

Chairman's Review

IVE Group Limited 2024 Annual General Meeting

Good morning ladies and gentlemen.

Although I have been on the Board of IVE Group for many years, today is my first Annual General Meeting as Chairman.

Whilst I am delighted to represent shareholders in that capacity, the circumstances surrounding my appointment were unfortunate and were precipitated by the sudden and tragic passing of our former Executive Chairman, Geoff Selig, last May.

I would like to take this opportunity to acknowledge Geoff's enormous contribution to the Group. Geoff was an inspiring and compassionate leader whose commitment to the success of IVE was unquestioned. Geoff's drive and strategic vision was instrumental in IVE becoming Australia's largest diversified marketing company with an unmatched breadth and depth of service offering.

Geoff's passing resulted in the Group moving to a more customary governance structure with chair and executive responsibilities separated. In addition to my appointment as Non-executive Chairman, Matt Aitken joined the Board as Group CEO and Managing Director.

Performance

Turning now to the performance of the business during the past year.

Following the post-Covid economic rebound, the Australian economy experienced a gradual but progressive economic slowdown across FY24 as the significant prior year interest rate increases coupled with cost-of-living pressures impacted consumer sentiment and spending. While revenue was adversely impacted in some parts of the business, particularly in the second half, the Group was still able to deliver a strong performance with NPAT increasing 8.4% to \$43.0m underpinned by a pleasing uplift in margins.

Return on funds employed increased to 24.9% from 24.7% in the prior year while return on equity increased to 22.2% from 21.1% in the prior year.

Our Managing Director, Matt Aitken, will walk you through the Group's financial performance in detail later so I don't want to dwell on the numbers too much. Suffice it to say, the Board was very pleased with the overall performance of the Company in FY24.

In addition to once again meeting earnings guidance, the Group reported another record year for revenue, EBITDA, EBIT, NPAT and EPS – the third successive year of strong underlying operating performance following the disruption caused by the COVID pandemic and as summarised in the table below.

FY22 versus FY21¹		FY23 versus FY22		FY24 versus FY23
Revenue up 15.6%		Revenue up 27.5%		Revenue up 0.3%
EBITDA up 13.3%	>	EBITDA up 23.1%	>	EBITDA up 7.5%
EBIT up 39.7%		EBIT up 30.4%		EBIT up 12.7%
NPAT up 66.1%		NPAT up 19.8%		NPAT up 8.4%
EPS up 71.1%		EPS up 14.5%		EPS up 5.8%

Earnings per share (EPS) increased 5.8% to 28.0 cents supporting a fully franked full year dividend payment of 18.0 cents per share, unchanged from the prior year.

Capital management

Having achieved three successive years of strong financial results, the share price performance has been disappointing and, as a consequence, the Board has reconsidered the Group's capital management stance.

The Group has historically emphasised the payment of a very strong and growing fully franked dividend, however, this approach has not been rewarded in our share price performance with IGL consistently trading on an 8%-9% fully franked dividend yield representing more than double the current Emerging Leaders Industrials average of only 3.8%².

As noted with the release of our FY24 result, the Group's dividend is expected to be held steady at 18.0 cents per share in the short-to-medium term. This approach reflects the already substantial dividend payout/yield and will preserve cash to pay down senior debt and/or undertake other capital management initiatives including share buy-backs.

In short, the Group intends retaining and redirecting incremental retained earnings that would previously have been paid out as dividends towards additional eps accretive initiatives.

1. FY21 excludes JobKeeper
2. Macquarie Equities Emerging Leaders Market Ratios

Growth initiatives

The Group remains committed to its previously articulated diversification and growth strategy, expanding into product and service adjacencies, either organically or via acquisition, while at the same time consolidating existing market positions.

Our recent and successful entry into the folding carton packaging sector via the acquisition of JacPak, the extension of our Merchandise & Apparel business into corporate uniforms and the expansion of our creative and content capability via the acquisition of Elastic exemplify IVE's strategy: expanding its offering into adjacencies to meet customer needs thereby capturing additional customer share of wallet and growing revenues as a consequence.

Launched only two years ago, our e-Commerce marketplace, Lasoo, remains on a very strong growth trajectory. Lasoo continues to exceed the original business case assumptions on every metric and, accordingly, warrants further (albeit relatively modest) investment to materially scale the platform.

Matt will talk more about some of these exciting growth initiatives in his presentation.

Sustainability

IVE has for some time recognised the growing importance of Sustainability amongst stakeholders including our people, customers, investors and the community more broadly.

Having undertaken a detailed assessment to define the scope of our Sustainability roadmap and inform the development of a robust and transparent sustainability framework, the Group published its inaugural sustainability strategy (including 2025 sustainability targets) in our 2023 Annual Report.

During FY24, the Group further strengthened governance with the appointment of a highly experienced sustainability professional to the dedicated role of Chief People & Sustainability Officer and the establishment of an organisation-wide ESG Working Group comprised of representatives of the business divisions and key operational areas.

While I will leave Matt to outline the notable sustainability achievements delivered during the year, the Board's overarching objective is to ensure sustainability principles are fully embedded into the fabric of the organisation, not only to align with our values and meet increasingly demanding obligations but also to capitalise on sustainability as a source of enduring competitive advantage.

Remuneration

In light of the strong operating and financial performance during FY24, our executive KMP achieved appropriately strong remuneration outcomes consistent with the objectives and philosophy of the Group's remuneration framework.

While there were no material changes to the remuneration framework during the past year, looking forward the Board plans to encourage greater equity ownership among Directors, KMP and the Senior Leadership Team including minimum shareholding requirements, to better align with shareholder interests.

Thank you

I'd like to extend my sincere thanks to our Group CEO and Managing Director, Matt Aitken, for his ongoing commitment and outstanding leadership of the business, as well as our dedicated and talented leadership team including: Darren Dunkley (CFO), divisional CEO's Cliff Brigstocke, Sean Smith, Darryl Meyer, Michael Bettridge and Rob Draper as well as Olivia Tyler (Chief People and Sustainability Officer) and Emma Johnstone (CMO).

I would also like to thank the broader management team and our ~2,000 dedicated staff for their wonderful efforts throughout the year.

Thank you also to my fellow directors Paul Selig, Sandra Hook, Gavin Bell, Cathy Aston and Andrew Bird for your ongoing contribution, expertise and support.

With a strong balance sheet and numerous exciting growth initiatives in-train, the Group is well placed to deliver strong results for shareholders again in FY25.

James Todd

Chairman

19 November 2024