ABN 62 606 252 644

APPENDIX 4E

YEAR ENDED 30 JUNE 2021

Company Information

Current Reporting Period: For the year ended 30 June 2021
Previous Corresponding Period: For the year ended 30 June 2020

This information should be read in conjunction with the 30 June 2021 Year End Financial Report of IVE Group Limited and its controlled entities and any public announcements made in the period by IVE Group Limited in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and Listing Rules.

Additional Appendix 4E disclosure requirements can be found in the Directors' Report and the consolidated financial statements for the year ended 30 June 2021.

This report is based on the consolidated financial statements for the year ended 30 June 2021 of IVE Group Limited and its controlled entities, which have been audited by KPMG. The Independent Auditor's Report provided by KPMG is included in the consolidated financial statements for the year ended 30 June 2021.

Results for announcement to the market

In accordance with the ASX Listing Rule 4.3, the board and management of IVE Group Limited has enclosed an Appendix 4E for the year ended 30 June 2021.

Results		30 June 2021 $'000	30 June 2020 $'000
Revenue from continuing operations	**Down 3%**	**656,457**	677,362
Profit (loss) from ordinary activities after tax attributable to members	**Up 246%**	**29,481**	(20,189)
Net profit (loss) for the period attributable to members	**Up 246%**	**29,481**	(20,189)

All comparisons are on a statutory basis unless stated.

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

Net Tangible Assets per Security

	30 June 2021	30 June 2020
Net Tangible Asset per security (cents)	**31.9**	12.7

Dividend Amount per Security

During the year ended 30 June 2021, the Group declared and paid:

	Amount per Security cents	Franked Amount per Security cents
Final dividend for the year ended 30 June 2021 to be paid 14 October 2021	**7.0**	**7.0**
Interim dividend for the year ended 30 June 2021 paid 15 April 2021	7.0	7.0

Final dividend entitlement date: close of business 15 September 2021.

Audit report

The Independent Auditor's Report provided by KPMG is included in the IVE Group Limited Financial Report for the year ended 30 June 2021.

Attachments

Financial Report for the year ended 30 June 2021 for IVE Group Limited.

Authorised for release: The Board

IVE GROUP LIMITED ANNUAL FINANCIAL REPORT

ABN 62 606 252 644

YEAR ENDED 30 JUNE 2021

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CONTENTS

OPERATING AND FINANCIAL REVIEW

1. SUMMARY OF FINANCIAL PERFORMANCE

(Underlying continuing and pre AASB 16)

A strong set of financial outcomes in a period of continuing uncertainty & volatility

REVENUE $656.5m	EBITDA $100.2m (including JobKeeper) $85.3m (excluding JobKeeper)	GROSS PROFIT MARGIN 48.1% (46.2% PCP)	NPAT $30.2m (including JobKeeper) $19.9m (excluding JobKeeper)
EARNINGS PER SHARE (excluding JobKeeper) 13.5c (8.4% increase on PCP)	OPERATING CASHFLOW (excluding AASB 16) $97m	NET DEBT $77.3m CASH ON HAND $107m	FINAL DIVIDEND 7.0c PER SHARE FULLY FRANKED

- The underlying financial results are on a non IFRS basis and are not audited or reviewed
- The underlying results are a continuing operations basis and exclude non-operating items (refer reconciliation page 17)
- Underlying results includes net JobKeeper receipts in H1 of $14.9m
- EPS based on NPAT/weighted average shares

2. OUR VISION, PURPOSE AND VALUES

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

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

OPERATING AND FINANCIAL REVIEW (CONT.)

Values

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

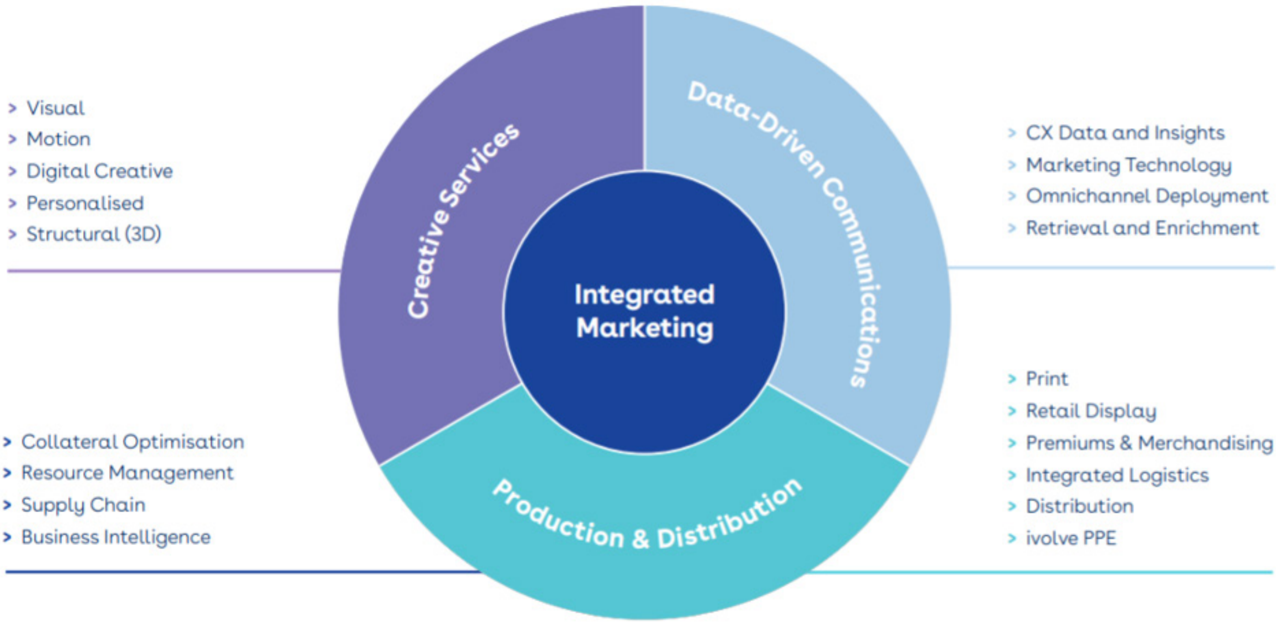
We have a responsibility to our clients, our shareholders and our staff to be honest, upfront and accountable. Every moment matters, so we're always on point and ready to deliver reliable, effective marketing solutions.

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.

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.

3. OUR INTEGRATED SERVICE OFFERING

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



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

4. STRATEGY AND GROWTH

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

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

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

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

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

OPERATING AND FINANCIAL REVIEW (CONT.)

Strategy, diversification and growth opportunities

Execution of the long-term strategy

- The diversification of our offering has been a cornerstone of our strategy for over 20 years
- Listing in December 2015, strong free cashflow, combined with access to capital, has enabled the Company to successfully execute a transformational investment and growth program over recent years to further expand and strengthen our integrated communications offer

A highly resilient business

- Leading market positions, diverse revenue mix, stable margins, reliable cashflow and strong balance sheet

Current growth opportunities

- Balance sheet strength will support $30-40m of growth initiatives
- Growth initiatives target ROFE of a minimum of 15%

There is a range of initiatives and opportunities for the Company to pursue:

- Enhance and amplify our Lasoo digital catalogue aggregator business
- Complementary adjacencies:
  - With our exposure to the fibre based packaging sector increasing, we see opportunity for both organic and acquisition growth in this sector
  - Expansion of our mature integrated logistics offering to include pure 3PL clients
- Bolster existing offer through further 'bolt on' acquisitions

Continuing to expand our digital offerings further through enhancing and amplifying Lasoo

- Lasoo was the first digital catalogue site in Australia, established in 2007
- Strategically acquired by IVE in 2020
- Loyal and active customer base
- Diverse retailer base is growing and includes many of Australia's leading retailers

IVE very well positioned to capitalise on growth in digital catalogues

- Digital catalogue readership has grown 22% from 2016 to 2020*
- This growth has rapidly accelerated since COVID-19
- More retailers are considering an omni-channel approach to catalogues, comprising a mix of both digital and printed catalogues
- The loyalty and activity levels of Lasoo's growing customer and retailer base provides a solid foundation for IVE to invest further to amplify the platform
- Opportunity to further expand digital offering across our 2,800 strong client base, including over 400 retailers

The Company has committed to investing into Lasoo over the next 2-3 years to improve the consumer experience, and will work closely with our retail clients to unclock opportunities to drive further revenue for their business. The enhanced platform will be launched in early 2022.

**Roy Morgan online survey October 2020.*

LASOO

9.6m	24m	840,000
shopping sessions p.a.	digital catalogues shopped p.a.	buy now clicks p.a.

OPERATING AND FINANCIAL REVIEW (CONT.)

Market positioning

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

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

The table below provides an overview of our revenue by industry sector for FY21:

Revenue Sector Analysis		$m	%
Retail:	White goods, electronics, furniture, clothing	132.1	20.1
	Supermarkets	74.7	11.4
	Health / personal products	68.6	10.4
	Food / beverage	16.0	2.4
Financial / Corporate Services		100.3	15.3
Publishing		47.7	7.3
Government		27.8	4.2
Health		19.9	3.0
Charity / Not for Profit		14.3	2.2
Tourism / Entertainment		13.3	2.0
Manufacturing		11.9	1.8
Telecommunications		10.3	1.6
Other*		119.6	18.2
Grand Total		**656.5**	**100.0**

**Other includes: Media, Service, Trade, Agency, Utilities, Automotive, Advertising Agency, Associations, Food, Transport, Broker, Building/Construction, IT, Property, Legal & others.*

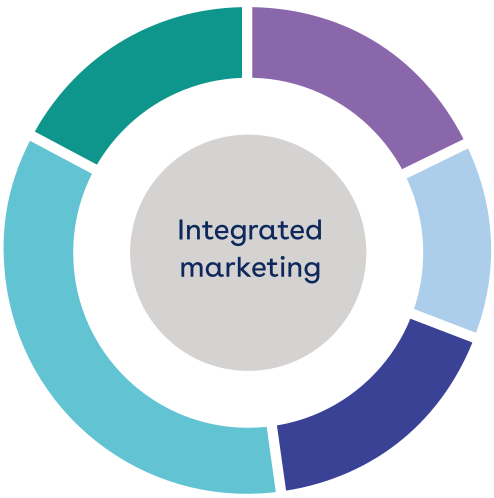
Revenue diversification

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

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

FY21

Revenue
$656.5m



Data driven communications

- CX data & insights
- Marketing technology
- Omnichannel deployment
- Archive retrieval
- Data enrichment

Integrated marketing

- Manage IM client spend within IVE Group
- Creative services
- Collateral optimisation
- Resource management
- Supply chain
- Business intelligence

Retail display, premiums & merchandising

- Temporary point of sale (POS)
- Semi-permanent and permanent point of sale
- Retail fit-outs
- Window displays
- Wide format digital printing
- Pop-ups and event activations
- Internal and external signage
- Co-packing
- Branded apparel & merchandise, corporate gifts, promotional products
- Hygiene, PPE and safety solutions (ivolve)

General commercial

- Sheetfed and digital printing
- Packaging

Web offset printing

- Catalogues
- Publications/magazines
- Books
- Corporate

Fulfilment & distribution

- Letterbox distribution
- Integrated logistics (kitting and fulfilment, inventory management, warehousing, pick and pack)

OPERATING AND FINANCIAL REVIEW (CONT.)

Margin stability

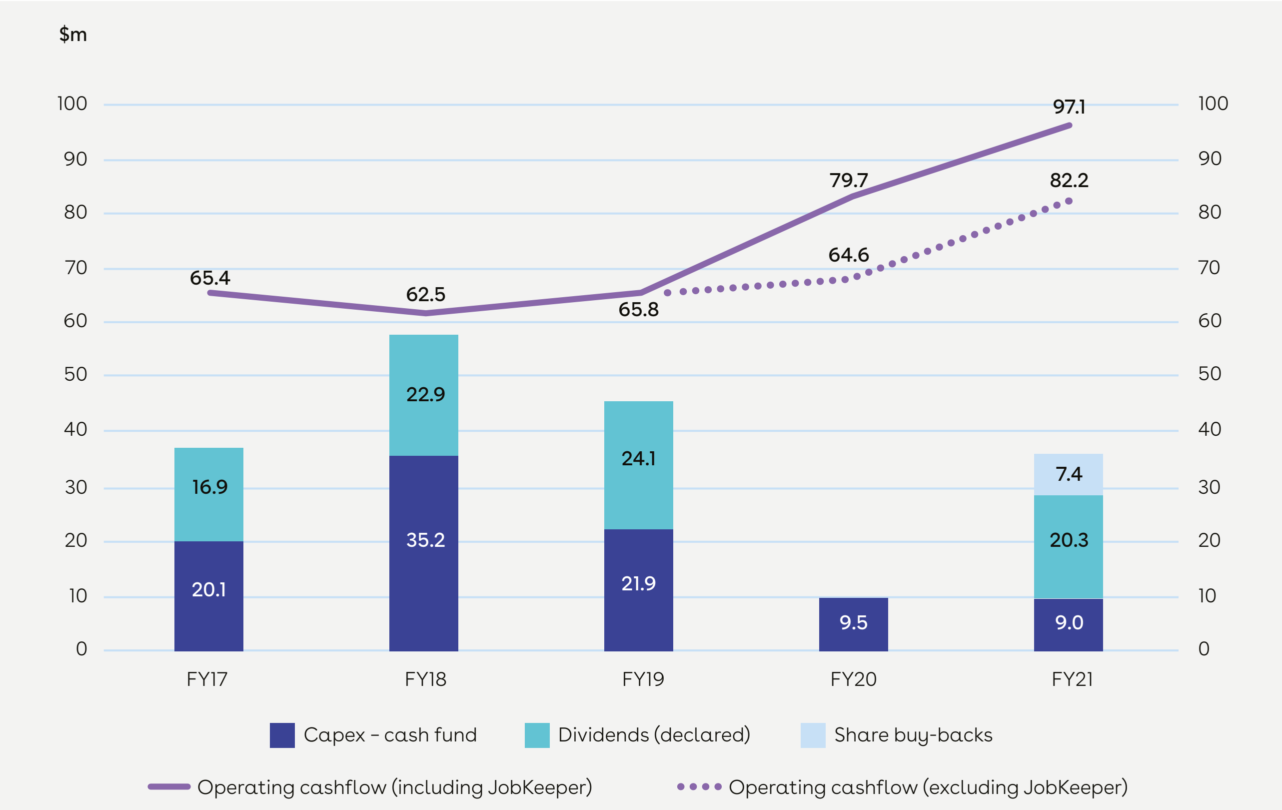
Margins resilient despite COVID-19 impacting revenue since FY20

Note: EBITDA Margin pre AASB 16.

- Material gross margin (MGM) stable over period, reflects benefit of revenue diversification, stable market conditions, and effective management of supply chain
- Gross margin maintained in FY20 and FY21 demonstrating capacity to flex the cost base in response to COVID-19
- EBITDA Margin stable to FY19, declined in FY20 due to change in revenue mix post Salmat acquisition, and COVID-19. Recovery in FY21 achieved notwithstanding revenue decline on PCP
- Business 'match fit' with improved operating leverage, ideally positioned to benefit from anticipated revenue increases as economy reopens

Cashflow & capital allocation

Increased Balance sheet flexibility as operating cashflows increase and capital expenditure normalises



Operating cash flow is EBITDA, ex AASB 16 plus/minus movements in working capital.
FY20 and FY21 adjusted for discontinued operations.

- Consistent and increasing operating cash flow generation
- Reduced capital expenditure profile
- Introduction of share buyback given softer share price and strengthening balance sheet
- Consistently high dividend, albeit with the exception of the pandemic period
- Strong cash coverage of dividend
- Well positioned to fund growth initiatives

OPERATING AND FINANCIAL REVIEW (CONT.)

5. 2021 – YEAR IN REVIEW

The year was impacted across a number of areas of our business, primarily reduced revenue, as the COVID-19 pandemic engulfed the world, impacting the domestic economy and our clients in a variety of ways. Fortunately, IVE moved quickly at the outset of the pandemic in Q4 FY20 to implement a broad range of measures to protect the safety and wellbeing of our valued staff, and this continued throughout the FY21 full year.

Under challenging circumstances, our entire workforce of circa 1,600 staff under the leadership of our CEO Matt Aitken, continued to respond by coming together and committing to do whatever was required to ensure we continued caring for each other and maintaining high levels of service to our clients.

The Company, through the period, once again continued to maintain high levels of customer service through a hybrid of continuing operations across multiple production/service facilities and staff working remotely.

The Company qualified for the Federal Government's JobKeeper Program based on the year on year revenue reduction measured at April 2020. The JobKeeper subsidy of $14.9m was received up until the end of September 2020 (Q1 FY21).

Notwithstanding the impacts of reduced revenue, and as a result of the skill and commitment of our people, the Company exceeded full year earnings guidance ($98-$100m EBITDA), posting a $100.2m EBITDA result, improved margins over PCP, resulting in an 8.4% growth in earnings per share (EPS) excluding JobKeeper over PCP.

The divestment of our outbound call centre business IVE Telefundraising was completed on 30 October 2020. Consideration was $16.5m, which resulted in a profit on sale of $4.2m.

We entered into a long-term contract with Australian Community Media (ACM) on 30 October 2020, with expected revenues of circa $100m over the five-year term. To support ACM’s requirements, and further enhance service to clients, we acquired selected assets of ACM’s web offset operation in WA for a purchase consideration of $2m.

Importantly, strong free cashflow and the divestment of our Telefundraising business for consideration of $16.5m has resulted in a significant reduction of $59.8m in net debt since 30 June last year to $77.3m.

The Company entered the COVID-19 crisis in a position of strength, and the full year FY21 results on all demonstrate the resilience and underlying strength of the IVE business.

Customers and revenue

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

Retention

- IVE provided continuity of service and supply to all customers throughout the pandemic
- Ongoing traction in share of wallet growth across IVE’s 2,800 customers was again meaningful
- Our long-term track record of retaining clients is excellent and in F21 IVE secured more than $100m (annualised) in contract renewals across a multitude of customers, including Woolworths, Westpac, L’Oreal, IAG, Bupa, Toyota, GlaxoSmithKline, Luxottica and Energy Australia
- There was no material client loss in FY21.

Growth

- Continued and relentless focus on growing market-share through harnessing the power and uniqueness of IVE’s go-to-market proposition
- New business momentum across all parts of the business remains strong, and despite the challenges of Covid, $58m (annualised) of new clients were on-boarded:
  - Australian Community Media (ACM), Bunnings, Officeworks, Simplot, Colgate, Zip Money and a number of others
- The pipeline of opportunities is strong for F22 with a number of key prospects already signed.

The Company executed a range of initiatives at the outset of the pandemic in Q4 FY20 to mitigate the financial impacts of COVID-19, whilst still ensuring high levels of customer service. This group wide focus continued for the entirety of the FY21 full year, and continues as a result of COVID-19 Delta strain lockdowns over Q4 FY21 and into Q1 FY22.

Flexibility across the cost base

The flexibility of our cost base has been core to mitigation since the outset of the pandemic.

- The Company has executed a range of actions to reduce both short term and permanent labour cost:
  - Staff stand downs in H1 as a component of the 'JobKeeper Program'
  - Significant reduction/elimination of casual and temporary labour with enhanced resource sharing across the Group
  - Reduced hours, including overtime, for a proportion of temporary and permanent staff
  - Permanent labour cost reductions
  - Utilisation of accrued annual leave and long service leave
- Reducing costs and discretionary expenditure across the Group.

Supply Chain

IVE's extensive supply chain consists of:

- Both domestic and global suppliers for our raw materials (primarily paper)
- Both domestic and Asian supply chain for finished goods (primarily premiums and merchandise, personal protective equipment (PPE) and permanent retail display)

Throughout the year, we experienced challenges across our supply chain, resulting in the need to closely manage supply shortages and shipping/airfreight delays. This has resulted in a temporarily very low level of raw materials (primarily paper) at 30 June 2021, which has resulted in an unexpected further short-term working capital benefit which will reverse to some extent as inventory levels return to normal in H1 FY22. We are hopeful with the global roll out of the vaccine, the stability and certainty of our supply chain will return to normal during H1 FY22.

The response from our supply partners through the crisis continues to reaffirm the strength of relationship we have developed over many years.

Capital expenditure

The Company's excellent operational footprint has capital expenditure, as previously communicated, continuing to normalise following the completion of IVE's major investment and expansion program over recent years.

- FY21 capital expenditure was $8.7m excluding MIS/ERP upgrade(s) of $4.0m
- FY22 capital expenditure expected to be $10m (excludes $3.5m to re-platform and transition the Lasoo business).

Banking and liquidity

Dividends

Given the uncertainty as the COVID-19 pandemic unfolded, the Company took the pre-emptive and conservative decision in March 2020 to cancel the previously announced H1 FY20 interim dividend. At the time of our full year FY20 results in August 2020, it was decided the Company would not pay a final dividend for FY20; however, it was foreshadowed at the time that the Board intended to resume dividend payments consistent with the existing dividend policy commencing with the H1 FY21 interim dividend. The Company subsequently paid an H1 FY21 interim dividend of 7 cents per share fully franked, and today declares a final dividend of 7 cents per year fully franked, delivering a full year dividend to shareholders of 14 cents per share.

OPERATING AND FINANCIAL REVIEW (CONT.)

Net Debt

The Company has worked diligently since the outbreak of the pandemic to zealously focus on all components that drive liquidity and the strength of our balance sheet. The period saw a significant reduction in net debt from $137.1m at 30 June 2020 to $77.3m at 30 June 2021, with cash on hand of $107m at 30 June 2021.

Net debt reduction primarily driven by significant free cashflow and proceeds of the divestment of our Tele fundraising business in October 2020.

$50m of senior debt facility was repaid on 6 August 2021.

Capacity to support growth

As outlined previously in the strategy and growth section, the current strength of our balance sheet places us in a strong position to actively pursue both organic and acquisition growth opportunities consistent with our stated strategy. Whilst observing our stated leverage ratio of 1.5x pre AASB 16 EBITDA, the Company currently has $40m in available capacity to continue the execution of its clearly articulated strategy to evolve the value proposition of the business and drive sustainable earnings growth. Our target ROFE for growth initiatives is a minimum of 15%.

Share buyback update

The Company announced a share buyback on 12 November 2020.

As at 25 August 2021, the Company has acquired 5.4m shares at a total cost of $7.4m (average price of $1.37 per share). This represents 3.6% of issued capital. Shares on issue now 142.8m.

Employee share issue

In recognition of the extraordinary efforts of our employees (appoximately 1,600) over the last 18 months, the Board intends to issue 500 shares to every employee of the Company in FY22.

6. REVIEW OF FINANCIAL PERFORMANCE

Basis of preparation

IVE's Financial Report for FY2021 is presented in accordance with Australian Accounting Standards which comply with International Financial Reporting Standards (IFRS).

In this OFR, certain non-IFRS financial information (underlying) has also been included to allow investors to understand the underlying performance of IVE. The non-IFRS financial information relates to FY2021 and FY2020 results presented before the impact of certain non-operating items and on a continuing business basis, which allow for a direct comparison to FY2020. The Directors believe the non-IFRS underlying results better reflect the underlying operating performance and is consistent with prior year reporting, this differs from the IFRS presentation.

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

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

7. FINANCIAL RESULTS

IGL Financial Results – on an IFRS and underlying basis (underlying where noted)

	FY21 & FY20 Post AASB 16			
	Actual FY2021	Actual FY2020	Variance $m	Variance %
Revenue	656.5	677.4	(20.9)	(3.1%)
Gross Profit	316.0	313.0	3.0	1.0%
% of Revenue	48.1%	46.2%	-	4.2%
Underlying EBITDA continuing operations (inc JobKeeper)	100.2	97.9	2.2	2.3%
Underlying EBITDA continuing operations (ex JobKeeper)	85.3	82.8	2.5	3.0%
EBITDA	96.2	85.8	10.4	12.2%
Depreciation and amortisation	47.2	85.5	(38.3)	(44.8%)
EBIT	49.0	0.3	48.7	-
Net finance costs	12.1	10.7	1.4	12.9%
NPBT	36.9	(10.4)	47.3	456.4%
Income tax expense	12.3	10.4	1.9	17.9%
NPAT from continuing operations	24.7	(20.8)	45.4	218.9%
NPATA continuing operations	28.6	(16.1)	44.7	277.8%
Underlying NPAT continuing operations (inc JobKeeper)	30.2	29.0	1.2	4.1%
Underlying NPAT continuing operations (ex JobKeeper)	19.9	18.5	1.4	7.5%
Underlying NPATA continuing operations (inc JobKeeper)	34.1	33.1	1.0	3.1%
Underlying NPATA continuing operations (ex JobKeeper)	23.8	22.6	1.2	5.4%

Non-operating items excluded from underlying NPAT

IFRS to underlying NPAT reconciliation	Actual FY2021
IFRS NPAT (continuing)	**24.7**
Restructure costs	3.3
Acquisition costs	1.0
JobKeeper	(14.9)
Financial asset write down (net of interest rec'd)	2.9
Insurance payout	(0.7)
Others	0.1
Sub total non operating items	(8.2)
Tax effect of adjustments	3.4
Underlying NPAT (ex JobKeeper)	**19.9**

All financial commentary is based on a continuing operations basis, this is in order for comparatives to PCP to be meaningful.

OPERATING AND FINANCIAL REVIEW (CONT.)

Revenue

Total revenue for the Group for FY21 was $656.5m. This includes the full year of acquisition revenue for Salmat Marketing Solutions (now IVE Distribution) and Reach Media of $99.0m compared to half year in FY20 of $50.0m. FY21 also saw the impact of Australian Community Media (ACM) acquisition revenue of $5.7m not in PCP. Normalised for the acquisitions, revenue declined by $75.6m from PCP.

The main drivers in the decreased revenue relate to:

- Full year impacts of COVID-19 negatively impacting revenues over primarily Q4 in FY20
  - Catalogue production and distribution revenue impacted due to major supermarket clients not needing to advertise as a result of significantly increased sales through the crisis. Some retail clients also reduced/cancelled catalogue production and distribution due to a combination of ongoing supply issues and store closures.
  - Travel sector clients reduced spend over the period, however it should be noted that we are still doing work for travel clients albeit at reduced levels.
  - Premiums and Merchandising continues to reflect the impacts of COVID-19 due to less exhibitions and events
- Despite the negative impacts of Covid on parts of the business other sectors continued to perform strongly:
  - Retail Display had a strong growth year on year
  - Sheet fed print and logistics continued to perform strongly
  - Covid resulted in many clients increasing 1 to 1 communications with their with customers through our Data-Driven Communications division (DDC)
  - Many clients/sectors not impacted by Covid and activity levels remain strong (eg: healthcare and not for profit)
  - No client losses of note during FY21

Earnings

IFRS and underlying Gross Profit was 48.1% and compares to 46.2% in PCP

- The Group's gross profit (revenue less material cost of goods sold) has remained stable over the period with a small increase over PCP.

  The increase reflects:

  - benefits of paper price reduction savings in FY21
  - benefits of work mix, bringing more work into 'IVE Group' operations as the Group continues to refine offering to its clients
  - continuing to procure well through leveraging the Group's scale across the supply chain

Production and Administration expense on IFRS basis reflect the net benefits of the Federal Government JobKeeper scheme of $14.9m in Q1 of FY21 (net of amounts paid to staff placed on stand down) which is a credit to the profit and loss and reflected as an offset reducing labour expense.

- On a underlying and continuing business basis (excluding JobKeeper benefit) production and selling labour is an increase to PCP of $2.4m ($177.4m to PCP $175.0m), this has largely been driven by:
  - Normalised for full year impact of acquisitions Salmat/Reach and ACM over FY20 total labour decrease over PCP is $4.6m.
  - FY20 labour costs were reduced due to initiatives to manage the early stages of COVID-19 impacts i.e. staff stand downs, annual leave, reduced hours and temporary pay decreases, FY21 does not reflect the same level of labour reduction benefits.

- On an underlying and continuing business basis, production and administrations expenses (excluding depreciation and pre AASB 16) is a decrease to PCP of $1.6m ($77.0m to PCP $78.6m):
  - Normalised for full year impact of acquisitions Salmat/Reach and ACM over FY20, total production and administration expense decrease over PCP is $7.0m
  - Cost base continues to be well managed

IFRS EBITDA of $96.2m also includes the net benefits of JobKeeper of $14.9m, as well as non-operating items excluded from the underlying EBITDA. The non-operating items relate to restructuring costs of $3.3m, comprised primarily of redundancies and business relocation costs. Acquisition costs of $1.0m which include the financial asset transaction costs, and legal and consulting fees associated with acquisitions including ACM and Telefundraising divestment. Also included in non-operating items is proceeds of insurance claim of $0.7m and a loss on sale of fixed asset of $0.4m.

Underlying EBITDA of $85.3m excluding JobKeeper on a continuing business basis compares to FY20 of $82.8m growth of 3% despite the reduction in revenue. The increase in EBITDA to PCP is due to higher than PCP gross profit as well as continued well managed cost base.

Depreciation and amortisation (pre AASB 16) remained in line with PCP.

IFRS net finance costs of $12.1m to $10.7m PCP, increase reflects the impact of financial asset revaluation of $2.9m (net of interest received), and profit on interest rate hedge. On an underlying basis net finance costs of $9.5m compares to PCP of $10.7m post AASB 16, pre AASB 16 is $6.3M to PCP of $7.3m reflecting the lower net debt position.

IFRS NPAT of $24.7m profit to loss of ($20.8m) PCP, with PCP impacted by $40.0m goodwill impairment. Underlying NPAT excluding JobKeeper of $19.9m compares to FY20 of $18.5m, growth of 7.5%, a strong result given FY21 was a full year post COVID-19 whereas FY20 reflected only 4 of months COVID-19 impacts.

Earnings per share (EPS) on a IFRS basis 20.0 cps, on an underlying basis excluding JobKeeper 13.5 cps and an 8.4% growth on PCP.

Net debt and Balance sheet

IVE Group Limited Net Debt	Actual FY2021	Actual FY2020
Loans & borrowings – short term	6.5	6.9
Loans & borrowings – long term	177.3	181.8
Loans & borrowings* – Sub Total	**183.8**	**188.7**
Less Cash	106.5	51.6
Net Debt	**77.3**	**137.1**

* Loans & borrowings are gross of facility establishment costs.
* Excludes right of use liabilities impacts from adopting AASB 16.

Net debt reduced from 30 June 2020 from $137.1m to $77.3m at 30 June 2021.

As at 30 June 2021 working capital facility of $30.0m is fully undrawn.

Increase in cash balance on PCP reflecting:

- operating cashflow generation
- decrease in working capital
- JobKeeper
- proceeds from divestment of Tele fundraising

On 6 August 2021, IVE repaid $50.0m of facilities including cancelling $35.0m of the facility, this will result in reduced interest expense in FY22.

IVE's senior debt facility matures in April 2023.

OPERATING AND FINANCIAL REVIEW (CONT.)

Capital Expenditure

	Actual FY2021
Group wide targeted investment and maintenance	8.7
Group wide MIS upgrades	4.0
Total	**12.7**

Excludes Land & Buildings acquired as part of ACM acquisition ($2.0m).

FY21 capital expenditure was $8.7m excluding MIS/ERP upgrade(s) of $4.0m.

MIS/ERP upgrades continue to be rolled out with all projects on time and in line with business cases, full ERP rollout expected to be completed in FY23.

FY22 capital expenditure expected to be circa $10m excluding MIS/ERP upgrade(s) and Lasoo investment.

Cashflow

	Underlying FY2021 $m	Stat FY2021 $m
EBITDA	100.2	96.3
Movement in NWC/non cash items in EBITDA	30.8	30.6
Operating Cash Flow	**131.0**	**126.9**
Capital expenditure (net)	(9.0)	(9.0)
Investments	(5.4)	(5.4)
Payments for acquisitions & deferred considerations	(1.9)	(1.9)
Proceeds on disposing net assets	0.0	15.2
Net cash flow before financing and taxation	**114.8**	**125.8**
Tax	(13.3)	(12.1)
Payments of bank loans	(3.2)	(3.2)
Payment of finance lease liabilities	(29.9)	(29.9)
Payment of share buy back	(7.4)	(7.4)
Dividends paid	(10.3)	(10.3)
Interest paid	(8.7)	(8.7)
Discontinued operations	0.0	0.6
Net cash flow	**41.9**	**54.8**
Operating cash conversion to EBITDA	**131%**	**132%**

Underlying cashflow is presented on a continuing operations basis.

Operating cash conversion very strong at 131% to EBITDA on an IFRS and underlying basis.

Large reduction in working capital mainly driven by reduced inventory holdings and excellent debtors collections.

Debtors well managed with no write offs of note during the period, collection days also decreasing along with balances outstanding in 90 days plus.

FY22 inventory levels to increase on our 30 June 21 position given current supply chain volatility.

Cashflow reflects share buyback of 5.450m shares at a cost of $7.4m.

FY21 Final dividend of 0.7 cps fully franked.

8. OUTLOOK

The solid underlying fundamentals of the business, combined with the strength of our balance sheet, place IVE in an ideal position to deliver strong growth as we emerge from this period of COVID-19 disruption.

FY22

- Given the ongoing COVID-19 disruption, we are not able to provide specific FY22 guidance at this time
- Importantly, we highlight the resilience of the IVE business over the last 18 months, the Company expects this resilience to continue during this current period of COVID-19 disruption

Looking forward

- Revenue growth is expected across the business over the next 12-24 months, driven by post lockdown economic recovery, and further improved market positioning in key sectors
- Heightened operating leverage across the business will contribute to earnings growth as revenue returns
- $30-40m available to drive earnings accretive growth initiatives:
  - Lasoo investment and amplification
  - Expansion into adjacencies (fibre based packaging and 3PL)
  - Acquisitions (strategic and/or bolt on)
  - Target ROFE in excess of 15%
- Capital management
  - Share buyback to remain in place
  - Dividend policy unchanged
- Capital expenditure
  - FY22 capital expenditure expected to be circa $10m excluding Lasoo investment of $3.5m
  - Capital expenditure to continue at approximately 60% of annual depreciation

OPERATING AND FINANCIAL REVIEW (CONT.)

ENVIRONMENTAL, SOCIAL & CORPORATE GOVERNANCE

There is a growing interest from our customers and investors in the issues surrounding Environmental, Social and Governance (ESG) for companies, their employees and their supply partners. The Board recognises these developments and continues to refine and adapt our approach in this area. We will continue to enhance our reporting and to expand our deliberate approach.

9. PEOPLE AND CULTURE

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

The impacts and challenges of the pandemic continued throughout FY21, and we wanted to acknowledge the fantastic efforts and contribution of all of our employees in successfully meeting these impacts and challenges.

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

The business has also maintained a close focus on workload impacts across FY21 due to the pandemic. Again, our employees have been fantastic in their co-operation to assist the business to successfully meet these challenges. In particular, we have seen great co-operation from employees in assisting with leave taking from time to time, and especially so in Q1 when the impacts of the pandemic were most strongly felt.

ive care

We are exceptionally proud of our people. Our IVE Care program aims to help our people, through recognition and support, to achieve their personal and professional goals. Designed to create an environment that embraces our diverse workforce, our employee wellbeing program provides our 1,600+ employees access to a wide range of benefits, including:

Health and wellbeing

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

Education, information programmes and health and wellbeing campaigns are also made available to assist employees in making changes for a healthier lifestyle. As a result of awareness initiatives, access to our EAP has increased by 50% over the past 18 months. Flu vaccinations were again offered across the IVE business during FY21. The business conducted an employee awareness initiative aligned to RUOK day.

Lifestyle benefits

IVE Rewards program provides our employees and their families the opportunity to stretch their dollar further through significant savings at all of their favourite retailers. Our employees spent more than $1.3m through this program across FY21, yielding savings of close to $80k.

Wealth and security

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

Personal, family and community

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

Diversity and inclusion

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

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

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

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

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

In FY20 we ran employee events related to both Pride Week and International Women's Day and we again partnered with the Australian Network on Disability to participate in their 'Stepping Into' internship program.

10. WORKPLACE HEALTH AND SAFETY (WH&S)

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

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

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

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

OPERATING AND FINANCIAL REVIEW (CONT.)

In FY21 IVE continued to build on engagement with employees with the underlying goal of shifting our people's relationship with workplace health and safety from the transactional and compliance based towards an empowerment relationship where people are encouraged and supported to use informed judgement and sound risk management techniques

In FY21, this was continued through the launch of the 'Who are you staying safe for' campaign – utilising IVE personnel to tell their stories across the business to personalise the safety message.

11. SUSTAINABILITY AND RISK MANAGEMENT

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

Modern slavery, involves the exploitation of human beings, and is completely unacceptable. IVE recognises that we have a responsibility to improve our understanding and mitigate the risks of it occurring within our operations and supply chains and have implemented controls to ensure the integrity of our suppliers.

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

bsi ISO 9001 Quality Management Systems CERTIFIED

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

Ethical sourcing and environmental management

Sedex

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

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

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

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

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

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. These sustainably run forests help prevent the land being sold and lost to non-forest use eg. Agriculture or infrastructure development.

The benefits of 'forest land' include prevention of soil erosion, improved water quality – fighting salinity, providing habitat for native birds and wildlife and reducing the use of fertiliser and chemicals. Forests are also an important source of CO2 capture, acting as a 'carbon sink' – taking more carbon dioxide out of the atmosphere than they produce.

The industry is a leading recycler as 87% of paper is recovered for recycling in Australia, a substantial increase from 28% in 1990. [Specifically 77% of catalogues are recycled (Australasian Catalogue Association 2014)*]. Recycling complements the need for virgin wood fibre, further supporting the growth in fibre based packaging as an environmentally sustainable alternative to plastic.

Around 70% of our paper requirement is sourced offshore as the Australian paper we use is quite specific in nature. We source paper from North America, Finland, Sweden, Germany, South Korea and China.

Though we have seen a proliferation of electronic screens across society, findings conclude that 74% of consumers prefer to read from paper than from screens and 71% enjoy the tactile nature of paper. Consumers also fundamentally believe that when sourced from sustainably managed forests, paper and print remain a sustainable way to communicate.

Source: "The Attractiveness and Sustainability of Paper and Print" – Two Sides survey July 2016

Data security

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

In 2021, IVE completed a group wide full infrastructure upgrade which demonstrates our commitment to continual investment and improvement in the confidentiality, integrity and availability of our information systems and the future growth of our business.

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

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

OPERATING AND FINANCIAL REVIEW (CONT.)

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 May 2021, 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
Pandemic	Failure to respond and recover from the effects of the COVID-19 pandemic resulting in the potential loss of employee health, suppliers and customers.	IVE will take a balanced approach to the risks associated with changes in the macro environment. The level of risk taken will be planned for each risk event. This will be measured by monitoring: • employee health, • the revenue to budget in customer sectors, • increased debtor days, forward bookings; and • economic indicators.	• Manage work from home for employees wherever possible/ monitor employee's health, additional cleaning at sites, provide hand sanitiser and temperature checks, split shifts • Pandemic/Business Continuity Plans (BCP), identification of Key Customers/Suppliers/Staff & Functions, site redundancy, staff stand downs, revenue and cost forecast management • Essential service support for clients/supply chain mitigation • IVE COVID-19 Site Safety Procedure
Environment	**Environmental, Social, and Governance (ESG)** Environmental damage and impact caused by IVE's operations, for example emissions or discharges to land and water and to adequately report on environmental and social damage. Pressure from investors due to lack of disclosure and policy to support ESG.	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.	• BCP & DRP plans, site redundancy, staff stand downs, revenue, and cost forecast management • 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 • Due Diligence on suppliers • Use of bigger, reputable suppliers

Key Risk	Description	Risk Appetite	Mitigation
External macro-economic factors	Reduced general economic conditions across Australia, lower employment levels and deterioration in consumer confidence may reduce demand for marketing and communications services and products.	IVE will take a balanced approach to the risks associated with changes in the macro environment. The level of risk taken will be planned for each risk event. This will be measured by monitoring: • the revenue to budget in customer sectors, • increased debtor days' forward bookings; and • economic indicators	• Monitor pricing in the market • Continuous engagement with customers • Driving consistent and high-level customer service • Ensure flexibility in operating model across multiple sites
Competition	Increased competitive behaviour in various market segments.	IVE will take risks in response to competition and the competitive environment that represents 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.	• Monitor pricing in the market • Continuous engagement with customers • Driving consistent and high-level customer service • Participate in industry consolidation if the opportunity meets appropriate risk and return parameters
IT, Systems & Security	**Cybersecurity** Failure to protect the business from ransomware, phishing, data leakage, hacking or insider threat.	IVE has no appetite and will avoid all risk events associated with Cybersecurity risk. This will be measured by data breaches or incidents, client audit failures or negative public relations.	• ISO 27001 certified • External Penetration Testing conducted annually • Quarterly Vulnerability Scans • Restricted Firewalls • Appropriate level of Cyber Information Security Policies • Improved technologies and software
Supply Chain	**Supply Chain Volatility** Disruption to the availability of key inputs and/or sustained price increases*	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.	• Inputs readily available through multitude of suppliers • Ability 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.

OPERATING AND FINANCIAL REVIEW (CONT.)

Climate risks

Risks elevated within the risk register included the effects of climate change and the impact on the supply chain through the past year, with Australia experiencing bushfires and floods, and more recently a pandemic.

IVE's business portfolio is diverse and is supported by a portfolio of relatively fixed, long life assets across a number of locations. This diversity of portfolio strongly positions the Company to mitigate and manage its exposure to physical climate risks and to maximise the business opportunities it may present.

IVE's major supply chains are also diversified across multiple regions – especially our paper supplies which are drawn from multiple destinations in Europe, Asia, the United States and locally in Australia.

It is IVE's intention to further analyse the potential for climate change risk and the impacts of such risks, as well as regulation and legislation developments, known as 'transition risks' specifically related to climate change, as part of our regular Risk Review. This analysis would include the environmental factors such as water and energy usage, supply chain diversity, transportation and physical risks which form part of our current certifications in Environment, Quality and Information Security and any transition risks that may affect IVE's business or suppliers.

12. ADDITIONAL INFORMATION

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For further information contact:

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Darren Dunkley
Chief Financial Officer
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DIRECTORS' REPORT

For the year ended 30 June 2021

The directors present their report together with the consolidated financial statements of the Group comprising of IVE Group Limited (the Company), and its subsidiaries (the Group) for the financial year ended 30 June 2021 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, multi-channel solutions, and call centre services;
- 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 2021 was $29,481 thousand (2020: loss after tax of $20,189 thousand). A review of operations and results of the Group for the year ended 30 June 2021 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 7.0 Australian cents per share, fully franked, to be paid on 14 October 2021 to shareholders on the register at 15 September 2021.

Total dividends of $10,282 thousand were declared and paid by the Company to members during the 2021 financial year. Further details on dividends are included in Note 21 of the Financial Report.

Significant changes in the state of affairs

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

DIRECTORS' REPORT (CONT.)

For the year ended 30 June 2021

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
Geoff Bruce Selig *Executive Chairman* *Appointed: 10 June 2015*	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. 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. Geoff holds a Bachelor of Economics from Macquarie University and is a member of the Australian Institute of Company Directors.
Gavin Terence Bell *Independent Non-executive Director* *Appointed: 25 November 2015*	Gavin is an experienced director, executive and lawyer. Gavin is currently a director of Smartgroup Corporation Limited (ASX: SIQ). 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. Gavin holds a Bachelor of Laws from the University of Sydney and a Master of Business Administration from the AGSM, University of New South Wales. **Committee:** Chair of the Nomination & Remuneration Committee and Member of the Audit, Risk & Compliance Committee.
Carole Louise Campbell *Independent, Non-executive Director* *Appointed: 21 November 2018* *Ceased: 24 November 2020*	Carole Campbell is a professional company director with more than 30 years' experience across a diverse range of industries including professional services, financial services, media, mining and industrial services. Carole commenced her career with KPMG and has held executive roles with Macquarie Group, Westpac Institutional Bank, Seven West Media, Bis Industries and Merivale. Carole is a Non-Executive Director and Chair of Audit Committee of FlexiGroup Limited (ASX: FXL) and Deputy Chair of Council and Chair of the Finance, Audit and Risk Management Committee of the Australian Film Television and Radio School. She is also a Non-Executive Director of The Sydney Film Festival. Carole is a Fellow of Chartered Accountants Australia and New Zealand (FCA) and a Graduate Member of the Australian Institute of Company Directors (GAICD). **Committee:** Chair of the Audit, Risk & Compliance Committee
Sandra Margaret Hook *Independent Non-executive Director* *Appointed: 1 June 2016*	Sandra has a track record in driving customer-centred business transformation and transitioning traditional organisations in rapidly evolving environments. She has extensive operational, digital, financial management and strategic experience built over 25 years as a CEO and in senior executive roles for some of Australia's largest media companies including News Limited, Foxtel, Federal Publishing Company, Murdoch Magazines and Fairfax. Since 2000 she has also served as a non-executive director on listed, public and private companies and government bodies. Sandra is currently director of digital/technology companies RXP Services Ltd (ASX: RXP), MedAdvisor Ltd (ASX: MDR) and Redhill Education Limited (ASX: RDH) as well as the Sydney Fish Market and CRC Fight Food Waste. She is a trustee of the Sydney Harbour Federation Trust. **Committees:** Member of the Nomination & Remuneration Committee

Director	Experience, special responsibilities and other directorships
Paul Stephen Selig *Executive Director* *Appointed:* *10 June 2015*	Paul's career commenced in banking and treasury management before moving into the print and marketing communications sector over 25 years ago. He has been a director of the Company since 2012, and appointed to IVE Group Limited on its incorporation in 2015. Paul is an experienced director and investor having run the Caxton Group family office for over 15 years. 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.
James Scott Charles Todd *Independent Non-executive Director* *Appointed:* *10 June 2015*	James is an experienced company director, corporate adviser and investor. He commenced his career in investment banking and has taken active roles in a range of private and public companies. He was until recently Managing Director of Wolseley Private Equity, an independent private equity firm he co-founded in 1999. James is also a Non-Executive Director of three other ASX listed companies, HRL Holdings Limited (ASX: HRL), Coventry Group Limited (ASX: CYG) and Bapcor Limited (ASX: BAP). James holds a Bachelor of Commerce and a Bachelor of Laws from the University of New South Wales, and a Graduate Diploma of Applied Finance from the Financial Services Institute of Australasia (FINSIA), where he is a Fellow. He is also a member of the Australian Institute of Company Directors. **Committees:** Member of the Audit, Risk & Compliance Committee and Nomination & Remuneration Committee.
Catherine Ann Aston *Independent, Non-executive Director* *Appointed:* *15 December 2020*	Cathy is an internationally experienced executive and non-executive director across a diverse range of sectors including telecommunications, digital, government and financial services. She has a broad commercial background with senior roles including CEO, CFO, marketing, strategy and digital business. Cathy is currently a director of Macquarie Investment Management Ltd, IMB Bank Ltd (Chair, Risk Committee) and Over The Wire Ltd (ASX: OTW; Chair, Audit and Risk Committee) Cathy holds a Bachelor of Economics from Macquarie University and a Master of Commerce from the University of NSW. She is a Senior Fellow of the Financial Services Institute of Australasia and a graduate of the Australian Institute of Company Directors. **Committees:** Chair of the Audit, Risk and Compliance Committee, Member of the Nomination and Remuneration Committee.

DIRECTORS' REPORT (CONT.)

For the year ended 30 June 2021

Company Secretaries

Sarah Prince

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

Darren Dunkley

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

Naomi Dolmatoff

Naomi was appointed as joint Company Secretary on 26 March 2019 and resigned effective 25 November 2020. Naomi is an experienced Company Secretary and has worked with ASX-listed entities in the financial services, technology, telecommunications and mining and resources industries. Naomi holds a Bachelor of Commerce (Finance) with distinction and a Graduate Diploma in Applied Corporate Governance. Naomi is also an Associate of both the Governance Institute of Australia and the Chartered Governance Institute (UK).

Meetings of Directors

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

	Board		Audit, Risk & Compliance Committee (ARCC)		Nominations & Remuneration Committee (NRC)		Other Committees	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Geoff Selig	17	17	-	-	-	-	2	2
Gavin Bell	17	16	4	4	5	5	-	-
Sandra Hook	17	17	-	-	5	5	-	-
Paul Selig	17	17	-	-	-	-	-	-
James Todd	17	16	4	4	5	5	-	-
Carole Campbell*	7	7	1	1	-	-	1	1
Catherine Aston**	7	7	2	2	-	-	1	1

* Carole Campbell resigned as a director of the Company on 24 November 2020.
** Catherine Aston was appointed as a director of the Company on 15 December 2020.

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 51).

Environmental regulation

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

Events subsequent to reporting date

Aside from below, 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.

On 6 August 2021, the Group voluntarily repaid $50,000 thousand, and cancelled $35,000 thousand of the available facility. The Group also terminated an interest rate swap hedge entered earlier in the year.

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 2021. 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 2022. Such insurance contracts insure against certain liability (subject to specific exclusions) for persons who are or have been directors or executive officers of the Company.

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

DIRECTORS' REPORT (CONT.)

For the year ended 30 June 2021

Remuneration Report (Audited)

Introduction

This Remuneration Report (**Report**), which has been audited, describes the Key Management Personnel (**KMP**) remuneration arrangements for the 12 months ended 30 June 2021 for IVE Group, in accordance with the *Corporations Act 2001* (Cth) (**Corporations Act**) and its regulations.

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

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

The 2021 financial year (**FY21**) saw the continuation of the economic, social and health impacts of the COVID-19 pandemic. Our shareholders, employees and clients continued to be impacted and market conditions remained very challenging. In this context, the financial and non-financial performance of the Company during 2021 was strong.

The Company was well positioned at the commencement of the pandemic. The changes we implemented during 2020 and 2021 further helped us to address the pandemic. We were also very well served by the outstanding leadership shown by the leadership team.

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

No changes were made to the overall KMP remuneration framework for FY21. The potential STIP payments to the Chief Executive Officer (**CEO**) and Chief Financial Officer (**CFO**) were increased to $300,000 and $180,000 respectively to better reflect market remuneration and to increase the proportion of performance related remuneration. These changes were consistent with external benchmarking undertaken during FY20. No other change was made to the remuneration package of any other KMP and none is proposed for FY22.

The performance of the Company and the leadership shown by the leadership team is reflected in the remuneration outcomes for FY21.

The Company achieved an EBITDA result of $100.2M on an underlying basis including JobKeeper and post AASB16. This resulted in the target for the payment of the key financial component of the Short Term Incentive **(STI)** being achieved. The majority of the non-financial performance measures were also satisfied. This included measures and targets including but not limited to WHS, net working capital and various strategic business initiatives.

The STI outcomes for the Executive Chair, CEO and CFO ranged from 85% to 90%. Further details of payments and the STI's are provided later in this Report.

The 2018 Long Term Incentive (**LTI**) grant reached the end of its three-year vesting period on 30 June 2021. None of the relevant rights vested as the TSR and EPS performance conditions were not met. The EPS condition, in particular, was heavily influenced by the impact of the pandemic across the last two years of the vesting period.

At the 2020 Annual General Meeting, only 41.9% of the shares on issue were cast in relation to the adoption of the Remuneration Report for the year ended 30 June 2020. Of those votes cast, 57.70% voted in favour of adoption of the Remuneration Report and 42.30% of votes cast voted against the resolution. The votes cast against the resolution represented only 17.7% of the total share register. However, as more than 25% of the votes cast voted against the resolution, the vote constitutes a 'first strike' for the purposes of the Corporations Act.

We have consulted with both investors and proxy advisors to understand their views on the Remuneration Report. Representatives of the majority of the shares which were voted against adoption have informed us that the reasons they voted against adoption were not primarily related to the Remuneration Report. We did however receive some feedback from a limited number of shareholders and proxy advisors in relation to the Remuneration Report. Key aspects of this feedback and the actions we propose to take in response are set out below. This needs to be considered in the context of the majority of voting shareholders having voted in favour of the adoption of the Remuneration Report.

Remuneration element	Issue raised	Response
Remuneration quantum	Senior executive and director remuneration is high relative to EPS growth	Executive remuneration has been externally benchmarked and is market based and there has only been one increase to director fees since the Company listed in 2015 (some feedback incorrectly suggested there had been two increases). The Board feels remuneration levels are appropriate for the size and complexity of the Company.
	Remuneration reductions in FY20 should have been higher	The reductions were significant and voluntary and the Board feels they were appropriate in the circumstances.
STI	The specific performance conditions for the STI should be disclosed	The STI was suspended in FY20 and no payments were made. The performance conditions for the FY21 STI are included in this Report.
LTI	The EPS growth performance condition for the LTI is not sufficiently challenging	The Board feels that the performance condition is appropriate in the context of the current challenging market conditions.

The Board will continue to review the effectiveness of the Company's remuneration practices and to ensure they are appropriately benchmarked and they align with strategic performance objectives, to appropriately rewards 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 FY21 financial performance was impacted by the unprecedented global COVID-19 pandemic. This is in the context of a competitive market and challenging macro-economic environment. The Board believes that the remuneration outcomes for the Executive KMP for the 2021 financial year reflect this and satisfy the goals of the remuneration framework.

DIRECTORS' REPORT (CONT.)

For the year ended 30 June 2021

The remuneration report contains the following sections:

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

Who this report covers

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

	Role
Non-Executive Directors	
Gavin Bell	Independent Non-Executive Director
Carole Campbell	Independent Non-Executive Director (resigned 24 November 2020)
Sandra Hook	Independent Non-Executive Director
James Todd	Independent Non-Executive Director
Catherine (Cathy) Aston	Independent Non-Executive Director (appointed 15 December 2020)
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

Overview of IVE Group's remuneration framework for Executive KMP

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

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

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

Governance

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

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

External remuneration consultants

The Terms of Reference for the NRC requires that any remuneration consultants engaged be appointed by the NRC. No remuneration consultants were engaged in FY21.

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. No change was made to the fixed remuneration of any of the Executive KMP during FY21. In addition, the NRC has determined that fixed remuneration for FY22 will stay the same with no increases to be made. This does not include the temporary fixed remuneration salary reduction ranging between 25% – 50% applying to the three months ended 30 June 2020 agreed to by the Executive KMP and Directors.

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 FY21, Executive KMP (excluding Paul Selig) were eligible to receive an STI payment of between 21% and 48% of fixed remuneration. The STI is a cash incentive payment and full payment is conditional on achievement of the following:

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

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

DIRECTORS' REPORT (CONT.)

For the year ended 30 June 2021

The percentage weightings across financial and non-financial targets, and the assessed performance achieved during FY21 for each of the KMP to whom an STI payment was made was as follows:

KMP	Group EBITDA target		Individual financial targets		Non-financial targets		Total	STI achieved
	% Target	% Achieved	% Target	% Achieved	% Target	% Achieved		
Geoff Selig	40.00	40.00	0.00	0.00	60.00	45.00	100.00	85%
Matt Aitken	40.00	40.00	0.00	0.00	60.00	50.00	100.00	90%
Darren Dunkley	40.00	40.00	17.00	17.00	43.00	33.00	100.00	90%

Non-financial KPIs for KMP

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

- Geoff Selig, Executive Chairman

Effective leadership of the Group and Board, the profitable divestment of IVE Telefundraising, successful securing of the Australian Community Media (**ACM**) long term contract including the acquisition of ACM's operation in WA, Workplace Health and Safety targets, effective engagement and management of key relationships in the areas of investor relations, banking and audit.

- Matt Aitken, Chief Executive Officer

Effective leadership of the business, successful securing of the Australian Community Media (ACM) long term contract, Workplace Health and Safety targets, effective oversight of retail display/web offset/DDC MIS projects, further refine the WHS function to lead the deployment of the F21 Group-wide plan, develop business plan to enhance and amplify our Lasoo digital catalogue aggregator business, achieve working capital targets.

- Darren Dunkley, Chief Financial Officer

Effective leadership of Group financial oversight and reporting, the profitable divestment of IVE Telefundraising, successful acquisition of ACM's operation in WA, Workplace Health and Safety targets, active involvement in the implementation of retail display/web offset/DDC/MIS projects, effective leadership of the finance ERP scoping and implementation project, effective engagement and management of key relationships in the areas of investor relations, banking and audit.

The FY21 Actual STI and FY22 maximum STI amounts for Executive KMP are shown in the table on page 41.

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 2018 Annual General Meeting (**AGM**) and will be considered for approval again by shareholders at the 2021 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**); and
- compound annual earnings per share growth based on NPAT (**EPS**) over a three-year performance period.

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 FY21 to the Executive Chairman was approved by shareholders at the 2020 AGM and the Rights to be granted to the Executive Chairman for FY22 will be submitted for approval by shareholders at the 2021 AGM.

The Board has the discretion to amend the future vesting terms and performance hurdles at the grant of each award of Rights to ensure that they are aligned to market practice and ensure the best outcome for IVE Group. The Board also has the discretion to change the LTI Plan and to determine whether LTI grants will be made in future years. There is no-retesting of performance hurdles.

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 to not increase the level of long term incentives for FY22. They will remain in-line with the same quantum agreed in respect of FY19, FY20 and FY21. The NRC believe that the issue of long term equity incentivises and aligns management's remuneration with shareholders' longer term interests.

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

Assessment of performance

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

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

Executive KMP remuneration - paid, vested and targets

The table below presents the STI and LTI paid and vested to Executive KMP during FY20 and FY21. The FY20 STIP was suspended due to the pandemic. Accordingly, all STIP entries for that year are $0. Further detail on remuneration is included in the tables at the end of this Report.

DIRECTORS' REPORT (CONT.)

For the year ended 30 June 2021

All in $		STI		LTI – Number of Rights	
		Maximum	Actual	Granted	Vested
Geoff Selig	FY21	200,000	170,000	384,615	Not applicable (3 year vesting)
	FY20	200,000	0	147,058	Not applicable (3 year vesting)
Matt Aitken	FY21	300,000	270,000	384,615	Not applicable (3 year vesting)
	FY20	150,000	0	147,058	Not applicable (3 year vesting)
Darren Dunkley	FY21	180,000	162,000	288,461	Not applicable (3 year vesting)
	FY20	80,000	0	110,294	Not applicable (3 year vesting)
Paul Selig	FY21	0	0	0	Not applicable
	FY20	0	0	0	Not applicable

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

Proportions of fixed and variable remuneration

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

As shown below, no changes are proposed to Executive KMP remuneration for FY22 following the assessment of performance, and the annual review of fixed remuneration and STI and LTI targets. There were also no changes during FY21 other than increases to the FY21 STI of the CEO and the CFO which were designed to incentivise performance in what remains an uncertain period. The apparent increase in fixed remuneration from FY20 to FY21 reflects the voluntary temporary reductions in remuneration during FY20 and the promotion of the CEO.

All in $	Fixed Remuneration[1]			STI			LTI		
	FY20 Actual	FY21 Actual	FY22 Agreed	FY20 Actual[5]	FY21 Actual	FY22 Maximum	FY20 Grant[2]	FY21 Grant[2]	FY22 Grant[2]
Geoff Selig	835,566	952,000	952,000	0	170,000	200,000	200,000	200,000	200,000[3]
Matt Aitken[6]	537,864	640,000	640,000	0	270,000	300,000	200,000	200,000	200,000
Darren Dunkley	400,971	420,000	420,000	0	162,000	180,000	150,000	150,000	150,000
Paul Selig[4]	289,794	330,000	330,000	0	0	0	N/A	N/A	N/A

1 Fixed remuneration includes superannuation and excludes annual leave loading.

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

3 FY22 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.

5 The STI was suspended during FY20.

6 Matt Aitken was appointed CEO on 5 August 2019.

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 2018. This is consistent with the required accounting treatment of rights and the basis on which the KMP remuneration arrangements were agreed. The Board recognises that some stakeholders advocate the use of the face value method to determine the value of performance rights. A face value approach does not take into account the risk that rights may not vest and that the rights are not entitled to dividends. In a year where there is no change to remuneration arrangements, a move to a face value approach would effectively reduce the Executive KMP's remuneration.

The Executive KMP's remuneration arrangements were agreed assuming a fair value approach. The FY22 LTI will again use a fair valuation calculation to determine the quantity of performance rights to be granted to Executive KMP. Given the significant volatility in the Company's share price since March 2020 to the date of this report as a result of the COVID-19 pandemic, the Board agreed that the measurement date for the fair valuation report will be based on the volume weight average price of the 20 trading days following the release of the Company's full year 2021 results, as was done in 2020. 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 FY21 LTI grant for each of the Executive KMP would be as indicated in the table below. The number of performance rights to be granted under the FY22 LTI will be determined and reported in the 2022 remuneration report.

	FY21 Fair Value (No. of rights)	FY21 Face Value[1] (No. of rights)
Geoff Selig	384,615	232,558
Matt Aitken	384,615	232,558
Darren Dunkley	288,461	174,975
Paul Selig	0	N/A

1 Based on the closing share price on 1 July 2020 of $0.86 per share.

DIRECTORS' REPORT (CONT.)

For the year ended 30 June 2021

How reward is linked to performance

Performance indicators and link to performance

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

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

Performance rights granted to KMP in 2017 under the FY18 LTI reached their vesting date during FY21. Of these, NIL performance rights granted to KMP vested and 111,485 unvested performance rights lapsed in accordance with the IVE Group Equity Incentive Plan rules as set out below:

	Total LTI Grant FY18	60% of Performance Share Rights Earnings Per Share Target (EPS)	40% of Performance Share Rights Relative Total Shareholder Return (TSR)	Vested	Lapsed
Geoff Selig	0	N/A	N/A	N/A	N/A
Matt Aitken	60,810	36,486	24,324	0	60,810
Darren Dunkley	50,675	30,405	20,270	0	50,675
Paul Selig	N/A	N/A	N/A	N/A	N/A
	111,485	**66,891**	**44,594**	**0**	**111,485**

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 FY18 to FY20 was less than 90% of the EPS Target. Accordingly, none of the EPS tranche of performance rights vested.

IVE Group was ranked as 17 (38.46 percentile) compared to the relevant FY18 LTI peer group as at 30 June 2020. Accordingly, none of the TSR tranche of performance rights vested.

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

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

	FY15	FY16	FY17	FY18	FY19[4]	FY20[3]	FY21
Revenue ($m)	337.4	382.0	496.6	695.4	723.6	677.4	656.7
EBITDA ($m)	30.9	42.8	55.2	73.2	82.0	57.3	59.3
Net profit after tax ($m)	9.7	20.9	24.6	32.4	33.0	18.5	19.9
Dividend payment (cents per share)[1]	N/A	N/A	12.7	15.5	16.3	0.0	0.14
Dividend payout ratio[1, 5]	N/A	N/A	69%	71%	71%	0%	67%
Share price change ($)[2]	N/A	N/A	(0.043)	+0.162	(0.23)	(1.26)	+0.655
EPS (NPAT)	N/A	0.267	0.232	0.227	0.228	0.125	0.135
EPS (NPATA)	N/A	0.286	0.258	0.252	0.253	0.152	0.162

The above results are prepared on an underlying continuing business basis, pre AASB 16. 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 Only applicable post-listing on ASX.

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

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

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

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

Grant of Performance Share Rights

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

On 25 November 2020, offers were made granting 1,884,613 performance rights under the Senior Leadership Team Plan. Of these, 384,615 were granted to Geoff Selig for which approval for the issue was obtained under ASX Listing Rule 10.14 at the 2020 Annual General Meeting. These Rights vest following the release of the FY23 financial results if certain performance conditions are met during the Performance period which is 1 July 2020 to 30 June 2023.

In total there were 3,061,076 unvested Rights at 30 June 2021 from the FY19, FY20 and FY21 offers.

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

DIRECTORS' REPORT (CONT.)

For the year ended 30 June 2021

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

Feature	Terms of the IVE Group Equity Incentive Plan
Type of security	Performance Share Rights which are an entitlement to receive fully paid ordinary IVE Group Limited shares (as traded on the ASX) on a one-for-one basis.
Valuation	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. 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.
Performance Period	The Performance Period is the three-year period 1 July to 30 June inclusive.
Performance Conditions	The number of Performance Share Rights that may vest will be determined by reference to: • 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 adjusted for amortisation of customer contracts (**NPATA**) divided by the undiluted weighted average shares on issue throughout the Performance Period, using the following formula: $\text{EPS CAGR} = \sqrt[3]{\left(\frac{Year\ 3\ EPS}{Year\ 0\ EPS}\right)} - 1$ (Benchmark 1); and • 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 FY20 offer is the ASX Small Ordinaries Index. The TSR of each company will be measured from the start of the Performance Period to the end of the Performance Period (Benchmark 2), (collectively the **Performance Conditions**). 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.
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	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). 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. The only exception to the lapse of rights if for a Good Leaver reason detailed below: • 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. The Board has discretion to allow vesting for other reasons, such as retirement or redundancy.
Clawback	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.

TSR Peer Group for FY21 Offer

The peer group for FY2021 differs to previous years where the Board sought to include similar companies and, in addition to their size, considered characteristics such as being a direct competitor, operating in a similar industry or sector, generating revenue in Australia only, being exposed to domestic economic conditions including consumer spending and marketing spend.

Due to changes in the market and the lack of material numbers of useful comparator companies, the peer group chosen for the FY 2021 grant are the companies who are included in the ASX Small Ordinaries Index at the commencement of the performance period, being 1 July 2020.

Non-Executive Director Remuneration

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

Directors receive fees for their role as members of the Board and, where applicable, for additional responsibilities. Non-Executive Directors do not receive additional fees for being a Chair or member of a Board Committee. Non-Executive Directors do not receive any variable or performance-based remuneration. Where Directors are required to provide additional services, these are paid on a fixed fee basis or determined on an hourly basis depending on the nature of the service. There were no additional services provided in FY21 by Non-Executive Directors.

DIRECTORS' REPORT (CONT.)

For the year ended 30 June 2021

During FY21, the Board did not increase fees paid to Non-Executive Directors and no increase is proposed for FY22. As set out earlier, this follows Non-Executive Directors agreeing to a temporary fee reduction of 50% applying to the three months ended 30 June 2020, as a result of COVID-19 and is reflected in the remuneration paid in the 2020 financial year. The current annual fees provided to Non-Executive Directors are shown below (inclusive of superannuation):

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

The total Non-Executive Director fee pool has a maximum value of $1 million per annum. The total amount paid to Non-Executive directors in FY21 was $414,072, being 41% of the approved fee pool. There is no intent to seek approval to increase the Non-Executive Director fee pool at the 2021 AGM.

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

Executive Directors are not remunerated separately for acting as Directors.

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

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

Contractual arrangements with Executive KMPs

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

DIRECTORS' REPORT (CONT.)

For the year ended 30 June 2021

Details of Remuneration

The table below provides remuneration prepared for on a statutory basis for directors and Executive KMPs year ended 30 June 2021 (except as noted below).

		Fixed Remuneration			Variable Remuneration				
Name	**Year**	**Cash, salary and fees[3]**	**Super-annuation**	**Other long term benefits**	**Short term incentive**	**Fair value of LTI award[4]**	**Total**	**Total performance related**	**Percentage performance related**
Executive Directors									
Geoff Selig	2021	930,306	21,694	0	170,000	58,556	1,180,556	228,556	19.4%
	2020	814,564	21,003	0	0	39,472	875,038	39,472	4.5%
Paul Selig	2021	308,306	21,694	0	0	0	330,000	0	0.0%
	2020	270,373	19,421	0	0	0	289,794	0	0.0%
Non-executive Directors									
Gavin Bell	2021	105,000	0	0	0	0	105,000	0	0.0%
	2020	91,875	0	0	0	0	91,875	0	0.0%
Carole Campbell[1]	2021	38,479	3,656	0	0	0	42,135	0	0.0%
	2020	83,904	7,971	0	0	0	91,875	0	0.0%
Sandra Hook	2021	95,890	9,110	0	0	0	105,000	0	0.0%
	2020	83,904	7,971	0	0	0	91,875	0	0.0%
James Todd	2021	95,890	9,118	0	0	0	105,008	0	0.0%
	2020	83,904	7,971	0	0	0	91,875	0	0.0%
Cathy Aston[2]	2021	51,989	4,939	0	0	0	56,928	0	0.0%
	2020	0	0	0	0	0	0	0	0.0%
Other Executive KMP									
Darren Dunkley	2021	403,131	21,694		162,000	45,155	631,980	207,155	32.8%
	2020	379,968	21,003		0	48,382	449,353	48,382	10.8%
Matt Aitken	2021	618,306	21,694		270,000	60,041	970,041	330,041	34.0%
	2020	516,861	21,003		0	36,904	574,768	36,904	6.4%

1 Carole Campbell was appointed as a Director on 21 November 2018 and resigned effective 25 November 2020.

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

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

4 2021 Fair value of LTI award is net of FY18 shares which lapsed during the year .(as noted in table below relating to FY18). Fair value of LTI reflects accounting impacts during period, NIL shares actually vested/paid

Rights granted to Executive KMP

FY21

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

FY20

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

DIRECTORS' REPORT (CONT.)

For the year ended 30 June 2021

FY19

KMP	Number of rights granted in FY19	Vesting conditions	Grant date	Fair value at grant date	Expiry date
Geoff Selig	130,718	Relative TSR and Compound annual EPS growth over 3 years	21 November 2018	$200,000	After vesting following release of FY21 financial results. Any unvested Rights expire.
Matt Aitken	130,718	Relative TSR and Compound annual EPS growth over 3 years	21 November 2018	$200,000	After vesting following release of FY21 financial results. Any unvested Rights expire.
Darren Dunkley	98,039	Relative TSR and Compound annual EPS growth over 3 years	21 November 2018	$150,000	After vesting following release of FY21 financial results. Any unvested Rights expire.

FY18

Performance rights granted to KMP under the FY18 LTI vested during FY21. Of these, nil performance rights vested and 111,485 unvested performance rights lapsed in accordance with the IVE Group Equity Incentive Plan rules.

KMP	Number of rights granted in FY18	Vesting conditions	Grant date	Fair value at grant date	Expiry date	Lapse
Matt Aitken	60,810	Relative TSR and Compound annual EPS growth over 3 years	17 November 2017	$90,000	After vesting following release of FY20 financial results. Any unvested Rights expire.	60,810 unvested performance rights lapsed.
Darren Dunkley	50,675	Relative TSR and Compound annual EPS growth over 3 years	17 November 2017	$75,000	After vesting following release of FY20 financial results. Any unvested Rights expire.	50,675 unvested performance rights lapsed.

Director and Executive KMP Shareholding

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

	Balance at 30 June 2020	Shares received during the period on exercise of Performance Share Rights	Shares acquired	Shares disposed	Balance at 30 June 2021
Executive Directors					
Geoff Selig, Executive Chairman[1]	12,867,263	-	-	-	12,867,263
Paul Selig[1]	12,910,231	-	-	-	12,910,231
Non-executive Directors					
Gavin Bell	122,697	-	-	-	122,697
Sandra Hook	12,919	-	-	-	12,919
James Todd	122,336	-	-	-	122,336
Carole Campbell[2]	50,000	-	-	-	50,000
Cathy Aston[3]	-	-	5,000	-	5,000
Executive KMP					
Darren Dunkley, CFO and Company Secretary	52,270	-	-	-	52,270
Matt Aitken, Chief Executive Officer	7,032	-	-	-	7,032

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

2 Carole Campbell resigned as a director on 24 November 2020. Holdings under 'Balance at 30 June 2021' are shown as known as at the date of resignation and set out in the Final Director Interest Notice lodged with ASX on 25 November 2020.

3 Cathy Aston was appointed as a Director of the Company on 15 December 2020. Holdings under 'Balance at 30 June 2020' are the holdings as at the date of appointment as set out in the Initial Director's Interest Notice lodged with ASX on 15 December 2020.

DIRECTORS' REPORT (CONT.)

For the year ended 30 June 2021

Loans to directors and executives

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

Shares under option

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

Shares under performance rights

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

In total there were 3,061,076 unvested Rights at 30 June 2021.

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 2020 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, KPMG, the Group's auditor has performed certain other services in addition to its statutory duties. The Board has considered the non-audit services provided during the year by the auditor, and, in accordance with the advice received from the Audit Committee, is satisfied that:

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

Details of the amounts paid to the auditor of the Group, KPMG, for audit and non-audit services provided during the year are set out in Note 31 of the Financial Report.

Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 54 and forms part of the directors' report for the financial year ended 30 June 2021.

Rounding off

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

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

Geoff Selig

Geoff Selig
Director

Dated at Sydney this 25th day of August 2021

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 2021 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.

KPMG

KPMG

Daniel Camilleri

Partner

Sydney

25 August 2021

FINANCIAL REPORT

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2021

In thousands of AUD	*Note*	2021	2020 Restated*
Continuing operations			
Revenue	*4*	**656,457**	**677,362**
Cost of sales		(340,465)	(364,382)
Gross profit		315,992	312,980
Other income	*5*	724	168
Production expenses		(147,224)	(151,121)
Administrative expenses		(115,602)	(109,706)
Other expenses		(4,831)	(52,021)
Results from operating activities		**49,059**	**300**
Finance income		517	149
Finance costs		(12,644)	(10,812)
Net finance costs	*8*	(12,127)	(10,663)
Profit/(loss) before tax		**36,932**	**(10,363)**
Income tax expense	*9*	(12,256)	(10,398)
Profit/(loss) from continuing operations		**24,676**	**(20,761)**
Discontinued operation			
Profit from discontinued operation, net of tax*	*33*	4,805	572
Profit/(loss) for the year		**29,481**	**(20,189)**
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)		(361)	(392)
Cash flow hedges – reclassified to profit or loss (net of tax)		493	224
Total other comprehensive income (loss)		132	(168)
Total comprehensive income/(loss) for the year		**29,613**	**(20,357)**
Profit/(loss) attributable to:			
Owners of the Company		29,481	(20,189)
Profit/(loss) for the year		**29,481**	**(20,189)**
Total comprehensive income/(loss) attributable to:			
Owners of the Company		29,613	(20,357)
Total comprehensive income/(loss) for the year		**29,613**	**(20,357)**
Earnings per share			
Basic earnings (loss) per share (dollars)	*22*	0.20	(0.14)
Diluted earnings (loss) per share (dollars)	*22*	0.20	(0.14)
Basic earnings (loss) per share (dollars) – continuing operations	*22*	0.17	(0.14)
Diluted earnings (loss) per share (dollars) – continuing operations	*22*	0.17	(0.14)

*The comparative consolidated statement of profit or loss and other comprehensive income has been restated to show the discontinued operation separately from continuing operations (see Note 33).

The notes on pages 60 to 101 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

In thousands of AUD	*Note*	2021	2020 Restated*
Assets			
Cash and cash equivalents	*10*	106,474	51,640
Trade and other receivables	*11*	100,408	103,590
Inventories	*12*	43,844	56,267
Prepayments		4,174	3,654
Contract asset	*4*	1,056	521
Financial asset		1,762	-
Other current assets		647	2,519
Total current assets		**258,365**	**218,191**
Deferred tax assets	*9*	14,961	15,295
Property, plant and equipment	*13*	100,122	107,132
Right of use assets	*14*	96,228	115,548
Intangible assets and goodwill	*15*	131,085	145,069
Total non-current assets		**342,396**	**383,044**
Total assets		**600,761**	**601,235**
Liabilities			
Trade and other payables	*16*	92,795	84,028
Lease liabilities		27,937	34,343
Loans and borrowings	*17*	2,791	3,102
Employee benefits	*18*	18,850	16,996
Contract liabilities	*4*	8,263	5,805
Current tax payable		3,283	3,252
Provisions	*19*	-	993
Total current liabilities		**153,919**	**148,519**
Loans and borrowings	*17*	167,044	169,855
Lease liabilities		91,823	108,084
Employee benefits	*18*	6,568	6,700
Provisions	*19*	4,745	3,575
Total non-current liabilities		**270,180**	**288,214**
Total liabilities		**424,099**	**436,733**
Net assets		**176,662**	**164,502**
Equity			
Share capital	*21*	149,066	156,502
Reserves		(185)	(582)
Retained earnings		27,781	8,582
Total equity		**176,662**	**164,502**

The notes on pages 60 to 101 are an integral part of these consolidated financial statements.

*Refer to Notes 13 and 15 on 2020 restatements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2021

In thousands of AUD	*Note*	Share capital	Share-based payment reserve	Hedging reserve	Retained earnings	Total equity
Balance at 1 July 2019		156,468	119	(612)	49,832	205,807
Initial application of AASB 16		-	-	-	(9,649)	(9,649)
Adjusted balance 1 July 2019		**156,468**	**119**	**(612)**	**40,183**	**196,158**
Total comprehensive income for the year						
Loss for the year		-	-	-	(20,189)	(20,189)
Other comprehensive loss		-	-	(168)	-	(168)
Total comprehensive income for the year		-	-	(168)	(20,189)	(20,357)
Transactions with owners of the Company						
Performance share rights	*20*	-	79	-	-	79
Issue of share capital	*21*	34	-	-	-	34
Dividends to owners of the Company	*21*	-	-	-	(11,412)	(11,412)
Total transactions with owners of the Company		34	79	-	(11,412)	(11,299)
Balance at 30 June 2020		**156,502**	**198**	**(780)**	**8,582**	**164,502**
Balance at 1 July 2020		156,502	198	(780)	8,582	164,502
Total comprehensive income for the year						
Profit for the year		-	-	-	29,481	29,481
Other comprehensive income		-	-	132	-	132
Total comprehensive income for the year		-	-	132	29,481	29,613
Transactions with owners of the Company						
Performance share rights	*20*	-	265	-	-	265
Share buy back	*21*	(7,436)	-	-	-	(7,436)
Dividends to owners of the Company	*21*	-	-	-	(10,282)	(10,282)
Total transactions with owners of the Company		(7,436)	265	-	(10,282)	(17,453)
Balance at 30 June 2021		**149,066**	**463**	**(648)**	**27,781**	**176,662**

The notes on pages 60 to 101 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2021

In thousands of AUD	*Note*	2021	2020*
Cash flows from operating activities			
Cash receipts from customers		728,932	785,812
Cash paid to suppliers and employees		(618,861)	(686,461)
Cash generated from operating activities		**110,071**	**99,351**
Interest received		202	102
Interest paid		(8,878)	(10,153)
Income tax paid		(12,064)	(8,896)
JobKeeper Payment received		21,521	10,193
Payment of acquisition costs		(403)	(3,570)
Payment of restructure costs		(3,683)	(8,080)
Net cash from operating activities	*10*	**106,766**	**78,947**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		471	880
Acquisition of property, plant and equipment and intangible assets		(9,503)	(10,389)
Acquisitions of businesses, net of cash acquired	*23*	(1,855)	(25,543)
Net proceeds on disposal of business (net of transactions costs)*		15,165	-
Acquisition of financial asset (including transactions costs)		(5,354)	-
Net cash used in investing activities		**(1,076)**	**(35,052)**
Cash flows from financing activities			
Proceeds from bank loans		-	36,000
Repayment of loans and borrowings		(3,234)	(21,135)
Payment of transaction costs for loans and issued capital		-	(237)
Dividends paid		(10,282)	(11,412)
Payment of lease liabilities		(29,904)	(26,972)
Share buy back (net of transaction costs)		(7,436)	-
Net cash used in financing activities		**(50,856)**	**(23,756)**
Net increase in cash and cash equivalents		54,834	20,139
Cash and cash equivalents at beginning of year		51,640	31,501
Cash and cash equivalents at end of year		**106,474**	**51,640**

*The Group has elected to present a statement of cash flows that analyses all cash flows in total – i.e. including both continuing and discontinuing operations, amounts relating to discontinued operations by operating, investing and financing activities are disclosed in Note 33.

The notes on pages 60 to 101 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

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 2021 comprises the Company and its subsidiaries (IVE or Group).

The Group is a for-profit entity. The Group is primary 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, multi-channel solutions, and call centre services;
- Data analytics, customer experience strategy, and CRM; and
- Outsourced communications solutions for large organisations including development of customised multi-channel management models covering creative and digital services, supply chain optimisation, inventory management, warehousing and logistics.

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

2 Basis of preparation

(a) Statement of compliance

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

The consolidated financial statements were authorised for issue by the Board of Directors on 25 August 2021. 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.

(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 2020.

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

2 Basis of preparation (cont.)

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

(i) Judgements

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

- Note 3(e) & (f) – estimation of useful lives of assets
- Note 3(j) – provisions
- Note 25 – Level 2 and 3 fair values of equity securities, interest rate swaps and forward exchange contracts; and
- Note 14 – lease term: whether the Group is reasonably certain to exercise extension options.

(ii) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 30 June 2021 is included in the following notes:

- Note 3(h)(ii) & 15 – impairment testing for cash generating units containing goodwill
- Note 23 – acquisitions: fair value measured on a provisional basis; and
- Note 25 – 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-exiting 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2021

3 Significant accounting policies (cont.)

(a) Business consolidations (cont.)

(ii) Subsidiaries

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

(iii) Transactions eliminated on consolidation

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

(b) Foreign currency

Foreign currency transactions

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

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

(c) Financial instruments

(i) Recognition and initial measurement

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

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

(ii) Classification and subsequent measurement

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

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

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

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

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

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

3 Significant accounting policies (cont.)

(c) Financial instruments (cont.)

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

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

Financial assets at amortised costs

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

Financial liabilities – Classification, subsequent measurement and gains and losses

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

(iii) Derecognition

Financial assets

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

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

Financial liabilities

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

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

(iv) Offsetting

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2021

3 Significant accounting policies (cont.)

(c) Financial instruments (cont.)

(v) Derivative financial instruments and hedge accounting

Derivative financial instruments and hedge accounting

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

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

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

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

Cash flow hedges

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

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

3 Significant accounting policies (cont.)

(d) Share capital

Ordinary shares

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

(e) Property, plant and equipment

(i) Recognition and measurement

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

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

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

- Leasehold improvements shorter of lease term and life of asset
- plant and equipment 3 - 20 years
- fixtures and fittings 5 - 10 years

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

(f) Intangible assets and goodwill

(i) Goodwill

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2021

3 Significant accounting policies (cont.)

(f) Intangible assets and goodwill (cont.)

(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 years
- customer relationships 5-9 years

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

(g) 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.

(h) 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.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

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.

3 Significant accounting policies (cont.)

(h) Impairment (cont.)

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

Measurement of ECLs

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2021

3 Significant accounting policies (cont.)

(h) Impairment (cont.)

(ii) Non-financial assets (cont.)

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

(i) Employee benefits

(i) Defined contribution plans

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

(ii) Other long-term employee benefits

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

(iii) Short-term employee benefits

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

(iv) Share-based payment transactions

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

(j) Provisions

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

(i) Restructuring

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

(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.

3 Significant accounting policies (cont.)

(k) Revenue from contracts with customers

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

Recognising of revenue over-time

The Group is involved in a range of services relating to print, communications, creative and digital services, supply chain optimisation, inventory management, warehousing and logistics.

Revenue is recognised on the rendering of services in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed based on surveys of work performed.

Recognising of revenue at a point in time

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

(l) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contracts 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 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 from external financing sources.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2021

3 Significant accounting policies (cont.)

(i) As a lessee (cont.)

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

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

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

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

The Group presents separately right-of-use assets that do not meet the definition of investment property, and lease liabilities in statement of financial position.

Short-term leases and leases of low-value assets

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

(ii) As a lessor

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

When the Group acts as a lessor, it determines a 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.

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from AASB 16 except for the classification of the sub-lease.

3 Significant accounting policies (cont.)

(m) Finance income and finance costs

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

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

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

(n) Government grants

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

(o) Income tax

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

(i) Current tax

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

(ii) Deferred tax

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2021

3 Significant accounting policies (cont.)

(o) Income tax (cont.)

(iii) Tax exposures

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

(iv) Tax consolidation

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

(p) Good and services tax (GST)

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

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

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

(q) Earnings per share

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

(r) Segment reporting

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

(s) Adoption of new accounting standards and interpretations

The Group has adopted all new and amended Australian Accounting Standards and Australian Accounting Standards Board (AASB) interpretations that are mandatory for the current reporting period and relevant to the Group, other than, the interpretation relating to 'Configuration or Customisation Costs in a Cloud Computing Arrangement', and these other standards and interpretations have not resulted in any material changes to the Group's financial report.

3 Significant accounting policies (cont.)

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

Configuration or Customisation Costs in a Cloud Computing Arrangement

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

The Group's accounting policy has historically been to capitalise all costs related to cloud computing arrangements as intangible assets in the Statement of Financial Position. The adoption of this agenda decision could result in a reclassification of these intangible assets to either a prepaid asset in the Statement of Financial Position and/or an expense in the Statement of Profit or Loss and other Comprehensive Income, impacting both the current and/or prior periods presented.*

As at 30 June 2021:

- The Group has not adopted this IFRIC agenda decision as it has yet to complete its assessment of the impact. The Group expects to adopt this IFRIC agenda decision in its half year financial statements ending on 31 December 2021.
- Intangible assets relating to cloud computing arrangements of approximately $1,000 thousand have been capitalised on the Statement of Financial Position and will be subject to this detailed assessment. In particular, the Group is determining how much of this amount relates to the build of a middle ware owned software that bridges the Group’s source and the cloud software systems. The cost relating the build of middle ware would remain as an intangible asset of the Group.

*As it is impractical to determine the cumulative effect, at the beginning of the current period, of applying a new accounting policy to all prior periods, the Group shall apply the requirement of AASB 101 ‘Accounting Policies, Changes in Accounting Estimates and Errors’ to adjust the comparative information to apply the new accounting policy retrospectively after the detailed assessment is complete from the earliest date practicable being 1 July 2021. Any adjustment required from this change will be made to opening retained earnings.

(t) New standards and interpretations not yet adopted

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2021

4 Revenue

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

(a) Disaggregation of revenue

In thousands of AUD	2021	2020 Restated*
Products and services transferred at a point in time	608,816	626,638
Services transferred over time	47,641	50,724
	656,457	**677,362**

*2020 has been restated to exclude discontinued operations, and to re-classify Distributions revenue of $49,979 thousand from over time to a point in time. The restated disclosure for Distribution has not affected any other section of the consolidated financial statements.

(b) Contract balances

In thousands of AUD	2021	2020
Receivables, which are included in 'Trade and other receivables'	100,530	98,552
Contract assets	1,056	521
Contract liabilities	8,263	5,805

5 Other income

In thousands of AUD	2021	2020
Other income	724	168

6 Personnel expenses

In thousands of AUD	2021	2020
Wages and salaries	153,239	158,273
Contributions to defined contribution plans	12,468	13,096
Share-based payment expense	265	112
	165,972	**171,481**

The Group has credited to wages and salaries $16,241 thousand relating to the JobKeeper Payment scheme (30 June 2020: $16,887 thousand). Refer Note 3(n).

7 Expenses

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

In thousands of AUD	*Note*	2021	2020
Depreciation and amortisation		47,203	45,455
Impairment of goodwill	*15*	-	40,000
Acquisition and transaction costs		973	3,570
Restructuring costs		3,190	8,697

8 Finance income and finance costs

In thousands of AUD	2021	2020
Interest income	202	102
Derivative net change in fair value	315	-
Net foreign exchange gain	-	47
Finance income	**517**	**149**
Interest expense	(9,508)	(10,812)
Financial assets net change in fair value	(3,100)	-
Net foreign exchange losses	(36)	-
Finance costs	**(12,644)**	**(10,812)**
Net finance costs	**(12,127)**	**(10,663)**

9 Taxes

In thousands of AUD	2021	2020 Restated*
Current tax expense		
Current year	12,110	8,000
Changes in estimates related to prior years	(173)	255
	11,937	8,255
Deferred tax expense		
Origination and reversal of temporary differences	319	2,143
Total tax expense	**12,256**	**10,398**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2021

Numerical reconciliation between tax expense and pre-tax accounting profit

In thousands of AUD	2021	2020 Restated*
Profit (loss) before tax	36,932	(10,363)
Tax using the Company's domestic tax rate of 30%	(11,080)	(3,109)
(Non-assessable income)/non-deductible expenses – (net)	1,198	13,085
Changes in estimates related to prior years	(173)	255
Other items (net)	151	167
	12,256	**10,398**

*2020 has been restated to exclude discontinued operations.

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
In thousands of AUD	2021	2020	2021	2020	2021	2020
Property, plant and equipment	-	1,353	(484)	-	(484)	1,353
Right-of-use assets	-	-	(23,440)	(29,146)	(23,440)	(29,146)
Inventories	-	-	(1,342)	(1,510)	(1,342)	(1,510)
Intangible assets	-	-	(4,613)	(5,934)	(4,613)	(5,934)
Lease liabilities	32,061	38,442	-	-	32,061	38,442
Employee benefits	9,148	8,040	-	-	9,148	8,040
Provisions	2,371	2,338	-	-	2,371	2,338
Other items	1,260	1,712	-	-	1,260	1,712
Tax assets/(liabilities)	44,840	51,885	(29,879)	(36,590)	14,961	15,295
Set off of tax	(29,879)	(36,590)	29,879	36,590	-	-
Net deferred tax assets	**14,961**	**15,295**	**-**	**-**	**14,961**	**15,295**

9 Taxes (cont.)

Movement in temporary differences during the year

2021 *In thousands of AUD*	Balance 1 July 2020	Disposal of discontinued operations operation	Acquisition through business combination	Recognised in equity	Recognised in profit or loss	Balance 30 June 2021
Property, plant and equipment	1,353	(2)	-	-	(1,835)	(484)
Right-of-use assets	(29,146)	-	-	-	5,706	(23,440)
Inventories	(1,510)	-	-	-	168	(1,342)
Intangible assets	(5,934)	143	-	-	1,178	(4,613)
Lease liabilities	38,442	-	-	-	(6,381)	32,061
Employee benefits	8,040	(211)	112	-	1,207	9,148
Provisions	2,338	-	-	-	33	2,371
Other items	1,712	(1)	-	(57)	(395)	1,260
	15,295	**(70)**	**112**	**(57)**	**(319)**	**14,961**

2020 *In thousands of AUD*	Balance 1 July 2019	Initial application of AASB 16	Acquisition through business combination	Recognised in equity	Recognised in profit or loss	Balance 30 June 2020
Property, plant and equipment	3,221	-	-	-	(1,868)	1,353
Right-of-use assets	-	(30,414)	(4,873)	-	6,141	(29,146)
Inventories	(1,527)	-	-	-	17	(1,510)
Intangible assets	(4,922)	-	(2,242)	-	1,230	(5,934)
Lease liabilities	-	40,314	4,790	-	(6,662)	38,442
Employee benefits	7,919	-	973	-	(852)	8,040
Provisions	5,386	(3,684)	412	-	224	2,338
Other items	3,459	(1,445)	-	71	(373)	1,712
	13,536	**4,771**	**(940)**	**71**	**(2,143)**	**15,295**

The gross amount of capital losses for which no deferred tax asset is recognised is $2,054 thousand (2020: $654 thousand). There is no expiry date for these losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2021

10 Cash and cash equivalents

In thousands of AUD	2021	2020
Bank balances	106,468	51,633
Petty cash	6	7
Cash and cash equivalents in the statement of cash flows	**106,474**	**51,640**

Reconciliation of cash flows from operating activities

In thousands of AUD	2021	2020 Restated*
Profit (loss) from continuing operations	**24,676**	**(20,761)**
Profit (loss) from discontinued operations	628	1,606
Non-cash items		
Depreciation, amortisation and impairment	47,203	45,455
Impairment of goodwill	-	40,000
Share based payment expense	265	112
Derivative net change in fair value	(315)	-
Interest expense	630	659
Financial assets net change in fair value	3,100	-
Restructuring costs	-	727
Income tax expense	12,256	10,398
Other income	675	-
Cash items		
Acquisition in investing activities	570	-
Net gain/(loss) on disposal of property, plant and equipment	439	(683)
	90,127	**77,513**
Change in trade and other receivables	735	25,489
Change in inventories	12,461	9,792
Change in current assets	1,773	1,382
Change in prepayment	(520)	1,381
Change in trade and other payables	13,178	(23,082)
Change in provisions and employee benefits	1,076	(4,632)
Cash generated from operating activities	**118,830**	**87,843**
Income tax paid	(12,064)	(8,896)
Net cash from operating activities	**106,766**	**78,947**

11 Trade and other receivables

In thousands of AUD	2021	2020
Current		
Trade receivables	101,530	98,552
Allowance for impairment	(2,008)	(2,220)
	99,522	96,332
Derivative receivable	315	-
Other receivables	571	6,925
Lease receivable	-	333
	100,408	**103,590**

12 Inventories

In thousands of AUD	2021	2020
Finished goods	3,368	3,377
Work in progress	13,578	8,748
Raw materials	28,198	45,102
	45,144	57,227
Allowance for inventory obsolescence	(1,300)	(960)
	43,844	**56,267**

During the year, raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales amounted to $340,465 thousand (2020: $364,382 thousand).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2021

13 Property, plant and equipment

In thousands of AUD	Leasehold improvements	Plant and equipment restated*	Capital work in progress	Land and buildings	Fixtures and fittings	Total
Cost						
Balance at 1 July 2019	18,476	175,995	3,482	-	1,619	199,572
Initial application of AASB 16	(1,186)	(31,610)	-	-	-	(32,796)
Adjusted balance 1 July 2019	17,290	144,385	3,482	-	1,619	166,776
Acquisitions through business combination	756	973	-	-	200	1,929
Additions	1,925	1,795	-	-	392	4,112
Transfer within PPE		2,078	(2,078)			-
Disposals	-	(1,988)	-	-	-	(1,988)
Balance at 30 June 2020 restated*	**19,971**	**147,243**	**1,404**	**-**	**2,211**	**170,829**
Balance at 1 July 2020	19,971	147,243	1,404	-	2,211	170,829
Acquisitions through business combination	-	-	-	2,000	-	2,000
Additions	1,926	4,138	-	-	110	6,174
Transfer within PPE		97	(97)			-
Disposals	-	(1,412)		-	-	(1,412)
Balance at 30 June 2021	**21,897**	**150,066**	**1,307**	**2,000**	**2,321**	**177,591**
Depreciation and impairment losses						
Balance at 1 July 2019	5,225	58,293	-	-	776	64,294
Initial application of AASB 16	(228)	(13,311)	-	-	-	(13,539)
Adjusted balance 1 July 2019	4,997	44,982	-	-	776	50,755
Depreciation for the year	1,915	12,519	-	-	153	14,587
Disposals	-	(1,645)			-	(1,645)
Balance at 30 June 2020	**6,912**	**55,856**	**-**	**-**	**929**	**63,697**
Balance at 1 July 2020	6,912	55,856	-	-	929	63,697
Depreciation for the year	2,027	12,103	-	-	144	14,274
Disposals	-	(502)	-	-	-	(502)
Balance at 30 June 2021	**8,939**	**67,457**	**-**	**-**	**1,073**	**77,469**
Carrying amounts						
At 1 July 2020 restated*	13,059	91,387	1,404	-	1,282	107,132
At 30 June 2021	**12,958**	**82,609**	**1,307**	**2,000**	**1,248**	**100,122**

*The cost of PPE is held in capital work in progress account till it is available for use. A restatement has been made to transfer $2,660 thousand from this account to intangible asset (Note 15). This amount and capital work in progress was previously part of the plant and equipment account.

Security

At 30 June 2021 the carrying amount of total assets less the written down value of finance leased assets were held as security for bank facilities.

14 Leases

A. Leases as lessee

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

These leases were entered into many years ago as combined leases of land and buildings.

One of the Group's properties has been sub-let. The lease and sub-lease has expired in 2021.

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 Group presents right-of-use assets that do not meet the definition of investment property in the statement of financial position. Right-of-use assets that meet the definition of investment property are presented within lease receivable. The carrying amounts of right-of-use assets are as below.

	Property, plant and equipment		
In thousands of AUD	**Property**	**Production equipment**	**Total**
Balance as at 1 July 2019	93,725	26,912	120,637
Depreciation charge for the year	(17,801)	(6,897)	(24,698)
Acquisitions through business combination	16,293	-	16,293
Additions to right-of-use assets	544	3,651	4,195
Disposals of right-of-use assets	(879)	-	(879)
Balance as at 30 June 2020	**91,882**	**23,666**	**115,548**
Balance as at 1 July 2020	91,882	23,666	115,548
Depreciation charge for the year	(18,513)	(7,448)	(25,961)
Additions to right-of-use assets	3,370	3,464	6,834
Disposals of right-of-use assets	(193)	-	(193)
Balance as at 30 June 2021	**76,546**	**19,682**	**96,228**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2021

(ii) Amounts recognised in profit or loss

In thousands of AUD	2021	2020
Interest on lease liabilities	4,293	5,042
Income from sub-leasing right-of-use assets credited within 'expenses'	134	120
Expenses relating to short-term leases	134	207
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	829	819

(iii) Amounts recognised in statement of cash flows

In thousands of AUD	2021	2020
Total cash outflow for leases	33,636	32,014

(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. This finance sub-lease ended during April 2021.

(i) Finance lease

During the year, the Group recognised zero interest income on lease receivables (2020: $23 thousand).

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

In thousands of AUD	2021	2020
Less than one year	-	333
Total undiscounted lease receivable	-	**333**
Unearned finance income	-	-
Net investment in the lease	-	**333**

(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 $134 thousand (2020: $120 thousand).

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

In thousands of AUD	**2021**	**2020**
Less than one year	86	134
Between one to five years	155	241
More than five years	-	-
Total	**241**	**375**

15 Intangible assets and goodwill

In thousands of AUD	*Note*	Goodwill	Computer software restated*	Capital work in progress restated*	Customer relationships	Total
Cost						
Balance at 1 July 2019		143,617	11,038	824	28,616	184,095
Acquisitions through business combination		13,061	808	-	7,653	21,522
Other additions		-	4,212	2,066	-	6,278
Balance at 30 June 2020 restated*		**156,678**	**16,058**	**2,890**	**36,269**	**211,895**
Balance at 1 July 2020		156,678	16,058	2,890	36,269	211,895
Disposal	*33*	(9,984)	(487)	-	(478)	(10,949)
Transfer to computer software			1,454	(1,454)	-	-
Other additions		-	4,001	-	-	4,001
Balance at 30 June 2021		**146,694**	**21,026**	**1,436**	**35,791**	**204,947**
Amortisation and impairment losses				-		
Balance at 1 July 2019		-	8,355	-	12,128	20,483
Amortisation for the year		-	2,245	-	4,098	6,343
Impairment losses		40,000	-	-	-	40,000
Balance at 30 June 2020		**40,000**	**10,600**	**-**	**16,226**	**66,826**
Balance at 1 July 2020		40,000	10,600	-	16,226	66,826
Amortisation for the year		-	3,110	-	3,926	7,036
Balance at 30 June 2021		**40,000**	**13,710**	**-**	**20,152**	**73,862**
Carrying amounts				-		
At 1 July 2020 restated*		116,678	5,458	2,890	20,043	145,069
At 30 June 2021		**106,694**	**7,316**	**1,436**	**15,639**	**131,085**

*2020 has been restated to include capital work in progress transferred from PPE (Note 13) of $2,660 thousand relating to computer software.

For the year ended 30 June 2021 no impairment of goodwill has been recognised (2020: $40,000 thousand).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2021

Impairment testing for cash-generating units containing goodwill

The Group completes impairment testing for eight CGUs/groups of CGUs. The carrying amount of any goodwill summarised by operating division is set out below:

In thousands of AUD	2021	2020
Production (Franklin WEB CGU)	29,141	29,141
Production & Distribution (group of CGUs)	39,047	39,047
Data-Driven Communications (group of CGUs)	38,506	48,490
	106,694	**116,678**

Goodwill impairment test is performed by applying value in use calculations. The calculations for all CGU's use cash flow projections based on budgeted EBITDA approved by the Board. The EBITDA has been developed using past experience and industry knowledge. A post-tax WACC rate of 7.6% to 8.9% (2020: 8.56% to 11.5%) has been used based on the size and nature of each CGU. A 1% to 2% (2020: 1% to 2%) growth allowance in the 5 year cash flow projections and terminal growth has been used based on management's estimate of the long-term compound EBITDA growth rate, consistent with the assumptions that a market participant would make. Whilst the near-term future economic consequences of COVID-19 remain uncertain, the experience to date of the impacts of COVID-19 has been taken into consideration in the preparation of the projected cash flows for the FY22 budget and the business plans for FY23 to terminal value.

As at 30 June 2021, the amount by which the estimated recoverable amount exceeded the carrying amount for the CGU's impaired in the previous year were: 'Franklin Web' CGU $41,014 thousand, and 'Distribution' CGU $14,046 thousand . Management has identified that a reasonably possible change in assumptions could cause the carrying amount to exceed the recoverable amount. An increase in WACC of 0.5% combined with a decrease of forecast EBITDA over the 5 year projection period of 18% for 'Franklin WEB' and 39% for 'Distribution' CGU would reduce the recoverable amount to be equal to the carrying amount.

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

16 Trade and other payables

In thousands of AUD	2021	2020
Current		
Trade payables	64,909	59,264
Accrued expenses	26,810	24,205
Forward exchange contracts used for hedging	1,076	559
	92,795	**84,028**

17 Loans and borrowings

In thousands of AUD	2021	2020
Current		
Equipment finance	2,791	3,102
Non-current		
Bank loan	159,424	159,095
Equipment finance	7,620	10,760
	167,044	**169,855**

Bank loan

As at 30 June 2021, the amended Syndicated Facilities Agreement has a carrying amount of $159,424 thousand and face value of $160,000 thousand (2020: carrying amount of $159,095 thousand and face value of $160,000 thousand). These facilities have an interest rate of BBSY plus a margin, and mature on 5 April 2023. The Group was in compliance with all loan covenants as at 30 June 2021.

18 Employee benefits

In thousands of AUD	2021	2020
Current		
Liability for long service leave	8,931	8,150
Liability for annual leave	9,919	8,846
	18,850	**16,996**
Non-current		
Liability for long service leave	6,568	6,700
	25,418	**6,700**

19 Provisions

In thousands of AUD	Restructuring	Make good	Total
Balance at 1 July 2020	147	4,421	4,568
Provisions made during the year	-	495	495
Provisions reversed during the year	(147)	(171)	(318)
Balance at 30 June 2021	-	**4,745**	**4,745**
Current	-	-	-
Non-current	-	4,745	4,745
	-	**4,745**	**4,745**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2021

20 Share-based payments

During the year ended 30 June 2021, 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	24 November 2020*
Number granted	1,884,613
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 2020 to 30 June 2023 inclusive. The vesting date is expected to be on or soon after the approval of IVE's 2023 Annual Financial Report.
Weighted average fair value	$0.52
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	$0.79
Expected volatility	45%
Risk free interest rate	0.23%
Dividend yield	10.6%

*Share rights issued to Directors required shareholder approval. This occurred at the Group's 2020 Annual General Meeting.

During the year, 1,885 thousand Rights were granted (2020: 647 thousand), 159 thousand lapsed (2020: 98 thousand), and 3,061 thousand remain outstanding (2020: 1,335 thousand).

Total expense relating to share-based payments has been disclosed in Note 6 of this consolidated financial statements.

21 Capital and reserves

Issued and paid up capital (In thousands of AUD)	2021	2020
142,756,952 (June 2020: 148,207,285) ordinary shares fully paid	**149,066**	156,502

Movement in ordinary share capital

Date	Details	Number of shares	Issue price	Total $'000
1-Jul-19	Opening balance	148,179,157		156,468
2-Sep-19	Issue of shares under the Equity Incentive Plan	28,128	$1.21	34
30-Jun-20	**Closing balance**	**148,207,285**		**156,502**
1-Jul-20	Opening balance	148,207,285		156,502
21 December 2020 to 30 June 21	Share buyback (including transaction costs)	(5,450,333)	highest price paid: $1.59/ lowest price paid $1.23	(7,436)
30-Jun-21	**Closing balance**	**142,756,952**		**149,066**

Dividends

On 25 August 2021, the directors have declared a fully franked dividend of 7.0 cents per share to be paid on 14 October 2021 to shareholders on the register at 15 September 2021. The final dividend payout is $9,993 thousand (2020: nil). 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 2021:

In thousands of AUD	Cents per share	Total amount	Date of payment
2021 Interim 2020 ordinary	7.0	10,282	15 April 2021

On 15 April 2021 a dividend of 7 cents per share (100% franked) was declared and paid by the directors. The dividend was paid out of opening retained profits and profits earned up to that date.

The following dividends were declared and paid during the year ended 30 June 2020:

In thousands of AUD	Cents per share	Total amount	Date of payment
2020 Final 2019 ordinary	7.7	11,412	24 October 2019

Dividend franking account

In thousands of AUD	2021	2020
Amount of franking credits available to shareholders of IVE Group Limited for subsequent financial years	16,441	8,839

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2021

22 Earnings per share

In dollars	2021	2020 Restated*
Basic earnings (loss) per share	0.20	(0.14)
Diluted earnings (loss) per share	0.20	(0.14)
Basic earnings (loss) per share – continuing operations	0.17	(0.14)
Diluted earnings (loss) per share – continuing operations	0.17	(0.14)
In thousands		
Earnings		
Profit (loss) after income tax attributable to owners of the company used in calculating basic and diluted earnings per share	29,481	(20,189)
Profit (loss) after income tax attributable to owners of the company used in calculating basic and diluted earnings per share – continuing operations	24,676	(20,761)
Weighted average number of ordinary shares		
Weighted average number of ordinary shares used in calculating basic earnings per share	146,851	148,202
Weighted average number of ordinary shares used in calculating diluted earnings per share	147,734	148,635

*2020 has been restated to exclude discontinued operations.

23 Acquisitions

On 30 October 2020, IVE acquired selected assets of Australian Community Media's (ACM) web offset printing operation in Mandurah, Western Australia. It is being integrated into IVE's Production & Distribution business.

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

In thousands of AUD	Total
Consideration transferred	
Initial cash paid	2,000
Completion adjustment received*	(223)
	1,777
Identifiable assets acquired and liabilities assumed	
Inventories	37
Property, plant and equipment	2,000
Deferred tax assets/(liabilities)	112
Employee benefits	(372)
	1,777
Goodwill on acquisition	-

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

23 Acquisitions (cont.)

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

The business of ACM is being integrated into IVE. The profit before tax contribution of these acquisitions are indistinguishable from existing business unit results. On this basis a disclosure of profit before tax is impracticable. The total revenue since acquisition is $5,734 thousand. Individually this business is considered immaterial.

If this acquisition had occurred from beginning of the reporting period the combined Group revenue would have been estimated at $659,888 thousand. The Group has not estimated the profit before tax for the reasons provided above.

Acquisition-related costs totaling $78 thousand has been included in Other expenses in the Group's consolidated statement of profit or loss and other comprehensive income.

24 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.

In thousands of AUD	**2021**	**2020 Restated***
EBITDA	96,262	85,755
Depreciation, amortisation and impairment	(47,203)	(85,455)
Net finance costs	(12,127)	(10,663)
Profit (loss) before income tax	**36,932**	**(10,363)**

*2020 has been restated to exclude discontinued operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2021

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

Credit risk

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

Exposure to credit risk

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

		Carrying amounts	
In thousands of AUD	***Note***	**2021**	**2020**
Cash and cash equivalents	*10*	106,474	51,640
Trade and other receivables	*11*	100,408	103,590
Financial assets		1,762	-
		208,644	**155,230**

25 Financial risk management and financial instruments (cont.)

Trade receivables

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 and other receivables at the end of the reporting period that were not impaired was as follows:

	Carrying amounts	
In thousands of AUD	**2021**	**2020**
Neither past due nor impaired	60,345	58,711
Past due 1–30 days	27,405	29,566
Past due 31–90 days	10,527	8,527
Past due 91 days and over	3,824	9,006
	102,101	**105,810**

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

In thousands of AUD	**2021**	**2020**
Balance at beginning of the year	2,220	1,814
Assumed in a business combination in current year	-	151
Impairment loss recognised	524	1,247
Amounts written off	(736)	(992)
Balance at end of year	**2,008**	**2,220**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2021

25 Financial risk management and financial instruments (cont.)

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 also has undrawn facility of $30,000 (2020: $30,000) for general corporate and working capital purpose. The facility will mature on 5 April 2023.

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 2021		**Contractual cash flows**			
In thousands of AUD	**Carrying amount**	**Total**	**12 mths or less**	**1-5 years**	**More than 5 years**
Non-derivative financial liabilities					
Trade and other payable	91,719	91,719	91,719	-	-
Lease liabilities	119,760	129,725	27,937	92,723	9,065
Equipment finance	10,411	11,051	3,194	7,857	-
Bank loans	159,424	168,414	3,056	165,358	-
	381,314	**400,909**	**125,906**	**265,938**	**9,065**
Derivative financial liabilities					
Forward exchange contracts used for hedging	1,076	1,076	1,076	-	-
	1,076	**1,076**	**1,076**	**-**	**-**

30 June 2020		**Contractual cash flows**			
In thousands of AUD	**Carrying amount**	**Total**	**12 mths or less**	**1-5 years**	**More than 5 years**
Non-derivative financial liabilities					
Trade and other payable	83,469	83,469	83,469	-	-
Lease liabilities	142,427	160,560	34,343	104,164	22,053
Equipment finance	13,862	14,753	3,332	11,421	-
Bank loans	159,095	172,917	3,441	169,476	-
	398,853	**431,699**	**124,585**	**285,061**	**22,053**
Derivative financial liabilities					
Forward exchange contracts used for hedging	559	559	559	-	-
	559	**559**	**559**	**-**	**-**

25 Financial risk management and financial instruments (cont.)

Market risk

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

Currency risk

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

During the year, 3% (2020: 9%) 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 a zero fair value at the reporting date (2020: $6 thousand). The Group has performed effectiveness testing and recognised the full fair value amount net of deferred tax of zero thousand in other comprehensive income (2020: $4 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:

	As at 30 June 2021		As at 30 June 2020	
In thousands of AUD	Euro	NZD	Euro	USD
Equipment finance loan	6,860	-	8,820	-
Next three months forecast purchases	-	1	1,346	1
Forward exchange contracts	(6,860)	(1)	(10,166)	(1)
Net exposure	-	-	-	-

Sensitivity analysis

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

Interest rate risk

The Group has entered into interest rate swap contracts to minimise its variable interest exposure on bank loans. As at 30 June 2021, after taking into account the effect of the interest rate swaps $94,424 thousand of the carrying amount of the bank loan is exposed to variable rates. The interest rate swap has been designated as a fair value hedge. Its fair value at reporting date was $315 thousand (2020: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2021

25 Financial risk management and financial instruments (cont.)

Exposure to interest risk

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

	Carrying amounts	
In thousands of AUD	**2021**	**2020**
Fixed rate instruments		
Financial liabilities – leases liabilities	(119,760)	(142,427)
Financial liabilities – equipment finance	(10,411)	(13,862)
Effect of interest rate swaps – notional amount	65,000	-
	(65,171)	**(156,289)**
Variable rate instruments		
Financial assets – bank balances	106,474	51,633
Financial liabilities – bank loans	(160,000)	(160,000)
Effect of interest rate swaps – notional amount	65,000	-
	11,474	**(108,367)**

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 10 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by $11 thousand (2020: $108 thousand). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as 2020.

25 Financial risk management and financial instruments (cont.)

Measurement of fair values

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

Type	Valuation technique	Significant unobservable inputs	Relationship between the fair value and unobservable inputs
Financial asset	The valuation is based on market share price of the investee after taking into account the Group's economic interest, and lack of voting rights and marketability.	The Group's economic interest, and lack of voting rights and marketability.	The unobservable inputs are applied as a fixed percentage discount to the fair value.
Interest rate swaps	The fair value is calculated using the present value of the estimated future cash flow based on observable yield curves.	Not applicable	Not applicable
Forward exchange contracts	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

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 17).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2021

26 Capital commitments

As at 30 June 2021, the Group has $950 thousand commitment to purchase plant and equipment (2020: nil).

27 Related parties

Key management personnel compensation

Key management personnel compensation comprised the following:

In AUD	2021	2020
Short-term employee benefits	3,249,298	2,325,354
Post-employee benefits	113,598	106,342
Share-based payments	163,752	124,758
	3,526,648	**2,556,454**

Related party transactions and outstanding balances

In AUD	Transaction value year ended 30 June 2021	Transaction value year ended 30 June 2020
Caxton Property Developments Pty Ltd – sales	3,606	-

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

During the year ending 30 June 2021, the Group sold goods and services to Caxton Property Developments Pty Ltd.

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

28 Group entities

Ultimate parent entity IVE Group Limited	**Ownership** **2021** **%**	 **2020** **%**
Controlled entities		
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
Pareto Phone Pty Limited	-	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
IVE Singapore Pte 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

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), IVE Singapore Pte Limited (incorporated in Singapore), and Reach Media New Zealand Limited (incorporated in New Zealand).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2021

29 Parent entity disclosures

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

In thousands of AUD	2021	2020
Result of parent entity		
Profit/(loss) for the year	(0.2)	(0.4)
Other comprehensive income	-	-
Total comprehensive income for the year	**(0.2)**	**(0.4)**
Financial position of parent entity at year/period end		
Current assets	574	31
Total assets	47,887	65,504
Current liabilities	171	104
Total liabilities	171	104
Total equity of the parent entity comprising of:		
Share capital	280,378	287,781
Other equity reserve	(146,662)	(146,662)
Accumulated losses (net of dividend paid)	(86,000)	(75,719)
Total equity	**47,716**	**65,400**

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

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

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

30 Subsequent events

Aside from below, 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 2021.

On 6 August 2021, the Group voluntarily repaid $50,000 thousand, and cancelled $35,000 thousand of the available facility. The Group also terminated an interest rate swap hedge entered earlier in the year.

31 Auditors' remuneration

In AUD	2021	2020
Audit services		
Auditors of the Company – KPMG		
Audit and review of financial reports	391,460	403,220
	391,460	**403,220**
Other services		
Auditors of the Company – KPMG		
Taxation services	116,829	52,867
Transaction services	90,950	681,400
	207,779	**734,267**

32 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 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 30 October 2020.
The subsidiaries subject to the Deed are:

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

A 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 2021 is not materially different to that set out on pages 56 and 59 of this financial report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

For the year ended 30 June 2021

33 Discontinued operation

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

In the previous financial year the Group closed down its Asian operation.

(i) Results of discontinued operation

In thousands of AUD	*Note*	2021	2020 Restated*
Revenue		4,695	15,057
Cost of sales		(109)	(629)
Gross profit		4,586	14,428
Production expenses		(1,649)	(6,534)
Administrative expenses		(2,033)	(6,304)
Results from operating activities		904	1,590
Finance income		-	16
Net gain on sale of discontinued operation		4,177	
Profit before tax		**5,081**	**1,606**
Income tax expense		(276)	(1,034)
Profit from discontinued operations		**4,805**	**572**

*2020 has been restated to include tele-fundraising.

The profit from the discontinued operation of $4,805 thousand (2020: loss of $572 thousand) is attributable entirely to the owners of the Company.

(ii) Cash flows from (used in) discontinued operation

In thousands of AUD	2021	2020
Net cash used in operating activities	628	1,979
Net cash from investing activities	15,165	-

33 Discontinued operation (cont.)

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

In thousands of AUD	**Total**
Consideration received	
Initial cash received	16,500
Completion adjustment paid*	(250)
	16,250
Assets and liabilities disposed	
Cash	(467)
Receivables	(1,134)
Prepayment	(102)
Deferred tax assets	(70)
Other assets	(98)
Property, plant and equipment	(213)
Intangible asset	(10,947)
Trade creditors	231
Employee benefits	1,302
Provisions	44
	(11,454)
Costs incurred	**(619)**
Net gain on sale of sale of discontinued operation	**4,177**

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

34 Contingencies

The Group has filed a claim for compensation against one of its advisors for damages incurred in relation to advice given regarding its financial asset acquisition and subsequent write down. The claim is ongoing as at the date of this report. Further disclosure of the matter could prejudice the claim.

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 56 to 101, are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2 There are reasonable grounds to believe that the Company and the group entities identified in Note 28 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those group entities (refer Note 32) pursuant to ASIC Corporations (Wholly owned Companies) Instrument 2016/785.

3 The directors draw attention to Note 2 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of directors.

Geoff Selig

Geoff Selig
Director

Dated at Sydney this 25th day of August 2021

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 2021 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 Statements of financial position as at 30 June 2021;
- Consolidated Statements of profit or loss and other comprehensive income, Consolidated statements of changes in equity, and Consolidated statements 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 (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

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Key Audit Matters

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

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

Assessment of carrying value of goodwill

Refer to Note 15 'Intangible assets and goodwill' to the Financial Report (Goodwill: $107m)

The key audit matter	How the matter was addressed in our audit
A key audit matter for us was the Group's annual testing of goodwill for impairment, given the size of the balance (being 19% of total assets) and the significantly higher estimation uncertainty continuing from the business disruption impact of the COVID-19 global pandemic. Certain conditions impacting the Group increased the judgement applied by us when evaluating the evidence available. We focussed on the significant forward-looking assumptions the Group applied in their value in use models, including: • Assessment of the Cash Generating Units (CGUs). The Group had several operating businesses and product lines during the year, necessitating our consideration of the Group's determination of CGUs, based on the smallest group of assets that generate largely independent cash inflows; • Forecast operating cash flows, growth rates and terminal growth rates – the Group has experienced significant business disruption, as a result of COVID-19 in addition to continuing competitive market conditions and the pace of technological change and digital disruption in the printing industry; • Assessment of the 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; and	Our procedures included: • We considered the Group's determination of their CGUs based on our understanding of the Group's business and how independent cash inflows were generated, against the requirements of the accounting standards; • We analysed the impact of the Group's internal reporting to assess their monitoring and management of activities, and the consistency of the allocation of goodwill to CGUs; • We considered the appropriateness and application of the value in use method applied by the Group to perform the annual test of goodwill for impairment against the requirements of the accounting standards; • We assessed the integrity of the value in use models used, including the accuracy of the underlying calculations and formulas; • We met with management to understand the impact of COVID-19 to the Group and impact of government response programs to the FY21 results; • We agreed the Group's cash flow forecasts, including capital expenditure 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;

• Level of disclosure of the key assumptions used in the Group's valuation models. The Group uses complex models to perform their 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 have not always met prior forecasts, raising our concern for reliability of current forecasts. Complex modelling 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 judgments, we involved our valuation specialists and senior staff with experience in the industry and the Group's business in assessing this key audit matter.	• We 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 model, 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 growth rates, terminal growth rates and discount rates, within a reasonably possible range. We considered the interdependencies of key assumptions when performing the sensitivity analysis and what the Group consider to be reasonably possible. We did this to identify those CGUs at higher risk of impairment and those assumptions at higher risk of bias or inconsistency in application and to focus our further procedures; • We challenged the Group's significant forecast cash flow and growth assumptions in light of the expected continuation of unprecedented uncertainty of business disruption and impacts of the COVID-19 global pandemic in addition to continued competitive market conditions and digital disruption. 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. We sourced authoritative and credible inputs from our specialists and market advisors; • 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 the COVID-19 economic environment in which they operate; • We assessed the impact of technology and market changes on the Group's key assumptions, specifically the continued market for catalogues and other printed materials as a marketing and communications tool, for indicators of bias and inconsistent application, using our industry knowledge and information published by reputable sources; • We assessed the impact of technology and market changes on the Group's key assumptions, specifically the continued market for catalogues and other printed materials as a

KPMG

	marketing and communications tool, for indicators of bias and inconsistent application, using our industry knowledge and information published by reputable sources; • Working with our valuation specialists we independently developed a discount rate range considered comparable using publicly available market data for comparable entities, adjusted by risk factors specific to the Group and the industry it operates in; and • We assessed the disclosures in the financial report using our understanding of the issue obtained from our testing and 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.

The Other Information we obtained prior to the date of this Auditor's Report was the Operating and Financial Review, Director's Report and Remuneration Report. The Chairman's Report and Chief Executive Officer's Report are expected to be made available to us after the date of the Auditor's Report.

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

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.

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Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001;*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Group's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group 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: http://www.auasb.gov.au/auditors_responsibilities/ar1.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 2021, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

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

Our responsibilities

We have audited the Remuneration Report included in pages 34 to 52 of the Directors' report for the year ended 30 June 2021.

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

KPMG

Daniel Camilleri

Partner

Sydney

25 August 2021

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 21 July 2021.

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

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

Name	Number of Shares Held	%
Caxton Print Holdings Pty Ltd as trustee for the Selig Family Trust	11,210,231	8.02
Castle Point Funds Management	9,428,189	6.36
Anthony Young	8,990,160	6.1
Ryan Young	8,940,738	6.0
COPIA Investment Partners	6,565,000	5.5

Distribution of shareholders and shareholdings – ordinary shares

There are 142,756,952 ordinary shares on issue held by 3,843 shareholders.

Range	Ordinary Shares	%	No. of holders	%
1 to 1,000	319,070	0.22	562	14.62
1,001 to 5,000	3,353,168	2.35	1,184	30.81
5,001 to 10,000	5,325,246	3.73	662	17.23
10,001 to 100,000	38,243,036	26.79	1,289	33.54
100,001 and over	95,516,432	66.91	146	3.80
Total	**142,756,952**	**100.00**	**3,843**	**100.00**

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

There are 3,061,076 unlisted performance share rights on issue that have been issued under an employee share plan. These are held by 7 employees.

Range	Performance Share Rights	%	No. of holders	%
1 to 1,000	-	-	-	-
1,001 to 5,000	-	-	-	-
5,001 to 10,000	-	-	-	-
10,001 to 100,000	51,470	1.68	1	14.29
100,001 and over	3,009,606	98.32	6	85.71
Total	**3,061,076**	**100.00**	**7**	**100.00**

ASX ADDITIONAL INFORMATION (CONT.)

Unmarketable parcels

The number of shareholders holding less than a marketable parcel of ordinary shares is 126 for 9,642 shares, based on IVE's closing share price of $1.49, on 21 July 2021.

Twenty largest shareholders

Rank	Name	No. Shares	%
1	CAXTON PRINT HOLDINGS PTY LTD	11,210,231	7.85
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	9,463,404	6.63
3	NATIONAL NOMINEES LIMITED	8,357,875	5.85
4	CITICORP NOMINEES PTY LIMITED	6,366,347	4.46
5	STRATEGIC VALUE PTY LTD	4,635,316	3.25
6	RYLELAGE PTY LTD	4,440,463	3.11
7	MR STEPHEN CRAIG JERMYN	3,000,000	2.10
8	SCJ PTY LTD	3,000,000	2.10
8	STRATEGIC VALUE PTY LIMITED	2,149,292	1.51
9	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	2,074,611	1.45
10	EXLDATA PTY LTD	1,874,958	1.31
11	CAXTON PRINT HOLDINGS PTY LTD	1,650,000	1.16
12	CENTRAL MUTUAL (INVESTMENTS) PTY LTD	1,307,580	0.92
13	BNP PARIBAS NOMS PTY LTD	1,250,142	0.88
14	MORGAN STANLEY AUSTRALIA SECURITIES (NOMINEE) PTY LIMITED	1,146,583	0.80
15	BNP PARIBAS NOMS(NZ) LTD	1,090,109	0.76
16	TAVERNERS J PTY LTD	1,079,769	0.76
17	MR TREVOR READ	1,000,001	0.70
18	UBS NOMINEES PTY LTD	785,825	0.55
19	DOROTHY PRODUCTIONS PTY LTD	681,995	0.48
20	JOHN BARNES FOUNDATION LIMITED	666,890	0.47
	Total	67,231,391	47.10
	Balance of register	75,525,561	52.90
	Grand total	142,756,952	100.00

On-Market Buy Back

There is a 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 21 July 2021.

Stock Exchange Listing

IVE Group securities are only listed on the ASX.

Corporate Governance Statement

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

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

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

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

The Corporate Governance Statement reports against the 4th edition of the ASX Corporate Governance Council's Principles and Recommendations (ASX Principles) and the practices detailed in the Corporate Governance Statement are current as at 25 August 2021. It has been approved by the Board and is available on the IVE website under Investors at http://investors.ivegroup.com.au/investor-centre/?page=corporate-governance.