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ASX RELEASE – IVE GROUP LIMITED (ASX:IGL)

23 November, 2021

Executive Chairman’s Review – Annual General Meeting 2021

Centenary Year

It is fair to say that our centenary as a business which commenced in March of this year has thus far not unfolded quite as we had expected as a result of the significant disruption from the COVID-19 (COVID) pandemic. We look forward to appropriately marking this milestone for our business with our staff and clients at some point over the coming months.

Financial performance

Notwithstanding the impacts of the pandemic across multiple parts of our business over the entire year, we are pleased with both our outstanding operational performance and solid financial results. The Group delivered an EBITDA result of \$100.2m (above earnings guidance), improved margins despite reduced revenue, and delivered EPS growth over the prior year of 8.4% to 13.5 cents per share (excluding the impact of the Federal Government Jobkeeper support).

Importantly, our balance sheet strengthened on the back of strong underlying cashflow generation and the divestment in October 2020 of our outbound call centre business for consideration of \$16.5m. Net debt has reduced by \$59.8m, from \$137.1m at 30 June 2020, to \$77.3m at 30 June 2021. With a 30 June 2021 cash balance of \$107m, the Board made a decision to pay down \$50m of our senior facility on 6 August 2021.

Following the suspension of dividends last year as a precautionary measure given the prevailing uncertainty resulting from the pandemic, we resumed the payment of dividends in H1 FY21, resulting in a full year dividend of 14 cents per share fully franked. Notwithstanding the Company did not pay a dividend for an entire year as a result of the pandemic, the solid financial performance of the business since listing in December 2015 has enabled us to pay \$92m in fully franked dividends to shareholders.

The share buyback that was actioned in November 2020 has resulted to date in the Company acquiring 5.4m shares at a total cost of \$7.4m, this representing 3.6% of the issued capital.

In recognition of the extraordinary efforts of our employees (approximately 1600) over the last 18 months, the Company issued 500 IVE shares to every employee on 5 October 2021.

The Company remains well capitalised and highly liquid. The strength of our balance sheet places us in a strong position to actively pursue growth opportunities consistent with our ongoing and previously articulated strategy to evolve and expand the value proposition we take to market. Whilst observing our stated leverage ratio of 1.5x pre AASB 16 EBITDA, we currently have \$30-40m in available capacity to pursue targeted earnings accretive opportunities. Our target ROFE for growth initiatives is a minimum of 15%.

The recent acquisitions of Active Display Group and AFI Branding Solutions at an attractive multiple represent the initial deployment of this available balance sheet capacity to drive earnings accretive growth initiatives. In addition to a range of organic growth initiatives, we would anticipate further attractive acquisition opportunities will present over the coming 12-24 months

Environmental, Social and Governance

Over the last year we have experienced a meaningful increase in interest from our clients and investors regarding Environmental, Social and Governance (ESG) issues. We recognise these developments and are taking proactive steps to mature and define our approach further, meet expectations, and adapting to changes in the landscape. Over the coming months, we are embarking on the next stages of our ESG journey and will welcome feedback and participation from all stakeholders. This work will result in the development of a robust and transparent ESG framework underpinned by commitments and actions, and we look forward to sharing our progress in future reporting and communications.

Board and management

Thank you to our CEO Matt Aitken for his continued outstanding leadership, our CFO Darren Dunkley and entire leadership and management team for their never ending commitment, and to all of our dedicated staff for their huge effort throughout the most demanding year the business has ever experienced.

We welcomed Cathy Aston to the board in December 2020, with Cathy also taking on the role as chair of the ARCC. We are most fortunate to have a cohesive and diverse board who have stewarded the business very well throughout the COVID pandemic. Thank you to my fellow directors Paul Selig, James Todd, Sandra Hook, Gavin Bell and Cathy Aston for your ongoing contribution, expertise and support, particularly over the last 18 months.



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As I reflect on the extraordinary year we have just been through, and in the context of this also coinciding with our centenary as a business, it has reaffirmed my optimism that as we emerge from the COVID-19 pandemic, the solid fundamentals of our business place IVE in a position of strength from which to continue growing and evolving over the years ahead.

This announcement has been approved by the Executive Chairman

Geoff Selig
Executive Chairman

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For more information please visit our website: <https://investors.ivegroup.com.au/Investor-Centre/>