Sydney | Melbourne | Brisbane | Adelaide | Perth | Tasmania | International

FY25 H1 Results

IVE Group Limited

24 February 2025

Agenda

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Growth initiatives

Packaging

Creative and Content

Third Party Logistics (3PL)

Sydney supersite

Lasoo

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Key *highlights*

Financial performance - strong half year

- > **All key profit metrics up significantly**
- > **Strong margin expansion**
- > **Further uplift in operating cash flow**
  working capital levels normalised
- > **Balance sheet further strengthened**
  gearing trending further below target

Operational updates

- > **Ovato**
  cost synergies fully realised
- > **JacPak**
  cost synergies fully realised
- > **Elastic Group**
  fully integrated
- > **Catalogues**
  consumer and quantitative research driving stronger retailer engagement
- > **Sustainability**
  initiatives ongoing

Growth initiatives

- > **Packaging**
  - JacPak revenue capacity committed
  - equipment purchased for NSW organic expansionary plans
- > **Creative and Content**
  Elastic adding to service offering
- > **3PL**
  relocating to new 32,000m² site in Dandenong South in FY26 H1
- > **Sydney supersite**
  consolidating four business units at 42,000m² site in Kemps Creek in FY26 H2
- > **Lasoo**
  continued strong momentum with annualised GTV of $27m in November 2024, up 93% on pcp and ahead of $24m AGM guidance

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Financial performance dashboard[1]

Strong interim performance underpinned by margin expansion and normalisation in working capital

Revenue
$507.8m
↑0.4% on PCP

EBITDA
$74.1m
↑12.6% on PCP

NPAT
$29.3m
↑29.1% on PCP

EPS (NPAT)
19.0¢
↑28.1% on PCP

EPS (NPATA[2])
20.1¢
↑26.7% on PCP

Material gross profit margin
48.5%
46.2% PCP

Operating cash flow to EBITDA
92.0%
84.0% PCP

Net debt
$121.4m
Cash on hand $49.5m

DPS
9.5¢
Per share
Stable on PCP

IFRS NPAT
$27.1m
↑108.4% on PCP

1. The underlying financial results are on a non-IFRS basis, exclude various non-operating items (refer Appendix A) and are not audited or reviewed
2. NPATA – NPAT excluding amortisation of acquired customer contracts

Financials

Profit and loss[1]

Strong profit growth underpinned by MGM expansion and delivery of promised cost synergies

	FY25 H1 $m	FY24 H1 $m	Variance %
Revenue	507.8	506.0	0.4
Material profit	246.1	233.6	5.4
% of revenue	*48.5%*	*46.2%*	*4.9*
EBITDA	74.1	65.8	12.6
% of revenue	*14.6%*	*13.0%*	*12.2*
Depreciation and amortisation	22.6	24.1	(6.1)
EBIT	51.4	41.7	23.4
Net finance costs	8.4	8.6	(2.2)
NPBT	43.0	33.2	29.6
Income tax expense	13.7	10.5	30.7
NPAT	29.3	22.7	29.1
% of revenue	*5.8%*	*4.5%*	*28.2*
NPATA[2]	31.1	24.3	28.1
% of revenue	*6.1%*	*4.8%*	*27.7*
EPS (NPAT) cents	19.0	14.8	28.1
EPS (NPATA) cents	20.1	15.9	26.7

1. The underlying financial results are on a non-IFRS basis, exclude various non-operating items (refer Appendix A) and are not audited or reviewed
2. NPATA – NPAT excluding amortisation of acquired customer contracts

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Revenue

- Revenue up 0.4% to $507.8m
- Includes $15.8m of incremental revenue from JacPak (acquired 31 October 2023)
- Base revenue[1] down ~3% relative to pcp, impacted by softer economy and non-recurrence of large one-off prior period jobs eg the Voice Referendum and the FIFA Women's World Cup
- Brand Activations, 3PL and Packaging experienced strong halves with new client/business wins including household brands in the FMCG and pharmaceutical sectors

Material gross profit margin (MGM)

- MGM improved to 48.5% from 46.2% pcp
- Reflects input cost relief and business mix changes

Underlying earnings

- EBITDA up 12.6% to $74.1m
- EBITDA margin up strongly to 14.6% from 13.0% pcp
- EBIT up 23.4% to $51.4m
- NPAT margin up strongly to 5.8% from 4.5% pcp
- Strong increase in profitability reflects improved MGM and operating efficiencies coupled with earned cost synergies from Ovato and JacPak

Non-operating items

Non-operating items of $3.9m pre-tax included:

- $3.2m Lasoo operating loss consistent with guidance;
- $0.6m of restructure costs; and
- $0.1m of other items

FY25 restructuring and other costs are expected to be around $3.5m

1. Excluding incremental impact of acquisitions

Balance sheet

Gearing trending further below internal benchmark

Net debt	FY25 H1 $m	FY24 $m	FY24 H1 $m
Loans and borrowings[1]	170.9	179.8	207.1
Less cash	*49.5*	*48.8*	*41.7*
Net debt	**121.4**	**131.0**	**165.4**

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

- Cash at bank $49.5m
- Net debt decreased to $121.4m during the half reflecting continued strong cash flow and greatly reduced restructuring costs, partially offset by peak working capital seasonality and capex associated with the packaging capacity build-out
- Net debt is down significantly from $165.4m at 31 December 2023, the prior period including $28m of JacPak acquisition funding since repaid
- Gearing is trending further below the Group's internal benchmark of 1.5x pre-AASB 16 EBITDA (<1.0x post-AASB 16 EBITDA)
- Undrawn debt capacity of $65.0m (including acquisition facility)

Capital expenditure

Packaging capacity build-out underway

Capital expenditure	FY25 H1 $m	FY24 H1 $m
Investment and maintenance	5.3	3.0
Packaging capacity build-out	8.5	-
Ovato	-	2.7
Total	**13.8**	**5.7**

- Capex was $13.8m, including $8.5m related to the packaging capacity build-out largely for the purchase of replacement sheet-fed presses also capable of printing on board for packaging as well as packaging finishing equipment (die-cutters and folders)
- FY25 capex is now expected to be around $32m, including $18m relating to the packaging capacity build-out (net of disposal proceeds)
- The increase in expected FY25 capex reflects the bringing forward of additional packaging equipment purchases (for Phase 1 expansion)

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Cash flow and *dividends*

Further uplift in cash conversion

Cash flow and dividends	FY25 H1 $m	FY24 H1 $m
EBITDA	74.1	65.8
Movement in NWC/non-cash items in EBITDA	(5.9)	(10.5)
Operating cash flow	**68.2**	**55.3**
Operating cash conversion to EBITDA	92.0%	84.0%
Dividend per share	**9.5¢**	**9.5¢**

- Operating cash conversion to EBITDA up to 92.0% from 84.0% pcp
- Reflects return to more normalised levels of inventory (paper) holdings and working capital following improved supply chain certainty and the Ovato transaction
- Working capital is expected to remain relatively stable hereafter, broadly in-line with revenue (and seasonality)
- The Board declared a fully franked interim dividend of 9.5¢ps, stable on pcp, consistent with guidance

Growth initiatives

Packaging

JacPak
Cost synergies realised and available capacity committed

- Acquired Melbourne based folding carton producer, JacPak, on 31 October 2023 with expected annual revenues of around $45m and $15m of additional available revenue capacity
- JacPak contributed revenue of $24.0m[1] during the half (including $15.8m incremental) which was in-line with expectations
- Promised annual cost synergies of $2.4m were fully realised by 30 June 2024 and contributed to earnings during the half
- Recent new business successes include household brands in the FMCG sector. Notwithstanding lengthy revenue lead times, JacPak's $15m of available capacity is now committed

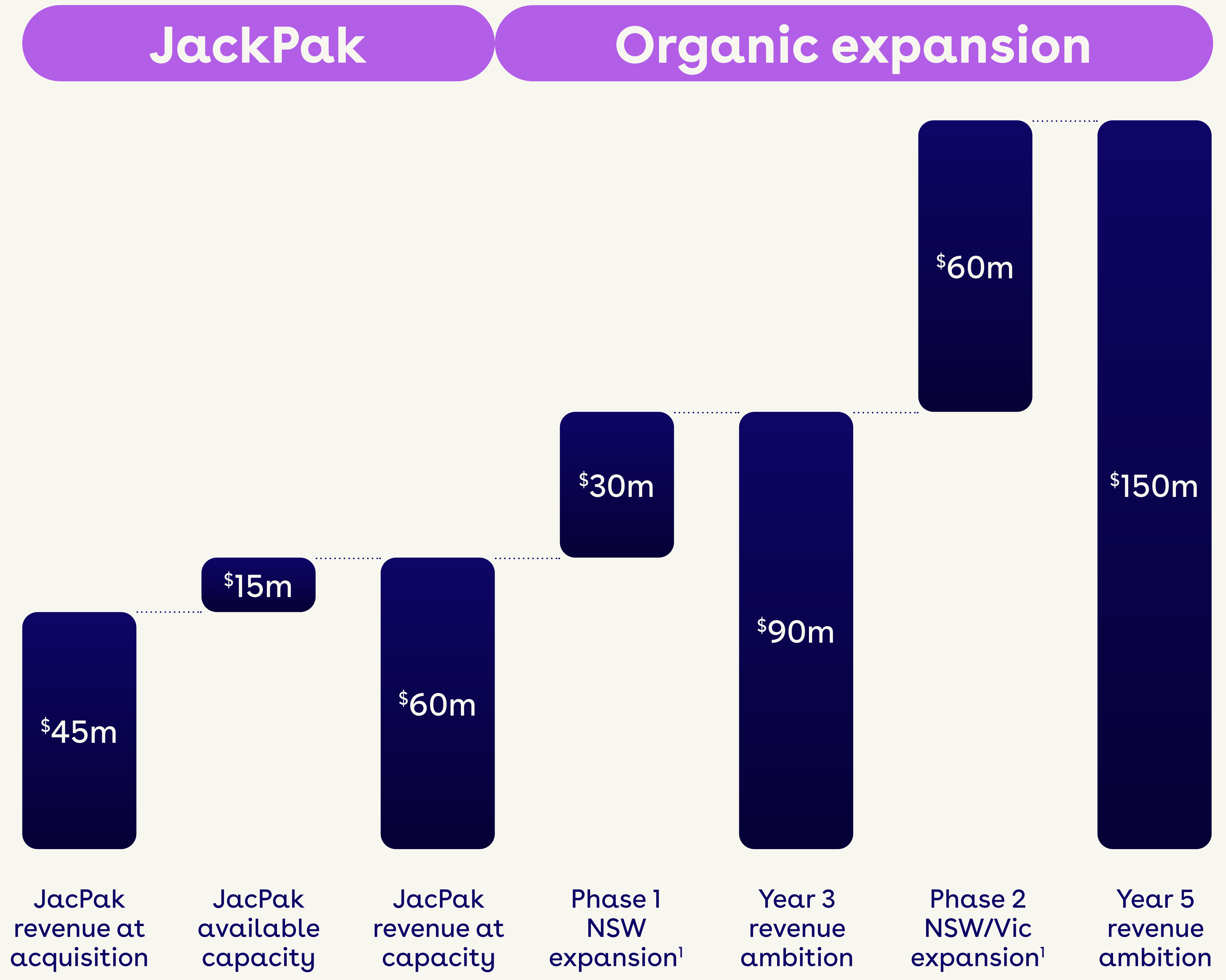
1. Including $3.1m of print revenue transferred to IVE's Victorian printing operations

Packaging

Organic expansion

- IVE intends servicing national brands through packaging operations in both Victoria and NSW, supported by our national logistics network:
  - in Victoria, JacPak (IVE Packaging) will continue to operate as a standalone business with annual revenue capacity of $60m
  - in NSW, IVE intends expanding its Sydney commercial printing site capability (with the addition of die cutting, folding and gluing equipment) to also support folding carton packaging production
- The standalone JacPak facility coupled with the Sydney expansion will result in total packaging revenue capacity of around $90m pa
- For Phase 2, additional investment would add a further $60m to capacity resulting in IVE achieving its stated ambition of generating annual packaging revenue of ~$150m pa over 5 years

Packaging revenue ambition

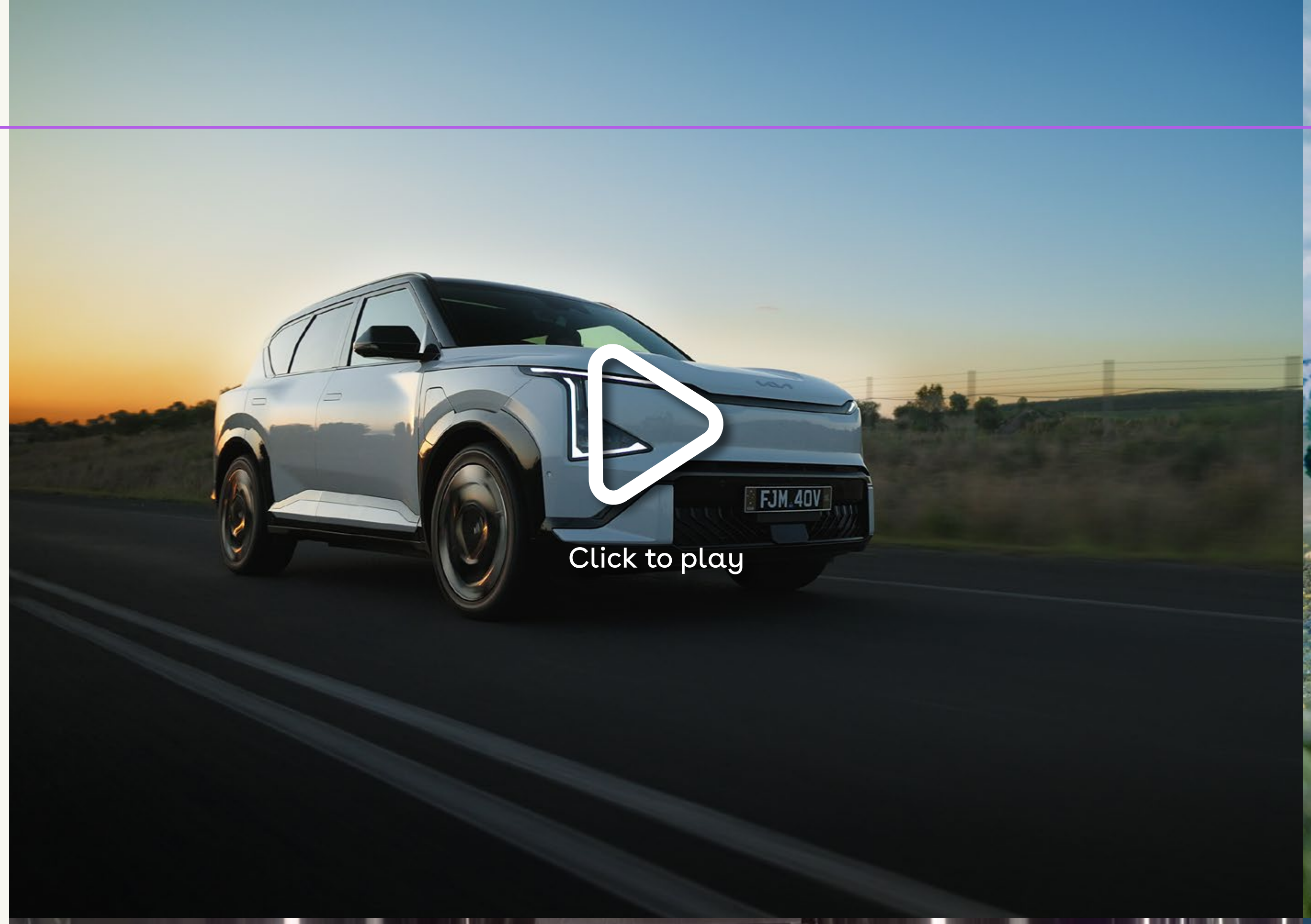


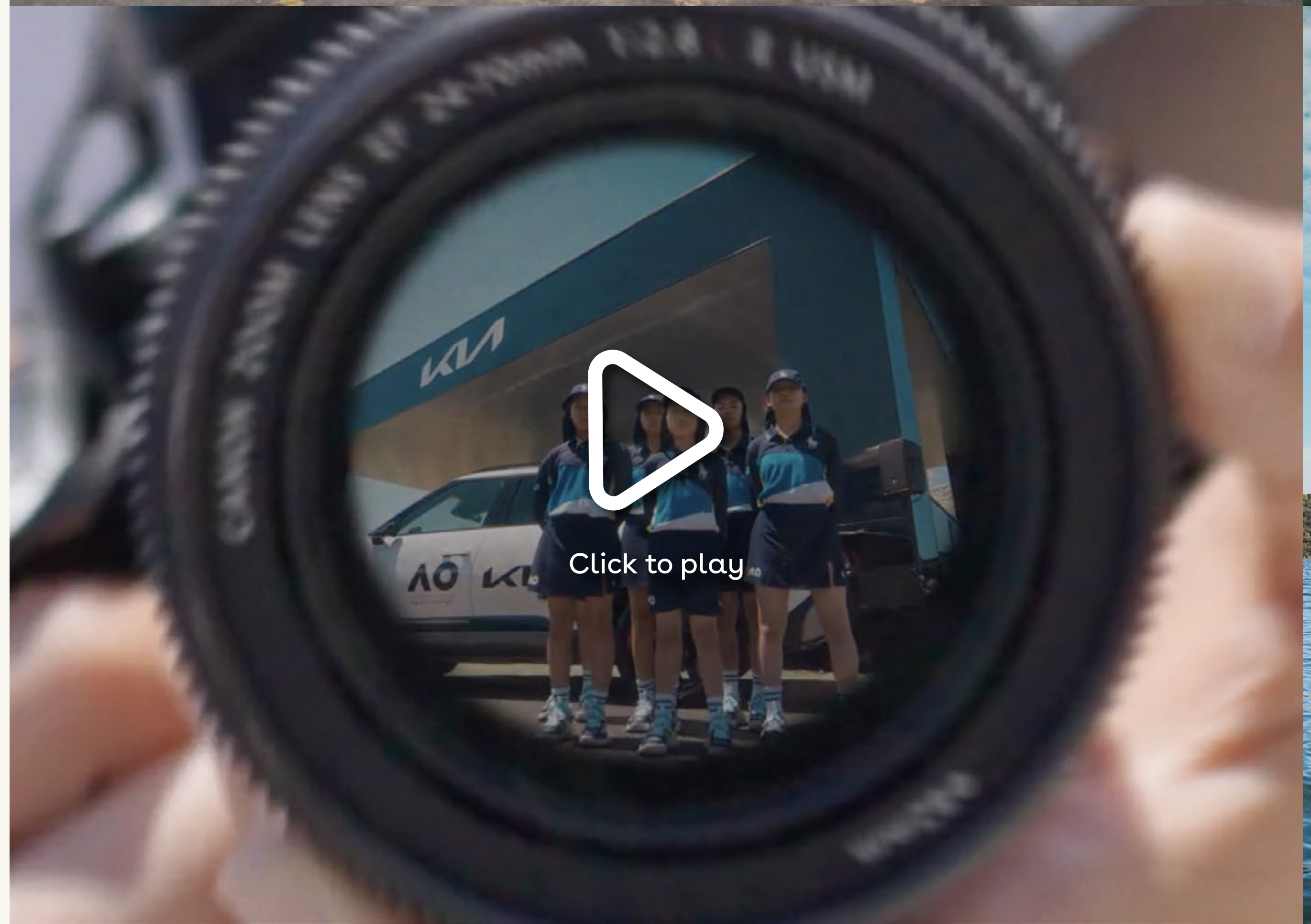
1. Additional capital expenditure required

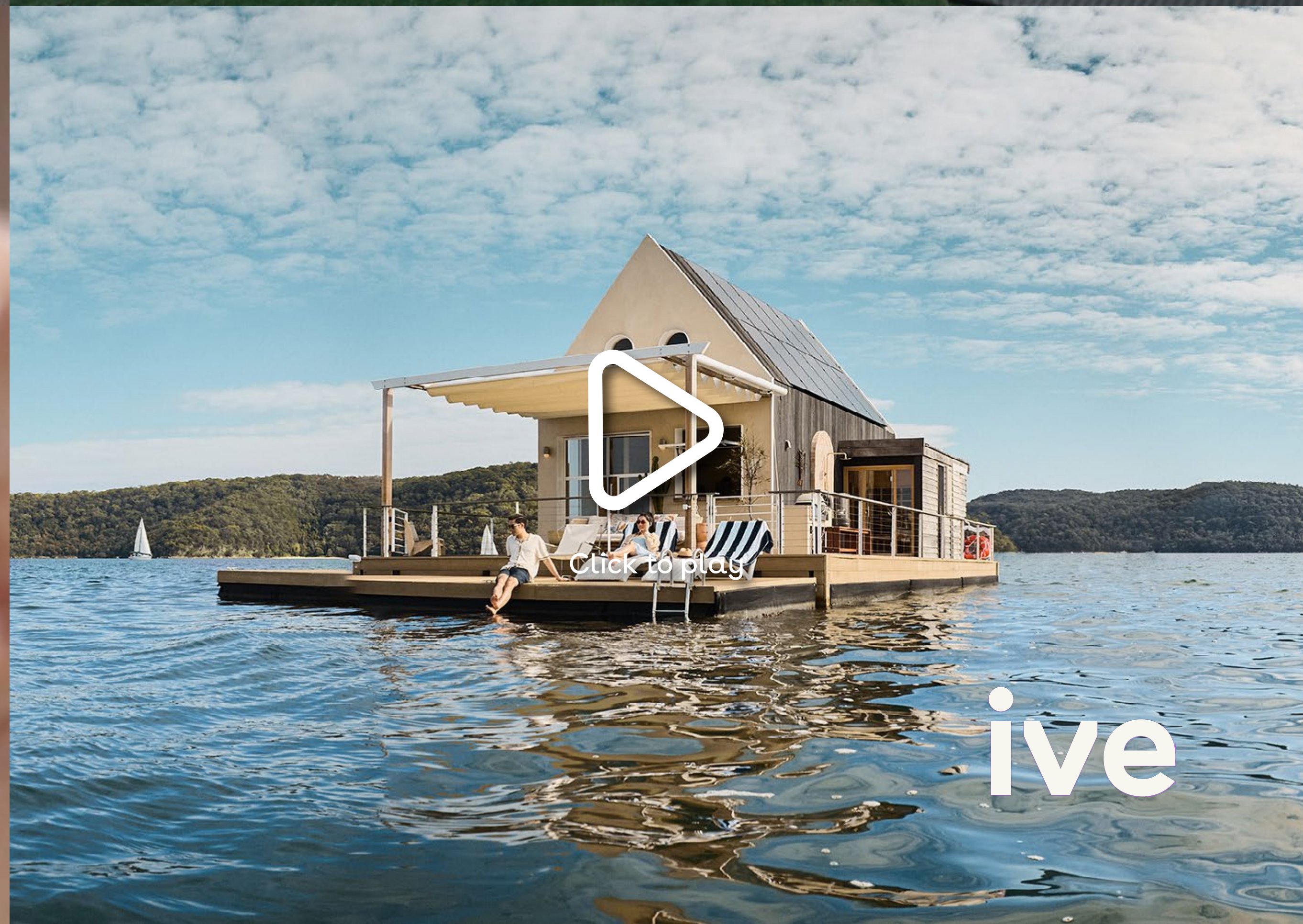
Creative and Content

Elastic Group now fully integrated into Melbourne and Sydney creative service business

- The acquisition of Elastic Group has rapidly advanced our creative service offering
- Elastic's creative and strategic expertise in TV, video, digital and social media has been the perfect complement to our strengths in CX Design, data and content production capabilities
- IVE can now help brands, efficiently target, and connect with customers, across every media touchpoint
- This acquisition is enabling IVE to generate additional value with our existing clients and create new revenue streams for the Group







3PL *expansion*

(Dandenong South, Melbourne)

Facilitating continued strong growth

- With the strong growth experienced in IVE's 3PL operations and the upcoming expiry of 3PL's main warehouse lease in Braeside, the Group is relocating to a brand new, purpose-built facility in nearby Dandenong South
- The 33,000m² facility will become 3PL's largest site and will provide an additional 60% of storage capacity for IVE's Victorian clients (increasing 3PL's national capacity by 30% to 80,000m² from 62,000m² currently)
- Groundworks at the site commenced in December 2024, with practical completion expected in September 2025
- The building will have a 5-star green rating, with parking for all staff, solar powered electricity supply with battery storage, and end-of-trip facilities for up to 100 staff. In the initial phase, the warehouse will have state-of-the-art storage systems for over 25,000 pallets of stock, with plenty of open floor space for future growth

3PL *expansion*

(Dandenong South, Melbourne)

- Benefits of the supersite are expected to include:
  - Additional space for further 3PL expansion;
  - Dedicated in-house logistics services for JacPak;
  - Operating efficiencies through the consolidation of two existing Braeside warehouses, including common operating functions such as receiving and despatch, kitting operations co-located with daily order fulfillment and reduced duplication of resources and equipment; and
  - More fit-for-purpose and modern working conditions for staff
- Once the relocation is completed in late 2025, the 3PL business will have over 80,000m² of modern, highly efficient logistics facilities providing IVE clients with best-in-class receiving, storage, order fulfillment and delivery of products to their networks daily.
- Capex and relocation costs associated with the site (largely impacting FY26) are expected to be around \$2m and \$1m respectively, with an update to be provided at the FY25 result.

Sydney *supersite* *(Kemps Creek)*

Consolidating multiple sites for operating efficiencies and capacity expansion, consistent with strategy

- Replicating the success of our Braeside site in Victoria with the development of a 42,000m² building in Kemps Creek, Western Sydney
- Sydney supersite facilitates the Group's strategy of expanding into horizontal adjacencies such as packaging, to drive revenue growth and operational efficiencies
- Business units being co-located to the Kemps Creek supersite:
  - Commercial Print & Packaging – from Silverwater;
  - Brand Activations – from Granville;
  - CX & Data – from Homebush; and
  - Paper storage (for Print Web Offset) – from Warwick Farm.
- Site is close to key transport hubs and IVE's Erskine Park and Huntingwood sites thereby bringing the majority of our Western Sydney teams much closer together
- Groundworks commenced recently with practical completion expected around the end of 2025 - site expected to be fully operational by March 2026

Sydney *supersite*

(Kemps Creek)

- Benefits of the supersite are expected to include:
  - Avoidance of an additional $3.1m per annum in rental cost increase;
  - Operating efficiencies including consolidation of leases, common operational functions such as dispatch and receiving as well as reduced handover costs;
  - A centralised, strategic labour pool to optimise labour mix (enabling flexibility across business units) and reduce external labour hire and minimise overtime;
  - Additional space to accommodate further expansion, particularly to facilitate Phase 1 and 2 of the packaging strategy; and
  - More fit-for-purpose and modern working conditions for staff.
- Capital expenditure and relocation costs associated with the supersite consolidation (largely impacting FY26) will be disclosed with the FY25 result

Lasoo: *unique high growth* e-Commerce platform

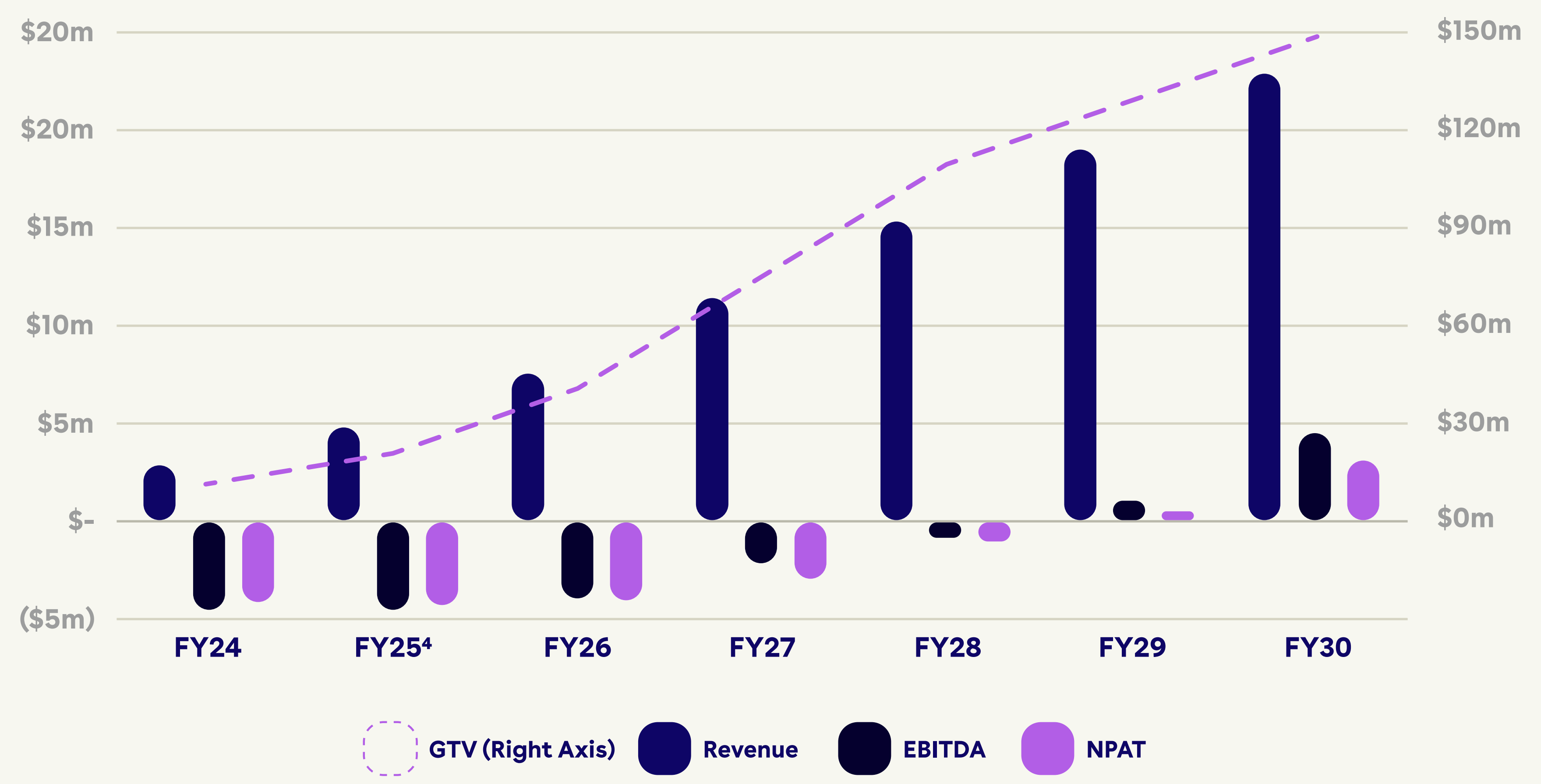
Rapidly scaling independent[1] B2C 'deals' marketplace powered by best-in-class proprietary technology

Key metrics

255 Retailers on platform	20 Product categories
> 200k SKU[2]	4.4 (Excellent) Trustpilot 'TrustScore'[3]

1. Lasoo does not carry any private label inventory or compete with any retailer on its platform
2. Stock keeping units (SKU)
3. Trust Pilot score as at January 2025 (as available)
4. 80% of total investment (capex and cumulative after-tax losses) complete

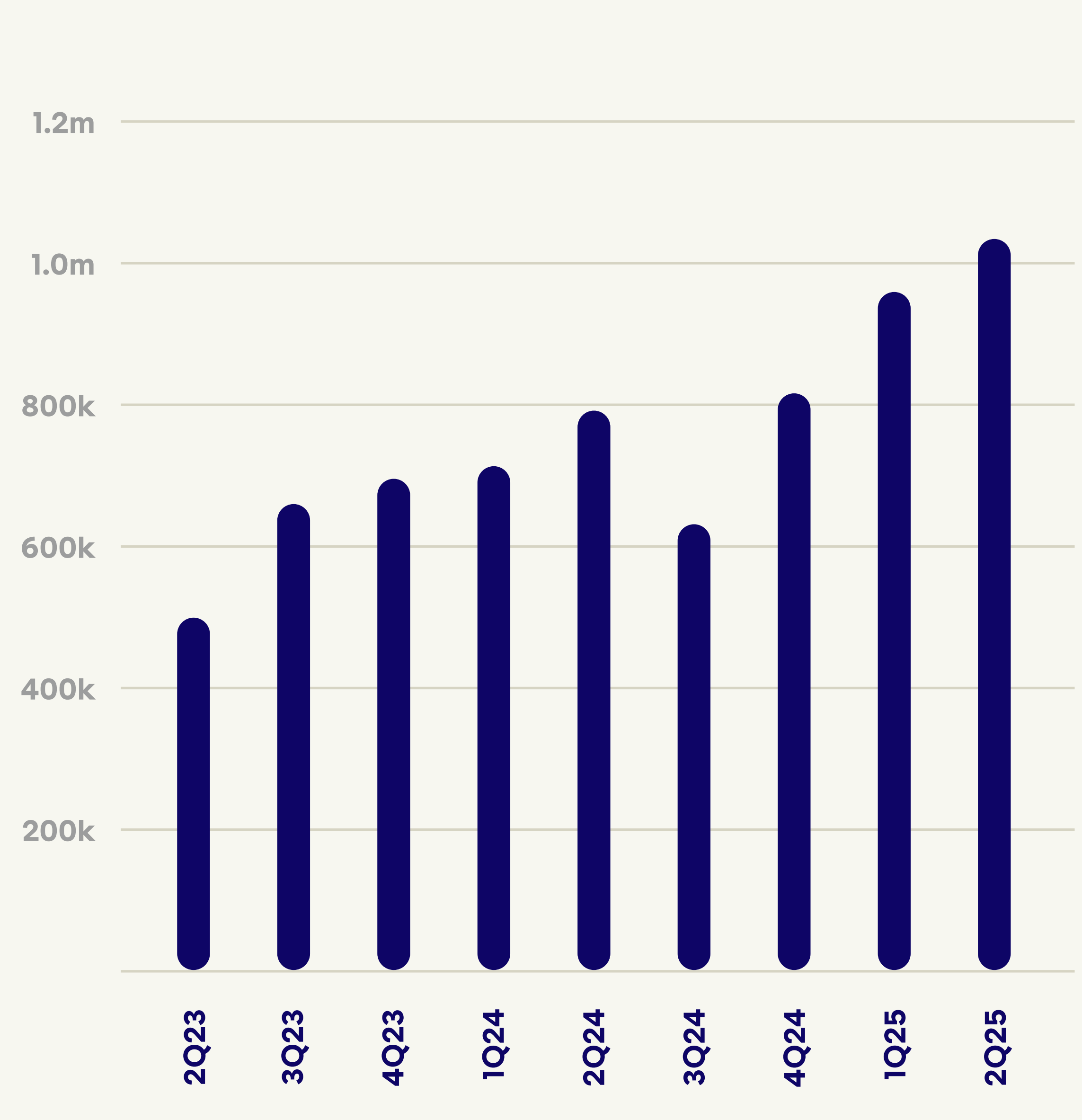
Target FY30 GTV, revenue, EBITDA and NPAT



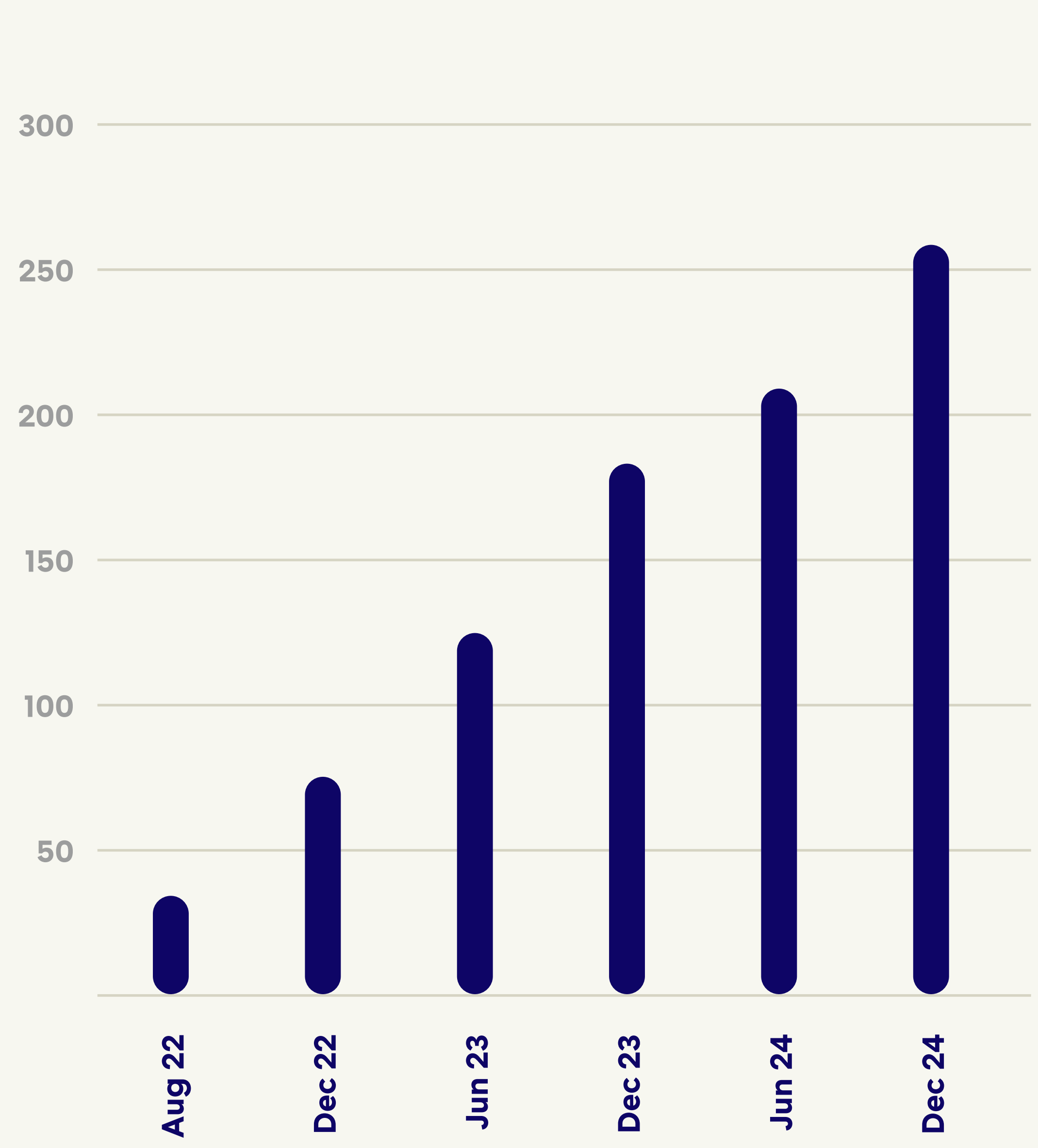
Lasoo remains on-track to break even during FY28 with plans to grow GTV to $150m by FY30 equating to revenue of around $23m, EBITDA of around $4.5m and NPAT of around $3.1m.

Lasoo: *unique high growth* e-Commerce platform

Strong momentum in MAU[1]...

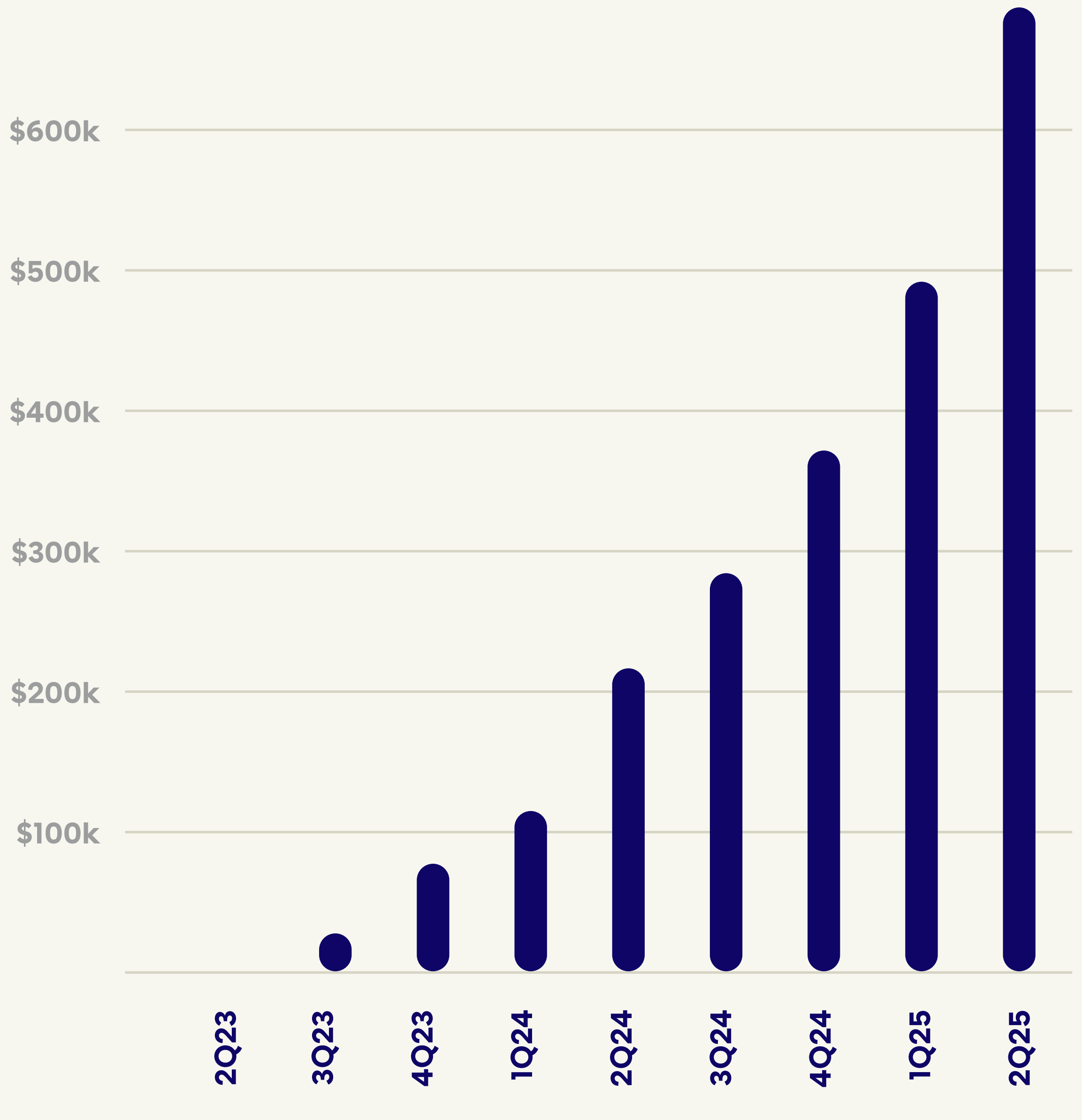


... and retailers live on the platform...



... delivering outsized growth in GTV

.... underpinned by repeat customer sales



1. Total MAU by quarter

FY25 *outlook* and guidance

FY25 outlook and guidance[1]

- Reflecting a strong start to the year and sound new business prospects, the Group has revised its FY25 underlying NPAT guidance range to \$47m-\$50m (from \$45m–\$50m previously)
- NPAT guidance excludes:
  - Lasoo operating loss similar to FY24; and
  - Restructuring and other costs of around \$3.5m
- Capex is now expected to be around \$32m, including \$18m relating to the packaging capacity build-out (net of sale proceeds), the increase reflecting the bringing forward of additional packaging equipment purchases (for Phase 1 expansion)
- IVE's annual dividend is expected to he held steady at 18.0¢ps for the foreseeable future:
  - Reflecting the already substantial dividend yield; and
  - To preserve cash to pay down senior debt, fund future growth initiatives and/or for other capital management options
- Net debt at 30 June 2025 is expected to be below the Group's internal benchmark of 1.5x pre-AASB 16 EBITDA (less than 1.0 post-AASB 16 EBITDA)
- Considering this and the Group's consistently strong financial performance, the Board and management view IGL's share price as offering significant value at current levels and accordingly has initiated an on-market share buyback of up to \$10m[2]
- To drive further alignment between executives, employees and shareholders, IVE has put in place an Employee Salary Sacrifice Share Plan (ESSSP) as well as director and executive minimum shareholding guidelines
- The Group intends hosting an investor strategy session in late 4Q FY25

1. Outlook and guidance is subject to risks as outlined in the Risk Management Framework on pages 47-49 of IVE's 2024 Annual Report
2. The Company may vary, suspend or terminate the on-market buyback based on its view of prevailing market conditions, IVE's capital management requirements, and other factors that may affect shareholder interests.

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Appendices

Appendix A

IFRS Profit and Loss	FY25 H1 $m	FY24 H1 $m	Variance %
Revenue	510.2	507.6	0.5
Material profit	247.5	234.6	5.5
% of revenue	48.5%	46.2%	5.0
EBITDA	71.0	52.7	34.7
% of revenue	13.9%	10.4%	33.8
Depreciation and amortisation	23.5	24.7	(5.0)
EBIT	47.5	28.0	69.8
Net finance costs	8.4	8.6	(2.2)
NPBT	39.1	19.5	100.7
Income tax expense	12.0	6.4	88.2
NPAT	27.1	13.0	108.4
% of revenue	5.3%	2.6%	104.2
NPATA	28.9	14.6	98.1
% of revenue	5.7%	2.9%	97.1
EPS (NPAT) cents	17.5	8.5	107.1
EPS (NPATA) cents	18.7	9.5	96.9

IFRS to underlying NPAT reconciliation	FY25 H1 $m	FY24 H1 $m
IFRS NPAT	**27.1**	**13.0**
Lasoo	3.2	2.8
Restructure costs	0.6	8.7
Other	0.1	2.2
Pre-tax non-operating items	**3.9**	**13.7**
Tax effect of adjustments	(1.7)	(4.0)
Underlying NPAT	**29.3**	**22.7**

Appendix B

IVE Group Limited Balance Sheet	FY25 H1 $m	FY24 $m
Current Assets		
Cash and cash equivalents	49.5	48.8
Trade receivables, prepayments and other	148.9	147.4
Inventories	79.4	80.4
Total Current Assets	**277.8**	**276.6**
Non-Current Assets		
Deferred tax assets	18.0	15.5
Property, plant and equipment	115.5	111.6
Property, plant and equipment (ROUA)	93.9	105.5
Intangible assets and goodwill	152.9	155.1
Other (lease receivable)	0.2	0.6
Total Non-Current Assets	**380.5**	**388.2**
Total Assets	**658.3**	**664.8**

IVE Group Limited Balance Sheet	FY25 H1 $m	FY24 $m
Current Liabilities		
Trade payables and provisions	155.7	164.9
Loans and borrowings	0.8	3.0
Lease liability (ROUA)	28.5	32.3
Current tax payable	8.5	–
Total Current Liabilities	**193.5**	**200.2**
Non-Current Liabilities		
Trade payables and provisions	14.8	14.4
Loans and borrowings	165.7	170.8
Lease liability (ROUA)	75.2	84.8
Total Non-Current Liabilities	**255.7**	**270.1**
Total Liabilities	**449.2**	**470.3**
Net Assets	**209.1**	**194.6**
Equity		
Share capital	167.7	167.7
Reserves	4.5	3.9
Retained earnings	36.9	23.0
Total Equity	**209.1**	**194.6**

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Authorised by the IVE Board

Thank you

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