

ive



**IVE Group Limited
Annual Report 2023**

idea > execution



Founded in 1921, IVE is Australia's leading holistic marketing company. With an unmatched breadth and depth of offering, we guide our clients from idea to execution.

Our landscape is constantly evolving and as marketing natives so are we. We are forever seeking new ways to navigate the marketing maze to connect our clients with customers, wherever and whenever.

Specialising in Creative Services, Data-Driven Communications, e-Commerce, Brand Activations, Premiums & Apparel, Packaging, Print, Integrated Logistics and Household 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.

> ASX : IGL

IVE Group's 2023 AGM will be held on Monday, 20 November 2023 commencing 10:00am (Sydney time) at the offices of KPMG, Level 38 Tower 3, International Tower Sydney, 300 Barangaroo Avenue, Barangaroo, Sydney NSW

Registered office
IVE Group Limited
Level 3, 35 Clarence Street
Sydney NSW 2000
Telephone: +61 2 8020 4400
ABN 62 606 252 644



Contents

Financial performance	4
Highlights of the year	5
Chair's review	8
CEO's review	10
Board of Directors	12
Operating and financial review	14
Our vision, purpose and values	15
Our integrated service offering	16
Our clients	17
Strategy and growth	18
Year in review	22
Business updates	23
Strategic initiatives	26
Review of financial performance	30
Environmental, social and corporate governance (ESG)	38
Directors' report	48
Remuneration report	54
Financial report	72
Consolidated financial statements	73
Notes to the consolidated financial statements	78
Directors' declaration	116
Independent auditor's report	117
ASX additional information	122

By forever seeking new ways to simplify, integrate, and amplify their marketing activity, we take our clients, their businesses and their customers, further.

Financial performance



REVENUE
\$967.4m
↑27.5% on PCP

EBITDA
\$119.0m
↑23.1% on PCP



NPAT
\$39.7m
↑19.8% on PCP

EPS
26.4c
↑14.5% on PCP



MATERIAL PROFIT MARGIN
45.1%
46.6% PCP

OPERATING CASH FLOW TO EBITDA
65.7%
94.9% PCP



NET DEBT
\$124.2m
CASH ON HAND
\$44.9m

FULLY FRANKED FINAL DIVIDEND
8.5c
PER SHARE
↑6.3% on PCP

The underlying financial results are on a non-IFRS basis, exclude various non-operating items (refer Appendix A) and are not audited or reviewed



Highlights of the year

"As I reflect on the extraordinary year we have just been through, and this coinciding with our centenary as a business, it has reaffirmed my optimism that as we emerge from the pandemic, the solid fundamentals of the business place IVE in a position of strength from which to continue growing and evolving over the years ahead."

Executive Chairman, Geoff Selig
2021 Annual Report

Strong operating performance

- > A record year for revenue, EBITDA and NPAT
 - the second year of solid growth post the unprecedented volatility of COVID-19
- FY22 over FY21**
 - Revenue up 15.6%
 - EBITDA up 13.3%
 - NPAT up 66.1%
 - Earnings per share (EPS) up 71.1%
- FY23 over FY22**
 - Revenue up 27.5%
 - EBITDA up 23.1%
 - NPAT up 19.8%
 - EPS up 14.5%
- > Organic revenue growth (excluding the impact of acquisitions) of 6.2% reflects strong new business momentum, continued high levels of client retention, and ongoing cross-selling
- > Material gross profit margin (MGM) decreased over PCP. Excluding new Ovato revenues for the period, the Groups MGM remains stable
- > Operating cash flow to EBITDA impacted by (largely Ovato-related) uplift in working capital (including tactical build of paper inventories) to support significantly more revenue
- > While gearing remains below targeted levels, net debt increased due to the uplift in working capital and funding of the majority of Ovato-related integration costs
- > Fully franked full year dividend of 18.0 cents per share, consistent with the Company's dividend policy which targets a full year payout ratio of 65-75% of underlying NPAT
- > Return on funds employed (ROFE) increased to 24.7% from 21.3% PCP
- > Return on equity (ROE) increased to 21.1% from 18.5% PCP

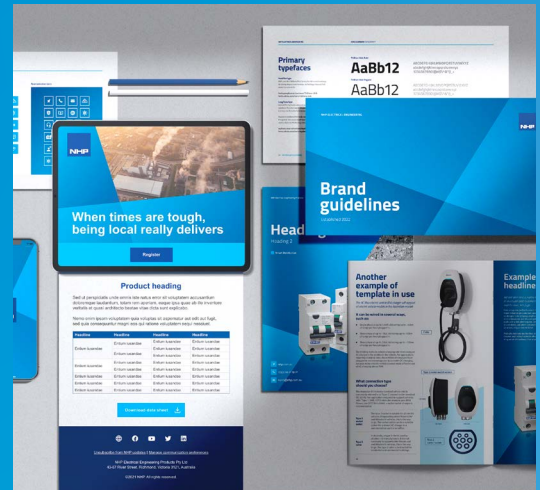


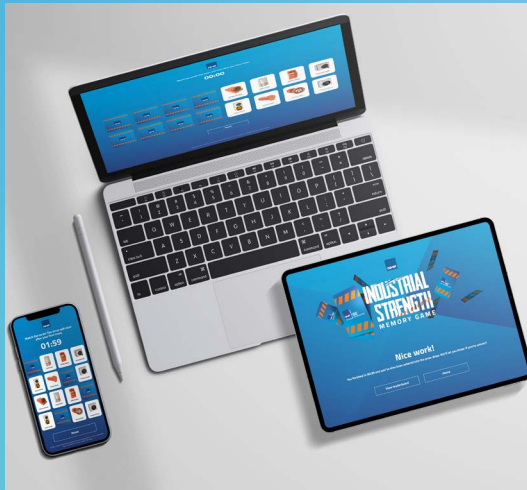
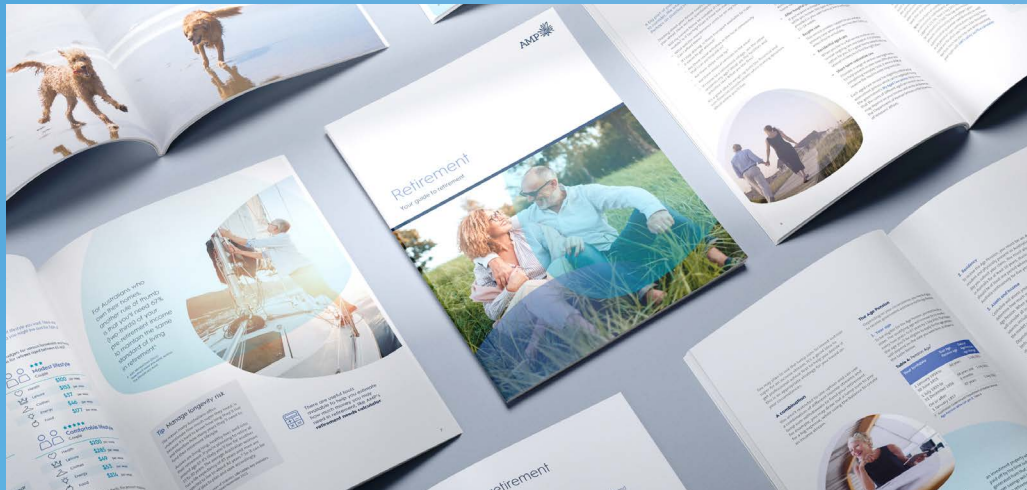
Business updates

- Finalised and implemented a robust and comprehensive ESG strategy
- Ovato acquisition
 - On 13 September 2022, following ACCC clearance, the Group acquired substantially all of the printing and finishing assets of Ovato, IVE's primary print competitor
 - The complex integration of Ovato assets and revenue transfer into IVE's existing operations has progressed very well, with no adverse client impacts. The integration will now be complete by March 2024, 3 months ahead of schedule
 - The acquisition is highly earnings accretive. Once the integration is completed in early 2024, we expect to deliver an additional \$145m of revenue, \$25m of EBITDA, and \$13m of NPAT
- The Company successfully completed a \$19.3m capital raise (8.58m shares at \$2.25 per share) in October 2022
- Following the successful launch of Lasoo in October 2022, our e-Commerce market place is currently delivering consecutive month-on-month growth across all key metrics

Key initiatives

- Investing in an expanded content creation strategy
- Leveraging our growing apparel capability to further amplify and expand our corporate uniforms business
- Finalised strategy and increased our focus on entry into the fragmented short-to-medium run folding cartons segment of the Australian packaging industry





Chair's review

Reflecting on the Company's performance and resilience through the COVID-19 pandemic, I wrote in our 2021 annual report: "As I reflect on the extraordinary year we have just been through, and this coinciding with our centenary as a business, it has reaffirmed my optimism that as we emerge from the pandemic, the solid fundamentals of the business place IVE in a position of strength from which to continue growing and evolving over the years ahead."

In that context, the Board is delighted with the Group's performance over the last 12 months, a record year that saw the Group deliver its second year of solid uplift in both revenue and earnings post the pandemic. The result is even more pleasing given trading conditions over the period were not without challenge, with margins pressured by input price inflation, coupled with materially higher energy and finance costs.

Strong organic growth combined with the Ovato acquisition drove a 27% uplift in revenue to \$967m, and a 20% uplift in underlying NPAT to \$39.7m from \$33.1m in the prior year. Return on funds employed increased to 24.7% from 21.3% the prior year.

On 13 September 2022, following ACCC clearance, the Group completed the highly accretive and strategically important acquisition of substantially all of the printing and finishing assets of Ovato, IVE's primary print competitor. Once the integration is complete early next year, the acquisition is expected to deliver an additional \$145m of revenue, \$25m of EBITDA, and \$13m of NPAT.

So as to reduce operational risk and accelerate synergy emergence, we decided to expedite the Ovato integration, with the integration now on track to be complete by March 2024, three months ahead of schedule. It is important to note that the full integration synergies will not be realised until the end of FY24 when significant Ovato Sydney site costs (primarily related to lease expiry) are exited and final production efficiencies captured.

To preserve balance sheet strength and to support capacity to fund future growth initiatives post the Ovato acquisition, the Company successfully completed a \$19.3m capital raising

(8.58m shares issued at \$2.25 per share) in October 2022. The capital raising strengthened IVE's institutional shareholder base, further increasing liquidity in the market for IVE shares.

Allowing for the aforementioned modest capital raising, earnings per share (eps) increased 15% to 26.4 cents per share (cps), supporting a full year dividend of 18.0 cps fully franked. The current year payout ratio of 69% is consistent with the Company's dividend policy which targets a full year payout ratio of 65%-75% of underlying NPAT. Since listing on the ASX in December 2015, and inclusive of the recently declared 8.5 cps final dividend, the Company has paid \$1.03 per share in fully franked dividends, representing a total payout of \$143m (70% average payout ratio and 7.9% yield since listing), consistent with the profitability and cash generative nature of the business. These metrics exclude FY20 when the Company prudently elected not to pay a dividend during the Covid-19 pandemic.

The Company remains well capitalised and highly liquid. Our balance sheet is strong, with net debt of \$124m at 30 June 2023, up from \$76.8m a year earlier, equating to 1.0x EBITDA (1.4x pre AASB 16) and below our stated target of 1.5x pre AASB 16. The Group's net debt position increased over the year primarily as a result of the Ovato transaction and associated integration costs, and the need to hold additional inventories given the residual effects of supply chain issues over the last 2 years. We expect inventory levels to normalise over the second half of calendar 2024.

Over the last 18 months the Group has invested nearly \$6m to transform Lasoo from what was a static digital catalogue site, to a leading e-commerce market place for specials. The 'new' Lasoo platform was successfully launched in October 2022, and continues to show strong consecutive month-on-month growth across all relevant metrics. Whilst we expect Lasoo to remain loss making in the near term, the business is currently performing in-line with, or marginally ahead of, our business case. We intend providing a comprehensive update on the Lasoo business in the first half of calendar 2024.

During the year, we undertook a strategic review of the Group's creative services and content production capability, reflecting a view that



this part of the business is under-represented (and the Group's extensive client base under-penetrated) relative to the dominant market positions across the rest of the Group's marketing and communication verticals. The broader content creation offering will expand customer relationships, open additional markets, generate new revenue streams, and further expand our existing capabilities.

So as to better manage increasingly volatile energy (electricity and gas) costs and consistent with stakeholder expectations for the business to transition to 100% renewable energy, the Group executed a 7-year partnership agreement in April 2023 with Iberdrola, one of the world's largest renewable energy companies. From January 2024, IVE's electricity requirements will be generated from a renewable source (primarily wind), creating a clear pathway to 100% renewable supply. Associated large-scale (renewable energy) generation certificates (LGC's) will likely be sold in the near term to subsidise IVE's electricity costs.

With respect to environmental social governance (ESG) more broadly, last year we undertook a detailed assessment in conjunction with an external specialist to define the scope of our ESG roadmap and inform the development of a robust and transparent sustainability framework. We recently finalised the ESG action plan and reporting regime, and I invite shareholders and prospective investors to refer to the Group's ESG framework and 2025 targets covered in this report.

Thank you to our Group CEO Matt Aitken for his outstanding leadership, Executive Director Paul Selig and CFO Darren Dunkley for their very meaningful contribution, our highly skilled leadership team for their ongoing commitment, and to all of our dedicated staff for their efforts once again over the last year. Thank you to my fellow directors for your continued contribution, expertise and support.

In addition to continued optimisation of the Group's operating assets, the business remains committed to its previously articulated diversification and growth strategy. The Company has 'bounced back' strongly from the COVID-19 pandemic with a strengthened market position, is 'match fit', has a solid balance sheet, and a team focused on delivering across a range of exciting initiatives over the year ahead to further drive the ongoing strength and sustainability of IVE.

Geoff Selig
Executive Chairman

CEO's review

The Group delivered another strong performance in FY23 with key financial metrics showing meaningful improvement over the prior year.

All divisions contributed positively to the result, demonstrating the value of IVE's diversified and vertically integrated, holistic offering. We successfully completed the Victorian site consolidation, launched our exciting new e-Commerce marketplace Lasoo, acquired major competitor Ovato and finalised a comprehensive and ambitious sustainability strategy.

Revenue increased 27.5% to \$967.4m from \$759m in the prior year, supplemented by the acquisitions of Ovato and Active Display Group and AFI Branding Solutions. Excluding acquisitions, organic revenue growth was still impressive at 6.2% reflecting strong new business momentum, continued high levels of client retention and ongoing cross-selling.

Consistent with the return to in-store shopping following the shift to on-line sales during the pandemic, our industry-leading Brand Activations business continues to benefit from retailers directing additional marketing spend to consumers' in-store shopping experience. While consumer discretionary spending tightened during the final quarter of FY23, the Company has not experienced any adverse impact on the marketing spend of the Group's diverse, tier-1 customer base over the last six months.

EBITDA increased 23.1% to \$119.0m from \$96.6m in the prior year while NPAT increased 19.8% to \$39.7m from \$33.1m in the prior year. The strong uplift in both metrics reflects the aforementioned revenue growth, partially offset by increased input costs, including a material increase in energy costs. Pleasingly, input price pressure is starting to abate with paper and international freight costs having reduced in recent months, and the recently signed agreement with Iberdrola will improve electricity costs during calendar 2024.

Conversion of EBITDA to operating cash was lower than previous years at 65.7% compared with 94.9% in the prior year, due to a significant increase in working capital primarily reflecting a targeted increase in inventory associated with the Ovato transaction. Improved supply chain stability coupled with lower paper prices should

facilitate a reduction in working capital (and a consequential recovery in cash conversion to more normal levels) in calendar 2024.

Business updates

Environmental, social and corporate governance (ESG) strategy

During the year, IVE finalised and implemented a robust and comprehensive ESG strategy. This followed extensive internal and external stakeholder interviews and an assessment of the Group's carbon footprint and supply chain social risk to determine the material issues most relevant to our business.

The Group's ESG strategy and targets for 2025 and beyond are outlined in detail on pages 39-41 and I look forward to reporting on our performance against these targets moving forward.

Ovato acquisition and integration

On 13 September 2022, IVE acquired selected assets of Ovato, the Group's primary catalogue and magazine print competitor.

The integration is generating meaningful synergies from leveraging the Group's assets and cost base, with Ovato contributing around \$4m to net profit after tax in 2023. During the year, equipment from Ovato sites in Brisbane and Melbourne was either relocated or sold, and both Perth sites were closed. Ovato's largest site at Warwick Farm in Sydney is the only remaining operating site, and this will also close upon integration of key production assets into the Group's existing New South Wales and Victorian sites.

Lasoo-performing strongly after successful launch

Lasoo is IVE's market leading e-Commerce platform for specials that allows consumers to shop specials from multiple retailers via a single checkout experience.

Following its successful launch in October 2022, Lasoo continues to show strong month-on-month growth across key operating metrics including gross transaction value, unique monthly users, conversion rate, average basket size, and commission rates compare - with all metrics performing in-line or better than our business case.

Strategic initiatives

Expansion of Content Creation offering

The media landscape continues to fragment and the proliferation of marketing channels has significantly increased the type, volume and frequency of content that needs to be produced to ensure effective omni-channel marketing. This development represents a further opportunity to support customers and leverage the Group's unique 'Idea to Execution' market position and we intend to develop a deeper and more comprehensive go-to-market content offering over the next 24 months.

Apparel and uniforms

The Group's Premiums & Merchandising business has been sourcing apparel for customers for the last eight years. Corporate uniforms is a natural and growing product adjacency with the market size estimated at \$1.2 billion and growing around 5.3% CAGR, underpinned by general wear and tear as well as often higher staff turnover in uniformed roles.

Beyond current major uniform clients including Certis (Airport and Trains security), Surf Lifesaving NSW, Transport NSW, and Reece, the Group has a strong pipeline of opportunities including several promising RFPs/trials in progress.

Packaging

In recent years, IVE has been investigating certain segments of the Australian packaging sector. IVE considers this sector as being complementary to the Group's existing product and service offering, and consistent with its long term strategy to continue the diversification of the business into aligned adjacencies. The fragmented structure of the sector also provides an opportunity for IVE to play a leading role in further consolidation, similar to the strategy we have successfully deployed across a number of other adjacencies over the last decade.

Due to similarities with many of the Group's existing production processes and equipment, as well as its aligned ESG credentials, the Group identified the higher margin, short to medium run length fibre-based folding carton segment to be the most attractive. The \$800m folding cartons market makes up a core component of the

preferred packaging format for large food and beverage customers, with this segment growing around 10% over the last year.

With the Ovato integration progressing ahead of schedule, the Group has resumed its focus on entering the packaging sector via acquisition in FY24.

IVE is Australia's largest integrated marketing communications business, holding leading market positions in all of the sectors in which we operate. Strong cash generation and a conservative balance sheet sees us well placed to continue to invest in a range of organic initiatives (such as Lasoo, content creation and apparel and uniforms) as well as acquisitions, including opportunistic scale enhancing 'bolt-ons' or more strategic opportunities.

Thank you to our Executive Chairman, Geoff Selig and the Board for their insights and ongoing support. I am also greatly appreciative and proud of the commitment and contribution of our 2,000 staff in achieving such outstanding results. The Group remains in a strong position to deliver on its financial, operational and strategic initiatives.



Matt Aitken
Chief Executive Officer

Board of Directors



Geoff Selig
Executive Chairman
Appointed: 10 Jun 2015



Paul Selig
Executive Director
Appointed: 10 Jun 2015



Sandra Hook
*Independent
Non-Executive Director*
Appointed: 1 Jun 2016



James Todd
*Independent
Non-Executive Director*
Appointed: 10 Jun 2015



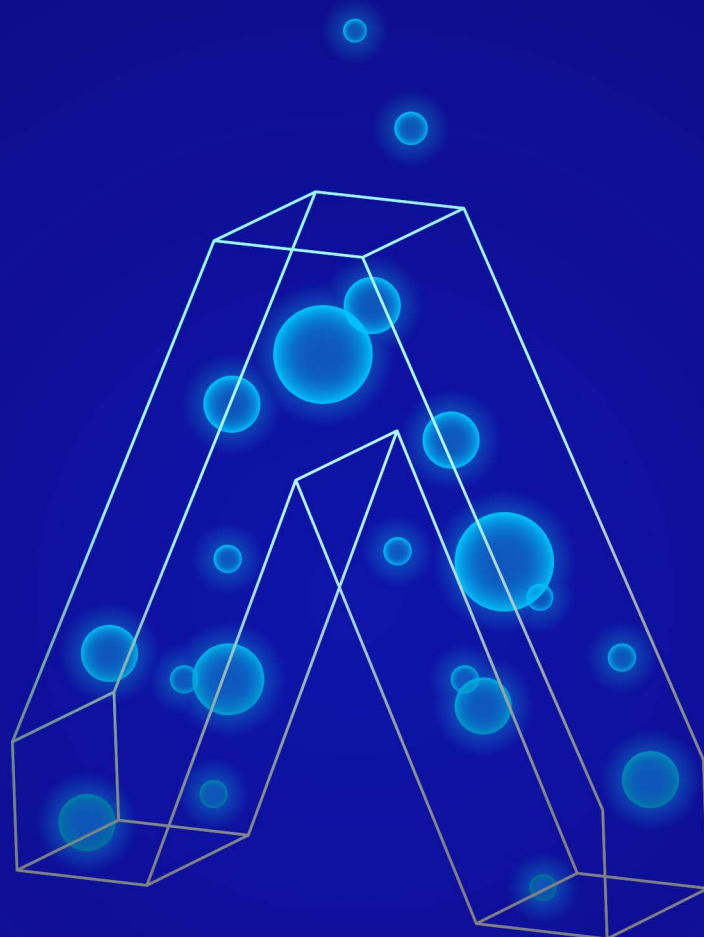
Cathy Aston
*Independent
Non-Executive Director*
Appointed: 15 Dec 2020



Gavin Bell
*Independent
Non-Executive Director*
Appointed: 25 Nov 2015



Andrew Bird
*Independent
Non-Executive Director*
Appointed: 1 Apr 2022



Our clients' evolving needs have helped shape the diversified, scaled and integrated service offering we provide today.

Operating and financial review



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 interaction of our brand values that are the guiding principles of our behaviour – core to this is our 'one company philosophy'.

Accountable

We have a responsibility to our clients, our shareholders and our staff to be honest, upfront and accountable. Every moment matters, so we're always on point and ready to deliver reliable, effective marketing solutions.

Smart

We're focused on leading the way with practical, progressive and innovative solutions. Always looking ahead and reading the shifts in our sector, we anticipate what's coming next and invest accordingly.

Passionate

We're a dynamic business full of genuine, passionate people – always at the ready, to deliver more for our clients. We believe in the work we do and the benefits we provide. It's what drives us all to go further every day.

Collaborative

As specialists, we collaborate and deliver holistic customer-focused solutions for our clients. Drawing on our combined skills, we partner with our clients in a flexible manner to deliver exceptional outcomes.

Our integrated service offering

With an unmatched breadth and depth of offering, we guide our clients from idea to execution.

Specialising in Creative Services, Data-Driven Communications, e-Commerce, Brand Activations, Premiums & Apparel, Packaging, Print, Integrated Logistics

and Household 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.



Our clients

IVE has a high-quality customer base with ~3,000 customers spanning 26 industry sectors and includes many leading Australian and multi-national companies.

AGL > ALDI > Amex > AMP > Anaconda
 Angus & Coote > ANZ > API > Are Media
 Australian Liquor Marketers > Australian Unity > Australia Post
 Baby Bunting > Barbeques Galore > BCF > Blackmores
 BlueScope > BP Australia > BT Financial > Bunnings > Bupa
 Cancer Council > Carnival Australia > Chemist Warehouse
 Clark Rubber > Cleanaway > Coles > Colgate Palmolive
 Colonial > Commonwealth Bank > Crown Group
 DIAGEO > Direct Chemist Outlet > Domain Holdings
 Duracell > Endeavour Group > Energy Australia
 Fairfax Media > Foodland > Fortel > GlaxoSmithKline
 Goldmark > GreenCross > HarperCollins > Harris Scarfe
 Hungry Jack's > IAG/CGU > iCare > IOOF > Jaycar
 JB Hi-Fi > Keno > Kmart > Lego > L'Oréal
 Luxottica > McDonald's > Metcash > Microsoft
 Myer > NAB > NBN Co > Nestlé > News Life
 NIB > Nissan > NRMA > NSW Electoral Commission
 Officeworks > Optus > Pandora > Pan Macmillan
 Priceline > Prouds > R.M.Williams > RACQ > RACV
 Repco > ResMed > Revlon > Sigma Healthcare
 Specsavers > Sportsgirl > Spotlight > STIHL
 Stratco > Subaru > Supercheap Auto > Sussan
 Tabcorp > Target > Telstra > Toyota > Transurban
 UniSuper > Victoria Electoral Commission > Vodafone
 Westpac > Woolworths > World Vision > Zurich

Strategy and growth

Earnings diversification and resilience

To improve revenue diversification and strengthen earnings resilience, IVE began broadening its product and service offering in the late 1990s, through a combination of organic growth initiatives and a disciplined acquisition program. Core to executing the Group's strategy was IVE's decision to list on the ASX in December 2015. Since listing, strong free cash flow combined with access to capital has enabled IVE to successfully execute a transformational investment and growth program to further expand and strengthen our integrated marketing offer and enhance and deepen long-term client relationships.

Over the past decade, IVE's continued growth and diversification, coupled with the convergence of technologies on the back of the digital revolution, has coincided with meaningful consolidation across the more traditional segments of the marketing and communications sector. This has resulted in a more concentrated competitive landscape than ever before with a significantly reduced number of competitors. IVE has led sector innovation and consolidation and today is Australia's largest and most diversified integrated marketing communications company by a considerable margin.

Integral to the ongoing sustainability of the business is the compelling and diverse value proposition IVE takes to market which has always remained relevant by being closely aligned to our clients' ever evolving marketing communications needs. Marketing strategies are increasingly omni-channel: IVE's diverse offering spanning all digital mediums through to traditional print, brand activations, premiums and apparel, and fulfilment and logistics, allows IVE to be channel and platform agnostic to deliver the best client solutions.

The diversity of the Group's value proposition places IVE in a strong position relative to our competitors. IVE has an unparalleled breadth of offering with market leading positions across the key segments of the marketing communications value chain in which we operate.

A clearly defined and well executed long-term strategy has not only cemented IVE as Australia's largest integrated marketing communications business, it has resulted in a resilient business with diversified revenue streams spanning a broad range of sectors and underpinned by an extensive and tier-1 client base. IVE's earnings resilience and strong balance sheet has supported a consistently high dividend yield and funding for ongoing growth and diversification initiatives.



Customer origination and retention

IVE's customer origination and retention strategy is founded upon a:

- > Highly customer centric culture;
- > Sales focused corporate structure and executive team;
- > Broad range of products and services providing a sound base for increasing 'share of wallet' of existing customers; and
- > Expansion of the value proposition (through the addition of new products and services) to ensure the offering remains relevant to customers' ever evolving communication needs.

The customer base is highly diversified with the largest customer representing 8% of total revenue and the top 20 customers accounting for 38% of total revenue.

IVE adopts a structured, disciplined, solutions-based strategy with customers, which enables the bundling of various products and services to deliver a tailored customer outcome, improving the customers' return on total supply chain or 'ownership' cost. This approach has led to deep, long-term relationships with customers and provides an opportunity to further expand the range of products and services offered to customers.

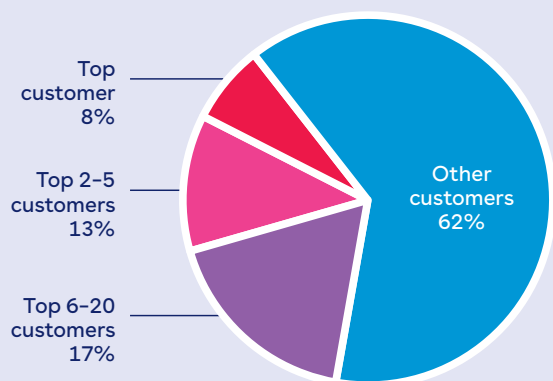
Around 76% of IVE's customers purchase more than one Group product and/or service, and our ability to meet customers' current and evolving needs is one of our key advantages leading to the long tenure of customer relationships – currently around 10.5 years on average for our Top 20 customers.

IVE's top 20 customers (comprising around 38% of FY23 revenue) have contractual arrangements in place. Contract terms generally range from 1–5 years with the average at around 3 years.

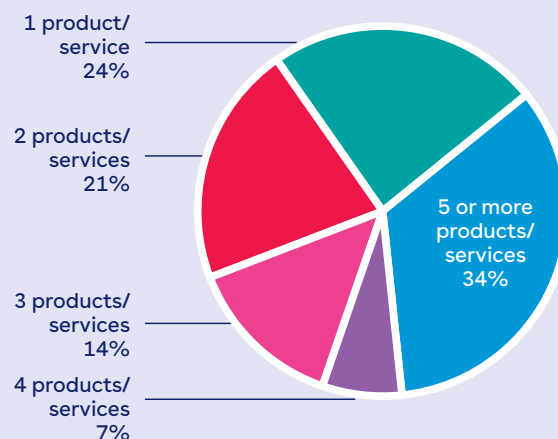
Moreover, approximately 78% of revenue was generated from customers with contractual arrangements in place or from customers with whom IVE has an established (greater than two years) relationship.

Major corporations are increasingly focused on reducing supply chain 'counter party' risk (financial, operational and ESG) and improving supply chain efficiency (eliminating hand-offs, additional administration and reducing supply chain lead times) by seeking a fewer number of financially secure, well credentialed full-service suppliers. IVE's broad product and service offering (across which it holds leading market positions), strong financial position and sound ESG credentials aligns with those objectives.

Revenue concentration by customer*



Customer product penetration*



* Based on FY23 revenues.

Market position

Leading market positions across a diverse range of sectors

Marketing (but especially printing) industry structure has improved materially over the past decade as a result of significant industry consolidation, much of which has been driven by IVE.

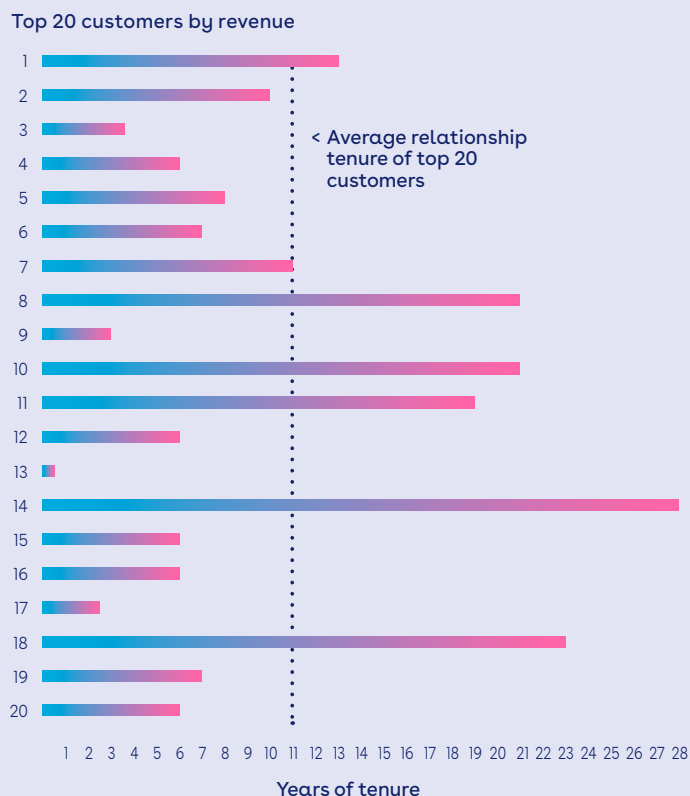
IVE now holds leading market positions in most sectors in which we operate including direct marketing mail (#1), letterbox distribution (#1), general commercial printing (#1), web offset printing (#1), brand activations (#1), premiums & merchandising (#1) and integrated marketing (Top 3).

IVE's diverse and powerful value proposition, broad geographical footprint, financial strength and ESG credentials contribute to the Group's attractive and trusted counterparty status.

IVE's full-service offering enables customers to consolidate multiple supply chains, thereby improving efficiency and reducing risk.

The Company enjoys a nice revenue mix, operating across a broad range of sectors.

Relationship tenure of top 20 customers¹

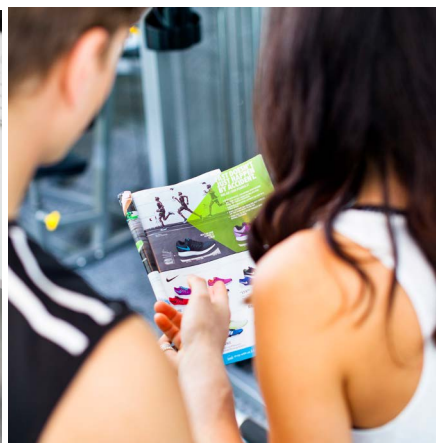
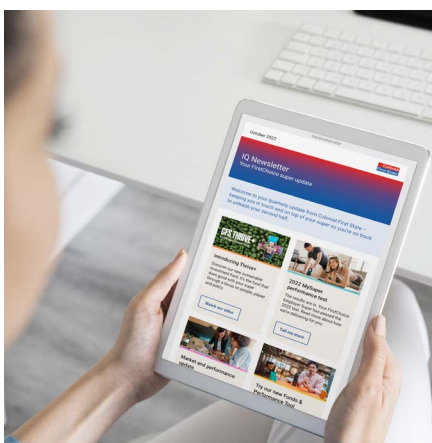
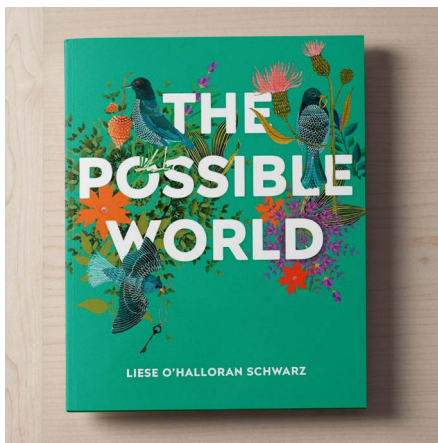
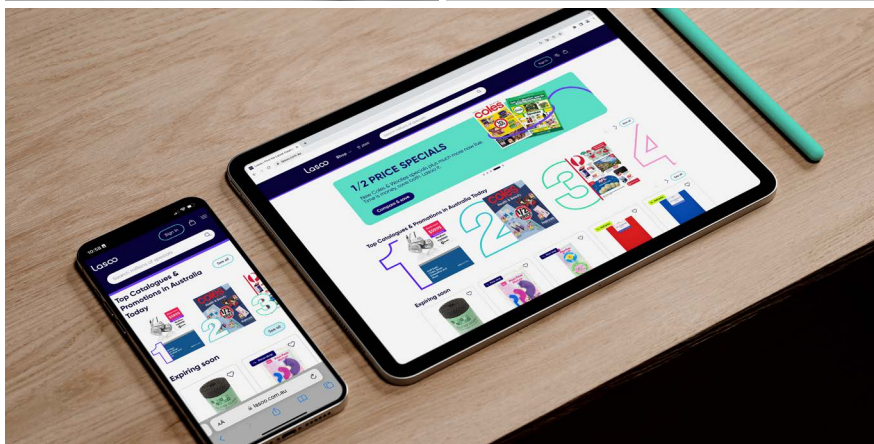
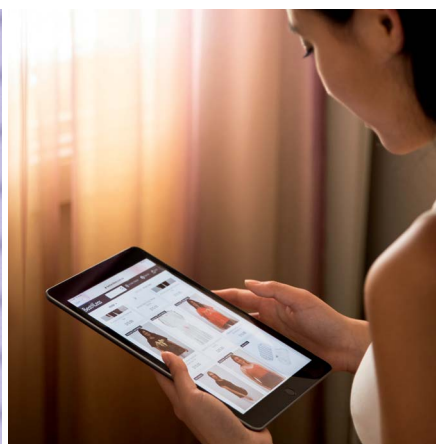


Revenue sector analysis¹

	%
Retail	46.6
White goods, electronics, furniture, clothing	24.1
Supermarkets	10.8
Health / personal products	9.9
Food / beverage	1.8
Financial / Corporate Services	10.3
Publishing	5.7
Media	4.6
Government	3.4
Health	3.2
Tourism / Entertainment	2.7
Manufacturing	2.2
Trade	2.2
Other ²	19.1
Total	100.0

1. Based on 1H FY23 revenues.

2. Other includes agency, telecommunications, charity/not-for-profit, service, food, advertising agency, education, broker, associations, automotive, transport, utilities, IT, property, building/construction, legal.



Year in review

i



e

Business updates

Lasoo – performing strongly after successful launch

Leading e-Commerce marketplace for specials

Following its successful launch in October 2022, the new Lasoo platform continues to show strong consecutive month-on-month growth across all relevant metrics.

Key financial metrics (monitored daily) including unique monthly users, conversion rate, average basket size, gross transaction value (GTV) and commission rates are tracking broadly in accordance with or above expectations. We have been encouraged by high sales volumes in (higher product value) categories such as furniture, appliances, electrical and sports and outdoor.

Activity levels remain strong with more than 126 fully integrated retailers on the platform (well ahead of expectations and compared with only 28 live prior to launch) underpinning a broad and deep product/category offering.

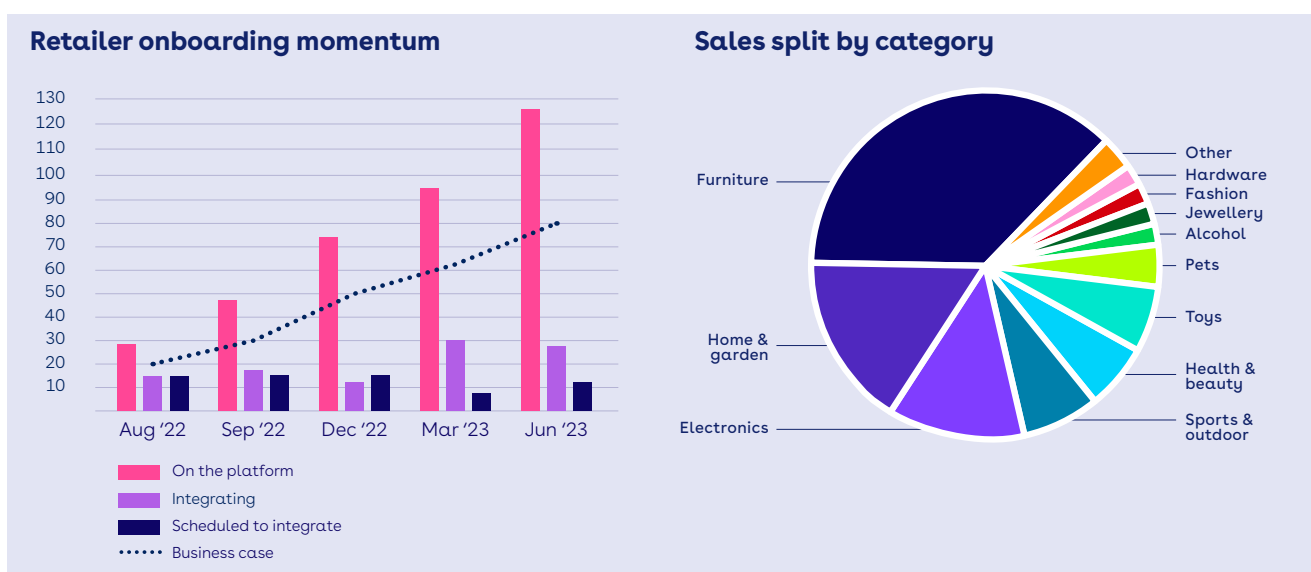
Illustrating Lasoo’s growing consumer support, a number of significant retailers unique to Lasoo joined the platform during 2H FY23 including Lincraft, Barbeques Galore and Direct Chemist Outlet. The pipeline for new retailer integration remains strong with several high-profile retailers across multiple product categories set to commence trading on the platform in 1H FY24.

Independent feedback on user experience received via Testmate¹ is encouraging – Lasoo’s site usability score (SUS) of 94 (website) and 85 (App) compares favourably with an average score of 67 for mature e-Commerce platforms. Moreover, Lasoo currently has a Trustpilot² score of 4.1 stars which compares favourably to Catch (3.6 stars), Amazon (1.8 stars) and eBay (1.2 stars). Primarily reflecting the greatly expanded number of deals on the platform, Lasoo’s net promoter score (NPS) has improved to an ‘exceptional’ 53+ from a ‘strong’ 38+ in October 2022.

Consistent with guidance, Lasoo reported a FY23 after-tax loss of \$4.0m (for 8 months of trading) primarily reflecting costs associated with the consumer go-to-market campaign (which was amplified during 2H FY23 following promising early platform momentum) and team buildout costs.

The Group is encouraged by the progress and growth of Lasoo since its launch in late 2022 and intends providing a comprehensive update on the business later in FY24.

1. Testmate UX Research Agency.
2. Trustpilot – www.au.trustpilot.com.



Ovato acquisition

Overview

IVE completed the acquisition of selected assets of Ovato, IVE's primary print competitor, on 13 September 2022.

The integration of Ovato revenue into IVE's manufacturing footprint is generating meaningful synergies from further leveraging the Group's operating assets and cost base, notwithstanding significant remaining costs at Ovato's Warwick Farm site as we progressively 'wind down' and exit that operation.

The acquisition is expected to deliver very attractive financial metrics including revenue of around \$145m, EBITDA of around \$25m and NPAT of around \$13m.

Due to the decision to expedite the final phase of the integration, including exiting Ovato sites, further net costs of \$3.5m were incurred including a \$2.0m loss on disposal of assets (at scrap value) and a \$4.2m impairment of assets held for sale, partly offset by \$2.7m¹ of refundable purchase consideration.

Integration and associated capital expenditure costs (excluding redundancies) are expected to total around \$27.6m comprising \$17.6m expensed in FY23 with a further \$5.5m of restructuring costs and \$4.5m of capital expenditure anticipated in FY24.

Integration and acquisition costs have been and will continue to be treated as significant items and excluded from underlying NPAT for reporting purposes.

Ovato consideration, net assets acquired and associated goodwill is summarised below:

Ovato acquisition summary	\$m
Consideration ¹	13.0
<i>Fair value of assets acquired and liabilities assumed</i>	
Inventories	6.0
Assets held for sale ²	4.2
Fixed assets ²	15.2
Employee liabilities ^{2,3}	(13.9)
Make good liabilities ²	(1.1)
Net assets acquired	10.3
Goodwill on acquisition	2.7

1. Per the Sale Agreement, part of the consideration may be refunded depending on any surplus funds available from Ovato's administration.
2. Net of tax impact which is disclosed separately in the DTA/ (DTL) balance.
3. Includes redundancy provision disclosed separately in provisions. See Note 21 of IVE Group Limited's 2023 Annual Financial Report.

Integration update

Soon after completing the acquisition, all major customers were successfully transitioned across to IVE with no significant client losses while retained staff transitioned seamlessly across to IVE and remain a valuable addition to the Group's expanded workforce.

Inventory (largely paper) levels were prudently increased to ensure continuity of supply across the expanded (post-Ovato) client base and to ensure the Group remains well placed to capture any subsequent growth opportunities.



The expanded business continues to perform well, meeting all customer expectations, with all core business functions integrated under one leadership structure shortly after the acquisition completed including sales, finance, estimating and inventory management.

During the year, equipment from Ovato sites in Brisbane and Melbourne was either relocated or sold. A significant number of production assets from Ovato's largest site in Warwick Farm in Sydney continue to be progressively integrated into the Group's Sunshine, Huntingwood and Silverwater web offset printing sites.

In May 2023, both IVE and Ovato's Perth sites were closed.

Operationally, the sites have been working closely to ensure optimal efficiency is maintained daily across all production assets and the business will continue to progressively realign its operational cost base with the remaining revenue and asset transfers to IVE sites.

Ovato's estimated contribution to the Group during the year is as follows:

- > \$136m of revenue;
- > \$11m of EBITDA; and
- > \$4m of NPAT.

As the integration with IVE's existing operations is now well progressed, the Company will be unable to provide an ongoing estimate of the annual earnings contribution from what were previously Ovato revenues.

The integration of Ovato assets into IVE's production facilities is now expected to be completed by March 2024, three months ahead of the previously advised timetable.

The revised integration timetable will result in reduced operational risk and accelerated synergy emergence, however, the incremental financial impact in FY24 will be modest with the full integration synergies unable to be realised until the end of FY24 when significant Warwick Farm site costs (primarily related to the \$4m lease expiry) are exited and final production efficiencies captured.

Key remaining integration milestones include:

- > 1H FY24: final asset relocations have commenced from Warwick farm into Huntingwood and Silverwater to complete integration;
- > final phase of revenue transfer to IVE sites completed by March 2024;
- > remaining assets held for sale to be dismantled and disposed for scrap value to execute site exit plans; and
- > exit and make good of Warwick Farm site completed by March 2024, ahead of June 2024 as previously advised.



Strategic initiatives

Consistent with IVE's long-term strategy to continue evolving and diversifying the business, management has been focused over the last 12 months on a number of key strategic initiatives intended to further grow and diversify IVE's nearly \$1bn revenue base.

The Group's previously advised ambition to develop a meaningful presence in the packaging sector is now firmly back on the agenda having been temporarily delayed by the Ovato transaction, while our resourcing of and ambition in the apparel and uniform space has risen following some early successes and encouraging prospects. The Group has also committed to expanding the breadth and depth of IVE's content creation service offering which is currently under-represented (and the Group's extensive client base under-penetrated) relative to the dominant market positions enjoyed by the rest of the Group's marketing and communication verticals.

Outlined hereafter are some of the Group's key strategic initiatives currently underway.

Expansion of content creation offering

IVE's Creative Services offering has evolved considerably over the years, and today employs a strong and talented team of over 80 designers and artists. Our people are located across Sydney and Melbourne (including staff embedded within client sites), working across a range of industries including banking and financial services, FMCG, grocery, retail, property and luxury brands.

Traditionally, this business division was formed to design and produce the marketing collateral that IVE would then print, distribute and activate in market.

In recent years, the Creative Services Team expanded their focus to support the growth of the Group's Data-Driven Communications division which, amongst many things, helps clients convert data into insights thereby enabling the creation of personalised marketing campaigns that connect with their customers across multiple online and offline touchpoints.

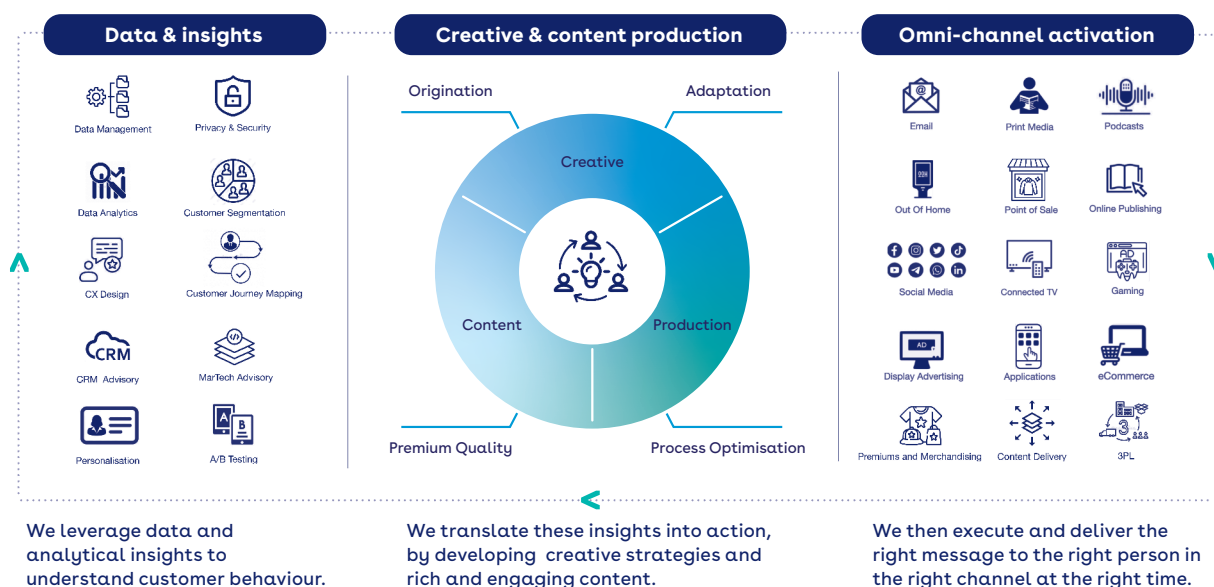
The evolution of IVE's Creative Services offering continued as additional capabilities were integrated into the Group's studios to support the growth of the Brand Activation business. IVE now offers retail & shopper insights, creative strategy and ideation and structural design expertise.

In parallel, the media landscape continues to fragment and the proliferation of channels driving commerce has significantly increased the type, volume and frequency of content that needs to be produced to ensure effective omni-channel marketing. IVE recognise this is a further opportunity to support our customers and leverage the Group's unique 'Idea to Execution' market position, prompting a review of our offering and the associated skillsets and capabilities with a view to building a deeper and more comprehensive go-to-market offering for this division.

The review and redefining of the Group's creative services and content production capability will result in the implementation of a strategy that will:

- > Expand the breadth and depth of IVE's Creative Services, content production and marketing technology offering;
- > Protect and leverage existing relationships by introducing new and highly valued services and solutions to existing clients;
- > Enter new markets and develop profitable revenue streams through bundling these new capabilities and existing services to a broader customer base; and
- > Continue to advance IVE's holistic offering of data-driven, content rich, omni-channel marketing services. The Group will execute on this strategy over the next 24 months.

'Idea to Execution'



Apparel and uniforms

Having developed a garment sourcing component to IVE's Premiums & Merchandising business, and after managing a range of uniform programs on behalf of existing IVE customers (eg IAG and Woolworths), corporate uniforms was identified as a natural and growing product adjacency.

The corporate uniform market in Australia is estimated to be ~\$1.2bn and growing at around 5.3% CAGR. The main revenue drivers for uniforms are general wear and tear as well as attrition (which is typically higher in uniformed roles) and underpins the strong potential of this category.

Although a relatively new player to this market, the Group's unique service proposition includes:

- > Extensive client base - at least 10% of IVE's ~3,000 customers are estimated to have substantial (\$100k+ p.a.) uniform spend with a further 20% having a more modest (<\$100k p.a.) spend;
- > Corporate uniforms complement our current creative services and logistics offering;

- > Intimate knowledge of the brands we work with and access to their brand collateral;
- > Ability to leverage our scale to disrupt existing pricing structures;
- > Capital and resources to build our own team and/or the potential to acquire an existing apparel business; and
- > Strong ESG sourcing credentials and innovative ideas around sustainability for discarded uniforms (a natural outworking of high staff turnover, especially in the retail/hospitality industries).

Current major apparel and corporate uniform clients include Certis (Sydney and Adelaide airport security, Sydney Trains security), Surf Lifesaving NSW, Transport NSW, Reece and Woolworths, while the Group has a strong pipeline of opportunities including several promising RFPs/trials in progress.

Packaging update

Consistent with IVE's strategy of revenue diversification and growth via expansion into new product adjacencies, the Group has identified the packaging sector as presenting attractive organic and acquisition led growth opportunities. During 2022, the Group worked closely with an expert advisory firm to complete an in-depth analysis of the Australian packaging market with a view to further developing and refining plans for a more aggressive move into the packaging sector.

Key success indicators include a pathway to establish a packaging business that has the potential to generate \$150m of revenue within 3-5 years, with sustainable returns and medium-term growth prospects that aligns with IVE's sustainability agenda and offers synergies with the existing business.

The analysis identified two segments of the packaging sector of interest:

- > Higher margin, shorter run, folding cartons; and
- > Primary (food) packaging focused flexibles.

The ~\$800m folding cartons market makes up a large percentage of the preferred packaging format for large food and beverage customers, is growing, and provides sustainable returns and sound growth prospects for mid-tier players. Moreover, cartonboard's sustainability credentials are sound and the segment offers meaningful synergies. With current folded carton revenues of \$10m per annum, the segment further complements IVE's existing printing and logistics capability, as well as offering cross-selling opportunities into the broader Group.



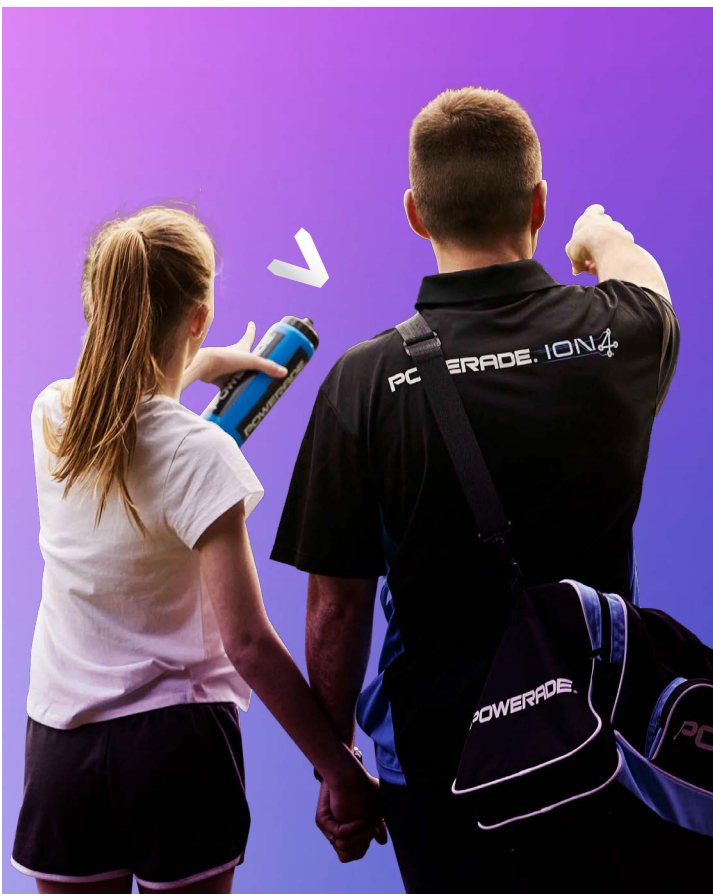
Beyond the three largest competitors who compete aggressively in the long run (high volume) folding carton space, the mid-to-small tier players focused on the higher margin, shorter run, folding carton segment offer opportunities for IVE to play a leading role over the medium term.

The ~\$1.5bn flexibles market incorporates a large proportion of the preferred packaging format for food and plays an important role in food protection, extending food shelf life so as to reduce wastage. Primary flexibles packaging (the first layer around the product) offers more value-add opportunities through print design and packaging structure with technology around artwork and inventory management complementary to IVE's existing activities.

Moreover, IVE currently sources around \$2m p.a. of flexibles product for existing customers and has access to a significant and diverse customer base for cross-selling opportunities.

Due to similarities with many of the Group's existing businesses and its aligned ESG credentials, the fibre-based folding carton segment is IVE's initial and primary area of focus.

While optimistic of advancing IVE's packaging strategy in FY24 via the completion of a modest beachhead acquisition, we remain prudent and disciplined with respect to asset selection and purchase price.



Review of financial performance



Basis of preparation

IVE's Financial Report for the year ended 30 June 2023 (FY23) is presented in accordance with Australian Accounting Standards which comply with International Financial Reporting Standards (IFRS).

Certain non-IFRS financial information has also been included in this report to assist investors in better understanding the underlying performance of IVE. The non-IFRS 'underlying' financial information pertaining to the FY23 and FY22 results is presented before the impact of certain non-operational items.

The directors believe the non-IFRS underlying results better reflect the underlying operating performance and is consistent with prior year reporting.

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

Financial information in this report 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 may occur.

Ovato consideration, net assets acquired and associated goodwill is summarised below:

Financial results on an IFRS and underlying basis (underlying where noted)¹

	FY23	FY21 \$m	Variance %
Revenue	970.2	759.0	27.8
Material profit	437.4	353.7	23.7
% of revenue	45.1%	46.6%	(3.3)
Underlying EBITDA	119.0	96.6	23.1
Underlying EBITDA margin	12.3%	12.7%	(3.4)
EBITDA	90.6	90.5	0.1
Depreciation and amortisation	52.9	42.0	26.0
EBIT	37.6	48.5	(22.4)
Net finance costs	13.3	9.1	46.2
NPBT	24.3	39.3	(38.1)
Income tax expense	7.2	12.4	(42.0)
NPAT	17.1	26.9	(36.2)
NPATA	20.2	30.3	(33.4)
Underlying NPAT	39.7	33.1	19.8
Underlying NPATA ²	42.7	36.4	17.1
Underlying ROFE ³	24.7%	21.3%	16.0
Underlying ROE ⁴	21.1%	18.5%	14.1
IFRS diluted earnings per share (EPS)	11.4¢	18.6¢	(38.7)
Underlying EPS	26.4¢	23.1¢	14.5
Underlying NPATA EPS	28.5¢	25.4¢	12.2
Dividends per share	18.0¢	16.5¢	9.1
Underlying payout ratio	69.0%	71.4%	3.3

1. The underlying financial results are on a non-IFRS basis, exclude certain non-operating items and are not audited or reviewed.

2. NPATA - NPAT excluding amortisation of customer contracts.

3. ROFE - Underlying EBIT/average funds employed (where funds employed represents net assets plus net debt).

4. ROE - Underlying NPAT/average equity.

Revenue

IFRS revenue increased 27.8% to \$970.2m from \$759.0m in the prior corresponding period (pcp). Underlying revenue (which excludes Lasoo) increased 27.5% to \$967.4m from \$759.0m pcp.

Ovato assets (acquired selected assets on 13 September 2022) contributed around \$136m of revenue while Active Display Group (ADG) and AFI Branding Solutions (AFI) (both acquired 1 November 2021) contributed \$25.0m of additional incremental revenue over pcp.

Excluding acquisitions (Ovato and ADG/AFI), organic revenue growth for the year was strong at around \$47.4m or 6.2% and reflects a further uplift in activity post COVID-19, strong new business momentum (especially in 1H FY23), continued high levels of client retention and ongoing cross-selling of the Group's broad offering.

Revenue growth was broad-based with particularly strong growth achieved in Brand Activations (formerly Retail Display), logistics (3PL - 3rd party logistics) and fulfilment.

Travel and tourism-related revenue improved further during the year, however remains below pre-COVID-19 levels.

Material gross profit margin (MGM)

IFRS and underlying material gross profit (revenue less material cost of goods sold) margin for the year was 45.1%, down from 46.6% pcp.

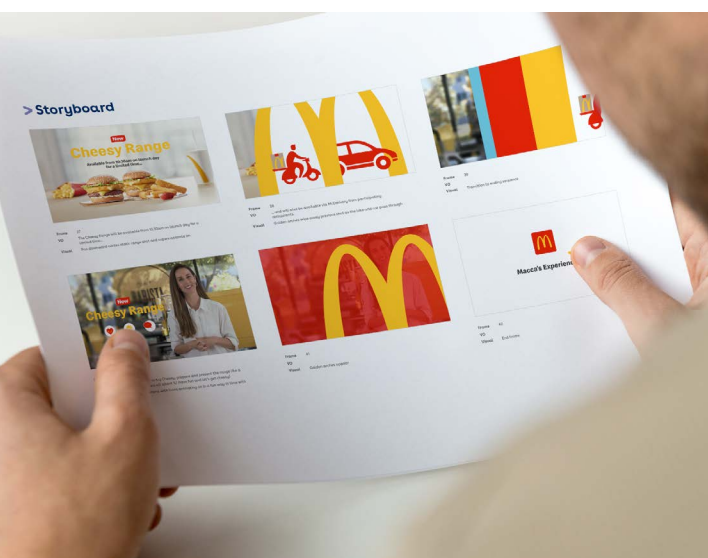
Although MGM decreased relative to pcp, excluding Ovato the Group's MGM, EBITDA and NPAT margins remain stable.

It is important to understand that the Group's consolidated MGM reflects differing MGMs across the various business divisions and has continued to change as the business has evolved and broadened its offering over the past decade.

The primary driver of the reduction in MGM in the most recent period was business mix including the onboarding of significant Ovato revenue at a lower MGM, combined with an increase in outsourced (supply chain management) revenue.

Whilst Ovato revenue, like IVE's existing web offset print revenue, generates a lower MGM than the Group's other divisions, the Ovato revenue contributed incremental EBITDA and NPAT and is expected to generate an uplift in the Group's EBITDA and NPAT margins once operating synergies are fully captured post completion of integration.

Timing differences associated with the passing on of increased input costs (particularly paper, freight and consumables) to clients also contributed to the reduced MGM, however, input costs have showed signs of easing more recently.



Earnings, NPAT and EPS

IFRS EBITDA increased marginally to \$90.6m from \$90.5m pcp, with strong underlying earnings growth offset by non-operating items mainly relating to Ovato integration and acquisition costs as well as Lasoo operating losses as tabled overleaf.

Underlying EBITDA increased 23.1% to \$119.0m from \$96.6m pcp. Excluding an estimated \$11.0m contribution from Ovato, underlying EBITDA growth was 11.8% driven by the strong uplift in revenue, partially offset by the business mix changes noted and increased input costs, including a material increase in energy (electricity and gas) costs relative to the prior year.

Production labour and overhead costs increased in line with revenue, primarily due to the acquisitions of Ovato, ADG and AFI.

IFRS depreciation and amortisation of \$52.9m was up from \$42.0m pcp. This was largely due to \$4.8m of Ovato depreciation (\$1.2m pre-AASB 16), a \$4.2m held for sale asset impairment charge (reflecting the decision to expedite Ovato site exits) and \$1.0m of Lasoo software amortisation. Underlying pre-AASB 16 depreciation (excluding amortisation) was \$18.3m, up from \$16.9m pcp.

IFRS EBIT of \$37.6m compares to \$48.5m pcp, again impacted by non-operating items including the held for sale asset impairment charge.

Underlying EBIT increased 30.4% to \$71.2m from \$54.6m pcp. Excluding an estimated \$6m contribution from Ovato, underlying EBIT growth was 19.4%.

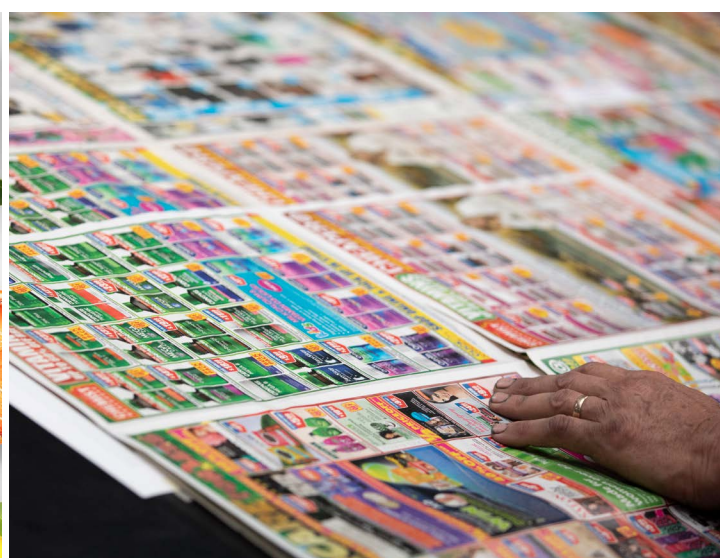
IFRS net finance costs were \$13.3m compared to \$9.1m pcp.

The increase in net finance costs reflects higher net debt coupled with significantly higher interest rates (noting that the domestic cash rate increased 3.25% during the year).

IFRS NPAT of \$17.1m compares to \$26.9m pcp, with the reduction on the prior year due to materially increased restructure and acquisition costs primarily relating to the Ovato acquisition as well as Lasoo operating losses.

Underlying NPAT increased 19.8% to \$39.7m from \$33.1m pcp. Excluding an estimated \$4m contribution from Ovato during the period, NPAT growth was 7.9% reflecting the strong EBIT growth partially offset by higher net finance costs.

IFRS earnings per share for the year was 11.4 cents or 26.4 cents on an underlying basis representing a 14.5% uplift from 23.1 cents pcp.



IFRS to underlying NPAT reconciliation

	FY23 \$m	FY22 \$m
IFRS NPAT	17.1	26.9
Restructure costs – Ovato	16.0	-
Restructure costs – IVE base	4.1	4.9
Acquisition costs	3.0	0.7
Ovato asset impairment and loss on disposal net of refundable consideration	3.5	-
Software as a service expense (still in development/implementation phase)	1.4	1.7
Lasoo consumer go-to-market campaign and team buildout	5.7	-
Other items	(0.2)	0.9
Pre-tax non-operating items	33.5	8.2
Tax effect of adjustments	(10.9)	(2.1)
Underlying NPAT	39.7	33.1

Non-operating items included in IFRS NPAT but excluded from underlying NPAT include:

- > Restructuring costs of \$20.1m (\$4.9m pcp) with \$16.0m pertaining to the integration of acquired Ovato assets, including the decommissioning and relocation of certain machinery;
- > The Group also incurred \$4.1m of restructuring costs pertaining to the completion of the relocation of four Victorian businesses into the new Braeside precinct, including integration of the ADG and AFI acquisitions finalised late in 2022, as well as the relocation of NSW distribution to Erskine Park;
- > Acquisition costs of \$3.0m (\$0.7m pcp) primarily relating to the Ovato transaction;
- > A \$3.5m Ovato charge comprising the impairment of assets held for sale coupled with a loss on disposal of assets net of refundable consideration;
- > Software as a service (computer) expenses of \$1.4m (\$1.7m pcp) are excluded from underlying earnings as the MIS system was still in its development/implementation phase; and
- > A \$5.7m pre-tax loss reflecting Lasoo’s consumer go-to-market campaign and team buildout.

Balance sheet, capital expenditure and cash flow

Net debt	FY23 \$m	FY22 \$m
Loans & borrowings	169.1	143.8
<i>Less cash</i>	44.9	67.0
Net debt	124.2	76.8

Loans and borrowings are gross of facility establishment costs and exclude AASB 16 liabilities impacts.

Loans and borrowings increased to \$169.1m at 30 June 2023 from \$143.8m at 30 June 2022, mainly driven by increased working capital and integration costs associated with the Ovato acquisition.

Net debt increased to \$124.2m at 30 June 2023 from \$76.8m at 30 June 2022, primarily reflecting strong underlying cash flow offset by:

- > An increase in working capital as discussed below;
- > Integration costs (primarily Ovato-related); and
- > Lasoo launch costs.

Net debt to equity increased to 64.2% at 30 June 2023 from 42.1% at 30 June 2023.

Net debt at 1.4x pre-AASB 16 EBITDA (1.1x post-AASB 16) remains below the Group's target level of 1.5x.



During October 2022, IVE undertook a well-supported institutional share placement and retail share purchase plan (issuing a combined total of 8.587m shares @ \$2.25 each) which raised \$18.6m net of related transaction costs.

The capital raising was undertaken to:

- > Preserve balance sheet capacity for IVE to pursue previously announced growth initiatives including further organic initiatives (e.g. Lasoo e-Commerce market place);
- > Support further opportunistic 'bolt-on' and/or strategic acquisitions (e.g. in the adjacent packaging sector); and
- > Strengthen and deepen IVE's institutional shareholder base, increasing liquidity in the market for IGL shares.

Proceeds from the share issue were more than offset by the \$15.7m Ovato purchase cost (including related transaction costs) and associated restructuring costs.

In conjunction with completion of the Ovato transaction, the Group further increased inventory (paper) levels to ensure no disruption to client service levels across the expanded (post Ovato) customer base, and to place the business in a strong position to take advantage of any growth opportunities should they emerge.

On 31 May 2023, the Group finalised expanded banking facilities including:

- > A \$30m increase to the existing working capital facility; and
- > The establishment of a \$40m acquisition facility.

Undrawn facilities at 30 June 2023 remain \$35m, with a \$30m drawdown offset by expansion of the facility.

Capital expenditure	FY23 \$m	FY22 \$m
Investment and maintenance	13.9	13.9
Lasoo	1.0	4.7
Ovato	1.6	-
Total	16.5	18.6

Major (non-Ovato related) capital expenditure undertaken during the year included:

- > \$1.9m related to the now completed Victorian (Braeside) site consolidation;
- > \$1.1m related to the now completed fit-out of the new Erskine Park logistics site;
- > \$3.2m related to the now completed digital print fleet upgrade and expansion in NSW; and
- > \$1.0m to complete the Lasoo e-Commerce platform rebuild.

FY24 capital expenditure is expected to be around \$14m (excluding Ovato which is expected to be \$4.5m).

Cash flow	Underlying ¹ FY23 \$m	IFRS FY22 \$m
EBITDA	119.0	90.6
Movement in NWC/non-cash items in EBITDA	(40.8)	(45.9)
Operating cash flow	78.2	44.7
Capital expenditure (net)	(11.0)	(11.0)
Proceeds from assets held for sale	2.1	2.1
Payments for acquisitions and deferred consideration	(16.6)	(16.6)
Net cash flow before financing and taxation	52.7	19.3
Tax	(23.9)	(14.8)
Net proceeds of bank loans	30.0	30.0
Payment of finance lease liabilities	(38.4)	(38.4)
Payment of equipment finance loans	(3.9)	(3.9)
Proceeds of share issue	18.6	18.6
Dividends paid	(25.9)	(25.9)
Net interest paid	(6.6)	(6.6)
Transaction costs on facility increase	(0.4)	(0.4)
Net cash flow	(2.2)	(22.2)
Operating cash conversion to EBITDA	65.7%	49.4%
Free cash conversion to EBITDA ²	56.5%	37.2%

1. The underlying financial results are on a non-IFRS basis, exclude various non-operating items and are not audited or reviewed.

2. Excludes proceeds from assets held for sale.

IFRS operating cashflow of \$44.7m during the year, reflecting 49.4% operating cash conversion, was impacted by acquisition and restructuring costs as well as a significant increase in working capital associated with the Ovato acquisition. While not impacted by acquisition and restructuring costs, the increase in working capital also impacted underlying operating cash flow of \$78.2m, reflecting 65.7% operating cash conversion, down from 94.9% pcp.

Improved supply chain stability should facilitate a reduction in working capital (primarily paper) during the second half of calendar 2024.

The Board declared a fully franked final dividend of 8.5¢ per share, up 6.3% from 8.0¢ per share pcp.

This resulted in a full year dividend of 18.0¢ per share, up 9.1% from 16.5¢ per share pcp, representing a full year payout ratio of 69.0% consistent with the Company's dividend policy of targeting a full year payout ratio of 65% to 75% of underlying NPAT.

Environmental, social and corporate governance



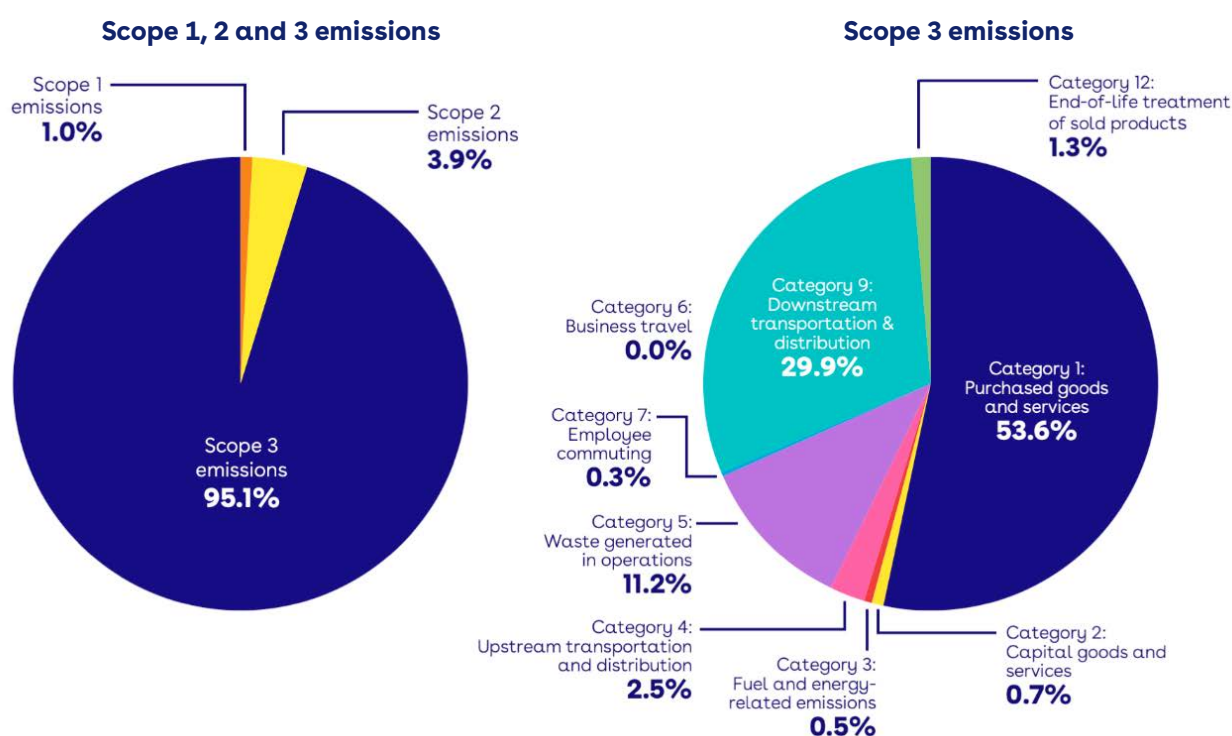
Leading change for a brighter future with our ESG strategy

As a global community, we face increasingly complex challenges – from navigating the impacts of climate change to reducing how we consume resources to delivering a more equitable and inclusive society. Over the last 12 months, IVE has adopted a proactive approach in response to increased stakeholder interest regarding our commitment to Environmental, Social and Governance (ESG) topics in face of these challenges.

The Board and Executive recognise the critical role of ESG, and know we have a responsibility to our people, customers, investors, wider stakeholders, and the planet. Drawing on more than 100 years of adapting to change and acting responsibly, IVE is proud to announce our 2025 ESG strategy that embeds sustainability throughout our business and decision-making process so we can continue to have a meaningful and positive impact.

In 2022, the Group engaged a specialist consultancy, Edge Impact, to work collaboratively with us in the design and implementation of a comprehensive ESG strategy. Focusing on developing an evidence-based approach, we conducted peer and sector reviews, extensive internal and stakeholder interviews and conducted a Group Scope 1, 2 and 3 carbon footprint and supply chain social risk assessment. This process informed the material issues most relevant to our business, shaping the development of a robust and transparent sustainability framework and setting ambitious targets.

The Group's calendar year 2021 carbon footprint was assessed at 1,001,863.1 tCO₂-e with most of these emissions resulting in activities in Scope 3, indirect upstream and downstream emissions that occur in our supply chain.



Scope 3 emissions account for 95% of our total emissions, with purchased goods and services contributing to 53.6% of emissions, followed by downstream transportation and distribution and waste generation in operation, each accounting for 29.9% and 11.2% respectively.

As part of our commitment to achieving better outcomes for society, our ESG strategy focuses on three key strategic pillars – designing innovative customer solutions, valuing our people and communities, and maintaining responsible operations and supply chains. Led by our guiding principles – ‘Tailor made’, ‘At the ready’, ‘Leading the way’ and ‘Always on point’ – our goals for 2025 and beyond will hold us accountable on our journey and ensure we continue to make a positive and measurable impact for our customers, people, the communities we invest in and the planet.

2025 ESG strategy targets

Innovative customer solutions

We are leaders in designing innovative, low impact products that help our customers navigate sustainable design decisions

Informing better choices

- > 100% of our quotes have an associated environmental impact rating
- > 100% of our textile products have access to a take back scheme

Adapting and leading for the future

- > We have led three collaborate projects with key stakeholders that deliver material emissions or waste reduction
- > We are active and vocal advocates for sector wide action on waste avoidance, circularity and low carbon solutions, demonstrated through engagement with key industry initiatives and partnerships
- > 4% of addressable spend is contracted to social suppliers

Valuing our people and communities

We value and look out for our people, and the communities in which we operate

Creating a safe and vibrant workplace

- > Established lead indicator metrics and track performance

Cultivating a diverse and inclusive team

- > Achieve a 40/40/20 gender ratio across senior management
- > Achieve WEGA Employer of Choice for Gender Equality (EOCGE) citation

Backing the communities that back us

- > 30 graduate, cadet and apprenticeship participants sourced from Indigenous, CALD, youth, disability and older Australian cohorts
- > Establish a formalised approach to donations through establishing the IVE Group community investment fund, donating \$200k per year
- > Minimum of 80 certified mental health first aid staff employed in the business each year
- > Create a Reconciliation Action Plan (RAP) and establish an indigenous engagement policy

Responsible operation and supply chains

We use resources responsibly and ethically in our business and supply chain

Mitigating our climate impacts and risks

- > Transition to 50% renewable electricity, with an aim to achieving 100% by 2030
- > Achieve a minimum 25% reduction in scope 1 & 2 emissions intensity (metric) against CY21 baseline
- > Year-on-year reduction in Scope 3 emissions

Working towards regenerative and ethical supply chains

- > Initiate a demonstration project with paper supply chain to highlight sustainable forestry innovation and impact
- > Maintain commitment of 100% paper stock from PEFC/ FSC certified sources
- > ESG considerations included in category management plans for Top 6 categories by risk, spend and volume

Protecting our local ecosystems

- > Reduce total operational waste intensity by 20% against CY21 baseline

Underpinning the Group's ESG approach will be an ongoing commitment to transparency and authenticity through GRI-aligned and TCFD disclosure coupled with robust governance including establishing an ESG Committee and integrating ESG performance metrics into the KPIs of management and key staff.

As an initial but important step towards materially reducing IVE's Scope 2 emissions, in April 2023, the Group executed a 7-year partnership agreement with Iberdrola, one of the world's largest renewable energy companies. In addition to enabling IVE to better manage increasingly volatile electricity costs, the agreement will facilitate our transition to 100% renewable energy by 2030. Over the coming years, the Group also intends implementing a range of other initiatives from commissioning Life Cycle Assessments that compare the environmental impact of products and services, to establishing a process to track our ongoing community investment spend, impact and donation decisions to achieve our targets.

At IVE, we believe in continuous improvement. Our vision for a brighter future is long term and this means continuously assessing data to evaluate and measure our progress against industry benchmarks so that we can reduce the negative impacts of our operations and bolster the positive contribution we make to society.

The Group is committed to reporting annually to our stakeholders and setting a course for action under the ESG strategy every three years to ensure our approach is in-line with changing stakeholder expectations and reflects the evolving industry in which we operate.

As we progress on our journey, we welcome feedback and stakeholder participation, and we look forward to sharing our progress in future reporting and communications.

People and culture

Proudly inclusive, 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.

Thankfully this past year saw an end to most of the pandemic impacts with our workplaces essentially returning to normal. While this was appreciated by all, we again acknowledge the significant efforts and contribution of all our employees in successfully meeting the pandemic impacts and challenges across the previous three financial years.



ivecare

We are exceptionally proud of our people. Our IVE Care program provides our 2,000+ employees with access to a wide range of support and 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.

Education, information programs and health and wellbeing campaigns are also made available

through the EAP to assist employees in making changes for a healthier lifestyle. Our EAP continues to be an excellent source of support and benefit for employees dealing with a range of difficult circumstances.

We saw a modest decline in access to the EAP across FY23, which was to be expected with pandemic challenges abating. Flu vaccinations were again offered across the IVE business during FY23, and the business again conducted an employee awareness initiative aligned to R U OK? Day.

During FY23 we undertook training of additional accredited Mental Health First Aiders across the Group. The presence of these First Aiders continued to be beneficial to the business and employees across FY23, with numerous instances where we could offer support to employees in need. We now have close to 50 accredited Mental Health First Aiders.

Lifestyle benefits

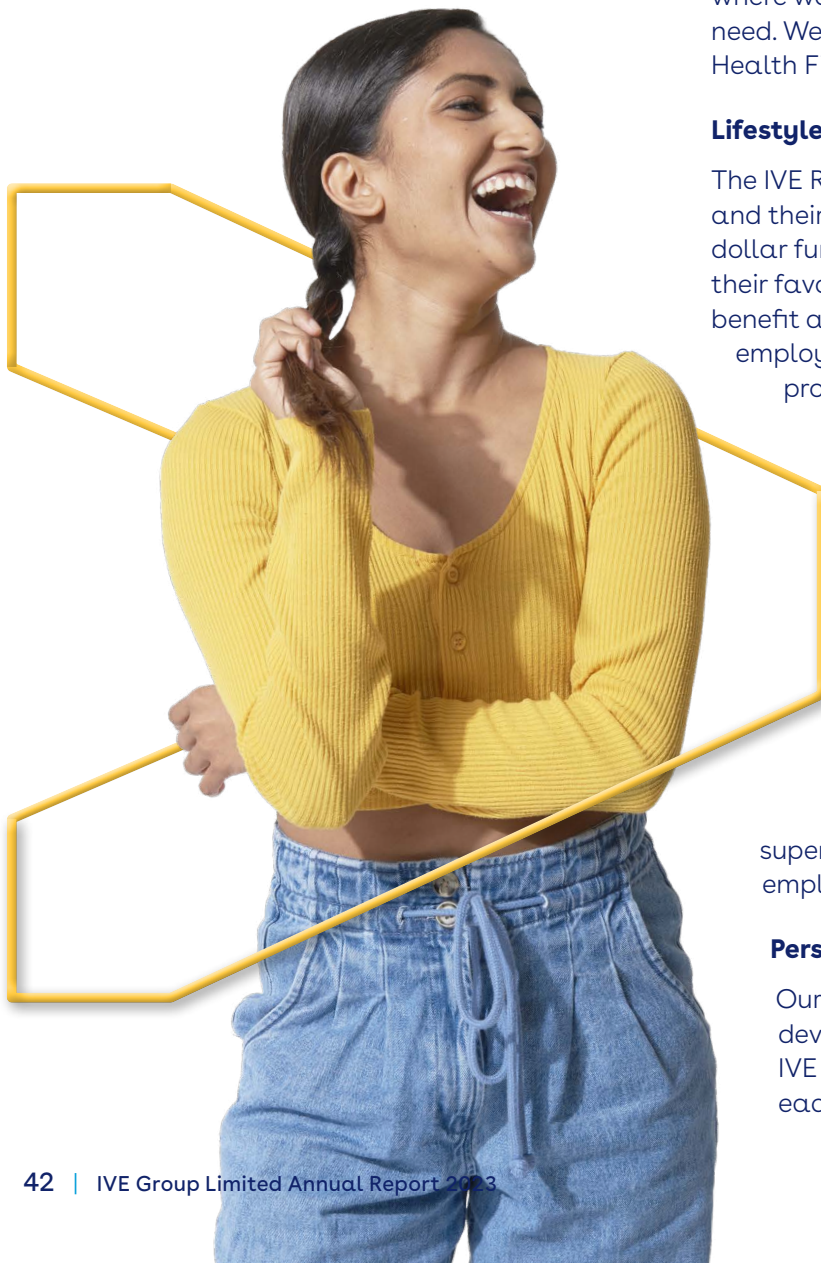
The IVE Rewards Program provides our employees and their families the opportunity to stretch their dollar further through significant savings at all their favourite retailers. The program is a valued benefit and well utilised by employees. Our employees spent more than \$1.3m through this program across FY23, yielding savings of close to \$80,000.

Wealth and security

IVE has 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 also has 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 several great charity partners to provide employees with a simple and effective way to regularly donate from their pre-tax earnings.

Diversity and inclusion

We come from many different nationalities, backgrounds, experiences and lines of work. IVE is very proud of the fact that we have employees originating from more than 50 different countries, spanning 70 different cultural backgrounds. 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.

The 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, IVE's Diversity and Inclusion Program reinforces our commitment to growing a diverse and inclusive organisational culture encompassing and benefiting all employees.

IVE's 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 Islanders;
- > LGBTIQA+ (lesbian, gay, bisexual, trans/transgender, intersex, queer/questioning, asexual); and
- > Disability.

In mid-2022, the Group partnered with an external provider to conduct a comprehensive employee workplace survey which included, amongst a range of other important areas, a significant focus on obtaining greater insight into the diversity and inclusiveness across our workforce (areas covered included nationality, gender, sexual identity and orientation,

indigenous identity and disability). We had a high participation rate with close to 1,000 (50%) employees completing the survey.

The survey provided us with valuable data and insight to both better understand and celebrate the diversity within the business, and to provide ongoing input for areas of focus and new initiatives.

In FY23, IVE again partnered with the Australian Network on Disability to participate in their 'Stepping Into' internship program - we have 3 internships in place under this Program. Pleasingly, an FY22 intern under this program has since become a permanent team member. Once again, the Group ran a number of awareness events related to International Women's Day, Pride Week, Liptember and R U OK? Day.

Sustainability and risk management

As the expectations on corporate responsibility increase, and as transparency becomes more prevalent, IVE recognised some time ago 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.

Quality assurance

 **SAI GLOBAL** 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 provide superior products and services to our customers, measured in terms of performance, reliability and durability, and returned in customer satisfaction and loyalty. We welcome 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 continues to deliver several processes to ensure that we remained focused on improving sustainability and the ongoing protection of the environments that we source from, work in and supply.

IVE expects all our suppliers to adhere to the same ethical values we uphold and has rigorous controls to ensure that every supplier is assessed, complies with our values and standards, and meets or exceeds our delivery expectations. By blending our best practices with socially responsible sourcing, we achieve optimal levels of cost efficiency, product/service effectiveness and product safety in a sustainable, inclusive and ethical manner.

IVE is an active member of Supplier Ethical Data Exchange (SEDEX). Supplier membership is highly regarded and allows IVE to assess the risk in labour standards, health and safety, environmental impact and provide supply chain visibility. Ensuring good business practices is important to our clients, employees and shareholders.

IVE supports the introduction of the *Modern Slavery Act 2018*. Modern slavery involves the exploitation of human beings and is completely unacceptable. The Group has a responsibility to improve our understanding and mitigate the risks of Modern Slavery within our operations and supply chains. IVE has implemented a comprehensive set of controls to ensure the integrity of our own operations and our suppliers.

We continue to hold certification 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 assures 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.

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.

Paper

As the largest printer in Australia, IVE is a significant user of paper from sustainably managed forests. Sustainably managed forests provide economic livelihood for local communities, improve forest regeneration, and deliver sustainable solutions to the biodiversity, fauna conservation and other environmental improvements. They also prevent deforestation due to mono-culture planting for agricultural crops or urbanisation due to population increases and/or industry 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 CO₂ capture, acting as a 'carbon sink' – taking more carbon dioxide out of the atmosphere than they produce.

Trees from sustainably managed forests are grown and harvested in a carefully controlled and sustainable way to produce paper. Australia has 2m hectares of working tree farms (Two Sides, 2023). The two key forestry certification schemes are PEFC and FSC, of which IVE carries certification across both.

The industry is a leading recycler with 87% of paper recovered for recycling in Australia, up from 28% in 1990, with household initiatives delivering household paper product recycling closer to 93% (APIA, 2022). By comparison e-waste recycling is only 9.6% (Love Paper, 2021).

Catalogues and publishing paper grades without finishings are 100% recyclable. Recycling complements the need for virgin wood fibre, further supporting the growth in fibre-based products and packaging as an environmentally sustainable alternative to single-use plastic,

of which State Government bans now apply across the country (VoPP, 2023).

Around 90% of IVE's paper requirement is sourced offshore due to specific requirements and fixed local manufacture capacity. IVE sources paper from North America, Scandinavia, Europe, Southeast Asia, UK, Italy, Canada, Switzerland, Malaysia, France and Belgium – all from highly compliant and certified paper manufacturing companies.

Despite the proliferation of digital media, paper-based media channels remain stable in volume, societal balance and consumer preference. Post-COVID volume declines, catalogues realised a 4.7% increase in volume and a 34.4% increase in pagination between 2021 and 2022 (TRMC, 2023). The Australian government review into the modernisation of the postal system accepted submissions outlining the significant contribution of paper media channels to the societal balance with those most impacted by the digital divide being the most vulnerable citizens. Moreover, 59.4% of scams and frauds are from digital channels with only 0.65% being from paper-based or letterbox scams (ACCC, 2023). 2.42 million Australians are highly digitally excluded, with the aged, indigenous, and lower income quintile communities the most impacted (ADII, 2023).

Demonstrating growing societal concern around digital channels, 78% of Australians believe consumers should be given the choice of how to receive their bills/statements, 61% don't believe they should be charged more for paper bills or statements, 50% feel they spend too much time on electronic devices, 60% report they do not pay attention to online advertisements and 66% report they are more likely to take action when receiving printed mail (Love Paper, 2022).

Consumer preference for the channel remains high with 74% of consumers preferring to read from paper rather than from screens and 71% enjoying 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 (Toluna, 2019).

Data security



IVE invests more than \$2 million annually to maintain best in class data security certifications such as ISO 27001, PCI DSS (RoA) and SOC 2 Type II, which provide a mature information security profile that supports our customers' 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 protect 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.

In the last review conducted in June 2023, 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
Supply Chain	<p>Supply Chain Volatility</p> <p>Disruption to the availability of key inputs and/or sustained price increases</p>	<p>IVE will execute caution 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</p>	<ul style="list-style-type: none"> > Inputs readily available through multitude of suppliers > Price elasticity to pass costs on to customers > Plan production in advance > Use of larger, reputable suppliers > Sourcing from alternative countries to avoid regional tensions in South East Asia > Increase inventory holdings > Seek to increase prices in other areas of business to offset > Absorb some increases to protect channel
Environment	<p>Environmental, Social, and Governance (ESG)</p> <p>Pressure from stakeholders due to lack of disclosure and policy to support ESG</p>	<p>IVE will take a balanced 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</p>	<ul style="list-style-type: none"> > Government & ASX disclosures & reporting > ISO 14001 certification > Appropriate and up to date certification for all suppliers > Ongoing gathering of accreditations for IVE's responses to RFPs > Implementation of ESG strategy and work streams with outsource providers
IT, Systems & Security	<p>Cyber security</p> <p>Failure to protect the business from ransomware, phishing, data leakage, hacking or insider threat</p>	<p>IVE will take a proactive approach to the risks posed by cyber security threat. The level of risk will be managed by specific actions and potential for an identified risk event. This will be measured by closely tracking/monitoring attempts to penetrate the IVE IT ecosystem</p>	<ul style="list-style-type: none"> > Agreed Cyber security and business continuity plans in place > Information security policies ISO 27001 > External penetration testing > Quarterly vulnerability scans > Restricted firewalls > Appropriate level of Cyber insurance > Investment in improved technologies and software
Customer	<p>Changing customer expectations</p> <p>Failure to adapt to changing customer expectations driven by increased cost, and/or disruptive technologies.</p> <p>In particular, a continued reduction in printed material due to digital alternatives</p>	<p>IVE will continue to drive its diversification strategy to protect the business, to the extent possible, from impacts of sector decline across traditional printed product(s)</p>	<ul style="list-style-type: none"> > Continue to communicate the efficacy of print as a cost effective marketing communications channel > Continue to communicate print is a core component of the communications omni channel mix > Monitor customer feedback to drive ongoing review of product and services sustainability > Diversify revenue streams both organically and through acquisition > Reduce customer financial impact due to input cost increases to protect channel

Key Risk	Description	Risk Appetite	Mitigation
People	Labour Supply Limited skilled and unskilled human resources available and staff retention due to increases in market demand and competitiveness	IVE will take a balanced approach to the risks associated with retaining and attracting skilled and unskilled 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 or employment alternatives	<ul style="list-style-type: none"> > Remuneration reviews > Training & development > Staff benefits i.e. shares, short-term incentives (STI), employee assistance program (EAP) > Succession planning > Flexible workplace > Employer of choice > Career progression opportunities > Appropriate contract labour suppliers
Competitive Environment	Existing Competition Drives Margin Down An existing competitor undertakes an aggressive and sustained price discounting, marketing or product innovation strategy	IVE will take risks in response to competition and the competitive environment that represent value for money 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	<ul style="list-style-type: none"> > Monitor pricing in market > Continuous conversations with customers > Driving consistent and high level customer service
Macro Environment	Macro-economic Macro-economic changes disrupting the Australian economy, international trade and key sectors (i.e. retail). Inflation, energy, gas and other cost increases as well as the impact of increased interest rates. Possible recessionary environment	IVE will take a balanced 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	<ul style="list-style-type: none"> > Ability to pass costs on to customers > Strategic long-term planning > Horizon scanning by executive > Indicators in day-to-day figures i.e. increased debtor days > MGM and margin decreases > Sourcing better pricing for long term. e.g. energy and gas

Additional information

For further information contact:

IVE Group Ltd
Level 3, 35 Clarence Street
Sydney NSW 2000

Matt Aitken
Chief Executive Officer
+ 61 2 8020 4400

Darren Dunkley
Chief Financial Officer
+ 61 2 8020 4400

Tony Jackson
Investor Relations
+ 61 2 9089 8548

Directors' report

for the year ended 30 June 2023



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 or IVE Group) for the financial year ended 30 June 2023 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 2023 was \$17,148 thousand (2022: \$26,932 thousand). A review of operations and results of the Group for the year ended 30 June 2023 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 8.5 Australian cents per share, fully franked, to be paid on 12 October 2023 to shareholders on the register at 14 September 2023.

Total dividends of \$25,930 thousand were declared and paid by the Company to members during the 2023 financial year. Further details on dividends are included in Note 24 of the Financial Report.

Significant changes in the state of affairs

On 13 September 2022, IVE acquired selected assets and assumed selected liabilities of Ovato Limited's (Ovato) heatset web print business. Further details on the acquisition is included in this Financial Report.

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.

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>Geoff Bruce Selig <i>Executive Chairman</i> Appointed: 10 June 2015</p>	<p>Geoff has over 30 years' experience in the marketing communications sector. Geoff was managing director of IVE Group prior to moving into the role of executive chairman following the Company's listing on the ASX in December 2015.</p> <p>Geoff is a director of 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. Previous not-for profit experience included 9 years on the board the Heart Foundation NSW and 3 years on the board of the Pinnacle Foundation.</p> <p>Geoff holds a Bachelor of Economics from Macquarie University and is a member of the Australian Institute of Company Directors.</p>
<p>Gavin Terence Bell <i>Independent Non-Executive Director</i> Appointed: 25 November 2015</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>Committees: Chair of the Nomination & Remuneration Committee and Member of the Audit, Risk & Compliance Committee</p>
<p>Sandra Margaret Hook <i>Independent Non-Executive Director</i> Appointed: 1 June 2016</p>	<p>Sandra has a track record in driving customer-centred business transformation and transitioning traditional organisations in rapidly evolving environments.</p> <p>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, Sandra brings more than 20 years' experience as a non-executive director on listed, public and private companies and government bodies.</p> <p>Sandra is currently a 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 member of the Australia Institute of Company Directors.</p> <p>Committees: Member of the Nomination & Remuneration Committee</p>
<p>Paul Stephen Selig <i>Executive Director</i> Appointed: 10 June 2015</p>	<p>Paul's career commenced in banking and treasury management before moving into the print and marketing communications sector over 25 years ago.</p> <p>He has been a director of the Company since 2012 and was 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>

Director	Experience, special responsibilities and other directorships
<p>James Scott Charles Todd</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. James commenced his career in investment banking and has taken active roles in a range of private and public companies. Until recently, James was 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 Coventry Group Limited (ASX: CYG), and Bapcor Limited (ASX: BAP). James was previously a Director of HRL Holdings Limited (ASX: HRL).</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. James is also a member of the Australian Institute of Company Directors.</p> <p>Committees: Member of the Audit, Risk & Compliance Committee.</p>
<p>Catherine Ann Aston</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. Cathy has a broad commercial background with senior roles including CEO, CFO, marketing, strategy and digital business.</p> <p>Cathy is currently Chair of IMB Bank Ltd and a director of Macquarie Investment Management Ltd (Chair of Board Audit Risk and Compliance Committee) and Integrated Research Ltd (ASX: IRI) (Chair of the Audit, Risk & Compliance Committee) Cathy was previously a director of Virtus Health Ltd (ASX: VRT) and Over The Wire Ltd (ASX: OTW).</p> <p>Cathy holds a Bachelor of Economics from Macquarie University and a Master of Commerce from the University of NSW. Cathy is a Senior Fellow of the Financial Services Institute of Australasia and a member of the Australian Institute of Company Directors.</p> <p>Committees: Chair of the Audit, Risk & Compliance Committee, Member of the Nomination & Remuneration Committee.</p>
<p>Andrew Peter George Bird</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, Andrew joined CCH, a multi-national listed publishing company and ran one of their business units in Australia. In 1997, Andrew co-founded Aspect Huntley which 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>Committees: Member of the Nomination & Remuneration Committee.</p>

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 Fellow 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 Group 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.

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 69.

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.

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)		Nomination & Remuneration Committee (NRC)		Other Committees	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Geoff Selig	17	17	-	-	-	-	2	2
Gavin Bell	17	17	4	4	4	4	-	-
Sandra Hook	17	17	-	-	4	4	-	-
Paul Selig	17	17	-	-	-	-	-	-
James Todd*	17	17	4	4	1	1	-	-
Catherine Aston	17	16	4	4	-	-	2	2
Andrew Bird*	17	17	-	-	3	3	-	-

* Andrew Bird replaced James Todd as a member of the Nomination & Remuneration Committee during FY23.

Events subsequent to reporting date

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 2023. 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 2024. 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.

Remuneration report

The remuneration report contains the following sections:

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

Introduction

This Remuneration Report (**Report**), which has been audited, describes the Key Management Personnel (**KMP**) remuneration arrangements for the 12 months ended 30 June 2023 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 aligns remuneration to strategies and business objectives and provides 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 2023 financial year (FY23) saw a broad-based recovery from the economic, social and health impacts of the COVID-19 pandemic and a move towards normalisation of associated supply chain challenges. While the macro-economic landscape was supportive for most of the year, higher input prices (especially energy costs) coupled with materially higher interest rates presented some challenges. At the same time, the Company completed the highly accretive Ovato acquisition with integration of Ovato assets into IVE sites progressing ahead of the originally foreshadowed schedule. In this context, the financial and non-financial performance of the Company during 2023 was once again strong.

The Company's strong performance and the leadership shown by the leadership team is reflected in the remuneration outcomes for FY23.

The Company achieved an EBITDA result of \$119.0m on an underlying basis post-AASB 16. This compares favourably to FY22 EBITDA of \$96.6m and resulted in the target for the payment of the key financial component of the FY23 Short-Term Incentive (STI) being achieved. Performance against non-financial remuneration measures and the overall performance of the company was also very strong. This resulted in the payment of 98.2% of the STI to each of the Executive Chairman, the CEO and 100% to the CFO.

The FY21 Long-Term Incentive (LTI) grant reached the end of its three-year performance period on 30 June 2023. Any shares vesting in relation to this period will vest after the end of the 2023 financial year. The three-year EPS CAGR hurdle was met. Accordingly, 100% of this tranche of the LTI shares will vest. In addition, over the performance period IVE achieved a TSR at the 94.38 percentile. Accordingly, 100% of the TSR tranche of the LTI shares will vest. Details of the value of these shares will be included in the FY24 Remuneration Report. At the 2022 Annual General Meeting, 98.99% of the shares voted at the meeting were cast in favour of the adoption of the Remuneration Report for the year ended 30 June 2022.

The Board will continue to review the effectiveness of the Company's remuneration practices 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.

As outlined in the Operating and Financial Review, the FY23 financial performance was underpinned by a strong and broadly based underlying business performance coupled with the emergence of synergies from the Ovato acquisition.

While the macro-economic environment was more accommodating after an extended period impacted by the COVID-19 pandemic and associated global supply chain issues, higher input prices presented some challenges. The Board believes that the remuneration outcomes for the Executive KMP for the 2023 financial year reflect this and satisfy the goals of the remuneration framework.

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 (which is key to IVE Group's business success);
- > 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.

Who this report covers

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

	Role
Non-Executive Directors	
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
Executive Key Management Personnel	
Geoff Selig	Executive Chairman
Paul Selig	Executive Director
Matthew (Matt) Aitken	Chief Executive Officer
Darren Dunkley	Chief Financial Officer & Company Secretary

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 FY23.

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. No other changes were made to the fixed remuneration for KMP during FY23. The NRC has determined that there will be no further changes to fixed remuneration for FY24.

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.

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 FY23, Executive KMP (excluding Paul Selig) were eligible to receive an STI payment of between 34% and 46% 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, Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) 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 consider, for example, overall performance and any changes to priorities.

The percentage weightings across financial and non-financial targets, and the assessed performance achieved during FY23 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
	Target %	Achieved %	Target %	Achieved %	Target %	Achieved %	Target %	Achieved %
Geoff Selig	40.0	100.0	0.0	0.0	60.0	97.0	100.0	98.2
Matt Aitken	40.0	100.0	0.0	0.0	60.0	97.0	100.0	98.2
Darren Dunkley	40.0	100.0	15.0	100.0	45.0	100.0	100.0	100.0

Non-financial KPIs for Executive KMP

The non-financial performance measures for the Executive KMP and the individual achievement ratings were as follows:

Geoff Selig, Executive Chairman

Area	Percentage weighting	Percentage achieved
Leadership	10	100
Investor relations	15	100
M&A and growth	35	100
Key initiatives	10	100
WHS	30	90

Matt Aitken, Chief Executive Officer

Area	Percentage weighting	Percentage achieved
Leadership	10	100
Investor relations	10	100
M&A and growth	35	100
Key initiatives	15	100
WHS	30	90

Darren Dunkley, Chief Financial Officer

Area	Percentage weighting	Percentage achieved
Leadership	10	100
Investor relations	15	100
M&A and growth	35	100
Key initiatives	40	100

The FY23 Actual STI and FY24 maximum STI amounts for Executive KMP are shown in the table on page 59.

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**.

There is no re-testing 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 FY23 to the Executive Chairman was approved by shareholders at the 2022 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 to increase the level of long-term incentives for FY24. They will remain in-line with the same quantum agreed in respect of FY20, FY21, FY22 and FY23. The NRC believes 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 KMP 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 to 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 granted to Executive KMP during FY22 and FY23. Further detail on remuneration is included in the tables at the end of this Report.

All in \$		STI		LTI – Number of Rights	
		Maximum	Actual	Granted	Vested
Geoff Selig	FY23	200,000	196,400	111,111	Not applicable (3-year vesting)
	FY22	200,000	200,000	168,067	Not applicable (3-year vesting)
Matt Aitken	FY23	300,000	294,600	111,111	Not applicable (3-year vesting)
	FY22	300,000	300,000	168,067	Not applicable (3-year vesting)
Darren Dunkley	FY23	180,000	180,000	83,333	Not applicable (3-year vesting)
	FY22	180,000	180,000	126,050	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. As shown below, the fixed remuneration of the CEO was increased in FY23.

All in \$	Fixed Remuneration ¹			STI			LTI		
	FY22 Actual	FY23 Actual	FY24 Agreed	FY22 Actual	FY23 Actual	FY24 Target	FY22 Grant	FY23 Grant	FY24 Grant ²
Geoff Selig	952,000	952,000	952,000	200,000	196,400	200,000	200,000	200,000	200,000 ³
Matt Aitken	640,810	700,000	700,000	300,000	294,600	400,000	200,000	200,000	200,000
Darren Dunkley	450,853	528,991	520,000	180,000	180,000	180,000	150,000	150,000	150,000
Paul Selig ⁴	330,000	330,000	330,000	-	-	-	N/A	N/A	N/A

1. Fixed remuneration includes superannuation.

2. LTI grant is the \$ value of the grant approved by the Board.

3. FY24 LTI grant for Geoff Selig is subject to shareholder approval.

4. 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 consider the risk that rights may not vest and that the rights are not entitled to dividends. Executive KMP remuneration arrangements were agreed assuming a fair value approach. The FY24 LTI will again use a fair valuation calculation to determine the quantity of performance rights to be granted to Executive KMP.

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 2023 results, as was done in 2020, 2021 and 2022.

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 FY23 LTI grant for each of the Executive KMP would be as indicated in the table below. The number of performance rights granted under the FY24 LTI will be determined and reported in the 2024 remuneration report.

	FY23 Fair Value (No. of rights)	FY23 Face Value ¹ (No. of rights)
Geoff Selig	111,111	115,606
Matt Aitken	111,111	115,606
Darren Dunkley	83,333	86,705
Paul Selig	–	N/A

1. Based on the closing share price on 1 July 2022 of \$1.73 per share.

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 3-year performance period.

Performance rights granted to KMP in 2019 under the FY20 LTI reached their vesting date during FY23. Of these, nil performance rights granted to KMP vested and 404,410 unvested performance rights lapsed in accordance with the IVE Group Equity Incentive Plan rules as set out below:

	Total LTI Grant FY20	60% of Performance Share Rights Earnings Per Share Target (EPS)	40% of Performance Share Rights Relative Total Shareholder Return (TSR)	Vested	Lapsed
Geoff Selig	147,058	88,235	58,823	–	147,058
Matt Aitken	147,058	88,235	58,823	–	147,058
Darren Dunkley	110,294	66,176	44,118	–	110,294
Paul Selig	N/A	N/A	N/A	N/A	N/A
	404,410	242,646	161,764	–	404,410

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%

Accumulated pro-forma EPS growth over the three-year vesting period between FY20 to FY22 was less than 90% of the EPS Target. Accordingly, none of the EPS tranche of performance rights vested.

IVE Group was ranked as 14 (43.48th percentile) compared to the relevant FY20 LTI peer group as at 30 June 2022. Accordingly, none of the TSR tranche of performance rights vested.

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

	FY19 ¹	FY20 ²	FY21	FY22 Pre AASB 16	FY22 Post AASB 16	FY23
Revenue (\$m)	723.6	677.4	656.7	759.0	759.0	967.4
EBITDA (\$m)	82.0	57.3	59.3	75.1	96.6	119.0
Net profit after tax (\$m)	33.0	18.5	19.9	33.4	33.1	39.7
Dividend payment (cents per share)	16.3	0.0	14.0	16.5	16.5	18.0
Dividend payout ratio³	71%	0%	67%	72%	72%	69%
Share price change (\$)⁴	(0.23)	(1.26)	+0.655	+0.28	+0.28	+0.58
NPAT EPS (cents)	22.8	12.5	13.5	23.1	23.1	26.4
NPATA EPS (cents)	25.3	15.2	16.2	25.4	25.4	28.5

The above results are prepared on an underlying continuing business basis, pre-AASB 16 for FY19 to FY22, FY22 and FY23 are presented on a post-AASB 16 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. FY19 revenue, EBITDA, NPAT and EPS have not been adjusted for TeleFundraising divestment in FY21.
2. FY20 revenue, EBITDA and NPAT have been updated on a continuing business basis i.e. excluding TeleFundraising for FY21 comparative purposes.
3. FY21 dividend payout ratio is based on underlying NPAT including JobKeeper.
4. Calculated as close price on 30 June for the applicable year.

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 30 November 2022, offers were made granting 627,775 performance rights under the Senior Leadership Team Plan. Of these, 111,111 were granted to Geoff Selig for which approval for the issue was obtained under ASX Listing Rule 10.14 at the 2022 Annual General Meeting. These Rights vest following the release of the FY25 financial results if specified performance conditions are met during the Performance Period which is 1 July 2022 to 30 June 2025.

In total there were 3,419,947 unvested Rights at 30 June 2023 from the FY21, FY22 and FY23 offers. There were no offers of options during the year and there are no unvested options.

The terms of the Equity Incentive Plan which provide the framework under which the LTI grants were made in FY22 and FY23 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"> > 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 (NPATA) divided by the undiluted weighted average shares on issue throughout the Performance Period, using the following formula: $\text{EPS CAGR} = \sqrt[3]{\left(\frac{\text{Year 3 EPS}}{\text{Year 0 EPS}}\right)} - 1$ <p>(Benchmark 1); and</p> <ul style="list-style-type: none"> > Relative Total Shareholder Return (TSR) performance of the Company in comparison to similar companies in a peer group determined by the Board. The peer group for the FY23 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), <p>(collectively the Performance Conditions).</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.

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"> > 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. > Rights for employees who cease employment due to death will vest in full upon cessation. > 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 <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>

TSR Peer Group for FY23 Offer

Due to changes in the market and the lack of material numbers of useful comparator companies, the peer group chosen for the FY23 grant are the companies who are included in the ASX Small Ordinaries Index at the commencement of the performance period, being 1 July 2022.

Non-Executive Director remuneration framework

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 considers 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 Chair or a 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 FY23, Board remuneration increased by \$5,000 per Non-Executive Director. This follows unchanged remuneration in FY21 and FY22 and a temporary fee reduction of 50% applying to the three months ended 30 June 2020, as a result of COVID-19. No further increase in Non-Executive Director remuneration has been approved for FY24.

The annual fees provided to Non-Executive Directors for FY23 are shown below (inclusive of superannuation):

Chair fee	Non-Executive Director fee (effective since 1 July 2022)
N/A as Executive Chairman	\$110,000

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 FY23 was \$550,000, being 55% of the approved fee pool. There is no intent to seek approval to increase the Non-Executive Director fee pool at the 2023 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 KMP

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

Name:	Geoff Selig
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

Name:	Paul Selig
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:	Matt Aitken
Title:	Chief Executive Officer (appointed 5 August 2019) Chief Operating Officer (ceased 5 August 2019)
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 – 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:	Darren Dunkley
Title:	No fixed term – subject to termination provisions detailed below
Terms of Agreement:	Annual remuneration includes cash salary, superannuation and non-cash benefits
Details:	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

Details of remuneration for KMP

The table below provides remuneration prepared on a statutory basis for Directors and Executive KMP for the year ended 30 June 2023 (except as noted below).

Name	Year	Fixed Remuneration			Variable Remuneration		Total	Total performance related	Percentage performance related
		Cash, salary and fees ¹	Super-annuation	Other long-term benefits	Short-term incentive	Fair value of LTI award ²			
<i>Executive Directors</i>									
Geoff Selig	2023	926,707	25,293	-	196,400	301,631	1,450,031	498,031	34.3%
	2022	928,432	23,568	15,505	200,000	63,263	1,230,768	263,263	0.0%
Paul Selig	2023	304,708	25,292	-	-	-	330,000	-	0.0%
	2022	306,432	23,568	-	-	-	330,000	-	0.0%
<i>Non-Executive Directors</i>									
Gavin Bell	2023	110,000	-	-	-	-	110,000	-	0.0%
	2022	105,000	-	-	-	-	105,000	-	0.0%
Sandra Hook	2023	99,548	10,452	-	-	-	110,000	-	0.0%
	2022	95,455	9,546	-	-	-	105,000	-	0.0%
James Todd	2023	99,548	10,452	-	-	-	110,000	-	0.0%
	2022	95,455	9,546	-	-	-	105,000	-	0.0%
Cathy Aston	2023	99,548	10,452	-	-	-	110,000	-	0.0%
	2022	95,455	9,546	-	-	-	105,000	-	0.0%
Andrew Bird ¹	2023	99,548	10,452	-	-	-	110,000	-	0.0%
	2022	23,864	2,386	-	-	-	26,250	-	0.0%
<i>Other Executive KMP</i>									
Matt Aitken	2023	674,708	25,293	-	294,600	301,631	1,296,232	596,231	46.0%
	2022	617,242	23,568	10,273	300,000	63,263	1,014,346	363,263	35.8%
Darren Dunkley	2023	503,698	25,293	-	180,000	226,223	935,214	406,223	43.4%
	2022	426,915	23,568	8,244	180,000	45,367	684,094	225,367	32.9%

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

2. Fair value of LTI award reflects accounting impacts during period, nil shares vested/paid.

Rights granted to Executive KMP

FY23

KMP	Number of rights granted in FY23	Vesting conditions	Grant date	Fair value at grant date	Expiry date
Geoff Selig	111,111	Relative TSR and Compound annual EPS growth over 3 years	16 December 2022	\$200,000	After vesting following release of FY25 financial results Any unvested Rights expire
Matt Aitken	111,111	Relative TSR and Compound annual EPS growth over 3 years	16 December 2022	\$200,000	After vesting following release of FY25 financial results Any unvested Rights expire
Darren Dunkley	83,333	Relative TSR and Compound annual EPS growth over 3 years	16 December 2022	\$150,000	After vesting following release of FY25 financial results Any unvested Rights expire

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	288,461	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

FY20

The vesting period for the performance rights granted to KMP under the FY20 LTI ended during FY23. Of these, nil performance rights vested and 404,410 unvested performance rights lapsed in accordance with the IVE Group Equity Incentive Plan rules.

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	147,058 unvested performance rights lapsed on 25 August 2022
Matt Aitken	147,058	Relative TSR and Compound annual EPS growth over 3 years	27 November 2019	\$200,000	147,058 unvested performance rights lapsed on 25 August 2022
Darren Dunkley	110,294	Relative TSR and Compound annual EPS growth over 3 years	27 November 2019	\$150,000	110,294 unvested performance rights lapsed on 25 August 2022

In total there were 3,419,947 unvested Rights at 30 June 2023 relating to KMP.

Director and Executive KMP shareholdings

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 2022	Shares received during the period on exercise of Performance Share Rights	Shares acquired	Shares disposed	Balance at 30 June 2023
Executive Directors					
Geoff Selig, Executive Chairman ¹	12,867,263	-	-	(4,500,000)	8,367,263
Paul Selig ¹	12,910,231	-	-	(4,500,000)	8,410,231
Non-Executive Directors					
Gavin Bell	122,697	-	-	-	122,697
Sandra Hook	12,919	-	8,889	-	21,808
James Todd	122,336	-	-	-	122,336
Cathy Aston	5,000	-	2,223	-	7,223
Andrew Bird	379,701	-	27,352	-	407,053
Executive KMP					
Darren Dunkley, CFO and Company Secretary	27,770	-	-	-	27,770
Matt Aitken, Chief Executive Officer	7,532	-	-	-	7,532

1. Geoff Selig and Paul Selig are each beneficiaries of the Selig Family Trust No. 5, the trustee of which holds 8,360,231 shares.

Loans to directors and executives

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

Shares under option

There were no unissued ordinary shares of IVE Group Limited under option outstanding at the date of this report. Shares under performance rights There were no unissued ordinary shares of IVE Group Limited 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 2023 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.

Non-audit services

During the year the Group's auditor, KPMG, has not performed other services in addition to its statutory duties. The Board would normally consider the non-audit services provided during the year by the auditor, and, in accordance with the advice received from the Audit Committee, would satisfy themselves 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 34 of the Financial Report.

Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 71 and forms part of the directors' report for the financial year ended 30 June 2023.

Rounding

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 24th day of August 2023



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 2023 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 signature in blue ink that reads 'KPMG'.

KPMG

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

Daniel Camilleri
Partner

Sydney

24 August 2023

Financial report

for the year ended 30 June 2023



Consolidated Financial Statements

Consolidated statement of profit or loss and other comprehensive income	74
Consolidated statement of financial position	75
Consolidated statement of changes in equity	76
Consolidated statement of cash flows	77

Notes to the Consolidated Financial Statements

1. Reporting entity	78	21. Provisions	100
2. Basis of preparation	78	22. Other liabilities	100
3. Significant accounting policies	79	23. Share-based payments	101
4. Revenue	88	24. Capital and reserves	102
5. Other income	88	25. Earnings per share	103
6. Personnel expenses	88	26. Acquisitions	104
7. Expenses	89	27. Operating segments	105
8. Net finance costs	89	28. Financial risk management and financial instruments	105
9. Taxes	89	29. Capital commitments	110
10. Cash and cash equivalents	92	30. Related parties	110
11. Trade and other receivables	93	31. Group entities	111
12. Inventories	93	32. Parent entity disclosures	112
13. Assets held for sale	93	33. Subsequent events	112
14. Property, plant and equipment	94	34. Auditors' remuneration	113
15. Leases	95	35. Deed of cross guarantee	113
16. Intangible assets and goodwill	97		
17. Other assets	98	Directors' declaration	116
18. Trade and other payables	99	Independent auditor's report	117
19. Loans and borrowings	99	ASX additional information	122
20. Employee benefits	99		

The notes on pages 78 to 115 are an integral part of these consolidated financial statements.

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2023

<i>In thousands of AUD</i>	<i>Note</i>	2023	2022
Revenue	4	970,212	758,976
Cost of sales		(532,804)	(405,276)
Gross profit		437,408	353,700
Other income	5	2,843	3,014
Production expenses		(222,882)	(172,293)
Administrative expenses		(148,931)	(127,732)
Other expenses		(30,779)	(8,177)
Results from operating activities		37,650	48,512
Finance income		460	56
Finance costs		(13,767)	(9,218)
Net finance costs	8	(13,707)	(9,162)
Profit before tax		24,343	39,350
Income tax expense	9	(7,195)	(12,418)
Profit for the year		17,148	26,932
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Cash flow hedges – effective portion of changes in fair value (net of tax)		(274)	26
Cash flow hedges – reclassified to profit or loss (net of tax)		369	317
Net exchange differences on translation of foreign operations		(73)	134
Total other comprehensive income		22	477
Total comprehensive income for the year		17,170	27,409
Profit attributable to:			
Owners of the Company		17,148	26,932
Profit for the year		17,148	26,932
Total comprehensive income attributable to:			
Owners of the Company		17,170	27,409
Total comprehensive income for the year		17,170	27,409
Earnings per share			
Basic earnings per share (dollars)	25	0.11	0.19
Diluted earnings per share (dollars)	25	0.11	0.19

The notes on pages 78 to 115 are an integral part of these consolidated financial statements.

Consolidated statement of financial position

As at 30 June 2023

<i>In thousands of AUD</i>	<i>Note</i>	2023	2022
Assets			
Cash and cash equivalents	10	44,860	67,035
Trade and other receivables	11	137,243	113,781
Inventories	12	98,724	74,164
Prepayments		5,151	5,489
Assets held for sale	13	1,056	-
Current tax receivable		1,154	-
Other current assets	17	4,211	4,638
Total current assets		292,399	265,107
Deferred tax assets	9	22,037	17,151
Trade and other receivables	11	160	307
Property, plant and equipment	14	106,983	100,088
Right-of-use assets	15	122,195	105,917
Intangible assets and goodwill	16	130,786	133,293
Other non-current assets	17	718	2,554
Total non-current assets		382,879	359,310
Total assets		675,278	624,417
Liabilities			
Trade and other payables	18	118,864	124,373
Lease liabilities		36,683	32,367
Loans and borrowings	19	3,608	3,764
Employee benefits	20	30,989	24,411
Current tax payable		-	5,730
Provisions	21	6,476	-
Other current liabilities	22	10,907	15,349
Total current liabilities		207,527	205,994
Loans and borrowings	19	157,236	130,201
Lease liabilities		102,395	92,349
Employee benefits	20	7,672	6,714
Provisions	21	6,720	5,376
Other non-current liabilities	22	170	1,211
Total non-current liabilities		274,193	235,851
Total liabilities		481,720	441,845
Net assets		193,558	182,572
Equity			
Share capital	24	167,664	148,878
Reserves	24	2,789	1,807
Retained earnings		23,105	31,887
Total equity		193,558	182,572

The notes on pages 78 to 115 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

for the year ended 30 June 2023

<i>In thousands of AUD</i>	Note	Share capital	Share-based payment reserve	Reserves	Retained earnings	Total equity
Balance at 1 July 2021		149,066	463	(648)	27,146	176,027
Total comprehensive income for the year						
Profit for the year		-	-	-	26,932	26,932
Other comprehensive income		-	-	477	-	477
Total comprehensive income for the year		-	-	477	26,932	27,409
Transactions with owners of the Company						
Performance share rights	23	-	297	-	-	297
Employee share issue	23	-	1,218	-	-	1,218
Share buy back	24	(188)	-	-	-	(188)
Dividends to owners of the Company	24	-	-	-	(22,191)	(22,191)
Total transactions with owners of the Company		(188)	1,515	-	(22,191)	(20,864)
Balance at 30 June 2022		148,878	1,978	(171)	31,887	182,572
Balance at 1 July 2022		148,878	1,978	(171)	31,887	182,572
Total comprehensive income for the year						
Profit for the year		-	-	-	17,148	17,148
Other comprehensive income		-	-	22	-	22
Total comprehensive income for the year		-	-	22	17,148	17,170
Transactions with owners of the Company						
Performance share rights	23	-	960	-	-	960
Employee share issue	23	-	-	-	-	-
Proceeds from share issue (net of transaction costs and tax)	24	18,786	-	-	-	18,786
Dividends to owners of the Company	24	-	-	-	(25,930)	(25,930)
Total transactions with owners of the Company		18,786	960	-	(25,930)	(6,184)
Balance at 30 June 2023		167,664	2,938	(149)	23,105	193,558

The notes on pages 78 to 115 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

for the year ended 30 June 2023

<i>In thousands of AUD</i>	<i>Note</i>	2023	2022
Cash flows from operating activities			
Cash receipts from customers		1,050,451	825,845
Cash paid to suppliers and employees		(980,557)	(734,911)
Cash generated from operating activities		69,894	90,934
Interest received		460	56
Interest paid		(7,079)	(3,215)
Income tax paid		(14,844)	(11,821)
Payment of restructure costs		(25,203)	(4,278)
Net cash from operating activities	<i>10</i>	23,228	71,676
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		380	263
Proceeds from disposal of assets held for sale		2,135	-
Acquisition of property, plant and equipment and intangible assets		(11,367)	(15,743)
Acquisitions of businesses (net of cash and transactions costs)	<i>26</i>	(15,730)	(4,960)
Payment for contingent consideration		(893)	-
Net cash used in investing activities		(25,475)	(20,440)
Cash flows from financing activities			
Proceeds from bank loans		30,000	15,000
Repayment of loans and borrowings		(3,926)	(53,336)
Transaction costs on refinancing bank loans		(378)	(820)
Dividends paid		(25,930)	(22,191)
Payment of lease liabilities		(38,323)	(29,081)
Proceeds from issue of share capital (net of transaction costs)		18,557	-
Share buy back (net of transaction costs)		-	(188)
Net cash used in financing activities		(20,000)	(90,616)
Net (decrease)/increase in cash and cash equivalents		(22,247)	(39,380)
Effects of foreign currency translation		72	(59)
Cash and cash equivalents at beginning of year		67,035	106,474
Cash and cash equivalents at end of year		44,860	67,035

The notes on pages 78 to 115 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

For the year ended 30 June 2023

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 2023 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 24 August 2023. 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 2022.

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(k) – provisions
- > Note 28 – Level 2 and 3 fair values of equity securities, and forward exchange contracts; and
- > Note 15 – 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 within the next financial year is included in the following notes:

- > Note 3(i)(ii) & 16 – impairment testing for cash generating units containing goodwill
- > Note 26 – acquisitions: fair value measured on a provisional basis; and
- > Note 28 – 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 (i.e. as prices) or indirectly (i.e. 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.

(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.

Notes to the consolidated financial statements – *continued*

3. Significant accounting policies (continued)

(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.

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.

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

The Group may hold 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 costs 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.

(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

Notes to the consolidated financial statements – *continued*

3. Significant accounting policies (continued)

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 assets
- > plant and equipment 3–20 years
- > fixtures and fitting 5–10 years
- > building 40 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.

(ii) Other intangible assets

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(iv) Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Goodwill is not amortised.

The estimated useful lives are as follows:

- > computer software 3–5 years
- > customer relationships 5–9 years

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

(g) Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in, first-out principle. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

(i) Impairment**(i) Non-derivative financial assets**

The Group recognises loss allowances for expected credit loss (ECL) on financial assets measured at amortised costs.

The Group measures loss allowance at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present values of all cash shortfalls (i.e. 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.

Notes to the consolidated financial statements – *continued*

3. Significant accounting policies (continued)

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.

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.

(j) 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.

(k) 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 to those affected. Future operating losses are not provided for.

(ii) 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.

(l) Revenue from contracts with customers

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

Recognition 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.

Recognition of revenue over-time

Revenue is recognised on the rendering of 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.

Contract asset

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date or upfront agreed expenditure incremental to obtaining the contract. The contract assets are transferred to receivables when the rights become unconditional, or the expenditure is amortised over the contract term as an expense or deducted from other revenue if it is a discount.

Contract liabilities

The contract liabilities primarily relate to the advance consideration received from customers, for which revenue is recognised at a point in time or over time.

(m) 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.

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.

Notes to the consolidated financial statements – *continued*

3. Significant accounting policies (continued)

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 not to 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.

(n) 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.

(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.

(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. The adoption of these standards and interpretations has not resulted in any material changes to the Group's year-end financial report.

(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 – *continued*

4. Revenue

The Group's operations and main revenue streams are those described in Note 3(l). 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>	2023	2022
Products and services transferred at a point in time	914,148	707,057
Services transferred over time	56,064	51,919
	970,212	758,976

(b) Contract balances

<i>In thousands of AUD</i>	2023	2022
Receivables, which are included in 'Trade and other receivables'	135,371	116,742
Contract assets	3,025	3,491
Contract liabilities	9,885	13,888

The majority of contract liabilities of \$13,888 thousand as at 30 June 2022 have been recognised as revenue in the year ending 30 June 2023. The majority of contract liabilities of \$9,885 thousand as at 30 June 2023 will be recognised as revenue during the year ending 30 June 2024.

5. Other income

<i>In thousands of AUD</i>	2023	2022
Other income	2,843	3,014

During the year ended 30 June 2023, the Group agreed a refund of purchase consideration of \$2,736 thousand from the administrators of Ovato. (Refer Note 26 for details on the acquisition).

6. Personnel expenses

<i>In thousands of AUD</i>	2023	2022
Wages and salaries	224,182	184,180
Contributions to defined contribution plans	17,428	13,806
Share-based payment expense	960	1,540
	242,570	199,526

7. Expenses

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

<i>In thousands of AUD</i>	2023	2022
Depreciation, amortisation, and impairment	52,925	41,984
Acquisition and transaction costs	3,013	741
Restructuring costs	20,108	4,278
Make good expenses	165	711
Software for service	1,369	1,701
Loss on disposal of assets held for sale, and plant and equipment	1,904	746

8. Net finance costs

<i>In thousands of AUD</i>	2023	2022
Interest income	460	56
Finance income	460	56
Interest expense	(13,766)	(7,420)
Financial assets net change in fair value	-	(1,762)
Net foreign exchange losses	(1)	(24)
Derivative net change in fair value	-	(12)
Finance costs	(13,767)	(9,218)
Net finance costs	(13,307)	(9,162)

9. Taxes

<i>In thousands of AUD</i>	2023	2022
Current tax expense		
Current year	7,804	14,350
Changes in estimates related to prior years	154	(82)
	7,958	14,268
Deferred tax expense		
Origination and reversal of temporary differences	(763)	(1,850)
Total tax expense	7,195	12,418

Notes to the consolidated financial statements – *continued*

9. Taxes (continued)

Numerical reconciliation between tax expense and pre-tax accounting profit

<i>In thousands of AUD</i>	2023	2022
Profit before tax	24,343	39,350
Tax using the Company's domestic tax rate of 30%	7,303	11,805
(Non-assessable income)/non-deductible expenses - (net)	(289)	693
Changes in estimates related to prior years	154	(82)
Other items (net)	28	2
	7,195	12,418

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	
	2023	2022	2023	2022	2023	2022
Property, plant and equipment	-	-	(2,302)	(307)	(2,302)	(307)
Right-of-use assets	-	-	(31,670)	(26,895)	(31,670)	(26,895)
Inventories	16	-	-	(1,723)	16	(1,723)
Intangible assets	-	-	(2,435)	(3,593)	(2,435)	(3,593)
Lease liabilities	39,599	34,775	-	-	39,599	34,775
Employee benefits	13,538	11,056	-	-	13,538	11,056
Provisions	4,975	2,881	-	-	4,975	2,881
Other items	316	957	-	-	316	957
Tax assets/(liabilities)	58,444	49,669	(36,407)	(32,518)	22,037	17,151
Set off of tax	(36,407)	(32,518)	36,407	32,518	-	-
Net deferred tax assets	22,037	17,151	-	-	22,037	17,151

9. Taxes (continued)

Movement in temporary differences during the year

2023 <i>In thousands of AUD</i>	Balance 1 July 2022	Acquisition through business combination	Recognised in equity	Recognised in profit or loss	Balance 30 June 2023
Property, plant and equipment	(307)	(2,521)	-	526	(2,302)
Right-of-use assets	(26,895)	-	-	(4,775)	(31,670)
Inventories	(1,723)	-	-	1,739	16
Intangible assets	(3,593)	-	-	1,158	(2,435)
Lease Liabilities	34,775	-	-	4,824	39,599
Employee benefits	11,056	2,692	-	(210)	13,538
Provisions	2,882	3,757	-	(1,663)	4,975
Other items	956	-	195	(837)	316
	17,151	3,928	195	763	22,037

2022 <i>In thousands of AUD</i>	Balance 1 July 2021	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	65	-	446	2,882
Other items	1,260	-	(152)	(152)	956
	15,233	220	(152)	1,850	17,151

The gross amount of capital losses for which no deferred tax asset is recognised is nil (2022: nil).

Notes to the consolidated financial statements – *continued*

10. Cash and cash equivalents

<i>In thousands of AUD</i>	2023	2022
Bank balances	44,855	67,029
Petty cash	5	6
Cash and cash equivalents in the statement of cash flows	44,860	67,035

Reconciliation of cash flows from operating activities

<i>In thousands of AUD</i>	2023	2022
Profit from continuing operations	17,148	26,932
<i>Non-cash items</i>		
Depreciation, amortisation and impairment	52,925	41,984
Share based payment expense	960	1,540
Derivative net change in fair value	-	12
Interest expense	6,687	4,205
Financial assets net change in fair value	-	1,762
Income tax expense	7,195	12,418
Net other income and expenses	(196)	264
Loss on disposal of assets held for sale, and plant and equipment	1,904	746
<i>Cash items</i>		
Acquisition costs in investing activities	2,730	325
	89,353	90,188
Change in trade and other receivables	(19,616)	(12,043)
Change in inventories	(18,566)	(26,871)
Change in current assets	2,740	(885)
Change in prepayment	338	(1,188)
Change in trade and other payables	(10,089)	32,013
Change in provisions and employee benefits	(6,088)	2,283
Cash generated from operating activities	38,072	83,497
Income tax paid	(14,844)	(11,821)
Net cash from operating activities	23,228	71,676

11. Trade and other receivables

<i>In thousands of AUD</i>	2023	2022
Current		
Trade receivables	135,371	116,742
Allowance for impairment	(2,180)	(3,124)
	133,191	113,618
Lease and other receivables	4,052	163
	137,243	113,781
Non-current		
Lease receivables	160	307

12. Inventories

<i>In thousands of AUD</i>	2023	2022*
Finished goods	6,764	5,753
Work in progress	16,094	16,943
Raw materials	76,546	52,982
	99,404	75,678
Allowance for inventory obsolescence	(680)	(1,514)
	98,724	74,164

*The comparatives for finished goods, work in progress and the allowance for inventory obsolescence have been restated to align with current period presentation. There is no impact of this restatement on total inventory.

During the year, raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales amounted to \$532,804 thousand (2022: \$405,276 thousand).

During 2023 financial year an analysis of aged inventory and previous write-offs was performed which resulted in a net decrease in provision amounting to \$834 thousand (2022: net increase of \$708 thousand).

13. Assets held for sale

<i>In thousands of AUD</i>	2023
Opening balance 1 July 2022	-
Acquisitions through business combination	4,167
Net Transfer from plant and equipment	3,087
Disposals	(1,979)
Impairment	(4,219)
Closing balance 30 June 2023	1,056

Assets held for sale include plant and equipment acquired through the Ovato acquisition (refer Note 26).

Notes to the consolidated financial statements – *continued*

14. 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
Cost						
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)
Balance at 30 June 2022	23,906	160,707	1,793	2,000	2,649	191,055
Balance at 1 July 2022	23,906	160,707	1,793	2,000	2,649	191,055
Acquisitions through business combination	-	17,737	-	-	-	17,737
Additions	5,973	4,912	292	-	350	11,527
Disposals	(4,208)	(11,995)	-	-	(580)	(16,783)
Net Transfers to assets held for sale	-	(3,357)	-	-	-	(3,357)
Balance at 30 June 2023	25,671	168,004	2,085	2,000	2,419	200,179
Depreciation and impairment losses						
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)
Balance at 30 June 2022	10,311	79,416	-	25	1,215	90,967
Balance at 1 July 2022	10,311	79,416	-	25	1,215	90,967
Depreciation for the year	2,517	12,619	-	25	168	15,329
Disposals	(4,177)	(8,137)	-	-	(516)	(12,830)
Transfers to assets held for sale	-	(270)	-	-	-	(270)
Balance at 30 June 2023	8,651	83,628	-	50	867	93,196
Carrying amounts						
At 1 July 2022	13,595	81,291	1,793	1,975	1,434	100,088
At 30 June 2023	17,020	84,376	2,085	1,950	1,552	106,983

Security

At 30 June 2023 the carrying amount of total assets less the written down value of finance leased assets were held as security for bank facilities.

15. 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 lease 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 2021	76,546	19,682	96,228
Depreciation charge for the year	(18,003)	(3,417)	(21,420)
Acquisitions through business combination	596	-	596
Additions/modifications to right-of-use assets	31,202	29	31,231
Disposals of right-of-use assets	(718)	-	(718)
Balance as at 30 June 2022	89,623	16,294	105,917
Balance as at 1 July 2022	89,623	16,294	105,917
Depreciation charge for the year	(22,984)	(3,751)	(26,735)
Acquisitions through business combination	6,773	-	6,773
Additions/modifications to right-of-use assets	32,352	5,818	38,170
Disposals of right-of-use assets	(1,930)	-	(1,930)
Balance as at 30 June 2023	103,834	18,361	122,195

(ii) Amounts recognised in profit or loss

<i>In thousands of AUD</i>	2023	2022
Interest on lease liabilities	6,349	3,798
Income from sub-leasing right-of-use assets	1,042	136
Expenses relating to short-term leases	925	228
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	494	690

Notes to the consolidated financial statements – *continued*

15. Leases (continued)

(iii) Amounts recognised in statement of cash flows

<i>In thousands of AUD</i>	2023	2022
Total cash outflow for leases	38,323	29,081

(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 \$34 thousand interest income on lease receivables (2022: \$12 thousand).

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>	2023	2022
Less than one year	1,453	163
Total undiscounted lease receivable	1,610	490
Unearned finance income	(20)	(20)
Net investment in the lease	1,590	470

(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 \$73 thousand (2022: \$137 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>	2023	2022
Less than one year	75	68
Between one to five years	178	159
More than five years	-	-
Total	253	227

16. Intangible assets and goodwill

<i>In thousands of AUD</i>	<i>Note</i>	Goodwill	Computer software	Capital work in progress	Customer relationships	Total
Cost						
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
Balance at 30 June 2022		147,378	22,606	5,216	37,754	212,953
Balance at 1 July 2022		147,378	22,606	5,216	37,754	212,953
Acquisition		2,670	-	-	-	2,670
Disposal		-	(601)	-	-	(601)
Other additions		-	374	1,091	-	1,465
Transfer to/(from) computer software		-	6,041	(6,041)	-	-
Balance at 30 June 2023		150,048	28,420	266	37,754	216,487
Amortisation and impairment losses						
Balance at 1 July 2021		40,000	13,710	-	19,515	73,225
Amortisation for the year		-	3,046	-	3,390	6,436
Balance at 30 June 2022		40,000	16,756	-	22,905	79,661
Balance at 1 July 2022		40,000	16,756	-	22,905	79,661
Amortisation for the year		-	3,607	-	3,035	6,642
Disposals		-	(601)	-	-	(601)
Balance at 30 June 2023		40,000	19,762	-	25,940	85,702
Carrying amounts						
At 1 July 2022		107,378	5,850	5,216	14,849	133,293
At 30 June 2023		110,048	8,658	266	11,814	130,786

No impairment losses in relation to goodwill have been recognised in the year ended 30 June 2023 (2022 nil).

Notes to the consolidated financial statements – continued

16. Intangible assets and goodwill (continued)

Impairment testing for cash-generating units containing goodwill

The Group performed a detailed reassessment of its CGUs, and determined that the Ovato acquisition and integration resulted in increasingly interdependent cash inflows across the large format web offset printing and distribution businesses (Print Web Offset including distribution). Prior to combining those CGUs, the Group performed impairment testing for the eight CGUs same as prior year. Goodwill is now allocated to six CGUs.

The individual CGUs within the 'Production (group of CGUs)' are not individually significant and have 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>	2023	2022
Print Web Offset including distribution	41,592	38,922
Data-Driven Communications	38,506	38,506
Production (group of CGUs)	29,950	29,950
	110,048	107,378

Goodwill impairment testing is performed by applying value in use calculations. The calculations for all CGUs use nominal 5 year cash flow projections based on FY24 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 EBITDA projections of each CGU. The WACC and growth rates are:

	WACC rate (pre-tax nominal)	Growth rate
Print Web Offset including distribution	11.5% (2022:11.8%)	1% (2022:1%)
Data-Driven Communications	12.7% (2022:15.4%)	2% (2022:2%)
Production (group of CGUs)	11.8% to 12.6% (2022: 12.1% to 13.7%)	1% to 2% (2022:1% to 2%)

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

17. Other assets

<i>In thousands of AUD</i>	2023	2022
Current		
Contract assets	3,025	3,491
Other assets	1,186	1,147
	4,211	4,638
Non-current		
Contract assets	718	2,554
	718	2,554

18. Trade and other payables

<i>In thousands of AUD</i>	2023	2022
Current		
Trade payables	85,360	88,717
Accrued expenses	33,504	35,656
	118,864	124,373

19. Loans and borrowings

<i>In thousands of AUD</i>	2023	2022
Current		
Equipment finance	3,608	3,764
Non-current		
Bank loan	154,061	124,214
Equipment finance	3,175	5,987
	157,236	130,201

Bank loan

As at 30 June 2023, the amended Syndicated Facilities Agreement has a carrying amount of \$154,061 thousand and face value of \$155,000 thousand (2022: carrying amount of \$124,214 thousand and face value of \$125,000 thousand). These facilities are at an interest rate of BBSY plus a margin, and maturity date of 6 May 2026. The Group was in compliance with all loan covenants as at 30 June 2023.

20. Employee benefits

<i>In thousands of AUD</i>	2023	2022
Current		
Liability for long service leave	15,164	11,499
Liability for annual leave	15,825	12,912
	30,989	24,411
Non-current		
Liability for long service leave	7,672	6,714
	38,661	31,125

Notes to the consolidated financial statements – *continued*

21. Provisions

<i>In thousands of AUD</i>	Restructure	Make good	Total
Balance at 1 July 2022	-	5,376	5,376
Assumed in business in combination	10,923	1,600	12,523
Provisions made during the year	-	288	288
Provisions utilised during the year	(5,096)	(109)	(5,205)
Unwind of discount	-	214	214
Balance at 30 June 2023	5,827	7,369	13,196
Current	5,827	649	6,476
Non-current	-	6,720	6,720
	5,827	7,369	13,196

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

22. Other liabilities

<i>In thousands of AUD</i>	2023	2022
Current		
Contract liabilities	9,885	13,888
Contingent consideration	744	1,063
Forward exchange contracts used for hedging	278	398
	10,907	15,349
Non-current		
Contingent consideration	-	575
Forward exchange contracts used for hedging	170	636
	170	1,211

23. Share-based payments

During the year ended 30 June 2023, 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	22 November 2022
Number granted	627,775
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 2022 to 30 June 2025 inclusive. The vesting date is expected to be on or soon after the approval of IVE's 2025 Annual Financial Report.
Weighted average fair value	\$1.80
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	\$2.3174
Expected volatility	46%
Risk-free interest rate	3.62%
Dividend yield	7.20%

* Share rights issued to Directors required shareholder approval. This occurred at the Group's 2022 Annual General Meeting.

During the year, 711,808 Rights were granted (2022: 823,526), 647,056 lapsed (2022: 529,407), and 3,419,947 remain outstanding (2022: 3,355,195). The total expense relating to the Rights granted was \$960 thousand (for the year ended 30 June 2022: \$298 thousand).

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

Notes to the consolidated financial statements – *continued*

24. Capital and reserves

<i>Issued and paid up capital (In thousands of AUD)</i>	2023	2022
152,096,028 (June 2022: 143,508,948) ordinary shares fully paid	167,664	148,878

Movement in ordinary share capital

Date	Details	Number of shares	Issue price	Total \$'000
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	-	-
30-Jun-22	Closing balance	143,508,948	-	148,878
1-Jul-22	Opening balance	143,508,948	-	148,878
28-Sep-22	Institutional placement (including transaction costs net of tax)	8,000,000	2.25	17,485
17-Oct-22	Share purchase plan (including transaction costs net of tax)	587,080	2.25	1,301
30-Jun-23	Closing balance	152,096,028		167,664

Dividends

On 24 August 2023, the directors have declared a fully franked dividend of 8.5 cents per share to be paid on 12 October 2023 to shareholders on the register at 14 September 2023. The final dividend payout is \$12,928 thousand (2022: \$11,481 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 2023:

<i>In thousands of AUD</i>	Cents per share	Total amount	Date of payment
2023			
Final 2022 ordinary	8.0	11,481	13 October 2022
Interim 2023 ordinary	9.5	14,449	13 April 2023
Total amount		25,930	

On 13 October 2022 a dividend of 8.0 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 13 April 2023 a further dividend of 9.5 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 2022:

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

Dividend franking account

<i>In thousands of AUD</i>	2023	2022
Amount of franking credits available to shareholders of IVE Group Limited for subsequent financial years	20,337	18,310

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.

25. Earnings per share

<i>In dollars</i>	2023	2022
Basic earnings per share	0.11	0.19
Diluted earnings per share	0.11	0.19
<i>In thousands</i>		
Earnings		
Profit after income tax attributable to owners of the company used in calculating basic and diluted earnings per share	17,148	26,932
Weighted average number of ordinary shares		
Weighted average number of ordinary shares used in calculating basic earnings per share	149,972	143,336
Weighted average number of ordinary shares used in calculating diluted earnings per share	153,060	145,057

Notes to the consolidated financial statements – *continued*

26. Acquisitions

On 13 September 2022, IVE acquired selected assets and assumed selected liabilities of Ovato Limited's (Ovato) heatset web print business. The acquired business is being integrated into IVE's Print Web Offset business.

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

<i>In thousands of AUD</i>	Total
Consideration transferred	
Initial cash paid	13,000
Refundable consideration	-
	13,000
Identifiable assets acquired and liabilities assumed	
Inventories	5,994
Assets held for sale	4,167
Plant and equipment	17,737
Right-of-use asset	6,773
Deferred tax assets/(liabilities)	3,927
Employee benefits	(8,972)
Provisions	(12,523)
Lease Liability	(6,773)
	10,330
Goodwill on acquisition	2,670

Goodwill reflects the synergies and optimisation that is expected to result from integrating the Ovato assets into the existing IVE business.

As agreed in the Asset Sale Agreement part of the consideration transferred may be refunded (Refundable consideration). Management fair valued this amount to nil at the date of acquisition, as the funds available to pay the refundable consideration would be determined by the Ovato administrators after the acquisition date. Ovato administrators have now finalised the refundable consideration amount with \$2,736 thousand recognised as other income in Note 5 at 30 June 2023.

Management also measured the assets and liabilities acquired at fair value at acquisition date.

As this business is being integrated into IVE the revenue and profit before tax contribution has become indistinguishable from existing business unit results. However, since acquisition the revenue and profit before tax (underlying before acquisition and restructure costs) contribution best estimate is approximately \$136,000 thousand and \$5,800 thousand, respectively.

If this acquisition had occurred from beginning of the reporting period the combined Group revenue would have been estimated at approximately \$995,000 thousand. As prior to its acquisition Ovato was in administration, it is impractical to determine profit or loss before tax for the full year.

Acquisition-related costs totalling \$2,730 thousand has been included in Other expenses in the Group's consolidated statement of profit or loss and other comprehensive income.

27. 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>	2023	2022
EBITDA	90,575	90,496
Depreciation, amortisation and impairment	(52,925)	(41,984)
Net finance costs	(13,307)	(9,162)
Profit (loss) before income tax	24,343	39,350

28. 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.

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.

Notes to the consolidated financial statements – *continued*

28. Financial risk management and financial instruments (continued)

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:

<i>In thousands of AUD</i>	<i>Note</i>	Carrying amounts	
		2023	2022
Cash and cash equivalents	10	44,860	67,035
Trade receivables	11	135,371	116,742
Lease and other receivable	11	4,212	470
Contract assets	17	3,743	6,045
		188,186	190,292

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.

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	
	2023	2022
Neither past due nor impaired	91,925	76,952
Past due 1-30 days	37,389	28,973
Past due 31-90 days	9,204	10,485
Past due 91 days and over	4,808	6,848
	143,326	123,257

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

<i>In thousands of AUD</i>	2023	2022
Balance at beginning of the year	3,124	2,008
Assumed in a business combination in current year	-	34
Impairment loss recognised	551	1,257
Amounts written off	(1,495)	(175)
Balance at end of year	2,180	3,124

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 2023 had undrawn facility of \$35,000 thousand (2022: \$35,000 thousand) for general corporate and working capital purpose. The facility will mature on 6 May 2026.

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 2023		Contractual cash flows			
<i>In thousands of AUD</i>	Carrying amount	Total	12 mths or less	1-5 years	More than 5 years
Non-derivative financial liabilities					
Trade and other payable	118,864	118,864	118,864	-	-
Lease liabilities	139,078	172,240	36,683	83,842	51,715
Equipment finance	6,783	7,908	3,608	4,082	218
Bank loans	154,061	179,842	8,785	171,057	-
	418,786	478,854	167,940	258,981	51,933
Derivative financial liabilities					
Forward exchange contracts used for hedging	440	440	278	170	-
	440	440	278	170	-
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
Non-derivative financial liabilities					
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	6,687	-
Bank loans	124,214	141,368	4,267	137,101	-
	383,054	422,642	164,771	230,953	26,918
Derivative financial liabilities					
Forward exchange contracts used for hedging	1,034	1,034	398	636	-
	1,034	1,034	398	636	-

Notes to the consolidated financial statements – *continued*

28. Financial risk management and financial instruments (continued)

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, 2% (2022: 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 has been designated as a cash flow hedge, and have \$30 thousand fair value at the reporting date (2022: \$13 thousand). The Group has performed effectiveness testing and recognised the full fair value amount net of deferred tax \$21 thousand in other comprehensive income (2022: \$9 thousand). 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:

<i>In thousands of AUD</i>	As at 30 June 2023		As at 30 June 2022	
	Euro	NZD	Euro	USD
Equipment finance loan	5,364	-	8,808	-
Next three months forecast purchases	606	532	392	676
Forward exchange contracts	(5,969)	(532)	(9,200)	(676)
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 2023, no interest rate swap contracts were outstanding, hence \$154,061 thousand of the carrying amount of the bank loan is exposed to variable rates (2022: \$124,214 thousand).

Exposure to interest 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	
	2023	2022
Fixed rate instruments		
Financial liabilities – leases liabilities	(139,078)	(124,716)
Financial liabilities – equipment finance	(2,139)	(2,623)
	(141,217)	(127,339)
Variable rate instruments		
Financial assets – bank balances	44,860	67,035
Financial liabilities – bank loans	(154,061)	(124,214)
Financial liabilities – equipment finance	(4,644)	(7,128)
	(113,845)	(64,307)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss therefore a change in interest rate at the reporting date would not affect 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 \$115 thousand (2022: \$65 thousand). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as 2022.

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
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	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 \$0.1 million.

Notes to the consolidated financial statements – *continued*

28. Financial risk management and financial instruments (continued)

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 19).

29. Capital commitments

As at 30 June 2023, the Group has \$1,000 thousand commitment to purchase plant and equipment (2022: \$6,163 thousand).

30. Related parties

Key management personnel compensation

Key management personnel compensation comprised the following:

<i>In AUD</i>	2023	2022
Short-term employee benefits	3,080,821	2,959,021
Post-employee benefits	101,171	94,272
Share-based payments	829,485	171,893
Other long-term benefits	-	34,022
	4,011,477	3,259,208

Related party transactions and outstanding balances

<i>In AUD</i>	Transaction value year ended 30 June 2023	Transaction value year ended 30 June 2022
Caxton Property Developments Pty Ltd – sales	-	5,885
Tamkin Pty Ltd– sales	2,327	-

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.

James Todd is the director and shareholder of Tamkin 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 2023, the Group sold goods and services to Tamkin 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.

31. Group entities

Ultimate parent entity	Ownership interest	
	2023 %	2022 %
IVE Group Limited		
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	100
IVE Employment PW01 Pty Limited	100	-
IVE Employment PW02 Pty Limited	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 – *continued*

32. Parent entity disclosures

As at, and throughout, the financial year ending 30 June 2023 the parent entity of the Group was IVE Group Limited.

<i>In thousands of AUD</i>	2023	2022
Result of parent entity		
Profit/(loss) for the year	22	(1,220)
Other comprehensive income	-	-
Total comprehensive income for the year	22	(1,220)
Financial position of parent entity at year/period end		
Current assets	588	94
Total assets	18,323	25,446
Current liabilities	109	110
Total liabilities	109	110
Total equity of the parent entity comprising of:		
Share capital	298,976	280,191
Equity reserve	(145,444)	(147,880)
Accumulated losses (net of dividend paid)	(135,318)	(109,411)
Total equity	18,214	25,336

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 preexisting 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.

33. Subsequent events

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 2023.

34. Auditors' remuneration

<i>In AUD</i>	2023	2022
Audit services		
Auditors of the Company - KPMG		
Audit and review of financial reports	507,245	403,415
	507,245	403,415
Other services		
Auditors of the Company - KPMG		
Taxation services	-	-
Transaction services	-	114,300
	-	114,300

35. 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 23 January 2023. The subsidiaries subject to the Deed are:

- | | |
|--|---------------------------------------|
| a. Caxton Print Group Holdings Pty Limited | k. AIW Printing (Aust) Pty Limited |
| b. IVE Group Australia Pty Limited | l. SEMA Holdings Pty Limited |
| c. IVE Group Victoria Pty Limited | m. SEMA Infrastructure Pty Limited |
| d. Caxton Print Group Pty Limited | n. SEMA Operations Pty Limited |
| e. Task 2 Pty Limited | o. John W. Gage & Co Pty Limited |
| f. Pareto Fundraising Pty Limited | p. IVE Distribution Pty Limited |
| g. James Bennett & Associates Pty Limited | q. Lasoo Pty Limited |
| h. IVE Employment (Australia) Pty Limited | r. AFI Branding Solutions Pty Limited |
| i. IVE Employment (Victoria) Pty Limited | s. IVE Employment PWO1 Pty Ltd |
| j. Taverners No. 13 Pty Limited | t. IVE Employment PWO2 Pty Ltd |

Notes to the consolidated financial statements – *continued*

35. Deed of cross guarantee (continued)

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 2023, are:

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2023

<i>In thousands of AUD</i>	2023	2022
Revenue	942,351	738,543
Cost of sales	(516,808)	(393,655)
Gross profit	425,543	344,888
Other income	2,834	3,014
Production expenses	(222,305)	(171,684)
Administrative expenses	(140,704)	(120,813)
Other expenses	(30,749)	(7,705)
Results from operating activities	34,619	47,700
Finance income	459	56
Finance costs	(13,723)	(9,218)
Net finance costs	(13,264)	(9,162)
Profit before tax	21,355	38,538
Income tax expense	(7,169)	(12,417)
Profit for the year	14,186	26,121
Cash flow hedges	95	343
Total other comprehensive income	14,282	26,464
Reconciliation of movement in retained earnings		
Balance reported at 1 July	30,790	26,860
Profit for the year	14,186	26,121
Dividends to owners of the Company	(25,930)	(22,191)
Balance at 30 June	19,046	30,790

Consolidated statement of financial position

As at 30 June 2023

<i>In thousands of AUD</i>	2023	2022
Assets		
Cash and cash equivalents	41,110	64,579
Trade and other receivables	133,972	110,330
Inventories	98,695	74,157
Prepayments	4,580	5,053
Assets held for sale	1,056	-
Current tax receivable	503	-
Other current assets	4,068	4,499
Total current assets	283,984	258,618
Deferred tax assets	22,037	17,151
Trade and other receivables	1,021	2,200
Property, plant and equipment	106,669	99,816
Right-of-use assets	120,430	103,651
Intangible assets and goodwill	130,361	132,680
Other non-current assets	718	2,554
Total non-current assets	381,236	358,052
Total assets	665,220	616,670
Liabilities		
Trade and other payables	115,328	120,864
Lease liabilities	35,891	31,575
Loans and borrowings	3,608	3,764
Employee benefits	30,989	24,411
Current tax payable	-	5,736
Provisions	6,476	-
Other current liabilities	10,907	15,349
Total current liabilities	203,199	201,699
Loans and borrowings	157,236	130,201
Lease liabilities	100,820	90,090
Employee benefits	7,672	6,714
Provisions	6,624	5,280
Other non-current liabilities	170	1,211
Total non-current liabilities	272,522	233,496
Total liabilities	475,721	435,195
Net assets	189,499	181,475
Equity		
Share capital	167,664	148,878
Reserves	2,789	1,807
Retained earnings	19,046	30,790
Total equity	189,499	181,475

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 74 to 115, 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 2023 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 31 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 35) pursuant to ASIC Corporations (Wholly owned Companies) Instrument 2016/785.
- 3 The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2023.
- 4 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 24th day of August 2023



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 2023 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 2023
- 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; and
- 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 (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgment, 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.



Valuation of Goodwill at 30 June 2023 (\$110 million)

Refer to Note 12 to the Financial Report

The key audit matter	How the matter was addressed in our audit
<p>A key audit matter for us was the Group’s annual testing of goodwill for impairment, given the size of the balance (being 16% 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 focused on the significant forward-looking assumptions the Group applied in its value in use models, including:</p> <ul style="list-style-type: none"> • Assessment of the Cash Generating Units (CGUs)-The Group had several operating businesses and product lines, combining CGU’s and an acquisition during the year. This necessitates our consideration of the Group’s determination of CGUs, based on the smallest group of assets which 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; 	<p>Our procedures included:</p> <ul style="list-style-type: none"> • 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 have considered the Group’s determination of combining of three CGU’s based on our understanding of the Group’s business; • We analysed the consistency of the allocation of goodwill to CGUs with how goodwill is monitored through with the Group’s internal reporting; • We considered the appropriateness of the value in use method applied by the Group against the requirements of the accounting standards; • We assessed the integrity of the value in use models used, including the accuracy of the underlying calculations; • 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; • We considered the sensitivity of the models by varying key assumptions, such as forecast operating cash flows, forecast growth rates,



- 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 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 judgmental 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.

terminal growth rates and discount rates, within a reasonable range. We considered the interdependencies of key assumptions when performing the sensitivity analysis and what the Group considers to be reasonable. 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 skepticism 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 products, 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 using publicly available 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 against the requirements of the accounting standards.



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.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do 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
- assessing the Group's ability to continue as a going concern. 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 or to cease operations, or have no realistic alternative but to do so.

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 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 2023, complies with Section 300A of the *Corporations Act 2001*.

KPMG

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 38 to 53 of the Directors' report for the year ended 30 June 2023.

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

Daniel Camilleri
Partner

Sydney

24 August 2023

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 24 July 2023.

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
Anthony Young	10,216,605	7.1%	27 May 2022
Ryan Young	10,118,488	7%	6 August 2022
Pengana Capital Group Limited	7,179,881	5.003%	21 September 2022
Washington H. Soul Pattinson & Company Limited	7,179,881	5.003%	27 September 2022
Caxton Print Holdings Pty Ltd as trustee for the Selig Family Trust	8,417,263	5.56%	29 September 2023
Tynan Young	7,642,431	5%	26 April 2023

Distribution of shareholders and shareholdings - ordinary shares

There are 152,096,028 ordinary shares on issue held by 3,792 shareholders.

Range	Ordinary Shares	%	No. of holders	%
1 to 1,000	352,002	0.2	664	17.5
1,001 to 5,000	3,317,095	2.2	1,178	31.1
5,001 to 10,000	5,201,127	3.4	650	17.1
10,001 to 100,000	34,910,136	23.0	1,159	30.6
100,001 and over	108,315,668	71.2	141	3.7
Total	152,096,028	100.0	3,792	100.0

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

There are 3,419,947 unlisted performance share rights on issue that have been issued under an employee share plan. These are held by 8 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	3,419,947	100.0	8	100.0
Total	3,419,947	100.0	8	100.0

Unmarketable parcels

The number of shareholders holding less than a marketable parcel of ordinary shares is 139 for 7,456 shares, based on IVE's closing share price of \$2.22, on 24 July 2023.

Twenty largest shareholders

Rank	Name	No. shares	%
1	CITICORP NOMINEES PTY LIMITED	19,221,329	12.64
2	CAXTON PRINT HOLDINGS PTY LTD	8,310,231	5.46
3	BNP PARIBAS NOMS PTY LTD <DRP>	8,137,602	5.35
4	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	5,963,954	3.92
5	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	5,709,531	3.75
6	STRATEGIC VALUE PTY LTD <TAL SUPER A/C>	5,386,122	3.54
7	RYLELAGE PTY LTD <BARNES SUPER FUND A/C>	5,242,448	3.45
8	NATIONAL NOMINEES LIMITED	4,816,031	3.17
9	MR STEPHEN CRAIG JERMYN <JERMYN FAMILY S/FUND A/C>	3,000,000	1.97
9	SCJ PTY LIMITED <JERMYN FAMILY A/C>	3,000,000	1.97
10	EXLDATA PTY LTD	2,848,171	1.87
11	STRATEGIC VALUE PTY LIMITED	2,149,242	1.41
12	DOROTHY PRODUCTIONS PTY LTD	1,500,000	0.99
13	BNP PARIBAS NOMS (NZ) LTD <DRP>	1,093,541	0.72
14	MR TREVOR READ	1,000,059	0.66
15	JOHN BARNES FOUNDATION LIMITED <JOHN BARNES FOUNDATION A/C>	930,277	0.61
16	RYLELAGE PTY LTD <BARNES SUPER FUND A/C>	844,444	0.56
17	MR MIKE FEGELSON	828,000	0.54
18	CENTRAL MUTUAL (INVESTMENTS) PTY LTD <CENTRAL MUTUAL (INV) A/C>	800,580	0.53
19	UBS NOMINEES PTY LTD	794,973	0.52
20	CERTANE CT PTY LTD <BIPETA>	703,900	0.46
	Total	82,280,435	54.10
	Balance of register	69,815,593	45.90
	Grand total	152,096,028	100.00

ASX additional information – *continued*

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 24 July 2023.

Stock Exchange Listing

IVE Group Limited 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 <https://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 24 August 2023. It has been approved by the Board and is available on the IVE website under Investors at <https://investors.ivegroup.com.au/investor-centre/?page=corporate-governance>.

This report has been approved by the IVE Group Board.

ive





ive | 100
Going further since 1921

ivegroup.com.au