

24 February 2023

Results for the half year ended 31 December 2022

IPD Group Limited (ASX:IPG, "IPD" or the "Company") is pleased to release the Company's results for the half year ended 31 December 2022.

1H FY23 results highlights

- Record half year revenues and profits, with strong business performance in a buoyant market.
- Half year revenue of \$110.9 million, representing 35.7% growth on pcg.
- Half year EBIT of \$11.5 million, representing 33.7% growth on underlying pcg (excluding IPO costs).
- Half year NPAT of \$8.0 million, representing 33.3% growth on underlying pcg (excluding IPO costs, net of tax).
- Continued investment in inventory to support the revenue growth while maintaining best in class delivery commitments to our customers.
- Strong balance sheet, with \$68.5 million of net assets, \$21.3 million of cash and no borrowings.
- Successful integration of Control Logic, HTC and IPD staff and operations into IPD Group Limited.
- Fully franked interim dividend of 4.6 cents per share declared for the first half of FY23.

1H FY23 results summary

\$m	1H FY23	1H FY22	Movement (%)	1H FY23	Underlying 1H FY22 ¹	Movement (%)
Revenue	110.9	81.7	35.7%	110.9	81.7	35.7%
Gross profit	41.7	31.3	33.2%	41.7	31.3	33.2%
EBITDA	13.4	8.8	52.3%	13.4	10.4	28.8%
EBIT	11.5	7.0	64.3%	11.5	8.6	33.7%
NPAT	8.0	4.8	66.7%	8.0	6.0	33.3%
Operating expenses as % of revenue	25.6%	28.1%	(2.5%)	25.6%	26.2%	(0.6%)
Gross profit margin	37.6%	38.3%	(0.7%)	37.6%	38.3%	(0.7%)
EBITDA margin	12.1%	10.8%	1.3%	12.1%	12.7%	(0.6%)
EBIT margin	10.4%	8.6%	1.8%	10.4%	10.5%	(0.1%)
NPAT margin	7.2%	5.8%	1.4%	7.2%	7.3%	(0.1%)

(1) Underlying 1H FY22 results are a non-IFRS measure reported to provide a greater understanding of business performance. EBITDA and EBIT have been arrived at by adding back IPO related costs totaling \$1.6 million. NPAT has been arrived at by adding back IPO related costs after tax totaling \$1.2 million.

1H FY23 result overview

In the first half of FY23, sales revenue of \$110.9 million was up 35.7% on the prior corresponding period. The business continues to gather momentum and gain market share as we successfully execute our growth strategy. Our customers have returned to normal operating capacity as COVID-19 related restrictions are lifted resulting in increased customer activity and orders.

Operating expenses as a percentage of revenue reduced by 0.6% on the underlying prior corresponding period (excluding IPO costs). This reduction reflects the strength of our operating model and the organisational transformation over the half year ended 31 December 2022. On 1 July 2022, the employees and operations of Control Logic Pty Ltd and High Technology Control Pty Ltd integrated into IPD Group Limited to enable the streamlining of customer and supplier transactions, improve service levels with expanded customer service and technical support teams, create process efficiencies, improve capital management and establish a uniform sales structure targeting dedicated sales channels.

CUSTOMER SERVICE, SALES & TECHNICAL SUPPORT

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In line with our strategy, we continue to recruit business development managers, to create pull-through demand by driving specification of IPD solutions through key influencers and identify significant opportunities early in the project life cycle. We have already seen early success of this key strategic initiative, winning some key marquee projects.

We see Electrical Vehicle charging market as a substantial opportunity for IPD. The skills required to be a successful end to end solution provider to the EV market is a natural extension of our existing skills. We are building a significant team to service this large and emerging industry-wide opportunity for the Group.

Strong balance sheet

As at 31 December 2022, the Group has \$68.5 million of net assets on its balance sheet, \$21.3 million in net cash, no borrowings and is well capitalised to execute on its strategic priorities.

Inventory increased by \$9.5 million on the prior corresponding period. Some components with long lead times, ordered during the period of global supply chain disruption, were delivered on time by suppliers causing a one-off increase in inventory. Investment into inventory was also required to support revenue growth as it remains critical to continue our customer service commitment by maintaining best in class dispatch and delivery to our customers.

To continue servicing our revenue growth, on the 1st of January 2023 a new long-term lease commenced for a second NSW warehouse at Eastern Creek. The 4,000sqm site is now fully operational. Initially, a portion of the new facility is being sublet, allowing for measured future expansion.

The Group was not materially impacted by the RBA increases to the Australian cash rate target during the half year to December 2022 as the Group continues to have no debt and \$21.3 million in net cash on the balance sheet.

Dividend

On 3rd October 2022, IPD Group paid the 2022 financial year end dividend of 3.7 cents per share fully franked.

On 24 February 2023, the Directors declared an interim dividend of 4.6 cents per share fully franked with an ex-dividend date of 23 March 2023, record date of 24 March 2023 and payable on 06 April 2023.

Outlook

The operating environment for the business remains buoyant. The Addelec Power Services business which was affected by COVID-19 related shutdowns is experiencing a significant improvement with a pipeline of large upcoming projects. COVID-19 related issues such as long supply lead times, uncertain deliveries by overseas factories, expensive overseas freight and site shutdowns are returning to normal in most cases.

Trading performance for January and February, the first two months of the 2H FY23, has been strong.

The effect of the recent interest rate increases is minimal on IPD business as our exposure to the residential building sector is small and the group has a net cash position with no borrowings.

The outlook for the business remains positive.

This announcement was approved for release by the Board.

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Further information

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IPD Group Limited's CEO Michael Sainsbury and CFO Jason Boschetti will host an investor webinar at 10:30 am (AEDT) on Friday, 24 February 2023. Registration link: <https://kapara.rdbk.com.au/landers/ff5efb.html>

For further information, please visit our website <https://ipdgroup.com.au> or contact us directly at InvestorRelations@ipd.com.au.

About IPD Group

IPD is a national distributor and service provider to the Australian electrical market. IPD's core focus in the products division is the sale of electrical infrastructure products to customers including switchboard manufacturers, electrical wholesalers, electrical contractors, power utilities, OEMs and system integrators. In addition to selling products, IPD provides a range of value-added services, including custom assembly, sourcing, engineering design, technical compliance, procurement, transport, storage, regulatory management, technical support, packaging, labelling, inventory management and delivery. IPD Group operates in nine locations across six states, providing a truly national offering to its customer base.

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