paid in respect of the directors' and officers' liability insurance contracts, as such disclosure is prohibited under the terms of the contract.

## DIRECTORS' REPORT (CONT.)

For the year ended 30 June 2022

### Remuneration Report (Audited)

#### Introduction

This Remuneration Report (**Report**), which has been audited, describes the Key Management Personnel (**KMP**) remuneration arrangements for the 12 months ended 30 June 2022 for IVE Group, in accordance with the *Corporations Act 2001* (Cth) (**Corporations Act**) and its regulations.

The Report is designed to provide shareholders with an understanding of IVE Group's remuneration philosophy and the link between this philosophy and IVE Group's strategy and performance.

The Board is committed to having remuneration policies and practices which are designed to ensure remuneration is equitable, competitive and reasonable to attract and retain key talent who are critical to IVE Group's business success, align with long-term interests of the Company and its shareholders, and to ensure that any incentives do not reward conduct that is contrary to the Company's values or risk appetite. IVE Group will align remuneration to strategies and business objectives and provide a balance between fixed and variable rewards to ensure that rewards are given for performance. Remuneration structures are designed to be transparent to employees and other stakeholders and easily understood. In addition, the remuneration framework is designed to be acceptable to shareholders by being consistent with market practice and creating value for shareholders.

The 2022 financial year (FY22) saw the continuation of the economic, social and health impacts of the COVID-19 pandemic in addition to ongoing supply chain challenges. Our shareholders, employees and clients continued to be impacted, and market conditions remained challenging. In this context, the financial and non-financial performance of the Company during 2022 was strong.

The Board is mindful that the unprecedented impact of COVID-19 has affected IVE Group's people in many different ways and are extremely proud of the manner in which its people rose to the challenges presented to continue to focus on delivering excellent service and products to its customers. In recognition, all staff, other than the Directors, were offered 500 shares in IVE Group for nil consideration in September 2021. These shares were offered in recognition of staff efforts and sacrifices during the COVID-19 pandemic.

This performance of the Company and the leadership shown by the leadership team is reflected in the remuneration outcomes for FY22. In the context of COVID-19 and other challenging macro factors the company performed very strongly during FY22.

The Company achieved an EBITDA result of \$96.6m on an underlying basis post AASB16. This compares to FY21 EBITDA of \$85.3m (excluding JobKeeper). This resulted in the target for the payment of the key financial component of the Short Term Incentive (STI) being achieved. Performance against non-financial performance measures and the overall performance of the company was also very strong. This resulted in the payment of 100% of the STI to each of the Executive Chairman, the CEO and the CFO.

The 2019 Long-Term Incentive (LTI) grant reached the end of its three-year vesting period on 30 June 2022. None of the relevant rights vested as the TSR and EPS performance conditions were not met. The EPS condition, in particular, was heavily influenced by the impact of the pandemic across the most of the vesting period.

At the 2021 Annual General Meeting, 97.59% of the shares voted at the meeting were cast in favour of the adoption of the Remuneration Report for the year ended 30 June 2021.

The Board will continue to review the effectiveness of the Company's remuneration practices and to ensure they are appropriately benchmarked and they align with strategic performance objectives, to appropriately reward its executives and deliver shareholder value.

The Board considers that the members of the Nomination and Remuneration Committee (NRC) possess the necessary expertise and independence to fulfil their responsibilities and are able to access independent experts in remuneration for advice should this be required. The governance processes in relation to remuneration are working effectively and the Board trusts that shareholders find this Report useful and informative.

## DIRECTORS' REPORT (CONT.)

For the year ended 30 June 2022

As outlined in the Operating and Financial Review, the FY22 financial performance continued to be impacted by the unprecedented global COVID-19 pandemic, in addition to ongoing global supply chain issues and inventory shortages. This is in the context of a competitive market and challenging macro-economic environment. The Board believes that the remuneration outcomes for the Executive KMP for the 2022 financial year reflect this and satisfy the goals of the remuneration framework.

The remuneration report contains the following sections:

- Introduction
- Persons covered by this Report
- Overview of the remuneration framework for Executive KMPs
- Linking reward and performance
- Grant of Performance Share Rights and the Long-Term Incentive Plan
- Non-Executive Director remuneration framework
- Contractual arrangements with Executive KMPs
- Details of remuneration for KMPs
- Rights Granted to Executive KMP
- Directors and Executive KMP shareholdings in IVE Group Limited
- Other statutory disclosures

### Who this report covers

This report covers Non-Executive Directors and Executive KMPs (collectively KMP) and includes:

Role	
<b>Non-Executive Directors</b>	
Gavin Bell	Independent Non-Executive Director
Sandra Hook	Independent Non-Executive Director
James Todd	Independent Non-Executive Director
Catherine (Cathy) Aston	Independent Non-Executive Director
Andrew Bird	Independent Non-Executive Director (appointed 1 April 2022)
<b>Executive Key Management Personnel</b>	
Gavin Bell	Independent Non-Executive Director
Sandra Hook	Independent Non-Executive Director
James Todd	Independent Non-Executive Director
Catherine (Cathy) Aston	Independent Non-Executive Director
Andrew Bird	Independent Non-Executive Director (appointed 1 April 2022)



## DIRECTORS' REPORT (CONT.)

For the year ended 30 June 2022

### Overview of IVE Group's remuneration framework for Executive KMP

The objective of IVE Group's remuneration philosophy is to ensure Executive KMP are rewarded for business performance and retained to continue to grow the business. The objectives underpinning the remuneration philosophy are that remuneration will:

- Be competitive and reasonable to attract and retain key talent;
- Align to IVE Group's strategies and business objectives;
- Provide a balance between fixed and variable rewards;
- Be transparent and easily understood; and
- Be acceptable to shareholders.

A key factor in IVE Group's business success will be being able to attract and retain key talent and the remuneration framework has been designed to enable this.

#### *Governance*

IVE Group has established the NRC whose role is to assist the Board with its remuneration responsibilities, including reviewing and recommending to the Board for approval, arrangements for executives, Executive Directors and Non-Executive Directors. The NRC has three members, all of whom are independent, including an independent committee chair. The members of the NRC have appropriate qualifications and experience to enable the NRC to fulfil its role.

In addition, the Board has appointed Gavin Bell as the Lead Independent Director to fulfil the role of chair whenever the Executive Chairman is conflicted and to assist in reviewing the Executive Chairman's performance as part of the Board performance evaluation process.

#### *External remuneration consultants*

The Terms of Reference for the NRC requires that any remuneration consultants engaged be appointed by the NRC. No remuneration consultants were engaged in FY22.

Any advice that may be received from remuneration consultants in future will be carefully considered by the NRC to ensure it is given free of undue influence by IVE Group executives.

#### *Structure of Remuneration*

The remuneration framework for Executive KMP includes both fixed and performance-based pay.

#### Fixed remuneration

Fixed remuneration is set using a combination of historical levels and sector comparisons. Fixed remuneration includes base pay, statutory contributions for superannuation and non-monetary benefits. Paying Executive KMP the right fixed remuneration is a key tool in attracting and retaining the best talent.

The NRC reviews the fixed remuneration of Executive KMP on an annual basis. Matt Aitken's fixed remuneration was increased effective 1 July 2022 from \$640,000 to \$700,000 p.a. and Darren Dunkley's fixed remuneration increased effective 1 April 2022 from \$420,000 to \$520,000 p.a. No other changes were made to the fixed remuneration for KMP during FY22. The NRC has determined that there will be no further changes to fixed remuneration for FY23.

Fixed remuneration is the major component of the Executive Chairman's remuneration. Through his family arrangements, he has an interest in a substantial shareholding in the Company. This provides significant alignment with shareholders' experience.

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## DIRECTORS' REPORT (CONT.)

For the year ended 30 June 2022

### Short Term Incentive (STI)

The NRC reviews the achievement of STI targets at the end of each year and sets STI targets for the following year. The STI is the main tool for rewarding the current year's performance of the business.

In FY22, Executive KMP (excluding Paul Selig) were eligible to receive an STI payment of between 21% and 47% of fixed remuneration. The STI is a cash incentive payment and full payment is conditional on achievement of the following:

- The key financial performance target for the Group, specifically, pro-forma Earnings before Interest, Tax, Depreciation and Amortisation (**EBITDA**) for the year in review;
- Group level Workplace Health and Safety targets for the year in review;
- Individual financial and non-financial performance targets relevant to the individual Executive KMP which includes strategic and other measurements. Individual measurements vary depending on the nature and specific strategic areas attributable to the Executive KMP to align with the IVE Group's strategic objectives.

The Board determines the STI payment for Executive KMP by allocating a percentage weighting across the above measures. At the end of the financial year, the Board assesses the individual and collective performance against the STI measures and retains an overall discretion in relation to the assessment of performance, to take into account, for example, overall performance and any changes to priorities.

The percentage weightings across financial and non-financial targets, and the assessed performance achieved during FY22 for each of the KMP to whom an STI payment was made was as follows.

KMP	Group EBITDA target		Individual financial targets		Non-financial targets		Total	STI achieved
	% Target	% Achieved	% Target	% Achieved	% Target	% Achieved		
<b>Geoff Selig</b>	40.00	40.00	0.00	0.00	60.00	60.00	100.00	100.00%
<b>Matt Aitken</b>	40.00	40.00	0.00	0.00	60.00	60.00	100.00	100.00%
<b>Darren Dunkley</b>	40.00	40.00	17.00	17.00	43.00	43.00	100.00	100.00%

### Non-financial KPIs for KMP

The non-financial performance measures for the Executive KMP were as follows:

- Geoff Selig, Executive Chairman

Effective leadership of the Group and Board, lead culture survey and develop plan to address any identified issues, develop plan to increase diversity among senior and middle management, enhance investor relations, successful development and implementation of M&A growth strategy, establish ESG strategy and framework, successful launch and deployment of Lasoo and workplace health and safety performance.

- Matt Aitken, Chief Executive Officer

Effective leadership of the business, lead culture survey and develop plan to address any identified issues, develop plan to increase diversity among senior and middle management, successful development and implementation of M&A growth strategy, establish ESG strategy and framework, successful launch and deployment of Lasoo and workplace health and safety performance.

- Darren Dunkley, Chief Financial Officer

Effective leadership of Group financial oversight and reporting, enhance investor relations; successful development and implementation of M&A growth strategy, establish ESG strategy and framework, effective management of finance ERP projects and successful renegotiation of the banking facility and workplace health and safety performance.

The FY22 Actual STI and FY23 maximum STI amounts for Executive KMP are shown in the table on page 37.

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## DIRECTORS' REPORT (CONT.)

For the year ended 30 June 2022

### Long-Term Incentive (LTI)

The Board has established an LTI Plan as outlined in prior years' Remuneration Reports and outlined in the section in this Report entitled 'Share-based remuneration'. The LTI Plan was last approved by shareholders at IVE's 2021 Annual General Meeting (AGM). The LTI Plan is largely used to reward long-term sustainable performance.

The LTI Plan facilitates the offer of Performance Share Rights (**Rights**) to key executives and the Rights vest and convert to ordinary shares on a one-for-one basis, subject to meeting specific performance conditions. The current performance conditions are:

- relative total shareholder return (**TSR**);
- compound annual earnings per share growth based on NPAT (**EPS**) over a three-year **Performance Period** and there is no-retesting of performance hurdles

The LTI Plan, including the combination of TSR and EPS hurdles, has been designed commensurate with IVE Group's long-term strategic objectives so that Executive KMP will only receive a substantial component of LTI when there has been strong absolute and relative performance.

The grant of Rights during FY22 to the Executive Chairman was approved by shareholders at the 2021 AGM.

The Board has the discretion to amend the future vesting terms and performance hurdles at the grant of each award of Rights to ensure that they are aligned to market practice and ensure the best outcome for IVE Group. The Board also has the discretion to change the LTI Plan and to determine whether LTI grants will be made in future years.

The Board makes changes to the level of LTI to grant each year based on reviews of total remuneration packages for executives. The NRC decided not increase the level of long-term incentives for FY23. They will remain in-line with the same quantum agreed in respect of FY19, FY20, FY21 and FY22. The NRC believe that the issue of long-term equity incentivises and aligns management's remuneration with shareholders' longer-term interests.

The staged approach to executive remuneration over recent years has led to the current level of executive remuneration which the Board feels is appropriate in the challenging and competitive sector in which the Group operates. All rewards, other than fixed remuneration, are subject to achieving the performance conditions outlined above.

### *Assessment of performance*

Performance of Executive KMPs is assessed against the agreed non-financial and financial targets on a regular basis. Based on this assessment, the Executive Chairman will make a recommendation to the NRC for Board approval of the amount of STI and LTI to award (as applicable) to each KMP, other than the Executive Chairman. Recommendations in relation to the Executive Chairman are made by the chair of the NRC, for Board approval.

The NRC assesses the actual performance of IVE Group and the Executive Chairman against the agreed targets and recommends the amount of the STI and LTI (as applicable) to be paid for approval by the Board.

### *Executive KMP remuneration - paid, vested and targets*

The table below presents the STI paid and LTI vested to Executive KMP during FY21 and FY22. Further detail on remuneration is included in the tables at the end of this Report.

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## DIRECTORS' REPORT (CONT.)

For the year ended 30 June 2022

All in \$		STI		LTI - Number of Rights	
		Maximum	Actual	Granted	Vested
Geoff Selig	FY22	200,000	200,000	168,067	Not applicable (3-year vesting)
	FY21	200,000	170,000	384,615	Not applicable (3-year vesting)
Matt Aitken	FY22	300,000	300,000	168,067	Not applicable (3-year vesting)
	FY21	300,000	270,000	384,615	Not applicable (3-year vesting)
Darren Dunkley	FY22	180,000	180,000	126,050	Not applicable (3-year vesting)
	FY21	180,000	162,000	288,461	Not applicable (3-year vesting)

Further detail on the value of the Rights granted is included in the tables at the end of this Report.

### *Proportions of fixed and variable remuneration*

The Board and NRC consider annually the fixed remuneration and proportion of variable remuneration that is dependent on performance ("at risk") for each Executive KMP. The relative proportions of fixed versus variable pay (as a percentage of total remuneration) received by Executive KMP during the past two financial periods and proposed for the next financial period are shown below. This chart shows the staged process the NRC has undertaken to increase the proportion of at risk remuneration.

As shown below, no changes are proposed to Executive KMP remuneration for FY23 following the assessment of performance, other than the increase to the CEO's fixed remuneration effective 1 July 2022. There were also no changes during FY22 other than increases to the FY21 STI of the CEO and the CFO which were designed to incentivise performance in what remains an uncertain period, and an increase to the CFO's fixed remuneration.

## DIRECTORS' REPORT (CONT.)

For the year ended 30 June 2022

All in \$	Fixed Remuneration <sup>1</sup>			STI			LTI		
	FY21 Actual	FY22 Actual	FY23 Agreed	FY21 Actual	FY22 Actual	FY23 Maximum	FY21 Grant	FY22 Grant	FY23 Grant <sup>2</sup>
Geoff Selig	952,000	952,000	952,000	170,000	200,000	200,000	200,000	200,000	200,000 <sup>3</sup>
Matt Aitken <sup>6</sup>	640,000	640,810	700,000	270,000	300,000	300,000	200,000	200,000	200,000
Darren Dunkley	420,000	450,483	520,000	162,000	180,000	180,000	150,000	150,000	150,000
Paul Selig <sup>4</sup>	330,000	330,000	330,000	0	0	0	N/A	N/A	N/A

<sup>1</sup> Fixed remuneration includes superannuation.

<sup>2</sup> LTI grant is the \$ value of the grant approved by the Board.

<sup>3</sup> FY23 LTI grant for Geoff Selig is subject to shareholder approval.

<sup>4</sup> Due to the specific nature of his role, Paul Selig does not participate in the LTI Plan.

The Board uses a fair value method to determine the value of performance rights issued under the LTI Plan, which was last approved by shareholders in 2021. This is consistent with the required accounting treatment of rights and the basis on which the KMP remuneration arrangements were agreed. The Board recognises that some stakeholders advocate the use of the face value method to determine the value of performance rights. A face value approach does not take into account the risk that rights may not vest and that the rights are not entitled to dividends. In a year where there is no change to remuneration arrangements and no LTI award vested, a move to a face value approach would effectively reduce the Executive KMP's remuneration.

The Executive KMPs' remuneration arrangements were agreed assuming a fair value approach. The FY23 LTI will again use a fair valuation calculation to determine the quantity of performance rights to be granted to Executive KMP. Given the significant volatility in the Company's share price since March 2020 to the date of this report as a result of the COVID-19 pandemic, the Board agreed that the measurement date for the fair valuation report will be based on the volume weighted average price of the 20 trading days following the release of the Company's full year 2022 results, as was done in 2020 and 2021. The Board believes that this will allow the market to absorb the full year results and align the fair valuation closer to the date of grant, noting that a different valuation methodology is applied per AASB 2 share-based payments.

If a face value method were used, the FY22 LTI grant for each of the Executive KMP would be as indicated in the table below. The number of performance rights to be granted under the FY23 LTI will be determined and reported in the 2023 remuneration report.

	FY22 Fair Value (No. of rights)	FY22 Face Value <sup>1</sup> (No. of rights)
Geoff Selig	168,067	137,931
Matt Aitken	168,067	137,931
Darren Dunkley	126,050	103,448
Paul Selig	0	N/A

<sup>1</sup> Based on the closing share price on 1 July 2021 of \$1.45 per share.

## DIRECTORS' REPORT (CONT.)

For the year ended 30 June 2022

### How reward is linked to performance

#### Performance indicators and link to performance

Notwithstanding the impacts of the unprecedented COVID-19 pandemic during the 2020, 2021 and 2022 financial years, IVE Group's financial performance has been strong since listing on the ASX in December 2015. Performance of the business is reflected in the outcome of the variable components to the remuneration framework:

- full STI payments are only made if Executive KMP meet agreed financial and non-financial targets for the year in review (and the FY20 STI payment was suspended due to the impact of COVID-19); and
- LTI grants only vest if IVE Group achieves the targets set for TSR and EPS over a three-year performance period.

Performance rights granted to KMP in 2018 under the FY19 LTI reached their vesting date during FY22. Of these, NIL performance rights granted to KMP vested and 359,475 unvested performance rights lapsed in accordance with the IVE Group Equity Incentive Plan rules as set out below:

	Total LTI Grant FY19	60% of Performance Share Rights Earnings Per Share Target (EPS)	40% of Performance Share Rights Relative Total Shareholder Return (TSR)	Vested	Lapsed
Geoff Selig	130,718	78,431	52,287	0	130,718
Matt Aitken	130,718	78,431	52,287	0	130,718
Darren Dunkley	98,039	58,823	39,216	0	98,039
Paul Selig	N/A	N/A	N/A	N/A	N/A
	<b>359,475</b>	<b>215,685</b>	<b>143,790</b>	<b>0</b>	<b>359,475</b>

The relevant performance conditions were as follows:

60% of Performance Share Rights Earnings Per Share Target (EPS)		40% of Performance Share Rights Relative Total Shareholder Return (TSR)	
EPS Target 7.75%	Performance Share Rights	Granted	Vested
		Company ranks below 50th percentile	Nil
Less than 90% of target achieved	Nil	Company ranks at the 50th percentile	50%
90-99% of target achieved	80%	Company ranks between the 50th and 75th percentile	Straight line vesting
Target achieved or exceeded	100%	Company ranks at or above 75th percentile	100%

## DIRECTORS' REPORT (CONT.)

For the year ended 30 June 2022

Accumulated pro-forma EPS growth over the three-year vesting period between FY19 to FY21 was less than 90% of the EPS Target. Accordingly, none of the EPS tranche of performance rights vested.

IVE Group was ranked as 14 (43.48 percentile) compared to the relevant FY19 LTI peer group as at 30 June 2022. Accordingly, none of the TSR tranche of performance rights vested.

Unvested rights were forfeited in accordance with the LTI plan rules.

Key financial metrics over the last five years are shown below:

	FY18	FY19 <sup>3</sup>	FY20 <sup>2</sup>	FY21	FY22 Pre AASB16	FY22 Post AASB16
<b>Revenue (\$m)</b>	695.4	723.6	677.4	656.7	759.0	759.0
<b>EBITDA (\$m)</b>	73.2	82.0	57.3	59.3	75.1	96.6
<b>Net profit after tax (\$m)</b>	32.4	33.0	18.5	19.9	33.4	33.1
<b>Dividend payment (cents per share)</b>	15.5	16.3	0.0	14.0	16.5	16.5
<b>Dividend payout ratio<sup>4</sup></b>	71%	71%	0%	67%	72%	72%
<b>Share price change (\$)<sup>1</sup></b>	+0.162	(0.23)	(1.26)	+0.655	+0.28	+0.28
<b>EPS (NPAT)</b>	0.227	0.228	0.125	0.135	0.231	0.231
<b>EPS (NPATA)</b>	0.252	0.253	0.152	0.162	0.254	0.254

The above results are prepared on an underlying continuing business basis, pre AASB16, FY22 are also presented on a post AASB16 basis. Underlying continuing business basis results exclude all non-operating items (including JobKeeper). This better reflects the underlying operating performance and is consistent with guidance.

1 Calculated as close price on 30 June for the applicable year.

2 FY20 revenue, EBITDA and NPAT have been updated on a continuing business basis i.e. excluding TeleFundraising for FY21 comparative purposes.

3 FY19 & prior years revenue, EBITDA, NPAT and EPS have not been adjusted for TeleFundraising divestment in FY21.

4 FY21 dividend payout ratio is based on underlying NPAT including JobKeeper.

### Grant of Performance Share Rights

During the year, the Company made offers of Rights under the LTI Plan to the Senior Leadership Team with clear performance measures.

On 25 November 2021, offers were made granting 823,526 performance rights under the Senior Leadership Team Plan. Of these, 168,067 were granted to Geoff Selig for which approval for the issue was obtained under ASX Listing Rule 10.14 at the 2021 Annual General Meeting. These Rights vest following the release of the FY24 financial results if specified performance conditions are met during the Performance Period which is 1 July 2021 to 30 June 2024.

In total there were 3,355,195 unvested Rights at 30 June 2022 from the FY20, FY21 and FY22 offers.

There were no offers of options during the year and there are no unvested options.

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## DIRECTORS' REPORT (CONT.)

For the year ended 30 June 2022

The terms of the Equity Incentive Plan which provide the framework under which the LTI grants were made in FY18, FY19, FY20, FY21 are as follows:

Feature	Terms of the IVE Group Equity Incentive Plan
Type of security	Performance Share Rights which are an entitlement to receive fully paid ordinary IVE Group Limited shares (as traded on the ASX) on a one-for-one basis.
Valuation	<p>The number of Performance Share Rights for each KMP is calculated by dividing the allocated value of the LTI award for that KMP by the fair value of a Performance Share Right. The fair value is calculated using a Monte Carlo simulation approach for the Awards subject to the Relative TSR condition and a risk neutral assumption is used the value the Awards subject to the EPS condition.</p> <p>For the Executive Chairman and Managing Director (if applicable), the LTI grant, as recommended by the Board, will be submitted for approval by shareholders at the relevant Annual General Meeting, as required by the ASX Listing Rules.</p>
Performance Period	The Performance Period is the three-year period 1 July to 30 June inclusive.
Performance Conditions	<p>The number of Performance Share Rights that may vest will be determined by reference to:</p> <ul style="list-style-type: none"> <li>Earnings Per Share (<b>EPS</b>) compound annual growth over the Performance Period. EPS growth will be calculated as IVE Group's underlying Net Profit After Tax adjusted for amortisation of customer contracts (<b>NPATA</b>) divided by the undiluted weighted average shares on issue throughout the Performance Period, using the following formula:</li> </ul> $\text{EPS CAGR} = \sqrt[3]{\left( \frac{\text{Year 3 EPS}}{\text{Year 0 EPS}} \right)} - 1$ <p>(Benchmark 1); and</p> <ul style="list-style-type: none"> <li>Relative Total Shareholder Return (<b>TSR</b>) performance of the Company in comparison to similar companies in a peer group determined by the Board. The peer group for the FY20 offer is the ASX Small Ordinaries Index. The TSR of each company will be measured from the start of the Performance Period to the end of the Performance Period (Benchmark 2),</li> </ul> <p>(collectively the <b>Performance Conditions</b>).</p> <p>Together Benchmark 1 and Benchmark 2 comprise the total Performance Conditions but act independently relative to their specific target component of 60% and 40% of Performance Share Rights, respectively.</p>
Re-testing	There is no re-testing. Any unvested LTI after the test at the end of the Performance Period will lapse immediately.



## DIRECTORS' REPORT (CONT.)

For the year ended 30 June 2022

Feature	Terms of the IVE Group Equity Incentive Plan
Forfeiture	<p>All Rights will lapse if the participant elects to cease employment with IVE Group prior to the Conversion Date (being the date that Performance Share Rights convert to shares).</p> <p>Rights will immediately lapse if the participant is dismissed or removed from office as an employee for any reason which entitles IVE Group to dismiss the participant without notice or if the participant acts fraudulently, dishonestly or in breach of their obligations to the Company.</p> <p>The only exception to the lapse of rights is for a Good Leaver reason detailed below:</p> <ul style="list-style-type: none"> <li>Any unvested Rights will not lapse if the participant's employment with IVE Group ceases due to death, ill-health, total permanent disability or sale of the business in which they are employed.</li> <li>Rights for employees who cease employment due to death will vest in full upon cessation.</li> <li>Rights for other good leavers will remain on foot and will be tested against the Performance Conditions as at the Vesting Date, vesting on a pro-rata basis.</li> </ul> <p>The Board has discretion to allow vesting for other reasons, such as retirement or redundancy.</p>
Clawback	<p>The Board has broad "clawback" powers if, amongst other things, the participant has acted fraudulently or dishonestly, engaged in gross misconduct or has acted in a manner that has brought the Company into disrepute, or there is a material financial mis-statement, or the Company is required or entitled under law or company policy to reclaim remuneration from the participant, or the participant's entitlements vest as a result of the fraud, dishonesty or breach of obligations of any other person and the Board is of the opinion that the incentives would not have otherwise vested.</p>

The terms of offer made under the IVE Group Equity Incentive Plan were amended slightly in FY22 with regards to Benchmark 1. Benchmark 1 for the FY22 offer was determined as follows:

Earnings Per Share (**EPS**) compound annual growth over the Performance Period. EPS growth will be calculated as IVE Group's underlying Net Profit After Tax (**NPAT**) divided by the undiluted weighted average shares on issue throughout the Performance Period, using the following formula:

$$\text{EPS CAGR} = \sqrt[3]{\left(\frac{\text{Year 3 EPS}}{\text{Year 0 EPS}}\right)} - 1$$

### TSR Peer Group for FY22 Offer

As with FY21, the peer group for FY22 differed to previous years where the Board sought to include similar companies and, in addition to their size, considered characteristics such as being a direct competitor, operating in a similar industry or sector, generating revenue in Australia only, being exposed to domestic economic conditions including consumer spending and marketing spend.

Due to changes in the market and the lack of material numbers of useful comparator companies, the peer group chosen for the FY 2022 grant are the companies who are included in the ASX Small Ordinaries Index at the commencement of the performance period, being 1 July 2021.

## DIRECTORS' REPORT (CONT.)

For the year ended 30 June 2022

### Non-Executive Director Remuneration

Non-Executive Directors enter into service agreements through letters of appointment which are not subject to a fixed term. Non-Executive Directors receive a fee for their contribution as Directors. Fees are determined with reference to the demands of the role and the responsibilities carried out by Directors. The fee setting process also takes into account market levels, the need to attract high quality Directors and the size and complexity of the Company.

Directors receive fees for their role as members of the Board and, where applicable, for additional responsibilities. Non-Executive Directors do not receive additional fees for being a Chair or member of a Board Committee. Non-Executive Directors do not receive any variable or performance-based remuneration. Where Directors are required to provide additional services, these are paid on a fixed fee basis or determined on an hourly basis depending on the nature of the service. There were no additional services provided in FY22 by Non-Executive Directors.

During FY22, the Board did not increase fees paid to Non-Executive Directors. It should also be noted in FY2020 the Non-Executive Directors agreed to a temporary fee reduction of 50% applying to the three months ended 30 June 2020, as a result of COVID-19. An increase of \$5,000 per Non-Executive director has been approved for FY23 and will be reflected in the 2023 Remuneration Report. The annual fees provided to Non-Executive Directors for FY22 are shown below (inclusive of superannuation):

Chair fee	Non-Executive Director fee (effective since 1 July 2018)
N/A as Executive Chairman	\$105,000

The total Non-Executive Director fee pool has a maximum value of \$1 million per annum. The total amount paid to Non-Executive directors in FY22 was \$446,250, being 44.6% of the approved fee pool. There is no intent to seek approval to increase the Non-Executive Director fee pool at the 2022 AGM.

Non-Executive Directors do not receive fees that are contingent on performance, shares in return for their services, retirements benefits (other than statutory superannuation) or termination benefits.

Executive Directors are not remunerated separately for acting as Directors.

Directors are not required under the Constitution or any other Board policy to hold any shares in IVE Group.

The remuneration paid to Non-Executive Directors is detailed in the tables later in this Report.

### Contractual arrangements with Executive KMPs

Remuneration and other conditions of employment are set out in the Executive KMPs employment contracts. The key elements of these employment contracts are summarised below

Name:	<b>Geoff Selig</b>
Title:	Executive Chairman
Terms of Agreement:	No fixed term - subject to termination provisions detailed below
Details:	Annual remuneration includes cash salary, superannuation and non-cash benefits Incentives - eligible to participate in short-term incentive and equity remuneration plans
Termination:	Termination - 12 months written notice (except in certain circumstances, such as where committed any breach or material neglect of the material terms of his contract of employment, or any act of serious or wilful misconduct) by Company or employee. All payments on termination will be subject to the termination benefits cap under the <i>Corporations Act 2001</i> in the absence of shareholder approval. Post-employment - 12 months restraint provisions

## DIRECTORS' REPORT (CONT.)

For the year ended 30 June 2022

Name:	<b>Paul Selig</b>
Title:	Executive Director
Terms of Agreement:	No fixed term – subject to termination provisions detailed below
Details:	Annual remuneration includes cash salary, superannuation and non-cash benefits Incentives – discretionary bonus
Termination:	Termination – 3 months written notice (except in certain circumstances, such as where committed any breach or material neglect of the material terms of his contract of employment, or any act of serious or wilful misconduct) by Company or employee.  All payments on termination will be subject to the termination benefits cap under the <i>Corporations Act 2001</i> in the absence of shareholder approval. Post-employment – 12 months restraint provisions.
Name:	<b>Matt Aitken</b>
Title:	Chief Executive Officer (appointed 5 August 2019)
Terms of Agreement:	Chief Operating Officer (ceased 5 August 2019)
Details:	No fixed term – subject to termination provisions detailed below Annual remuneration includes cash salary, superannuation and non-cash benefits Incentives – eligible to participate in short-term incentive and equity remuneration plans
Termination:	Termination – 9 months written notice (except in certain circumstances, such as where committed any breach or material neglect of the material terms of his contract of employment, or any act of serious or wilful misconduct) by Company or employee.  All payments on termination will be subject to the termination benefits cap under the <i>Corporations Act 2001</i> in the absence of shareholder approval. Post-employment – 3 months restraint provisions.
Redundancy:	6 months' pay in circumstance where employment is terminated due to redundancy.
Name:	<b>Darren Dunkley</b>
Title:	Chief Financial Officer
Terms of Agreement:	No fixed term – subject to termination provisions detailed below
Details:	Annual remuneration includes cash salary, superannuation and non-cash benefits Incentives – eligible to participate in short-term incentive and equity remuneration plans
Termination:	Termination – 6 months written notice (except in certain circumstances, such as where committed any breach or material neglect of the material terms of his contract of employment, or any act of serious or wilful misconduct) by Company or employee.  All payments on termination will be subject to the termination benefits cap under the <i>Corporations Act 2001</i> in the absence of shareholder approval. Post-employment – 3 months restraint provisions.
Redundancy:	6 months' pay in circumstance where employment is terminated due to redundancy.

## DIRECTORS' REPORT (CONT.)

For the year ended 30 June 2022

### Details of Remuneration

The table below provides remuneration prepared for on a statutory basis for directors and Executive KMPs year ended 30 June 2022 (except as noted below)

Name	Year	Fixed Remuneration			Variable Remuneration		Total	Total performance related	Percentage performance related
		Cash, salary and fees <sup>3</sup>	Super-annuation	Other long-term benefits	Short-term incentive	Fair value of LTI award <sup>4</sup>			
<b>Executive Directors</b>									
Geoff Selig	2022	928,432	23,568	15,505	200,000	63,263	1,230,768	263,263	21.4%
	2021	930,306	21,694	15,505	170,000	58,556	1,196,061	228,556	19.1%
Paul Selig	2022	306,432	23,568	-	-	-	330,000	-	0.0%
	2021	308,306	21,694	-	-	-	330,000	-	0.0%
<b>Non-executive Directors</b>									
Gavin Bell	2022	105,000	-	-	-	-	105,000	-	0.0%
	2021	105,000	-	-	-	-	105,000	-	0.0%
Carole Campbell <sup>1</sup>	2022	-	-	-	-	-	0	-	0.0%
	2021	38,479	3,656	-	-	-	42,135	-	0.0%
Sandra Hook	2022	95,455	9,546	-	-	-	105,000	-	0.0%
	2021	95,890	9,110	-	-	-	105,000	-	0.0%
James Todd	2022	95,455	9,546	-	-	-	105,000	-	0.0%
	2021	95,890	9,118	-	-	-	105,008	-	0.0%
Cathy Aston <sup>2</sup>	2022	95,455	9,546	-	-	-	105,000	-	0.0%
	2021	51,989	4,939	-	-	-	56,928	-	0.0%
Andrew Bird <sup>3</sup>	2022	23,864	2,386	-	-	-	26,250	-	0.0%
	2021	-	-	-	-	-	-	-	0.0%
<b>Other Executive KMP</b>									
Matt Aitken	2022	617,242	23,568	10,273	300,000	63,263	1,014,346	363,263	35.8%
	2021	618,306	21,694	10,273	270,000	60,041	980,314	330,041	33.7%
Darren Dunkley	2022	426,915	23,568	8,244	180,000	45,367	684,094	225,367	32.9%
	2021	403,131	21,694	6,638	162,000	45,155	638,618	207,155	32.4%

1 Carole Campbell resigned effective 25 November 2020.

2 Cathy Aston was appointed as a director on 15 December 2020.

3 Andrew Bird was appointed as a director on 1 April 2022.

4 Cash, salary and fees includes annual leave and long service leave.

5 Fair value of LTI reflects accounting impacts during period, NIL shares actually vested/paid.

6 Matt Aitken and Darren Dunkley each received 500 shares (fair value \$810) on 23 September 2021 for NIL consideration as part of a rewards scheme offered to all IVE Group employees, other than executive directors.

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## DIRECTORS' REPORT (CONT.)

For the year ended 30 June 2022

### Rights granted to Executive KMP

#### FY22

KMP	Number of rights granted in FY22	Vesting conditions	Grant date	Fair value at grant date	Expiry date
Geoff Selig	168,067	Relative TSR and Compound annual EPS growth over 3 years	10 December 2021	\$200,000	After vesting following release of FY24 financial results. Any unvested Rights expire
Matt Aitken	168,067	Relative TSR and Compound annual EPS growth over 3 years	10 December 2021	\$200,000	After vesting following release of FY24 financial results. Any unvested Rights expire
Darren Dunkley	126,050	Relative TSR and Compound annual EPS growth over 3 years	10 December 2021	\$150,000	After vesting following release of FY24 financial results. Any unvested Rights expire

#### FY21

KMP	Number of rights granted in FY21	Vesting conditions	Grant date	Fair value at grant date	Expiry date
Geoff Selig	384,615	Relative TSR and Compound annual EPS growth over 3 years	25 November 2020	\$200,000	After vesting following release of FY23 financial results. Any unvested Rights expire
Matt Aitken	384,615	Relative TSR and Compound annual EPS growth over 3 years	25 November 2020	\$200,000	After vesting following release of FY23 financial results. Any unvested Rights expire
Darren Dunkley	288,261	Relative TSR and Compound annual EPS growth over 3 years	25 November 2020	\$150,000	After vesting following release of FY23 financial results. Any unvested Rights expire

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## DIRECTORS' REPORT (CONT.)

For the year ended 30 June 2022

### FY20

KMP	Number of rights granted in FY20	Vesting conditions	Grant date	Fair value at grant date	Expiry date
Geoff Selig	147,058	Relative TSR and Compound annual EPS growth over 3 years	27 November 2019	\$200,000	After vesting following release of FY22 financial results Any unvested Rights expire
Matt Aitken	147,058	Relative TSR and Compound annual EPS growth over 3 years	27 November 2019	\$200,000	After vesting following release of FY22 financial results Any unvested Rights expire
Darren Dunkley	110,294	Relative TSR and Compound annual EPS growth over 3 years	27 November 2019	\$150,000	After vesting following release of FY22 financial results Any unvested Rights expire

### FY19

Performance rights granted to KMP under the FY19 LTI vested during FY22. Of these, nil performance rights vested and 359,475 unvested performance rights lapsed in accordance with the IVE Group Equity Incentive Plan rules.

KMP	Number of rights granted in FY19	Vesting conditions	Grant date	Fair value at grant date	Expiry date	Lapse
Geoff Selig	130,718	Relative TSR and Compound annual EPS growth over 3 years	21 November 2018	\$200,000	130,718 unvested performance rights are expected to lapse.	60,810 unvested performance rights lapsed
Matt Aitken	130,718	Relative TSR and Compound annual EPS growth over 3 years	21 November 2018	\$200,000	130,718 unvested performance rights are expected to lapse	50,675 unvested performance rights lapsed
Darren Dunkley	98,039	Relative TSR and Compound annual EPS growth over 3 years	21 November 2018	\$150,000	98,039 unvested performance rights are expected to lapse	98,039 unvested performance rights are expected to lapse

In total there were 1,924,085 unvested Rights at 30 June 2022 relating to KMP.

## DIRECTORS' REPORT (CONT.)

For the year ended 30 June 2022

### Director and Executive KMP Shareholding

The table below provides the number of shares in IVE Group Limited held by each Director and Executive KMP during the period, including their related parties:

	Balance at 30 June 2021	Shares received during the period on exercise of Performance Share Rights	Shares acquired	Shares disposed	Balance at 30 June 2021
<b>Executive Directors</b>					
Geoff Selig, Executive Chairman <sup>1</sup>	12,867,263	-	-	-	12,867,263
Paul Selig <sup>1</sup>	12,910,231	-	-	-	12,910,231
<b>Non-Executive Directors</b>					
Gavin Bell	122,697	-	-	-	122,697
Sandra Hook	12,919	-	-	-	12,919
James Todd	122,336	-	-	-	122,336
Cathy Aston	5,000	-	-	-	5,000
Andrew Bird <sup>2</sup>	379,701	-	-	-	379,701
<b>Executive KMP</b>					
Darren Dunkley, CFO and Company Secretary	52,270	-	500	25,000	27,770
Matt Aitken, Chief Executive Officer	7,032	-	500	-	7,532

<sup>1</sup> Geoff Selig and Paul Selig are each beneficiaries of the Selig Family Trust No. 5, the trustee of which holds 12,860,231 shares.

<sup>2</sup> Andrew Bird was appointed as a Director of the Company on 1 April 2022. Holdings under 'Balance at 30 June 2021' are the holdings as at the date of appointment as set out in the Initial Director's Interest Notice lodged with ASX on 1 April 2022.

<sup>3</sup> Matt Aitken and Darren Dunkley each received 500 shares on 23 September 2021 for NIL consideration as part of a rewards scheme offered to all IVE Group employees, other than executive directors.

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## DIRECTORS' REPORT (CONT.)

For the year ended 30 June 2022

### Loans to directors and executives

No loans were made to directors and executives of IVE Group including their close family and entities related to them during the year.

### Shares under option

There were no unissued ordinary shares of IVE Group under option outstanding at the date of this report.

### Shares under performance rights

There were no unissued ordinary shares of IVE Group under Rights outstanding at the date of this report.

### Shares issued on the exercise of options

There were no ordinary shares of IVE Group Limited issued on the exercise of options during the year ended 30 June 2022 and up to the date of this report.

### Shares issued on the exercise of Performance Share Rights

Nil rights vested during the year and nil shares were issued on exercise of Rights during the year.

***This concludes the remuneration report, which has been audited.***

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## DIRECTORS' REPORT (CONT.)

For the year ended 30 June 2022

### Non-audit services

During the year, KPMG, the Group's auditor has performed certain other services in addition to its statutory duties. The Board has considered the non-audit services provided during the year by the auditor, and, in accordance with the advice received from the Audit Committee, is satisfied that:

1. the non-audit services provided during the financial year by KPMG as the external auditor were compatible with the general standard of independence for auditors imposed by the Act; and
2. any non-audit services provided during the financial year by KPMG as the external auditor did not compromise the auditor independence requirements of the Corporations Act 2001 (Cth) for the following reasons:
  - a) all non-audit services are subject to corporate governance procedures adopted by the Group and have been reviewed by those charged with governance throughout the year to ensure they do not impact the integrity and objectivity of the auditor; and
  - b) the nature of the services provided do not undermine the general principles relating to audit independence in accordance with APES 110: Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Group, acting as an advocate to the Group or jointly sharing the risks and rewards."Details of the amounts paid to the auditor of the Group, KPMG, for audit and non-audit services provided during the year are set out in Note 31 of the Financial Report.

### Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 50 and forms part of the directors' report for the financial year ended 30 June 2022.

### Rounding off

The Group is of a kind referred to in ASIC Corporations Instrument 2016/191 dated 24 March 2016 and in accordance with that Instrument, amounts in the consolidated financial statements and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

This report is made in accordance with a resolution of the directors:



**Geoff Selig**  
Director

Dated at Sydney this 25th day of August 2022



## Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of IVE Group Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of IVE Group Limited for the financial year ended 30 June 2022 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten version of the KPMG logo in blue ink.

KPMG

A handwritten signature in blue ink, appearing to read 'D. Camilleri'.

Daniel Camilleri  
*Partner*

Sydney

25 August 2022

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# FINANCIAL REPORT

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## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2022

<i>In thousands of AUD</i>	<i>Note</i>	<b>2022</b>	<b>2021 Restated*</b>
<b>Continuing operations</b>			
<b>Revenue</b>	<b>4</b>	<b>758,976</b>	<b>656,457</b>
Cost of sales		(405,276)	(340,465)
<b>Gross profit</b>		<b>353,700</b>	<b>315,992</b>
Other income	5	3,014	724
Production expenses		(172,293)	(147,224)
Administrative expenses		(127,732)	(115,602)
Other expenses		(8,177)	(5,432)
<b>Results from operating activities</b>		<b>48,512</b>	<b>48,458</b>
Finance income		56	517
Finance costs		(9,218)	(12,644)
<b>Net finance costs</b>	<b>8</b>	<b>(9,162)</b>	<b>(12,127)</b>
<b>Profit before tax</b>		<b>39,350</b>	<b>36,331</b>
Income tax expense	9	(12,418)	(12,076)
<b>Profit from continuing operations</b>		<b>26,932</b>	<b>24,255</b>
<b>Discontinued operation</b>			
Profit from discontinued operation, net of tax	35	-	4,805
<b>Profit for the year</b>		<b>26,932</b>	<b>29,060</b>
<b>Other comprehensive income</b>			
<b>Items that are or may be reclassified to profit or loss</b>			
Cash flow hedges - effective portion of changes in fair value (net of tax)		26	(361)
Cash flow hedges - reclassified to profit or loss (net of tax)		317	493
Net exchange differences on translation of foreign operations		134	-
<b>Total other comprehensive income</b>		<b>477</b>	<b>132</b>
<b>Total comprehensive income for the year</b>		<b>27,409</b>	<b>29,192</b>
<b>Profit attributable to:</b>			
Owners of the Company		26,932	29,060
<b>Profit for the year</b>		<b>26,932</b>	<b>29,060</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		27,409	29,192
<b>Total comprehensive income for the year</b>		<b>27,409</b>	<b>29,192</b>
<b>Earnings per share</b>			
Basic earnings per share (dollars)	24	0.19	0.20
Diluted earnings per share (dollars)	24	0.19	0.20
Basic earnings per share (dollars) - continuing operations	24	0.19	0.17
Diluted earnings per share (dollars) - continuing operations	24	0.19	0.17

\*Refer to Note 3(s) for restatement.

The notes on pages 56 to 101 are an integral part of these consolidated financial statements.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

<i>In thousands of AUD</i>	<i>Note</i>	<b>2022</b>	<b>2021 Restated*</b>
<b>Assets</b>			
Cash and cash equivalents	10	67,035	106,474
Trade and other receivables	11	113,781	100,408
Inventories	12	74,164	43,844
Prepayments		5,489	4,174
Financial asset		-	1,762
Other current assets	16	4,638	1,703
<b>Total current assets</b>		<b>265,107</b>	<b>258,365</b>
Deferred tax assets	9	17,151	15,233
Trade and other receivables	11	307	-
Property, plant and equipment	13	100,088	100,122
Right of use assets	14	105,917	96,228
Intangible assets and goodwill	15	133,293	130,178
Other non-current assets	16	2,554	-
<b>Total non-current assets</b>		<b>359,310</b>	<b>341,761</b>
<b>Total assets</b>		<b>624,417</b>	<b>600,126</b>
<b>Liabilities</b>			
Trade and other payables	17	124,373	91,719
Lease liabilities		32,367	27,937
Loans and borrowings	18	3,764	2,791
Employee benefits	19	24,411	18,850
Current tax payable		5,730	3,283
Other current liabilities	21	15,349	8,485
<b>Total current liabilities</b>		<b>205,994</b>	<b>153,065</b>
Loans and borrowings	18	130,201	167,044
Lease liabilities		92,349	91,823
Employee benefits	19	6,714	6,568
Provisions	20	5,376	4,745
Other non-current liabilities	21	1,211	854
<b>Total non-current liabilities</b>		<b>235,851</b>	<b>271,034</b>
<b>Total liabilities</b>		<b>441,845</b>	<b>424,099</b>
<b>Net assets</b>		<b>182,572</b>	<b>176,027</b>
<b>Equity</b>			
Share capital	23	148,878	149,066
Reserves	23	1,807	(185)
Retained earnings		31,887	27,146
<b>Total equity</b>		<b>182,572</b>	<b>176,027</b>

\*Refer to Note 3(s) for restatement.

The notes on pages 56 to 101 are an integral part of these consolidated financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2022

<i>In thousands of AUD</i>	<i>Note</i>	<i>Share capital</i>	<i>Share-based payment reserve</i>	<i>Reserves</i>	<i>Retained earnings</i>	<i>Total equity</i>
<b>Balance reported at 1 July 2020</b>		156,502	198	(780)	8,582	164,502
<b>Opening restatement*</b>		-	-	-	(214)	(214)
<b>Balance at 1 July 2020 (restated)</b>		<b>156,502</b>	<b>198</b>	<b>(780)</b>	<b>8,368</b>	<b>164,288</b>
<b>Total comprehensive income for the year</b>						
Profit for the year (restated*)		-	-	-	29,060	29,060
Other comprehensive income		-	-	132	-	132
<b>Total comprehensive income for the year</b>		-	-	132	29,060	29,192
<b>Transactions with owners of the Company</b>						
Performance share rights	22	-	265	-	-	265
Share buy back	23	(7,436)	-	-	-	(7,436)
Dividends to owners of the Company	23	-	-	-	(10,282)	(10,282)
Total transactions with owners of the Company		(7,436)	265	-	(10,282)	(17,453)
<b>Balance at 30 June 2021 (restated*)</b>		<b>149,066</b>	<b>463</b>	<b>(648)</b>	<b>27,146</b>	<b>176,027</b>
<b>Balance reported at 1 July 2021 (restated*)</b>		149,066	463	(648)	27,146	176,027
<b>Total comprehensive income for the year</b>						
Profit for the year		-	-	-	26,932	26,932
Other comprehensive income		-	-	477	-	477
<b>Total comprehensive income for the year</b>		-	-	477	26,932	27,409
<b>Transactions with owners of the Company</b>						
Performance share rights	22	-	297	-	-	297
Employee share issue	22	-	1,218	-	-	1,218
Share buy back	23	(188)	-	-	-	(188)
Dividends to owners of the Company	23	-	-	-	(22,191)	(22,191)
Total transactions with owners of the Company		(188)	1,515	-	(22,191)	(20,864)
<b>Balance at 30 June 2022</b>		<b>148,878</b>	<b>1,978</b>	<b>(171)</b>	<b>31,887</b>	<b>182,572</b>

\*Refer to Note 3(s) for restatement.

The notes on pages 56 to 101 are an integral part of these consolidated financial statements.

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## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2022

<i>In thousands of AUD</i>	<i>Note</i>	<b>2022</b>	<b>2021 Restated*</b>
<b>Cash flows from operating activities</b>			
Cash receipts from customers		825,845	728,932
Cash paid to suppliers and employees		(734,495)	(619,462)
<b>Cash generated from operating activities</b>		<b>91,350</b>	<b>109,470</b>
Interest received		56	202
Interest paid		(3,215)	(8,878)
Income tax paid		(11,821)	(12,064)
JobKeeper Payment received		-	21,521
Payment of acquisition costs		(416)	(403)
Payment of restructure costs		(4,278)	(3,683)
<b>Net cash from operating activities</b>	<i>10</i>	<b>71,676</b>	<b>106,165</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment		263	651
Acquisition of property, plant and equipment and intangible assets		(15,743)	(9,082)
Acquisitions of businesses (net of cash and transactions costs)	<i>25</i>	(4,960)	(1,855)
Net proceeds on disposal of business (net of cash and transactions costs)	<i>35</i>	-	15,165
Acquisition of financial asset (including transactions costs)		-	(5,354)
<b>Net cash used in investing activities</b>		<b>(20,440)</b>	<b>(475)</b>
<b>Cash flows from financing activities</b>			
Proceeds from bank loans		15,000	-
Repayment of loans and borrowings		(53,336)	(3,234)
Transaction costs on refinancing bank loans		(820)	-
Dividends paid		(22,191)	(10,282)
Payment of lease liabilities		(29,081)	(29,904)
Share buy back (net of transaction costs)		(188)	(7,436)
<b>Net cash used in financing activities</b>		<b>(90,616)</b>	<b>(50,856)</b>
Net (decrease)/increase in cash and cash equivalents		(39,380)	54,834
Effects of foreign currency translation		(59)	-
Cash and cash equivalents at beginning of year		106,474	51,640
<b>Cash and cash equivalents at end of year</b>		<b>67,035</b>	<b>106,474</b>

\*Refer to Note 3(s) for restatement.

The notes on pages 56 to 101 are an integral part of these consolidated financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

### 1. Reporting entity

IVE Group Limited (the ultimate parent entity or the Company) is a company domiciled in Australia. Its registered address is Level 3, 35 Clarence Street, Sydney NSW 2000.

This consolidated financial report as at and for the year ended 30 June 2022 comprises the Company and its subsidiaries (IVE or Group).

The Group is a for-profit entity. The Group is primarily involved in:

- Conceptual and creative design across print, mobile and interactive media;
- Printing and distribution of catalogues, magazines, marketing and corporate communications materials and stationery;
- Manufacturing of point of sale display material and large format banners for retail applications;
- Personalised communications including marketing automation, marketing mail, publication mail, eCommunications, and multi-channel solutions;
- Data analytics, customer experience strategy, and CRM; and
- Outsourced communications solutions for large organisations including development of customised multi-channel management models covering creative and digital services, supply chain optimisation, inventory management, warehousing and logistics.

The Group services all major industry sectors in Australia including financial services, publishing, retail, communications, property, clubs and associations, not-for-profit, utilities, manufacturing, education and government.

### 2. Basis of preparation

#### (a) Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The consolidated financial statements comply with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB).

The consolidated financial statements were authorised for issue by the Board of Directors on 25 August 2022. Details of the Group's accounting policies is included in Note 3.

#### (b) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency.

The Company is of a kind referred to in ASIC Corporations Instrument 2016/191 dated 24 March 2016, and in accordance with that Instrument, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated. Where applicable certain comparative figures have been reclassified to align with current period presentation.

#### (c) Use of estimates and judgements

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 30 June 2021.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2022

### 2. Basis of preparation (cont.)

#### (c) Use of estimates and judgements (cont.)

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

##### (i) Judgements

Information about judgements made in applying the Group's accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 3(e) & (f) – estimation of useful lives of assets
- Note 3(j) – provisions
- Note 27 – Level 2 and 3 fair values of equity securities, and forward exchange contracts; and
- Note 14 – lease term: whether the Group is reasonably certain to exercise extension options.

##### (ii) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 30 June 2022 is included in the following notes:

- Note 3(h)(ii) & 15 – impairment testing for cash generating units containing goodwill
- Note 25 – acquisitions: fair value measured on a provisional basis; and
- Note 27 – measurement of Expected Credit Loss (ECL) allowance on trade receivables.

#### *Measurement of fair values*

When measuring the fair value of an asset or a liability, the Group uses market observable data if possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie. as prices) or indirectly (ie. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

### 3. Significant accounting policies

The accounting policies set out below have been applied consistently during the period presented in these consolidated financial statements, and have been applied consistently by all entities in the Group, except for the adoption of new accounting standards (see Note 3(s)).

#### (a) Basis of consolidation

##### (i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except those related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition, with subsequent changes in the fair value of the contingent consideration recognised in profit or loss.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2022

### 3. Significant accounting policies (cont.)

#### (a) Business consolidations (cont.)

##### (ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

##### (iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

#### (b) Foreign currency

##### *Foreign currency transactions*

Transactions in foreign currencies are translated to the functional currency of the Group (Australian dollars) at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

Foreign currency differences arising on retranslation are recognised in profit or loss.

#### (c) Financial instruments

##### (i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

##### (ii) Classification and subsequent measurement

The Group classifies its financial instruments in the following measurement categories: at amortised cost, at fair value through profit and loss (FVTPL) and at fair value through other comprehensive income (FVOCI).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on a specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2022

### 3. Significant accounting policies (cont.)

#### (c) Financial instruments (cont.)

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

#### *Financial assets at amortised costs*

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

#### *Financial liabilities – Classification, subsequent measurement and gains and losses*

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit and loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

#### (iii) Derecognition

##### *Financial assets*

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

##### *Financial liabilities*

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

#### (iv) Offsetting

Financial asset and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2022

### 3. Significant accounting policies (cont.)

#### (c) Financial instruments (cont.)

##### (v) Derivative financial instruments and hedge accounting

###### *Derivative financial instruments and hedge accounting*

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

###### *Cash flow hedges*

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The Group designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts ('forward points') is separately accounted for as a cost of hedging and recognised in a cost of hedging reserve within equity.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventory, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognised.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2022

### 3. Significant accounting policies (cont.)

#### (d) Share capital

##### *Ordinary shares*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

#### (e) Property, plant and equipment

##### (i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Any gains and losses on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) are recognised in profit or loss.

##### (ii) Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

##### (iii) Depreciation

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

Depreciation is calculated to write off the cost of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives. Depreciation is generally recognised in profit or loss, unless the amount is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives for the current year of significant items of property, plant and equipment are as follows:

- |                          |   |
|--------------------------|---|
| • leasehold improvements | shorter of lease term and life of asset |
| • plant and equipment    | 3–20 years                              |
| • fixtures and fittings  | 5–10 years                              |

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

#### (f) Intangible assets and goodwill

##### (i) Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2022

### 3. Significant accounting policies (cont.)

#### (h) Impairment (cont.)

##### (i) Non-derivative financial assets (cont.)

###### *Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present values of all cash shortfalls (ie. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

###### *Credit-impaired financial assets*

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- A breach of contract such as a default or being more than 90 days past due;
- It is probable that the debtor will enter bankruptcy or other financial reorganisation.

###### *Presentation of allowance for ECL in the statement of financial position*

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

###### *Write-off*

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

##### (ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating unit (CGU). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2022

### 3. Significant accounting policies (cont.)

#### (h) Impairment (cont.)

##### (ii) Non-financial assets (cont.)

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### (i) Employee benefits

##### (i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

##### (ii) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

##### (iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

##### (iv) Share-based payment transactions

The grant-date fair value of equity-settled share-based payment awards granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with market and non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

#### (j) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

##### (i) Restructuring

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2022

### 3. Significant accounting policies (cont.)

#### (j) Provisions (cont.)

##### (i) Restructuring (cont.)

###### *Make good provision*

A make good provision is recognised when the Group enters into a lease contract that requires the property to be returned to the lessor in its original condition. The provision is based on the expected future cost of the refurbishment discounted to reflect current market assessments.

#### (k) Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue over-time, or at a point in time.

##### *Recognising of revenue over-time*

Revenue is recognised on the rendering of these services relating to print management, communications, creative and digital services, supply chain optimisation, inventory management, warehousing and logistics in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed based on surveys of work performed.

##### *Recognising of revenue at a point in time*

The Group recognises revenue relating to print production and distribution when it transfers control over a good or service to a customer. Customers obtain control when the goods are delivered to and have been accepted. Invoices are generated at that point in time. Invoices are usually payable within 30 days.

#### (l) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

##### (i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contracts to each lease component on the basis of its relative stand-alone prices.

The Group recognises a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2022

### 3. Significant accounting policies (cont.)

#### (l) Leases (cont.)

##### (i) As a lessee (cont.)

The Group determines its incremental borrowing rate by obtaining interest rates for classes of leased assets and lease terms from external financing sources.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group's changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

##### *Short-term leases and leases of low-value assets*

The Group has elected to not recognise right-of-use assets and liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises lease payments associated with these leases as an expense on a straight-line basis over the lease term.

##### (ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether such lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies AASB 15 to allocate the consideration in the contract.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2022

### 3. Significant accounting policies (cont.)

#### (m) Finance income and finance costs

Finance income comprises net gain on financial assets at FVTPL and interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise net loss on financial assets at FVTPL, and interest expense on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

#### (n) Government grants

The Group recognised a conditional government grant relating to the JobKeeper Payment scheme in the consolidated statement of profit or loss as a credit to wages and salaries when the grant become a receivable.

#### (o) Income tax

Income Tax expense comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

##### (i) Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

##### (ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; or
- temporary differences related to investments in associates to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future, and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2022

### 3. Significant accounting policies (cont.)

#### (o) Income tax (cont.)

##### (iii) Tax exposures

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

##### (iv) Tax consolidation

IVE Group Limited and its wholly owned Australian controlled entities formed a tax consolidated group on 16 December 2015. As a consequence, these entities are taxed as a single entity and the deferred tax asset and liabilities of these entities are offset in the consolidated financial statements.

#### (p) Good and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

#### (q) Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

#### (r) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. It has been determined the Board of Directors is the chief operating decision maker, as they are ultimately responsible for allocating resources and assessing performance.

#### (s) Adoption of new accounting standards and interpretations

The Group has adopted all new and amended Australian Accounting Standards and Australian Accounting Standards Board (AASB) interpretations that are mandatory for the current reporting period and relevant to the Group. With the exception of the IFRIC decision on Configuration or Customisation Costs in a Cloud Computing Arrangement (see below) adoption of these standards and interpretations has not resulted in any material changes to the Group's year-end financial report.

##### *Configuration or Customisation Costs in a Cloud Computing Arrangement*

In April 2021, the International Financial Reporting Standards Interpretations Committee (IFRIC) issued a final agenda decision, 'Configuration or Customisation costs in a Cloud Computing Arrangement'. The decision discusses whether configuration or customisation expenditure relating to cloud computing arrangements is able to be recognised as an intangible asset and if not, over what time period the expenditure is expensed.

The Group's accounting policy has historically been to capitalise all costs related to cloud computing arrangements as intangible assets in the Statement of Financial Position. The adoption of this agenda decision has resulted in the recognition of these intangible assets as an expense for year ended 30 June 2022 of \$1,701 thousand (for the year ended 30 June 2021 of \$421 thousand, net of tax), and an adjustment to opening retained earnings of \$214 thousand as at 1 July 2020.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2022

### 3. Significant accounting policies (cont.)

#### (s) Adoption of new accounting standards and interpretations (cont.)

The following tables presents the impact of the 1 July 2021 restatement on the comparative information presented in for the prior year ending 30 June 2021.

Consolidated Statement of Financial Position as at 30 June 2021	As previously reported	Cloud computing adjustment	As restated
Intangible assets	131,085	(907)	130,178
Deferred tax assets	14,961	272	15,233
Other net assets	30,616	-	30,616
<b>Net asset</b>	<b>176,662</b>	<b>(635)</b>	<b>176,027</b>
Share capital	149,066	-	149,066
Reserves	(185)	-	(185)
Retained earnings	27,781	(635)	27,146
<b>Total equity</b>	<b>176,662</b>	<b>(635)</b>	<b>176,027</b>

Consolidated Statement of Financial Position as at 30 June 2021	As previously reported	Cloud computing adjustment	As restated
Other expenses	(4,831)	(601)	(5,432)
<b>Results from operating activities</b>	<b>49,059</b>	<b>(601)</b>	<b>48,458</b>
<b>Profit before tax</b>	<b>36,932</b>	<b>(601)</b>	<b>36,331</b>
Income tax expense	(12,256)	180	(12,076)
<b>Profit from continuing operations</b>	<b>24,676</b>	<b>(421)</b>	<b>24,255</b>
<b>Profit for the year</b>	<b>29,481</b>	<b>(421)</b>	<b>29,060</b>
<b>Total comprehensive income for the year</b>	<b>29,613</b>	<b>(421)</b>	<b>29,192</b>
<b>Earnings per share</b>			
Basic earnings per share (dollars)	0.20	-	0.20
Diluted earnings per share (dollars)	0.20	-	0.20
Basic earnings per share (dollars) - continuing operations	0.17	-	0.17
Diluted earnings per share (dollars) - continuing operations	0.17	-	0.17

The impact on 1 July 2020 intangible assets was a decrease of \$306 thousand, deferred tax was increased by \$92 thousand with the net impact being a reduction on 1 July 2020 retained earnings of \$214 thousand.

#### (t) New standards and interpretations not yet adopted

There are no new or amended standards and interpretations that are expected to have a significant impact on the Group's consolidated financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2022

### 4. Revenue

The Group's operations and main revenue streams are those described in Note 1. The tables below provide information on the Group's revenue and contract balances derived from contracts with customers.

#### (a) Disaggregation of revenue

<i>In thousands of AUD</i>	2022	2021
Products and services transferred at a point in time	707,057	608,816
Services transferred over time	51,919	47,641
	<b>758,976</b>	<b>656,457</b>

#### (b) Contract balances

<i>In thousands of AUD</i>	2022	2021
Receivables, which are included in 'Trade and other receivables'	116,742	101,530
Contract assets	3,491	1,056
Contract liabilities	13,888	8,263

Contract liabilities of \$8,263 thousand as at 30 June 2021 has been recognised as revenue in the year ending 30 June 2022. Contract liabilities of \$13,888 thousand as at 30 June 2022 will be recognised as revenue during the year ending 30 June 2023.

### 5. Other income

<i>In thousands of AUD</i>	2022	2021
Other income	3,014	724

Other income in 2022 mainly relates to a contractual claim recovery (2021: nil)

### 6. Personnel expenses

<i>In thousands of AUD</i>	2022	2021
Wages and salaries	184,180	153,239
Contributions to defined contribution plans	13,806	12,468
Share-based payment expense	1,540	265
	<b>199,526</b>	<b>165,972</b>

As the JobKeeper Payment scheme has ended, no amount was credited to wages and salaries for the year ending 30 June 2022 (30 June 2021: \$16,241 thousand). Refer Note 3(n).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2022

### 7. Expenses

Included in the consolidated statement of profit or loss and other comprehensive income:

<i>In thousands of AUD</i>	<i>Notes</i>	<b>2022</b>	<b>2021</b>
Depreciation and amortisation		41,984	47,271
Acquisition and transaction costs		741	973
Restructuring costs		4,278	3,190
Make good expenses		711	96
Software for service		1,701	421
Loss on disposal of property, plant and equipment		746	439

### 8. Net finance costs

<i>In thousands of AUD</i>	<b>2022</b>	<b>2021</b>
Interest income	56	202
Derivative net change in fair value	-	315
<b>Finance income</b>	<b>56</b>	<b>517</b>
Interest expense	(7,420)	(9,508)
Financial assets net change in fair value	(1,762)	(3,100)
Net foreign exchange losses	(24)	(36)
Derivative net change in fair value	(12)	-
<b>Finance costs</b>	<b>(9,218)</b>	<b>(12,644)</b>
<b>Net finance costs</b>	<b>(9,162)</b>	<b>(12,127)</b>

### 9. Taxes

<i>In thousands of AUD</i>	<b>2022</b>	<b>2021</b> Restated*
<b>Current tax expense</b>		
Current year	14,350	12,110
Changes in estimates related to prior years	(82)	(173)
	14,268	11,937
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	(1,850)	139
<b>Total tax expense</b>	<b>12,418</b>	<b>12,076</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2022

### 9. Taxes (cont.)

#### Numerical reconciliation between tax expense and pre-tax accounting profit

<i>In thousands of AUD</i>	2022	2021 Restated*
<b>Profit (loss) before tax</b>	39,350	36,331
Tax using the Company's domestic tax rate of 30%	11,805	10,899
(Non-assessable income)/non-deductible expenses - (net)	693	1,198
Changes in estimates related to prior years	(82)	(173)
Other items (net)	2	152
	<b>12,418</b>	<b>12,076</b>

#### Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

<i>In thousands of AUD</i>	Assets		Liabilities		Net	
	2022	2021	2022	2021	2022	2021
Property, plant and equipment	-	-	(307)	(484)	(307)	(484)
Right-of-use assets	-	-	(26,895)	(23,440)	(26,895)	(23,440)
Inventories	-	-	(1,723)	(1,342)	(1,723)	(1,342)
Intangible assets	-	-	(3,593)	(4,341)	(3,593)	(4,341)
Lease liabilities	34,775	32,061	-	-	34,775	32,061
Employee benefits	11,056	9,148	-	-	11,056	9,148
Provisions	2,881	2,371	-	-	2,881	2,371
Other items	957	1,260	-	-	957	1,260
Tax assets/(liabilities)	49,669	44,840	(32,518)	(29,607)	17,151	15,233
Set off of tax	(32,518)	(29,607)	32,518	29,607	-	-
<b>Net deferred tax assets</b>	<b>17,151</b>	<b>15,233</b>	<b>-</b>	<b>-</b>	<b>17,151</b>	<b>15,233</b>

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2022

### 9. Taxes (cont.)

#### Movement in temporary differences during the year

2022 <i>In thousands of AUD</i>	Balance 1 July 2021	Disposal of discontinued operation	Acquisition through business combination	Recognised in equity	Recognised in profit or loss	Balance 30 June 2022
Property, plant and equipment	(484)	-	-	-	177	(307)
Right-of-use assets	(23,440)	-	-	-	(3,455)	(26,895)
Inventories	(1,342)	-	61	-	(442)	(1,723)
Intangible assets	(4,341)	-	(780)	-	1,528	(3,593)
Lease liabilities	32,061	-	-	-	2,714	34,775
Employee benefits	9,148	-	874	-	1,034	11,056
Provisions	2,371	-	64	-	446	2,882
Other items	1,260	-	-	(152)	(152)	956
	<b>15,233</b>	<b>-</b>	<b>220</b>	<b>(152)</b>	<b>1,850</b>	<b>17,151</b>

2021 <i>In thousands of AUD</i>	1 July 2020 Restated*	Disposal of discontinued operation	Acquisition through business combination	Recognised in equity	Recognised in profit or loss	Balance 30 June 2021
Property, plant and equipment	1,353	(2)	-	-	(1,835)	(484)
Right-of-use assets	(29,146)	-	-	-	5,706	(23,440)
Inventories	(1,510)	-	-	-	168	(1,342)
Intangible assets	(5,842)	143	-	-	1,358	(4,341)
Lease liabilities	38,442	-	-	-	(6,381)	32,061
Employee benefits	8,040	(211)	112	-	1,207	9,148
Provisions	2,338	-	-	-	33	2,371
Other items	1,712	-	-	(57)	(395)	1,260
	<b>15,387</b>	<b>(70)</b>	<b>112</b>	<b>(57)</b>	<b>(139)</b>	<b>15,233</b>

\* Refer to Note 3(s) for further details.

The gross amount of capital losses for which no deferred tax asset is recognised is nil (2021: \$2,064 thousand).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2022

### 10. Cash and cash equivalents

<i>In thousands of AUD</i>	2022	2021
Bank balances	67,029	106,468
Petty cash	6	6
Cash and cash equivalents in the statement of cash flows	<b>67,035</b>	<b>106,474</b>

### Reconciliation of cash flows from operating activities

<i>In thousands of AUD</i>	2022	2021 Restated*
<b>Profit (loss) from continuing operations</b>	<b>26,932</b>	<b>24,255</b>
Profit (loss) from discontinued operations	-	628
Non-cash items		
Depreciation, amortisation and impairment	41,984	47,271
Share based payment expense	1,540	265
Derivative net change in fair value	12	(315)
Interest expense	4,205	630
Financial assets net change in fair value	1,762	3,100
Income tax expense	12,418	12,076
Other income and expenses (net)	264	607
Loss on disposal of property, plant and equipment	746	439
Cash items		
Acquisition in investing activities	325	570
	90,188	89,526
Change in trade and other receivables	(12,043)	735
Change in inventories	(26,871)	12,461
Change in current assets	(885)	1,773
Change in prepayment	(1,188)	(520)
Change in trade and other payables	32,013	13,178
Change in provisions and employee benefits	2,283	1,076
<b>Cash generated from operating activities</b>	<b>83,497</b>	<b>118,229</b>
Income tax paid	(11,821)	(12,064)
<b>Net cash from operating activities</b>	<b>71,676</b>	<b>106,165</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2022

### 11. Trade and other receivables

<i>In thousands of AUD</i>	<b>2022</b>	<b>2021</b>
<b>Current</b>		
Trade receivables	116,742	101,530
Allowance for impairment	(3,124)	(2,008)
	113,618	99,522
Derivative receivable	-	315
Lease and other receivables	163	571
	<b>113,781</b>	<b>100,408</b>
<b>Non-current</b>		
Lease receivables	<b>307</b>	-

### 12. Inventories

<i>In thousands of AUD</i>	<b>2022</b>	<b>2021</b>
Finished goods	6,087	3,368
Work in progress	17,103	13,578
Raw materials	52,982	28,198
	76,172	45,144
Allowance for inventory obsolescence	(2,008)	(1,300)
	<b>74,164</b>	<b>43,844</b>

During the year, raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales amounted to \$405,276 thousand (2021: \$340,465 thousand).

During 2022 financial year an analysis of aged inventory and previous write-offs was performed which resulted in an increase in provision amounting to \$708 thousand (2021: \$340 thousand).

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2022

### 13. Property, plant and equipment

<i>In thousands of AUD</i>	Leasehold improvements	Plant and equipment	Capital work in progress	Land and buildings	Fixtures and fittings	Total
<b>Cost</b>						
Balance at 1 July 2020	19,971	147,243	1,404	-	2,211	170,829
Acquisitions through business combination	-	-	-	2,000	-	2,000
Additions	1,926	3,646	-	-	110	5,682
Transfer within PPE	-	97	(97)	-	-	-
Disposals	-	(920)	-	-	-	(920)
<b>Balance at 30 June 2021</b>	<b>21,897</b>	<b>150,066</b>	<b>1,307</b>	<b>2,000</b>	<b>2,321</b>	<b>177,591</b>
Balance at 1 July 2021	21,897	150,066	1,307	2,000	2,321	177,591
Acquisitions through business combination	-	2,772	-	-	-	2,772
Additions	3,255	8,188	486	-	328	12,257
Disposals	(1,246)	(319)	-	-	-	(1,565)
<b>Balance at 30 June 2022</b>	<b>23,906</b>	<b>160,707</b>	<b>1,793</b>	<b>2,000</b>	<b>2,649</b>	<b>191,055</b>
<b>Depreciation and impairment losses</b>						
Balance at 1 July 2020	6,912	55,856	-	-	929	63,697
Depreciation for the year	2,027	12,103	-	-	144	14,274
Disposals	-	(502)	-	-	-	(502)
<b>Balance at 30 June 2021</b>	<b>8,939</b>	<b>67,457</b>	<b>-</b>	<b>-</b>	<b>1,073</b>	<b>77,469</b>
Balance at 1 July 2021	8,939	67,457	-	-	1,073	77,469
Depreciation for the year	1,869	12,092	-	25	142	14,128
Disposals	(497)	(133)	-	-	-	(630)
<b>Balance at 30 June 2022</b>	<b>10,311</b>	<b>79,416</b>	<b>-</b>	<b>25</b>	<b>1,215</b>	<b>90,967</b>
<b>Carrying amounts</b>						
At 1 July 2021	12,958	82,609	1,307	2,000	1,248	100,122
<b>At 30 June 2022</b>	<b>13,595</b>	<b>81,291</b>	<b>1,793</b>	<b>1,975</b>	<b>1,434</b>	<b>100,088</b>

#### Security

At 30 June 2022 the carrying amount of total assets less the written down value of finance leased assets were held as security for bank facilities.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2022

### 14. Leases

#### A. Leases as lessee

The Group leases warehouses and factory facilities. The leases typically run up to a period of 10 years, with an option to renew the lease after that date. Lease payments are renegotiated periodically to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indices. These leases were entered into many years ago as combined leases of land and buildings.

The Group also leases production equipment under a number of leases with contract terms of one to five years.

The Group leases IT equipment with contract terms of one to three years. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Information about leases for which the Group is a lessee is presented below.

#### (i) Right-of-use assets

The carrying amounts of right-of-use assets are as below.

<i>In thousands of AUD</i>	Property, plant and equipment		
	Property	Production equipment	Total
Balance as at 1 July 2020	91,882	23,666	115,548
Depreciation charge for the year	(18,513)	(7,448)	(25,961)
Additions/modifications to right-of-use assets	3,370	3,464	6,834
Disposals of right-of-use assets	(193)	-	(193)
<b>Balance as at 30 June 2021</b>	<b>76,546</b>	<b>19,682</b>	<b>96,228</b>
Balance as at 1 July 2021	76,546	19,682	96,228
Depreciation charge for the year	(18,002)	(3,417)	(21,419)
Acquisitions through business combination	596	-	596
Additions/modifications to right-of-use assets	31,202	29	31,231
Disposals of right-of-use assets	(719)	-	(719)
<b>Balance as at 30 June 2022</b>	<b>89,623</b>	<b>16,294</b>	<b>105,917</b>

#### (ii) Amounts recognised in profit or loss

<i>In thousands of AUD</i>	2022	2021
Interest on lease liabilities	3,798	4,293
Income from sub-leasing right-of-use assets	136	134
Expenses relating to short-term leases	228	134
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	690	829

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2022

### 14. Leases (cont.)

(iii) Amounts recognised in statement of cash flows

<i>In thousands of AUD</i>	2022	2021
Total cash outflow for leases	29,081	29,904

(iv) Extension options

Some property leases contain extension options exercisable before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is significant event or changes in circumstances within its control.

#### B. Leases as lessor

The Group leases out some its leased properties. All leases are classified as operating leases from a lessor perspective with the exception of a sub-lease, which the Group classified as a finance sub-lease.

(i) Finance lease

During the year, the Group recognised \$12 thousand interest income on lease receivables (2021: nil).

The following table sets out the maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date.

<i>In thousands of AUD</i>	2022	2021
Less than one year	163	-
Total undiscounted lease receivable	<b>490</b>	-
Unearned finance income	(20)	-
Net investment in the lease	<b>470</b>	-

(ii) Operating lease

The Group has classified some sub-leased property as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Rental income recognised by the Group during the year was \$137 thousand (2021: \$134 thousand).

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

<i>In thousands of AUD</i>	2022	2021
Less than one year	68	86
Between one to five years	159	155
More than five years	-	-
<b>Total</b>	<b>227</b>	<b>241</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2022

### 15. Intangible assets and goodwill

<i>In thousands of AUD</i>	<i>Note</i>	<b>Goodwill</b>	<b>Computer software restated*</b>	<b>Capital work in progress restated*</b>	<b>Customer relationships</b>	<b>Total</b>
<b>Cost</b>						
Balance at 1 July 2020		156,678	16,058	2,890	36,269	211,895
Opening restatement*		-	-	(306)	-	(306)
Balance at 1 July 2020 (restated)		156,678	16,058	2,584	36,269	211,589
Disposal		(9,984)	(487)	-	(1,115)	(11,586)
Transfer to/(from) computer software		-	2,056	(2,056)	-	-
Other additions		-	3,400	-	-	3,400
<b>Balance at 30 June 2021</b>		<b>146,694</b>	<b>21,027</b>	<b>528</b>	<b>35,154</b>	<b>203,403</b>
Balance at 1 July 2021		146,694	21,027	528	35,154	203,403
Acquisition		684	229	-	2,600	3,513
Disposal		-	(74)	-	-	(74)
Transfer to/(from) computer software		-	265	(265)	-	-
Other additions		-	1,159	4,952	-	6,111
<b>Balance at 30 June 2022</b>		<b>147,378</b>	<b>22,606</b>	<b>5,215</b>	<b>37,754</b>	<b>212,953</b>
<b>Amortisation and impairment losses</b>						
Balance at 1 July 2020		40,000	10,600	-	16,226	66,826
Disposal		-	-	-	(637)	(637)
Amortisation for the year		-	3,110	-	3,926	7,036
<b>Balance at 30 June 2021</b>		<b>40,000</b>	<b>13,710</b>	<b>-</b>	<b>19,515</b>	<b>73,225</b>
Balance at 1 July 2021		40,000	13,710	-	19,515	73,225
Amortisation for the year		-	3,046	-	3,390	6,436
<b>Balance at 30 June 2022</b>		<b>40,000</b>	<b>16,756</b>	<b>-</b>	<b>22,905</b>	<b>79,661</b>
<b>Carrying amounts</b>						
At 1 July 2021		106,694	7,317	528	15,639	130,178
<b>At 30 June 2022</b>		<b>107,378</b>	<b>5,850</b>	<b>5,216</b>	<b>14,849</b>	<b>133,293</b>

\*Refer to Note 3(s) for further details.

No impairment losses in relation to goodwill have been recognised in the year ended 30 June 2022 (2021 nil).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2022

### 15. Intangible assets and goodwill (cont.)

#### Impairment testing for cash-generating units containing goodwill

The Group completes impairment testing for eight CGUs. The goodwill allocated to six CGUs included in the 'Production & Distribution (group of CGUs)' is not significant and has been grouped for disclosure purposes as the key assumptions are the same. The carrying amount of any goodwill summarised by operating division is set out below:

<i>In thousands of AUD</i>	2022	2021
Production (Franklin WEB CGU)	29,141	29,141
Production & Distribution (group of CGUs)	39,731	39,047
Data-Driven Communications (group of CGUs)	38,506	38,506
	<b>107,378</b>	<b>106,694</b>

Goodwill impairment test is performed by applying value in use calculations. The calculations for all CGU's use nominal cash flow projections based on FY23 budgeted EBITDA approved by the Board. The EBITDA has been developed using past experience and industry knowledge. A pre-tax WACC rate has been used based on the size and nature of each CGU. Also, a nominal growth allowance in the 5 year and terminal growth cash flow projections has been made in determining management's estimate of the long-term compound EBITDA of each CGU. The WACC and growth rates are:

	WACC rate (pre-tax nominal)	Growth rate
Production (Franklin WEB CGU)	11.8% (2021:10.1%)	1% (2021:1%)
Production & Distribution (group of CGUs)	12.1% to 13.7% (2021:9.9% to 11.8%)	1% to 2% (2021:1% to 2%)
Data-Driven Communications	15.4% (2021:12.8%)	2% (2021:2%)

There are no reasonable possible changes in assumptions that would give rise to impairment.

### 16. Other assets

<i>In thousands of AUD</i>	2022	2021
<b>Current</b>		
Contract assets	3,491	1,056
Other assets	1,147	647
	<b>4,638</b>	<b>1,703</b>
<b>Non-current</b>		
Contract assets	2,554	-
	<b>2,554</b>	<b>-</b>

### 17. Trade and other payables

<i>In thousands of AUD</i>	2022	2021
<b>Current</b>		
Trade payables	88,717	64,909
Accrued expenses	35,656	26,810
	<b>124,373</b>	<b>91,719</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2022

### 18. Loans and borrowings

<i>In thousands of AUD</i>	2022	2021
<b>Current</b>		
Equipment finance	3,764	2,791
<b>Non-current</b>		
Bank loan	124,214	159,424
Equipment finance	5,987	7,620
	<b>130,201</b>	<b>167,044</b>

#### **Bank loan**

As at 30 June 2022, the amended Syndicated Facilities Agreement has a carrying amount of \$124,214 thousand and face value of \$125,000 thousand (2021: carrying amount of \$159,424 thousand and face value of \$160,000 thousand). During the year, the Group refinanced these facilities at an interest rate of BBSY plus a margin, and maturity date of 6th May 2026. The Group was in compliance with all loan covenants as at 30 June 2022.

### 19. Employee benefits

<i>In thousands of AUD</i>	2022	2021
<b>Current</b>		
Liability for long service leave	11,499	8,931
Liability for annual leave	12,912	9,919
	<b>24,411</b>	<b>18,850</b>
<b>Non-current</b>		
Liability for long service leave	6,714	6,568
	<b>31,125</b>	<b>25,418</b>

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2022

### 20. Provisions

<i>In thousands of AUD</i>	<b>Make good</b>
Balance at 1 July 2021	4,745
Provisions made during the year	1,337
Provisions reversed during the year	(706)
<b>Balance at 30 June 2022</b>	<b>5,376</b>
Current	-
Non-current	5,376
	<b>5,376</b>

Refer to Note 3(j) on the nature of the provision.

### 21. Other liabilities

<i>In thousands of AUD</i>	<b>2022</b>	<b>2021</b>
<b>Current</b>		
Contract liabilities	13,888	8,263
Contingent consideration	1,063	-
Forward exchange contracts used for hedging	398	222
	<b>15,349</b>	<b>8,485</b>
<b>Non-current</b>		
Contingent consideration	575	-
Forward exchange contracts used for hedging	636	854
	<b>1,211</b>	<b>854</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2022

### 22. Share-based payments

During the year ended 30 June 2022, the company granted Performance Share Rights (Rights) under the Equity Incentive Plan (EIP). The Rights are an entitlement to receive fully paid ordinary IVE Group Limited Shares on a one-for-one basis. Further details on the Rights are described below.

Type of arrangement	Senior Leadership Team Award
Date of grant	23 November 2021
Number granted	823,526
Contractual life	3 years and 2 months
Vesting conditions	The Rights are subject to the following Performance Conditions: sixty percent of the Rights are referenced against achieving Earnings Per Share Target (EPS), and forty percent are referenced against achieving Relative Shareholder Return (TSR) target. The performance period is 1 July 2021 to 30 June 2024 inclusive. The vesting date is expected to be on or soon after the approval of IVE's 2024 Annual Financial Report.
Weighted average fair value	\$1.19
Valuation methodology	The EPS target was calculated using a risk-neutral assumption, whereas the TSR target has been valued using a Monte Carlo simulation approach.
Expected dividend	Holders of performance share rights are not entitled to receive dividends prior to vesting.
Other key valuation assumptions	
Share price at valuation date	\$1.6509
Expected volatility	52%
Risk free interest rate	0.15%
Dividend yield	7.82%

Share rights issued to Directors required shareholder approval. This occurred at the Group's 2021 Annual General Meeting.

During the year, 824 thousand Rights were granted (2021: 1,885 thousand), 530 thousand lapsed (2021: 159 thousand), and 3,355 thousand remain outstanding (2021: 3,061 thousand). The total expense relating to the Rights granted was \$298 thousand (for the year ended 30 June 2021: \$265 thousand).

The company also issued 751,996 shares to employees with a value of \$1,218 thousand (2021: nil), and cash settled with a value of \$25 thousand (2021: nil).

These expenses are included in Note 6 of the consolidated financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2022

### 23. Capital and reserves

<i>Issued and paid up capital (In thousands of AUD)</i>	2022	2021
<b>143,508,948</b> (June 2021: 142,756,952) ordinary shares fully paid	<b>148,878</b>	149,066

#### Movement in ordinary share capital

Date	Details	Number of shares	Issue price	Total \$'000
1-Jul-20	Opening balance	148,207,285		156,502
21 December 2020 to 30 June 21	Share buyback (including transaction costs)	(5,450,333)	highest price paid: \$1.59 / lowest price paid \$1.23	(7,436)
<b>30-Jun-21</b>	<b>Closing balance</b>	<b>142,756,952*</b>		<b>149,066</b>
1-Jul-21	Opening balance	142,756,952		149,066
1-Jul-21	Share buyback (including transaction costs)	-		(188)
23-Sep-21	Employee share issue	751,996		-
<b>30-Jun-22</b>	<b>Closing balance</b>	<b>143,508,948</b>		<b>148,878</b>

\*Included in the number of share buyback during the year were 83,697 shares that were bought on 30 June 2021, but cancelled on 2 July 2021. As at 30 June 2021, 142,840,649 shares were on issue.

#### Dividends

On 25 August 2022, the directors have declared a fully franked dividend of 8.0 cents per share to be paid on 13 October 2022 to shareholders on the register at 14 September 2022. The final dividend payout is \$11,481 thousand (2021: \$9,993 thousand). A liability has not been recognised as the dividend was declared after the reporting date.

The following dividends were declared and paid during the year ended 30 June 2022:

<i>In thousands of AUD</i>	Cents per share	Total amount	Date of payment
<b>2022</b>			
Final 2021 ordinary	7.0	9,993	14 October 2021
Interim 2022 ordinary	8.5	12,198	14 April 2022
<b>Total amount</b>		<b>22,191</b>	

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2022

### 23. Capital and reserves (cont.)

On 14 October 2021 a dividend of 7 cents per share (100% franked) was declared and paid by the directors. The dividend was paid out of opening retained profits and profits earned up to that date.

On 14 April 2022 a further dividend of 8.5 cents per share (100% franked) was declared and paid by the directors. The dividend was paid out of opening retained profits and profits earned up to that date.

The following dividends were declared and paid during the year ended 30 June 2021:

<i>In thousands of AUD</i>	<b>Cents per share</b>	<b>Total amount</b>	<b>Date of payment</b>
<b>2021</b> Interim 2021 ordinary	7.0	10,282	15 April 2021

### Dividend franking account

<i>In thousands of AUD</i>	<b>2022</b>	<b>2021</b>
Amount of franking credits available to shareholders of IVE Group Limited for subsequent financial years	18,310	16,441

The ability to utilise the franking credits is dependent upon the ability to declare dividends.

### Reserves

Included within reserves are the fair value of hedged derivative instruments, and foreign currency translation reserve balances.

### 24. Earnings per share

<i>In dollars</i>	<b>2022</b>	<b>2021 Restated*</b>
Basic earnings per share	0.19	0.20
Diluted earnings per share	0.19	0.20
Basic earnings per share - continuing operations	0.19	0.17
Diluted earnings per share - continuing operations	0.19	0.17
<i>In thousands</i>		
<b>Earnings</b>		
Profit after income tax attributable to owners of the company used in calculating basic and diluted earnings per share	26,932	29,060
Profit after income tax attributable to owners of the company used in calculating basic and diluted earnings per share - continuing operations	26,932	24,255
<b>Weighted average number of ordinary shares</b>		
Weighted average number of ordinary shares used in calculating basic earnings per share	143,336	146,851
Weighted average number of ordinary shares used in calculating diluted earnings per share	145,057	147,734

\*Refer to Note 3(s) for further details.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2022

### 25. Acquisitions

On 31 October 2021, IVE acquired selected assets of Active Display Group's (ADG) retail display and 3PL business, and 100% shares in fabric printing business of AFI Branding Solutions Pty Ltd (AFI). These acquisitions further strengthen IVE's product offerings to its customers. IVE is in the process of integrating these businesses into its Production & Distribution business units.

The following summarises the major classes of consideration transferred, and the provisionally recognised amounts of assets acquired and liabilities assumed at the acquisition date:

<i>In thousands of AUD</i>	<b>ADG</b>	<b>AFI</b>	<b>Total</b>
<b>Consideration transferred</b>			
Initial cash paid	3,500	1,738	<b>5,238</b>
Completion cash adjustment received*	(603)	-	<b>(603)</b>
Contingent consideration	-	1,638	<b>1,638</b>
	<b>2,897</b>	<b>3,376</b>	<b>6,273</b>
<b>Identifiable assets acquired and liabilities assumed</b>			
Trade and other receivables	-	869	<b>869</b>
Inventories	1,343	2,106	<b>3,449</b>
Prepayments	58	69	<b>127</b>
Other current assets	-	31	<b>31</b>
Property, plant and equipment	1,442	1,330	<b>2,772</b>
Right of use asset	-	596	<b>596</b>
Intangible asset	2,300	529	<b>2,829</b>
Deferred tax assets/(liabilities)	52	168	<b>220</b>
Trade and other payables	(319)	(1,335)	<b>(1,654)</b>
Employee benefits	(2,257)	(657)	<b>(2,914)</b>
Provisions	(80)	(60)	<b>(140)</b>
Lease Liability	-	(596)	<b>(596)</b>
	<b>2,539</b>	<b>3,050</b>	<b>5,589</b>
<b>Goodwill on acquisition</b>	<b>358</b>	<b>326</b>	<b>684</b>

\*The completion adjustment includes working capital and balance sheet date adjustments. These adjustments are made in the ordinary course of a transaction to reflect the difference between normalised expectations around balance sheet items at the time of signing and actual balances on transaction completion.

As part of the consideration transferred, contingent consideration is expected to be payable. The Group has made a best estimate of the amount of consideration payable for the acquisition where there is a variable purchase price based on future revenue performance. Based on past and expected performance the Group assumes that the acquirees will meet the future revenue target. Any variation at time of settlement will be recognised as an expense or income.

Management have measured the assets and liabilities acquired at fair value. The fair value of property, plant and equipment, deferred tax assets has been measured on a provisional basis pending the completion of a final valuation. If new information obtained within one year from the acquisition date about facts and circumstances that existed at the acquisition date identifies adjustments to the above amounts, or any additional provisions that existed at the acquisition date, then the accounting for the acquisition will be revised.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2022

### 25. Acquisitions (cont.)

The goodwill is attributable to the future profitability of the acquisitions and the synergies expected to arise within the Group. None of the goodwill recognised is expected to be deductible for tax purposes.

As these businesses are being integrated into IVE the profit before tax contribution from these acquisitions are indistinguishable from existing business unit results. On this basis a disclosure of profit before tax is impracticable. The total revenue since acquisition is \$30,011 thousand. Individually these businesses are considered immaterial.

If this acquisition had occurred from beginning of the reporting period the combined Group revenue would have been estimated at \$775,725 thousand. The Group has not estimated the profit before tax for the reasons provided above.

Acquisition-related costs totalling \$325 thousand has been included in Other expenses in the Group's consolidated statement of profit or loss and other comprehensive income.

### 26. Operating segments

The Group has identified one operating segment (whole of business) based on the internal reports that are reviewed and used by the Board (Chief Operating Decision Maker or 'CODM') in assessing performance and in determining the allocation of resources. The Board reviews the internal report on a monthly basis.

The key measure of performance used by the CODM to assess performance is earnings before interest, tax, depreciation and amortisation (EBITDA).

A reconciliation of the reportable segment's EBITDA to profit before income tax expense is shown below. Profit and loss, total assets and liabilities for the reportable segment is consistent with the primary statements included in this consolidated interim financial report.

<i>In thousands of AUD</i>	<b>2022</b>	<b>2021 Restated*</b>
EBITDA	90,496	95,729
Depreciation, amortisation and impairment	(41,984)	(47,271)
Net finance costs	(9,162)	(12,127)
Profit (loss) before income tax	<b>39,350</b>	<b>36,331</b>

\*Refer to Note 3(s) for restatement.

### 27. Financial risk management and financial instruments

#### Overview

The Group has exposure to the following risks from its use of financial instruments:

- a. credit risk
- b. liquidity risk
- c. market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2022

### 27. Financial risk management and financial instruments (cont.)

#### Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The CFO is responsible for developing and monitoring the Group's risk management policies. He reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit & Risk Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

#### Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

#### Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

In thousands of AUD	Note	Carrying amounts	
		2022	2021
Cash and cash equivalents	10	67,035	106,474
Trade and other receivables	11	116,742	101,530
Derivative receivable	11	-	315
Lease and other receivables	11	470	571
Contract assets	16	6,045	1,056
		<b>190,292</b>	<b>209,946</b>

#### Trade, lease and other receivables, and contract assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated the industry under the current economic environment. Additional allowances have been made for this uncertainty.

The Group has no significant concentrations of credit risk. The Group has policies in place to ensure that sales of services are made to customers with an appropriate credit history based on enquiries through the Group's Finance department. Ongoing customer credit performance is monitored on a regular basis.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2022

### 27. Financial risk management and financial instruments (cont.)

#### Trade, lease and other receivables, and contract assets (cont.)

The aging of the trade, lease and other receivables and contract assets at the end of the reporting period that were not impaired was as follows:

<i>In thousands of AUD</i>	Carrying amounts	
	2022	2021
Neither past due nor impaired	76,952	61,401
Past due 1-30 days	28,973	27,405
Past due 31-90 days	10,485	10,527
Past due 91 days and over	6,848	3,824
	<b>123,257</b>	<b>103,157</b>

The movement in the allowance for impairment in respect of receivables during the year was as follows:

<i>In thousands of AUD</i>	2022	2021
Balance at beginning of the year	2,008	2,220
Assumed in a business combination in current year	34	-
Impairment loss recognised	1,257	524
Amounts written off	(175)	(736)
Balance at end of year	<b>3,124</b>	<b>2,008</b>

#### Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages working capital and forecasts cash flow to meet its financial obligations.

The Group at 30 June 2022 had undrawn facility of \$35,000 thousand (2021: \$30,000 thousand) for general corporate and working capital purpose. On 7 July 2022, the Group repaid \$20,000 thousand of the bank loan increasing the undrawn facility to \$55,000 thousand. The facility will mature on 6th April 2026.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2022

### 27. Financial risk management and financial instruments (cont.)

#### Liquidity risk (cont.)

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments:

30 June 2022		Contractual cash flows			
<i>In thousands of AUD</i>	Carrying amount	Total	12 mths or less	1-5 years	More than 5 years
<b>Non-derivative financial liabilities</b>					
Trade and other payable	124,373	124,373	124,373	-	-
Lease liabilities	124,716	146,450	32,367	87,165	26,918
Equipment finance	9,751	10,451	3,764	6,832	-
Bank loans	124,214	141,368	4,267	137,101	-
	<b>383,054</b>	<b>422,642</b>	<b>164,771</b>	<b>231,098</b>	<b>26,918</b>
<b>Derivative financial liabilities</b>					
Forward exchange contracts used for hedging	1,034	1,034	398	636	-
	<b>1,034</b>	<b>1,034</b>	<b>398</b>	<b>636</b>	<b>-</b>
30 June 2021		Contractual cash flows			
<i>In thousands of AUD</i>	Carrying amount	Total	12 mths or less	1-5 years	More than 5 years
<b>Non-derivative financial liabilities</b>					
Trade and other payable	91,719	91,719	91,719	-	-
Lease liabilities	119,760	129,725	27,937	92,723	9,065
Equipment finance	10,411	11,051	3,194	7,857	-
Bank loans	159,424	168,414	3,056	165,358	-
	<b>381,314</b>	<b>400,909</b>	<b>125,906</b>	<b>265,938</b>	<b>9,065</b>
<b>Derivative financial liabilities</b>					
Forward exchange contracts used for hedging	1,076	1,076	222	854	-
	<b>1,076</b>	<b>1,076</b>	<b>222</b>	<b>854</b>	<b>-</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2022

### 27. Financial risk management and financial instruments (cont.)

#### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, equity prices and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

#### Currency risk

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which purchases are denominated and the respective functional currencies of Group entities. The functional currency of the Group is the Australian dollar (AUD). The currencies in which these transactions are primarily denominated are Euro, US dollars and AUD.

During the year, 3% (2021: 3%) of total group purchases were made in foreign currencies. The Group has used forward exchange contracts to hedge its currency risk, most with a maturity of less than one year from the reporting date. These forward exchange contracts have been designated as a cash flow hedge, and have \$13 thousand fair value at the reporting date (2021: zero fair value). The Group has performed effectiveness testing and recognised the full fair value amount net of deferred tax \$9 thousand in other comprehensive income (2021: nil). Based on the results of the test no in-effectiveness has been recognised in the profit or loss.

#### Exposure to currency risk

The summary quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows:

In thousands of AUD	As at 30 June 2022		As at 30 June 2021	
	Euro	NZD	Euro	USD
Equipment finance loan	8,808	-	12,144	-
Next three months forecast purchases	392	676	-	1
Forward exchange contracts	(9,200)	(676)	(12,144)	(1)
Net exposure	-	-	-	-

#### Sensitivity analysis

The impact of exchange rate movements on profit is subject to other variables including movement in market prices. The impact of exchange rate movements on profit and loss is not material.

#### Interest rate risk

The Group has the ability to enter into interest rate swap contracts to minimise its variable interest exposure on bank loans. As at 30 June 2022, no interest rate swap contracts were outstanding, hence \$124,214 thousand of the carrying amount of the bank loan is exposed to variable rates (2021: \$94,424 thousand).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2022

### 27. Financial risk management and financial instruments (cont.)

#### *Exposure to interest rate risk*

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

<i>In thousands of AUD</i>	Carrying amounts	
	2021	2020
<b>Fixed rate instruments</b>		
Financial liabilities - leases liabilities	(124,716)	(119,760)
Financial liabilities - equipment finance	(2,623)	(10,411)
Effect of interest rate swaps - notional amount	-	65,000
	<b>(127,339)</b>	<b>(65,171)</b>
<b>Variable rate instruments</b>		
Financial assets - bank balances	67,035	106,474
Financial liabilities - bank loans	(124,214)	(160,000)
Financial liabilities - equipment finance	(7,128)	-
Effect of interest rate swaps - notional amount	-	65,000
	<b>(64,307)</b>	<b>11,474</b>

#### *Fair value sensitivity analysis for fixed rate instruments*

The Group accounts for any fixed rate financial assets and liabilities at fair value through profit or loss.

#### *Cash flow sensitivity analysis for variable rate instruments*

A change of 10 basis points in interest rates at the reporting date would have increased (decreased) profit or loss by \$65 thousand (2021: \$11 thousand). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as 2021.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2022

### 27. Financial risk management and financial instruments (cont.)

#### Measurement of fair values

The table below gives information on the valuation technique and unobservable inputs of financial assets or liabilities categorised as a Level 2 and 3 in the fair value hierarchy.

Type	Valuation technique	Significant unobservable inputs	Relationship between the fair value and unobservable inputs
Financial asset (level 2)	The valuation is based on market share price of the investee after taking into account the Group's economic interest, and lack of voting rights and marketability.	The Group's economic interest, and lack of voting rights and marketability.	The unobservable inputs are applied as a fixed percentage discount to the fair value.
Forward exchange contracts (level 2)	The fair value is determined using quoted forward exchange rates and present value of estimated future cash flow based on observable yield curves.	Not applicable	Not applicable
Contingent consideration (level 3)	The fair value is calculated based on the acquired business achieving future revenue target.	Forecast revenue growth of \$14,000 thousand.	If the applicable performance targets for the acquisition is higher or lower than expected by 10%, then the contingent consideration value will be increased or decreased by approximately \$0.2 million.

#### Fair values versus carrying amounts

As at the reporting date, the carrying value of other financial assets and liabilities as at the end of the financial year are considered to approximate their fair value.

#### Capital management

The primary objective of the Group's capital management is to maintain a strong capital base through cash flow management in order to sustain future development of the business and maximise shareholder value. There were no changes in the Group's approach to capital management during the year. The Group is subject to externally imposed capital requirements (being financial loan covenants - refer to Note 18).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2022

### 28. Capital commitments

As at 30 June 2022, the Group has \$6,163 thousand commitment to purchase plant and equipment (2021: \$950 thousand).

### 29. Related parties

#### Key management personnel compensation

Key management personnel compensation comprised the following:

<i>In AUD</i>	2022	2021
Short-term employee benefits	3,374,249	3,249,298
Post-employee benefits	125,295	113,598
Share-based payments	171,893	163,752
Other long-term benefits	34,022	32,416
	<b>3,705,459</b>	<b>3,559,065</b>

#### Related party transactions and outstanding balances

<i>In AUD</i>	Transaction value year ended 30 June 2022	Transaction value year ended 30 June 2021
Caxton Property Developments Pty Ltd – sales	5,885	3,606

There are no outstanding receivables or payables with related parties.

Paul Selig (director of the Company), holds positions in Caxton Property Developments Pty Ltd that results in him having control or significant influence over the financial or operating policies of this entity.

During the year ending 30 June 2022, the Group sold goods and services to Caxton Property Developments Pty Ltd.

The terms and conditions of the transactions above were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to other third parties on an arm's length basis.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2022

### 30. Group entities

Ultimate parent entity	Ownership interest	
	2022	2021
IVE Group Limited	%	%
<b>Controlled entities</b>		
Caxton Print Group Holdings Pty Limited	100	100
Caxton Print Group Pty Limited	100	100
IVE Group Australia Pty Limited	100	100
IVE Group Victoria Pty Limited	100	100
Task 2 Pty Limited	100	100
Pareto Fundraising Pty Limited	100	100
James Bennett & Associates Pty Limited	100	100
IVE Employment (Australia) Pty Limited	100	100
IVE Employment (Victoria) Pty Limited	100	100
Taverners No. 13 Pty Limited	100	100
AIW Printing (Aust) Pty Limited	100	100
AIW Printing Unit Trust	100	100
IVE Group Asia Limited	100	100
Guangzhou IVE Trading Company Limited	100	100
SEMA Holdings Pty Ltd	100	100
SEMA Infrastructure Pty Ltd	100	100
SEMA Operations Pty Ltd	100	100
John W Gage & Co Pty Ltd	100	100
IVE Distribution Pty Ltd	100	100
Lasoo Pty Ltd	100	100
Reach Media New Zealand Limited	100	100
IVE Group Limited Employee Share Trust	100	100
AFI Branding Solutions Pty Ltd	100	-

All entities are incorporated in Australia except for: IVE Group Asia Limited (incorporated in Hong Kong, China), Guangzhou IVE Trading Company Limited (incorporated in China), and Reach Media New Zealand Limited (incorporated in New Zealand).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2022

### 31. Parent entity disclosures

As at, and throughout, the financial year ending 30 June 2021 the parent entity of the Group was IVE Group Limited.

<i>In thousands of AUD</i>	2022	2021
<b>Result of parent entity</b>		
Profit/(loss) for the year	(1,220)	(0.2)
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b>(1,220)</b>	<b>(0.2)</b>
<b>Financial position of parent entity at year/period end</b>		
Current assets	94	574
Total assets	25,446	47,887
Current liabilities	110	171
Total liabilities	110	171
<b>Total equity of the parent entity comprising of:</b>		
Share capital	280,191	280,378
Equity reserve	(147,880)	(146,662)
Accumulated losses (net of dividend paid)	(109,411)	(86,000)
<b>Total equity</b>	<b>25,336</b>	<b>47,716</b>

IVE Group Limited was incorporated on 10 June 2015, but did not undertake any trading activities until its listing (IPO) on the Australian Stock Exchange (ASX) on 16 December 2015 where it also contemporaneously acquired Caxton Print Group Holdings Pty Ltd (CPGH).

An internal restructure took place resulting in IVE Group Limited becoming the holding company of CPGH. The Directors elected to account for the restructure as a capital re-organisation rather than a business combination. In the Directors' judgement, the continuation of the existing accounting values is consistent with the accounting that would have occurred if the assets and liabilities had already been in a structure suitable to IPO and most appropriately reflects the substance of the internal restructure. As such, the consolidated financial statements of the new IVE Group have been presented as a continuation of the pre-existing accounting values of assets and liabilities in CPGH's financial statements.

Accordingly, the other equity reserve represents the difference between the fair value of the share capital at the date of the IPO and historical book values of the assets and liabilities of the Group.

### 32 Subsequent events

On 10 August 2022 the Group announced it had entered into an Implementation Deed with the administrators of Ovato Limited under which the parties agree to progress good faith negotiations for signing of an asset sale agreement in which the Group may acquire certain business or assets of Ovato Limited, subject to clearance from the Australian Competition and Consumer Commission.

Aside from the above, there have been no other events subsequent to balance date which would have a material effect on the Group's consolidated financial statements at 30 June 2022.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2022

### 33. Auditors' remuneration

In AUD	2022	2021
<b>Audit services</b>		
Auditors of the Company - KPMG		
Audit and review of financial reports	403,415	391,460
	<b>403,415</b>	<b>391,460</b>
<b>Other services</b>		
Auditors of the Company - KPMG		
Taxation services	114,300	116,829
Transaction services	-	90,950
	<b>114,300</b>	<b>207,779</b>

### 34. Deed of cross guarantee

Pursuant to ASIC Corporations (Wholly owned Companies) Instrument 2016/785 the wholly-owned subsidiaries listed below are relieved from the *Corporations Act 2001* requirements for preparation, audit and lodgement of financial reports, and directors' reports.

It is a condition of the Instrument that IVE Group Limited (the Company) and each of the subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the *Corporations Act 2001*. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

The Company and its subsidiaries amended its Deed of Cross Guarantee on 18 February 2022. The subsidiaries subject to the Deed are:

- |  |                                       |
|--|---------------------------------------|
| a. Caxton Print Group Holdings Pty Limited | m. SEMA Infrastructure Pty Limited    |
| b. IVE Group Australia Pty Limited         | n. SEMA Operations Pty Limited        |
| c. IVE Group Victoria Pty Limited          | o. John W. Gage & Co Pty Limited      |
| d. Caxton Print Group Pty Limited          | p. IVE Distribution Pty Limited       |
| e. Task 2 Pty Limited                      | q. Lasoo Pty Limited                  |
| f. Pareto Fundraising Pty Limited          | r. AFI Branding Solutions Pty Limited |
| g. James Bennett & Associates Pty Limited  |                                       |
| h. IVE Employment (Australia) Pty Limited  |                                       |
| i. IVE Employment (Victoria) Pty Limited   |                                       |
| j. Taverners No. 13 Pty Limited            |                                       |
| k. AIW Printing (Aust) Pty Limited         |                                       |
| l. SEMA Holdings Pty Limited               |                                       |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2022

### 34. Deed of cross guarantee (cont.)

The following consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position, comprising the Company and controlled entities, which are a party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, for the year ended 30 June 2022, are:

### Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2022

<i>In thousands of AUD</i>	2022	2021 Restated*
<b>Continuing operations</b>		
Revenue	738,543	639,009
<b>Results from operating activities</b>	<b>47,700</b>	<b>48,444</b>
Finance income	56	517
Finance costs	(9,218)	(12,644)
<b>Net finance costs</b>	<b>(9,162)</b>	<b>(12,127)</b>
<b>Profit before tax</b>	<b>38,538</b>	<b>36,317</b>
Income tax expense	(12,417)	(12,254)
<b>Profit from continuing operations</b>	<b>26,121</b>	<b>24,063</b>
<b>Discontinued operation</b>		
Profit from discontinued operation, net of tax	-	4,177
<b>Profit for the year</b>	<b>26,121</b>	<b>28,240</b>
Cash flow hedges	343	132
<b>Total other comprehensive income</b>	<b>26,464</b>	<b>28,372</b>
<b>Reconciliation of movement in retained earnings</b>		
<b>Balance reported at 1 July 2021</b>	<b>26,860</b>	<b>8,902</b>
Profit for the year	26,121	28,240
Dividends to owners of the Company	(22,191)	(10,282)
<b>Balance at 30 June 2022</b>	<b>30,790</b>	<b>26,860</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2022

### 34. Deed of cross guarantee (cont.)

#### Consolidated statement of financial position

As at 30 June 2022

##### Assets

<i>In thousands of AUD</i>	2022	2021 Restated*
<b>Assets</b>		
Cash and cash equivalents	64,579	105,718
Trade and other receivables	110,330	97,839
Inventories	74,157	43,829
Prepayments	5,053	3,435
Financial asset	-	1,762
Other current assets	4,499	1,703
<b>Total current assets</b>	<b>258,618</b>	<b>254,286</b>
Deferred tax assets	17,151	15,233
Trade and other receivables	2,200	2,127
Property, plant and equipment	99,816	99,875
Right of use assets	103,651	93,539
Intangible assets and goodwill	132,680	129,282
Other non-current assets	2,554	-
<b>Total non-current assets</b>	<b>358,052</b>	<b>340,056</b>
<b>Total assets</b>	<b>616,670</b>	<b>594,342</b>
<b>Liabilities</b>		
Trade and other payables	120,864	89,046
Lease liabilities	31,575	27,157
Loans and borrowings	3,764	2,791
Employee benefits	24,411	18,850
Current tax payable	5,736	3,289
Other current liabilities	15,349	8,485
<b>Total current liabilities</b>	<b>201,699</b>	<b>149,618</b>
Loans and borrowings	130,201	167,044
Lease liabilities	90,090	89,857
Employee benefits	6,714	6,568
Provisions	5,280	4,660
Other non-current liabilities	1,211	854
<b>Total non-current liabilities</b>	<b>233,496</b>	<b>268,983</b>
<b>Total liabilities</b>	<b>435,195</b>	<b>418,601</b>
<b>Net assets</b>	<b>181,475</b>	<b>175,741</b>
<b>Equity</b>		
Share capital	148,878	149,066
Reserves	1,807	(185)
Retained earnings	30,790	26,860
<b>Total equity</b>	<b>181,475</b>	<b>175,741</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2022

### 35. Discontinued operation

On 30 October 2020, the Group sold its Tele-fundraising business (Pareto Phone Pty Ltd).

#### (i) Results of discontinued operation

<i>In thousands of AUD</i>	<i>Note</i>	<b>2022</b>	<b>2021</b>
Revenue		-	4,695
Cost of sales		-	(109)
<b>Gross profit</b>			4,586
Production expenses		-	(1,649)
Administrative expenses		-	(2,033)
<b>Results from operating activities</b>		-	904
Finance income			-
Net gain on sale of discontinued operation		-	4,177
<b>Profit before tax</b>		-	-
Income tax expense		-	(276)
<b>Profit from discontinued operations</b>		-	<b>4,805</b>

The profit from the discontinued operation during 2021 of \$4,805 thousand was attributable entirely to the owners of the Company.

#### (ii) Cash flows from discontinued operation

<i>In thousands of AUD</i>	<b>2022</b>	<b>2021</b>
Net cash from operating activities	-	628
Net cash from investing activities	-	15,165

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2022

### 35. Discontinued operation (cont.)

(iii) Net gain on sale of discontinued operation (Tele-fundraising)

<i>In thousands of AUD</i>	<b>Total</b>
<b>Consideration received</b>	
Initial cash received	16,500
Completion adjustment paid*	(250)
	<b>16,250</b>
<b>Assets and liabilities disposed</b>	
Cash	(467)
Receivables	(1,134)
Prepayment	(102)
Deferred tax assets	(70)
Other assets	(98)
Property, plant and equipment	(213)
Intangible asset	(10,949)
Trade creditors	229
Employee benefits	1,302
Provisions	44
	<b>(11,454)</b>
Costs incurred	<b>(619)</b>
<b>Gain on sale of sale of discontinued operation</b>	<b>4,177</b>

\*The completion adjustment includes working capital and balance sheet date adjustments. These adjustments are made in the ordinary course of a transaction to reflect the difference between normalised expectations around balance sheet items at the time of signing and actual balances on transaction completion.

## IVE Group Limited DIRECTORS' DECLARATION

- 1 In the opinion of the directors of IVE Group Limited (the Company):
- (a) the consolidated financial statements and notes, set out on pages 52 to 101, are in accordance with the *Corporations Act 2001*, including:
    - (i) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
    - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
  - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- 2 There are reasonable grounds to believe that the Company and the group entities identified in Note 28 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those group entities (refer Note 32) pursuant to ASIC Corporations (Wholly owned Companies) Instrument 2016/785.
- 3 The directors draw attention to Note 2 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of directors.



**Geoff Selig**  
Director

Dated at Sydney this 25th day of August 2022

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# Independent Auditor's Report

To the shareholders of IVE Group Limited

## Report on the audit of the Financial Report

### Opinion

We have audited the **Financial Report** of IVE Group Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated statement of financial position as at 30 June 2022;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The **Group** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

### Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and 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 Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.



## Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

This matter was addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

### Assessment of carrying value of goodwill

Refer to Note 15 to the Financial Report (Goodwill: \$107m)

#### The key audit matter

A key audit matter for us was the Group's annual testing of goodwill for impairment, given the size of the balance (being 17% of total assets) and the higher estimation uncertainty driven by current economic conditions. Certain conditions impacting the Group increased the judgement applied by us when evaluating the evidence available. We focussed on the significant forward-looking assumptions the Group applied in its value in use models, including:

- Assessment of the Cash Generating Units (CGUs). The Group had several operating businesses and product lines, as well as acquisitions during the year, necessitating our consideration of the Group's determination of CGUs, based on the smallest group of assets that generate largely independent cash inflows;
- Forecast operating cash flows, capital expenditure, growth rates and terminal growth rates – the Group has experienced continuing competitive market conditions due to technological change and digital disruption in the printing industry. These conditions increase the possibility of goodwill being impaired, plus the risk of inaccurate forecasts or a significantly wider range of possible outcomes for us to consider;
- Discount rates – these are complicated in nature and vary according to the conditions and environment the specific CGU is subject to from time to time.

The Group uses complex models to perform its annual testing of goodwill for impairment. The

#### How the matter was addressed in our audit

Our procedures included:

- We considered the Group's determination of its CGUs based on our understanding of the Group's business, and how independent cash inflows were generated against the requirements of the accounting standards;
- We analysed the Group's internal reporting to assess their monitoring and management of activities, and the consistency of the allocation of goodwill to CGUs;
- We considered the appropriateness and application of the value in use method applied by the Group to perform the annual test of goodwill for impairment against the requirements of the accounting standards;
- We assessed the integrity of the value in use models used, including the accuracy of the underlying calculation formulas;
- We compared the Group's cash flow forecasts, including capital expenditure, contained in the value in use models to the Board approved budget and strategy;
- We assessed the accuracy of previous Group forecasts to inform our evaluation of forecasts incorporated in the models. We noted previous trends of competitive market conditions and how they impacted the business;
- We assessed the Group's underlying methodology and documentation for the allocation of corporate costs to the forecast cash flows contained in the value in use models, for consistency with our understanding of the business and the criteria in the accounting standards;

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models are largely manually developed, use adjusted historical performance, and a range of internal and external sources as inputs to the assumptions. The Group has not always met prior forecasts, raising our concern for reliability of current forecasts. Complex modelling, particularly those containing judgemental allocation of corporate assets and costs to CGUs, using forward-looking assumptions tends to be prone to greater risk for potential bias, error and inconsistent application. These conditions necessitate additional scrutiny by us, in particular to address the objectivity of sources used for assumptions, and their consistent application.

Given the nature of these judgements, we involved our valuation specialists and senior staff with experience in the industry and the Group's business in assessing this key audit matter.

- We considered the sensitivity of the models by varying key assumptions, such as forecast operating cash flows, forecast growth rates, terminal growth rates and discount rates, within a reasonably possible range. We considered the interdependencies of key assumptions when performing the sensitivity analysis and what the Group considers to be reasonably possible. We did this to identify those CGUs at higher risk of impairment and those assumptions at higher risk of bias or inconsistency in application and to focus our further procedures;
- We challenged the Group's significant forecast cash flow and growth assumptions in light of the expected continuation of inflationary pressures in the economy in addition to continued competitive market conditions and digital disruption. We applied increased scepticism to forecasts in the areas where previous forecasts were not achieved. We compared forecast growth rates and terminal growth rates to authoritative published studies of industry trends and expectations and considered differences for the Group's operations. We used our knowledge of the Group, business and customers, and our industry experience;
- Working with our valuation specialists we checked the consistency of the growth rates to the Group's revised plans and our experience regarding the feasibility of these in the printing industry and economic environment in which it operates;
- We assessed the impact of technology and market changes on the Group's key assumptions, specifically the continued market for catalogues and other printed materials as a marketing and communications tool, for indicators of bias and inconsistent application, using our industry knowledge and information published by reputable sources;
- Working with our valuation specialists we independently developed a discount rate range considered comparable using publicly available market data for comparable entities, adjusted by risk factors specific to the Group and the industry it operates in; and
- We assessed the disclosures in the financial report using our understanding obtained from

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	our testing and against the requirements of the accounting standards.
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### Other Information

Other Information is financial and non-financial information in IVE Group Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Operating and Financial Review, Director's Report and Remuneration Report. The Financial performance, Business highlights, Board of Director's, Year in Review, Chair's review report and CEO review report are expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

### Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

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### Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at:

[https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf) This description forms part of our Auditor's Report.

### Report on the Remuneration Report

#### Opinion

In our opinion, the Remuneration Report of IVE Group Limited for the year ended 30 June 2022, complies with *Section 300A* of the *Corporations Act 2001*.

#### Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

#### Our responsibilities

We have audited the Remuneration Report included in pages 31 to 48 of the Directors' report for the year ended 30 June 2022.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

Daniel Camilleri  
*Partner*

Sydney

25 August 2022

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## ASX ADDITIONAL INFORMATION

Additional information required by the Australian Securities Exchange (ASX) and not disclosed elsewhere in the Annual Report is set out below. The shareholder information below is correct as at 26 July 2022.

IVE Group Limited shares are traded on the ASX under the code 'IGL'.

Share registry	Registered office	Principal Place of Business
Link Market Services Level 12, 680 George Street Sydney NSW 2000 Phone: +61 1300 554 474	Level 3, 35 Clarence Street Sydney NSW 2000 Phone: +61 2 8020 4400	Building B, 350-374 Parramatta Road Homebush NSW 2140 Phone: +61 2 8020 4400

### Substantial shareholders of ordinary shares (as reported to the ASX)

Name	Number of Shares Held	%	Date of notice to ASX
Caxton Print Holdings Pty Ltd as trustee for the Selig Family Trust	11,210,231	8.02%	5 September 2017
Anthony Young	10,216,605	7.1%	27 May 2022
Ryan Young	10,118,488	7.0%	6 June 2022

### Distribution of shareholders and shareholdings - ordinary shares

There are 143,508,948 ordinary shares on issue held by 3,726 shareholders.

Range	Ordinary Shares	%	No. of holders	%
1 to 1,000	315,372	0.22	587	15.75
1,001 to 5,000	3,303,280	2.30	1,165	31.27
5,001 to 10,000	5,137,042	3.58	643	17.26
10,001 to 100,000	35,861,598	24.99	1,193	32.02
100,001 and over	98,891,656	68.91	138	3.70
<b>Total</b>	<b>143,508,948</b>	<b>100.00</b>	<b>3,726</b>	<b>100.00</b>

## ASX ADDITIONAL INFORMATION (CONT.)

### Distribution of performance right holders and holdings – performance share rights (unlisted)

There are 3,555,195 unlisted performance share rights on issue that have been issued under an employee share plan. These are held by 7 employees.

Range	Performance Share Rights	%	No. of holders	%
1 to 1,000	-	-	-	-
1,001 to 5,000	-	-	-	-
5,001 to 10,000	-	-	-	-
10,001 to 100,000	-	-	-	-
100,001 and over	3,555,195	100.00	7	100.00
<b>Total</b>	<b>3,555,195</b>	<b>100.00</b>	<b>7</b>	<b>100.00</b>

### Unmarketable parcels

The number of shareholders holding less than a marketable parcel of ordinary shares is 108 for 3,242 shares, based on IVE's closing share price of \$1.49, on 26 July 2022.

### Twenty largest shareholders

Rank	Name	No. shares	%
1	CAXTON PRINT HOLDINGS PTY LTD (GROUPED HOLDINGS)	12,860,231	8.96
2	CITICORP NOMINEES PTY LIMITED	9,310,082	6.49
3	BNP PARIBAS NOMS PTY LTD <DRP>	8,656,856	6.03
4	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	7,397,177	5.15
5	NATIONAL NOMINEES LIMITED	5,435,774	3.79
6	RYLELAGE PTY LTD <BARNES SUPERFUND A/C>	5,088,708	3.55
7	STRATEGIC VALUE PTY LTD <TAL SUPER A/C>	4,826,716	3.36
8	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	3,409,854	2.38
8	MR STEPHEN CRAIG JERMYN <JERMYN FAMILY S/FUND A/C>	3,000,000	2.09
9	SCJ PTY LIMITED <JERMYN FAMILY A/C>	3,000,000	2.09
10	EXLDATA PTY LTD	2,507,195	1.75
11	STRATEGIC VALUE PTY LIMITED	2,166,292	1.51
12	CENTRAL MUTUAL (INVESTMENTS) PTY LTD <CENTRAL MUTUAL (INV) A/C>	1,287,580	0.90
13	BNP PARIBAS NOMS(NZ) LTD <DRP>	1,185,908	0.83
14	MR TREVOR READ	970,259	0.68
15	UBS NOMINEES PTY LTD	785,825	0.55
16	JOHN BARNES FOUNDATION LIMITED <JOHN BARNES FOUNDATION A/C>	754,291	0.53
17	MR MIKE FEGELSON	700,000	0.49
18	DOROTHY PRODUCTIONS PTY LTD	681,995	0.48
19	PACIFIC CUSTODIANS PTY LIMITED <IGL EMP SHARE TST>	671,000	0.47
20	EXLDATA PTY LTD	657,008	0.46
	<b>Total</b>	75,352,751	52.51
	<b>Balance of register</b>	68,156,197	47.49
	<b>Grand total</b>	143,508,948	100.00

## ASX ADDITIONAL INFORMATION (CONT.)

### On-Market Buy Back

There is no current on-market buy back.

### Voting rights

The voting rights attached to ordinary shares are set out below:

On a show of hands every member present at a meeting in person or by proxy shall have one vote, and upon a poll, one vote for each fully paid share held.

Holders of performance rights do not have voting rights on the performance rights held by them.

### Voluntary escrow

There were no ordinary shares held in a voluntary escrow arrangement as at 26 July 2022.

### Stock Exchange Listing

IVE Group securities are only listed on the ASX.

### Corporate Governance Statement

The Board is responsible for the overall corporate governance of IVE Group Limited, including adopting appropriate policies and procedures designed to ensure that the IVE Group is properly managed to protect and enhance Shareholder interests.

The Board monitors the operational and financial position and performance of IVE and oversees its business strategy, including approving the strategic goals of IVE. The Board is committed to maximising performance, generating appropriate levels of Shareholder value and financial return, and sustaining the growth and success of IVE.

In conducting business with these objectives, the Board is committed to ensuring that IVE is properly managed to protect and enhance Shareholder interests, and that IVE, its Directors, officers and employees operate in an appropriate environment of corporate governance. Accordingly, the Board has created a framework for managing IVE, including adopting relevant internal controls, risk management processes and corporate governance policies and practices, which it believes are appropriate for IVE's business and that are designed to promote the responsible management and conduct of IVE.

Details of IVE's key governance policies and the charters for the Board and each of its committees are available on IVE's website at <http://investors.ivegroup.com.au/Investor-Centre/?page=corporate-governance>.

The Corporate Governance Statement reports against the 4th edition of the ASX Corporate Governance Council's Principles and Recommendations (ASX Principles) and the practices detailed in the Corporate Governance Statement are current as at 25 August 2022. It has been approved by the Board and is available on the IVE website under Investors at <http://investors.ivegroup.com.au/investor-centre/?page=corporate-governance>.