



Half Year Financial Report

For the half year ended 31 December 2023

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HALF YEAR FINANCIAL REPORT

ipdgroup.com.au

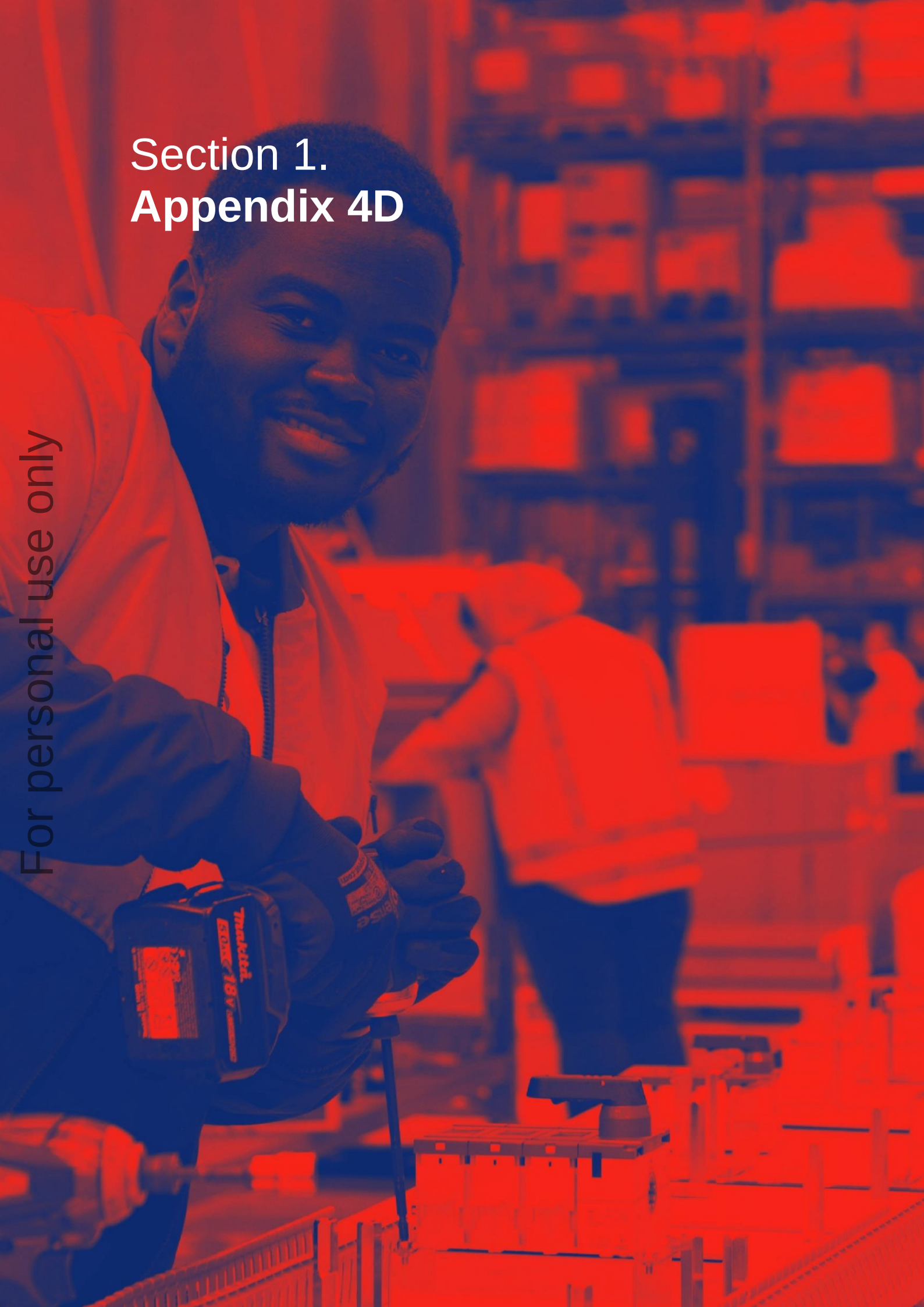
IPD GROUP LTD
ACN: 111 178 351

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Section 1. Appendix 4D

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APPENDIX 4D

Company details

Name of entity	IPD GROUP LIMITED
ACN	111 178 351
Current reporting period	Half year ended 31 December 2023
Previous corresponding reporting period	Half year ended 31 December 2022

Additional disclosure requirements and supporting information for the Appendix 4D are contained within IPD Group Limited's Half Year Financial Report for the half year ended 31 December 2023. This Appendix should be read in conjunction with the full report.

This announcement was approved by the Board of Directors for release on 26 February 2024.

Results for announcement to market

	Movement			Half year to 31 December 2023	Half year to 31 December 2022
		%		\$million	\$million
Revenue from ordinary activities	up	8.8%	To	120.7	110.9
Underlying EBITDA ¹	up	23.1%	to	16.5	13.4
Depreciation and Amortisation				(2.5)	(1.9)
Underlying EBIT ¹	up	21.7%	to	14.0	11.5
Net interest income / (costs)				0.1	(0.1)
Underlying Profit before tax ¹	up	24.6%	To	14.1	11.4
Income Tax				(4.3)	(3.4)
Underlying NPAT from ordinary activities ¹	up	22.5%	to	9.8	8.0
Acquisition costs net of tax				(0.3)	-
NPAT from ordinary activities after acquisition costs attributable to owners of IPD Group Limited	up	18.8%	to	9.5	8.0
Earnings per share before acquisition costs (cents per share) ²	up	18.3%	to	11.0	9.3
Earnings per share after acquisition costs (cents per share) ²	up	16.1%	to	10.8	9.3

¹ Underlying EBITDA, EBIT, Profit before tax and NPAT from ordinary activities is a non-IFRS measure reported to provide a greater understanding of business performance. Underlying EBITDA, EBIT and Profit before tax have been arrived at by adding back acquisition related costs totalling \$362,000. Underlying NPAT from ordinary activities has been arrived at by adding back acquisition related costs after tax totalling \$253,000.

² Weighted average number of ordinary shares used in the calculation of earnings per share of 88,778,919 (31 December 2022: 86,326,215)

IPD Group Ltd recorded a statutory after-tax profit of \$9,545,000 during the half year to 31 December 2023 (31 December 2022: \$8,022,000).

On 26 February 2024, the Directors declared an interim dividend of 4.6 cents per share fully franked with an ex-dividend date of 27 March 2024, record date of 28 March 2024 and payable on 10 April 2024.

On 3rd October 2023, the IPD Group paid the 2023 financial year-end dividend of \$4,070,000 which was equivalent to 4.7 cents per share fully franked.

Further information on the 'Review of operations' is detailed in the Directors' report which is part of the Interim Report.

Net Tangible Assets

	31 December 2023	31 December 2022
Net tangible assets per share (cents per share)	115.2	63.3
Diluted net tangible assets per share (cents per share)	114.5	62.8

Section 2. Directors' Report

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DIRECTORS' REPORT

The Directors present their report in compliance with the provisions of the Corporations Act 2001 on the consolidated entity (referred to hereafter as the "Group") consisting of IPD Group Ltd ("IPD Group" or the "Company") and the entities it controlled at the end of, or during, the half year ended 31 December 2023.

DIRECTORS

Directors of IPD Group Ltd during and since the end of financial half year unless otherwise stated below are:

David Rafter – Independent non-executive Chairman

Andrew Moffat – Independent non-executive Director

Michael Sainsbury – Executive Director

Mohamed Yoosuff – Executive Director

COMPANY SECRETARY

Jade Cook

CORPORATE GOVERNANCE

The Board of Directors and management of IPD Group recognise the importance of, and are committed to, achieving high corporate governance standards. Our key Corporate Governance materials including policies, code of conduct and Board and Board Committee Charters, can be found in the Corporate Governance section of our website within the Investor Relation section.

In accordance with the 4th edition of the ASX Corporate Governance Council's Principles and Recommendations, the Company's Corporate Governance Statement, as approved by the Board, is published and available on the IPD Group website at <https://ipdgroup.com.au/investors/corporate-governance/>

PRINCIPAL ACTIVITIES

The Group is a national distributor and service provider to the Australian electrical market. The Group consists of two core divisions:

- the distribution of products for quality global electrical infrastructure brands such as ABB, Elsteel, Emerson & Red Lion; and
- the provision of services, including installation and commissioning, calibration and testing, maintenance and repairs and refurbishment

Products division:

The Group'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. Within the division there are five key categories of products:

- Power distribution
- Industrial and motor control
- Automation and industrial communication
- Power monitoring; and
- Hazardous area equipment.

In addition to selling products, the Group 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.

Services division:

Within the Group's services division there are five categories of services:

- Installation and commissioning
- Calibration and testing
- Maintenance and repairs
- Electric vehicle solutions; and
- Refurbishment and other.

DIRECTORS' REPORT (CONT'D)

REVIEW OF OPERATIONS

Underlying NPAT bridge entries	Half year to 31 December 2023 \$million	Half year to 31 December 2022 \$million
NPAT Statutory	9.5	8.0
Acquisition costs	0.4	-
Less tax effect of Acquisition costs	(0.1)	-
Underlying NPAT from ordinary activities	9.8	8.0

The IPD Group Board of Directors are pleased to advise a record half-year performance for the six months ended 31 December 2023. Sales revenue of \$120.7 million was up 8.8% on the pcp, while gross profit of \$48.3 million was up 15.8% on the pcp. The acquisition of EX Engineering and growth in daily trade business resulted in stronger gross profit margins for the Group during 1H FY24.

The Group completed two key strategic acquisitions:

- On 21 July 2023, IPD acquired EX Engineering, a Perth-based business that specialises in the design, stocking, supply, modification, and repair of electrical hazardous area equipment (known as Ex equipment). This work involves a critical focus on safety, including adherence to rigorous certification processes, which results in significant barriers to entry in this segment. Work has commenced on expanding IPD's hazardous area capabilities into the east coast, with IPD now set up and assembling level one hazardous area equipment. EX engineering continues to track towards earn-out targets for FY24.
- On 28 November 2023, IPD announced it had entered into a conditional agreement to acquire 100% of the issued shares in CMI Operations, a leading distributor of electrical cables and manufacturer & distributor of plug brands in Australia, from ASX-listed Excelsior Capital Limited (ASX:ECL) for total consideration of up to \$101.0 million. This consideration comprised an upfront payment of \$92.1 million, subject to customary working capital and net debt adjustment, and a maximum contingent payment of \$8.9 million. The CMI Operations acquisition was funded through a combination of a fully-underwritten \$65m equity raising and a new \$40m debt facility, and was completed on 31 January 2024. The CMI Operations acquisition extends IPD's product suite, increases supplier diversity, strengthens its overall value proposition with existing customers, and broadens customer reach.

IPD is enhancing its EV infrastructure team by merging Addelec and Gemtek to capitalise on the growing EV infrastructure market. The integration is currently in progress and is due for completion by 1 July 2024, with this integration anticipated to boost operational efficiencies. Post-integration, the merged business is poised to meet the increasing demand for efficient electrical infrastructure within the sustainable energy sector.

Underlying operating expense (excluding acquisition-related costs) as a percentage of revenue increased by 1.1% on the pcp as the Group recognised the full cost base of strategic investments made last year, including:

- the Group's operational expansion into an additional 4,000sqm warehouse facility at Eastern Creek; and
- the full recruitment of specification-focused business development managers across the country

Acquisition related costs amounted to \$0.4m during 1H FY24, with a majority of the remaining CMI Operations acquisition costs incurred in 2H FY24. IPD has invested in these strategic initiatives during the period while also delivering a 120 basis point improvement in Underlying EBIT margin to 11.6% (reported EBIT margin 11.3%).

As at 31 December 2023, the Group had \$142.7 million of net assets and no borrowings on its balance sheet following the acquisition of EX Engineering and the successful \$65 million capital raise for the acquisition of CMI Operations. Post 31 December 2023, IPD entered into a new \$40 million debt facility to partially fund its 100% acquisition of CMI Operations, which completed on 31 January 2024. As a result of this transaction, Net Debt stood at \$23.7 million as of 31 January 2024.

With the combination of EX Engineering, net working capital increased to \$48.2 million. Inventory increased by \$7.6 million on the prior corresponding period, with over \$2.5 million contributed by EX Engineering. Cashflow conversion was up 11% on the pcp, with operating free cash flow conversion (before interest and tax) at 50% for the half-year ended 31 December 2023. The inventory build during H1 will be used to support the ongoing revenue growth into H2.

On 3 October 2023, the Group paid the 2023 financial year-end dividend of 4.7 cents per share, fully franked, resulting in a total payout of \$4.1 million.

On 26 February 2024, the Directors declared a fully franked interim dividend of 4.6 cents per share, payable on 10 April 2024. This equates to a payout of \$4.8 million and a payout ratio of 50% for the half-year ended 31 December 2023.

DIRECTORS' REPORT (CONT'D)

Outlook

The outlook for our markets remain buoyant. The tailwinds from the electrification of the economy have had a positive impact and the Group is expecting a number of significant projects to commence in the second half of the year.

The outlook for the business remains positive.

SUBSEQUENT EVENTS

On 25 January 2024, IPD Group entered into a debt facility agreement (Facility Agreement) with the Commonwealth Bank of Australia to partially fund its conditional agreement to acquire 100% of the issued shares in CMI Operations Pty Ltd (CMI) from ASX listed Excelsior Capital Limited (ASX:ECL), as first announced on 28 November 2023 (the Acquisition).

On 31 January 2024, IPD Group completed the acquisition of 100% interest of CMI Operations Pty Ltd (as per ASX announcement on 28 November 2023). CMI is a leading distributor of electrical cables and manufacturer and distributor of plug brands in Australia that extends IPD's product suite, increases supplier diversity, strengthens its overall value proposition with existing customers and broadens customer reach.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

INDEMNIFICATION OF OFFICERS AND AUDITORS

During the financial period, the Group paid a premium in respect of a contract insuring Directors of the Group, the Group secretary, and all executive officers of the Group and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Group has not otherwise, during or since the end of the financial period, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 9 of the half year financial report.

ROUNDING OFF OF AMOUNTS

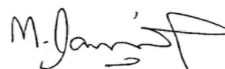
The Company is a company of the kind referred to in the Class order 2016/191 - *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, dated 24 March 2016, and in accordance with that Class Order amounts in the Directors' report and the half year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

This Directors' report is signed in accordance with a resolution of Directors made pursuant to s306 (3) (a) of the Corporations Act 2001.

On behalf of the Directors



David Rafter
Director
Sydney, 26 February 2024



Michael Sainsbury
Director
Sydney, 26 February 2024

Section 3. Independent Reports

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Auditors Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of IPD Group Limited

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2023, there have been:

- a) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review, and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of IPD Group Ltd and the entities it controlled during the period.

PKF

PKF

STobutt

SCOTT TOBUTT
PARTNER

26 FEBRUARY 2024
SYDNEY, NSW



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INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF IPD GROUP LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of IPD Group Ltd (the consolidated entity), which comprises the condensed consolidated statement of financial position as at 31 December 2023, and the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes, and the directors' declaration.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of IPD Group Limited is not in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2023, and of its financial performance for the half-year ended on that date; and
- (b) complying with the Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Independence

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity (ASRE 2410). Our responsibilities are further described in the Auditor's responsibilities for the review of the half-year financial report section of our report. We are independent of the consolidated entity in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' Responsibility for the Half-Year Financial Report

The directors of the consolidated entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the Corporations Regulations 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.



Auditor's Responsibility for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and its performance for the half year ended on that date, and complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of IPD Group Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters

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PKF

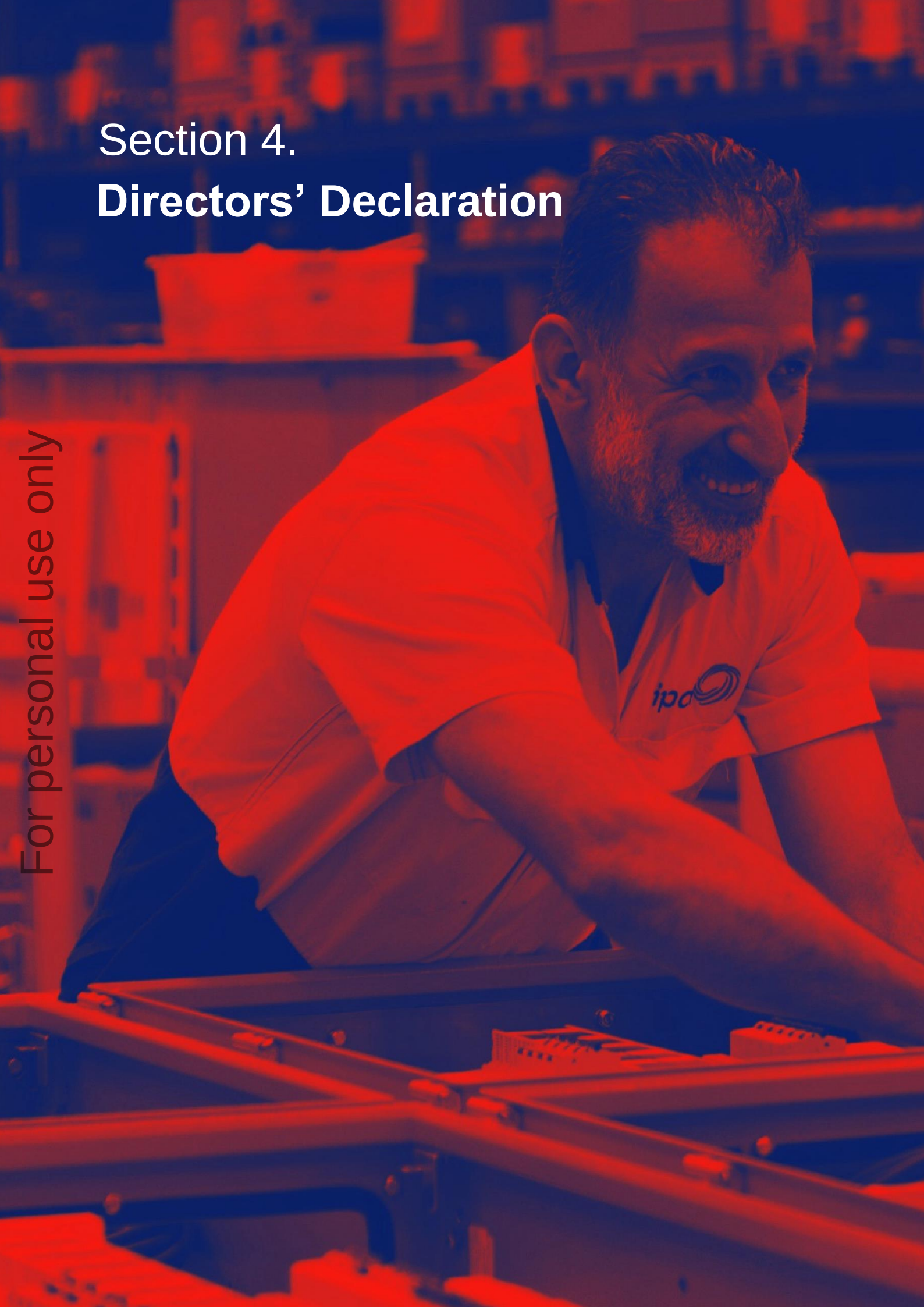
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SCOTT TOBUTT
PARTNER

26 FEBRUARY 2024
SYDNEY, NSW

Section 4. **Directors' Declaration**

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DIRECTORS' DECLARATION

In the directors' opinion:

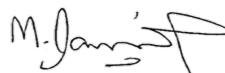
- a) the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- b) the attached financial statements also comply with International Financial Reporting Standards; and
- c) the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the financial half-year ended on that date; and
- d) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors



David Rafter
Director
Sydney, 26 February 2024



Michael Sainsbury
Director
Sydney, 26 February 2024

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Section 5. Consolidated Statements



CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the half year ended 31 December 2023

	Note	Half year to 31 December 2023 \$'000	Half year to 31 December 2022 \$'000
Revenue from ordinary activities		120,736	110,874
Materials and consumables used		(72,474)	(69,189)
Other Income		467	199
Employee benefits expense		(24,534)	(21,313)
Freight and delivery expenses		(2,496)	(2,828)
Depreciation and amortisation expenses		(2,465)	(1,852)
Occupancy costs		(668)	(611)
Finance costs		(291)	(310)
Other expenses		(4,097)	(3,526)
Acquisition costs		(362)	-
Profit before income tax		13,816	11,444
Income tax expense		(4,271)	(3,422)
Profit after income tax expense for the period	4	9,545	8,022
Earnings per share			
Basic earnings per share (cents per share)	4	10.8	9.3
Diluted earnings per share (cents per share)	4	10.7	9.3

The consolidated statement of profit or loss should be read in conjunction with the Notes to the financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the half year ended 31 December 2023

	Note	Half year to 31 December 2023 \$'000	Half year to 31 December 2022 \$'000
Profit after income tax for the period	4	9,545	8,022
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		(124)	5
Other comprehensive income for the period, net of tax		115	31
Total comprehensive income for the period attributable to the owners of IPD Group Ltd		9,536	8,058

The consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the Notes to the financial statements.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

for the half year ended 31 December 2023

	Note	31 December 2023 \$'000	30 June 2023 \$'000
Current assets			
Cash and cash equivalents		70,493	20,757
Trade and other receivables		44,127	44,966
Inventories		49,943	42,327
Other assets		1,050	1,030
Total current assets		165,613	109,080
Non-current assets			
Right of use assets	6	11,786	12,299
Property, plant and equipment		4,199	3,973
Intangible assets	8	19,641	10,459
Deferred tax assets		3,942	3,796
Total non-current assets		39,568	30,527
Total assets		205,181	139,607
Current liabilities			
Trade and other payables		41,414	40,830
Current tax liabilities		1,106	2,710
Lease liability	6	3,113	3,011
Provisions		5,501	8,166
Total current liabilities		51,134	54,717
Non-current liabilities			
Lease liability	6	10,188	10,804
Provisions		558	470
Deferred tax liabilities		618	701
Total non-current liabilities		11,364	11,975
Total liabilities		62,498	66,692
Net assets		142,683	72,915
Equity			
Issued capital	5	95,932	31,580
Reserves		200	374
Retained earnings		46,551	40,961
Total equity		142,683	72,915

The consolidated statement of financial position should be read in conjunction with the Notes to the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the half year ended 31 December 2023

	Issued capital \$'000	Retained Earnings \$'000	Reserves \$'000	Total \$'000
Balance at 30 June 2022	31,488	32,013	(69)	63,432
Profit for the period	-	8,022	-	8,022
Other comprehensive income for the period (net of tax)	-	31	5	36
Total comprehensive income	-	8,053	5	8,058
Dividends paid	-	(3,193)	-	(3,193)
Share-based payments expense	-	-	118	118
Share issue	92	-	-	92
Balance at 31 December 2022	31,580	36,873	54	68,507
Balance at 30 June 2023	31,580	40,961	374	72,915
Profit for the period	-	9,545	-	9,545
Other comprehensive income for the period (net of tax)	-	115	(124)	(9)
Total comprehensive income	-	9,660	(124)	9,536
Dividends paid (note 3)	-	(4,070)	-	(4,070)
Share-based payments expense	-	-	202	202
Share issue	64,352	-	(252)	64,100
Balance at 31 December 2023	95,932	46,551	200	142,683

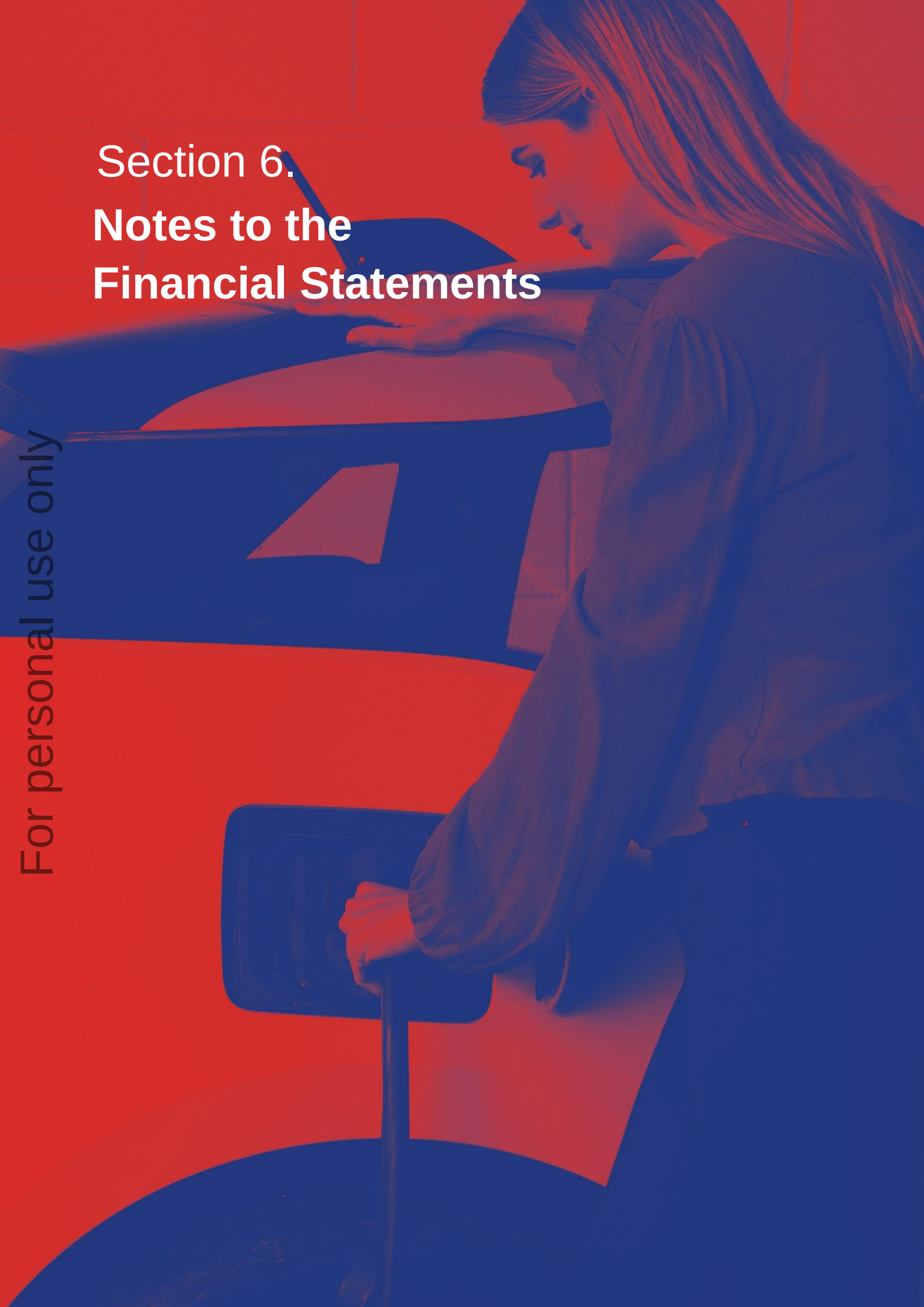
The consolidated statement of changes in equity should be read in conjunction with the Notes to the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the half year ended 31 December 2023

	Note	Half year to 31 December 2023 \$'000	Half year to 31 December 2022 \$'000
Cash flows from operating activities			
Receipts from customers		134,827	116,097
Payments to suppliers and employees		(126,775)	(110,838)
Interest received		394	114
Finance costs		(291)	(310)
Income taxes paid		(5,920)	(3,782)
Net cash generated by operating activities		2,235	1,281
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		147	24
Payment for property, plant and equipment		(972)	(1,036)
Acquisition of Subsidiary, net of cash acquired		(8,269)	-
Net cash used in investing activities		(9,094)	(1,012)
Cash flows from financing activities			
Repayment of lease liabilities		(1,611)	(1,220)
Dividends paid		(4,070)	(3,193)
Proceeds from the issue of shares	5	65,008	-
Capital raising cost	5	(2,682)	-
Net cash (used in)/ generated by financing activities		56,645	(4,413)
Net increase/(decrease) in cash and cash equivalents		49,786	(4,144)
Cash and cash equivalents at the beginning of the financial period		20,757	25,401
Effects of exchange rate changes on cash		(50)	1
Cash and cash equivalents at the end of the financial period		70,493	21,258

The consolidated statement of cash flows should be read in conjunction with the Notes to the financial statements.



Section 6. Notes to the Financial Statements

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NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

General Information

These general-purpose financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general-purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2023 annual financial report for the financial year ended 30 June 2023

2. SEGMENT INFORMATION

Operating segments are reported in a manner which is consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision makers have been identified as the Board of Directors for the Group.

The internal reports reviewed by the Board, which are used to make strategic decisions, are separated into the Group's key market segments Products division and Services Division:

Secondary operating segments have been defined as:

- Products division – 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
- Services Division – provision of services, including installation and commissioning, calibration and testing, maintenance and repairs and refurbishment

The accounting policies of the reportable secondary segments are the same as Group's accounting policies.

Half year ended 31 December 2023	Products division \$'000	Services division \$'000	Total \$'000
Revenue from external customers	109,863	10,873	120,736
Other revenue / income	48	28	76
Total revenue from ordinary activities	109,911	10,901	120,812
Earnings before Interest, Tax, Depreciation and Amortisation	15,466	683	16,149
Depreciation and amortisation expense			(2,465)
Net Interest income			132
Profit before income tax			13,816
Income Tax			(4,271)
Net profit after income tax			9,545

2. SEGMENT INFORMATION (CONT'D)

Half year ended 31 December 2022	Products division \$'000	Services division \$'000	Total \$'000
Revenue from external customers	101,951	8,923	110,874
Other revenue / income	85	1	86
Total revenue from ordinary activities	102,036	8,924	110,960
Earnings before Interest, Tax, Depreciation and Amortisation	12,884	507	13,391
Depreciation and amortisation expense			(1,852)
Net Interest expense			(95)
Profit before income tax			11,444
Income Tax			(3,422)
Net profit after income tax			8,022

The Group's assets were not split by reportable secondary operating segment as the chief operating decision makers do not utilize this information for the purposes of resource allocation and assessment of segment performance.

3. DIVIDENDS

On 3rd October 2023, the IPD Group paid the 2023 financial year end dividend of \$4,070,000 which was equivalent to 4.7 cents per share fully franked.

On 26 February 2024, the Directors declared an interim dividend of 4.6 cents per share fully franked with an ex-dividend date of 27 March 2024, record date of 28 March 2024 and payable on 10 April 2023.

4. EARNINGS PER SHARE

	Half year to 31 December 2023 Cents per share	Half year to 31 December 2022 Cents per share
Basic earnings per share	10.8	9.3
Diluted earnings per share	10.7	9.3
Reconciliation of earnings used in calculating earnings per share		
	Half year to 31 December 2023 \$'000	Half year to 31 December 2022 \$'000
Net profit	9,545	8,022
Reconciliation of shares used in calculating earnings per share		
	Half year to 31 December 2023 No.	Half year to 31 December 2022 No.
Opening and closing balance of shares for the period	86,365,798	86,285,762
Shares issued	17,014,280	80,036
Closing balance of shares for the period	103,380,078	86,365,798
Weighted average number of ordinary shares used in the calculation of basic earnings per share	88,778,919	86,326,215
Shares deemed to be issued for no consideration in respect of:		
Employee performance Rights	643,700	674,742
Closing number of shares deemed to be issued for the period	104,023,778	87,040,540
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	89,359,367	86,553,843

5. ISSUED CAPITAL

	31 December 2023 \$	30 June 2023 \$
103,380,078 fully paid ordinary shares (2022: 86,365,798)	95,841,765	31,579,708

Date	Details	\$	Number of Shares
1 July 2023	Opening balance	31,579,708	86,365,798
	<i>Movement:</i>		
25 July 2023	Shares issued as consideration for Ex Engineering acquisition	1,017,851	221,272
3 October 2023	FY22 Performance Rights – Shares Issued	87,676	80,036
3 October 2023	FY23 Performance Rights – Shares Issued	268,040	171,557
7 December 2023	Placement of Shares	57,269,050	14,572,283
21 December 2023	Placement of Shares	7,738,686	1,969,132
21 December 2023	Share issue transaction costs (net of tax)	(2,029,302)	-
31 December 2023	Closing Balance	95,931,709	103,380,078

6. LEASES

Right-of-use assets

	Buildings \$'000	Motor Vehicles \$'000	Total \$'000
Half year ended 31 December 2023			
Balance at beginning of year	12,297	2	12,299
Additions to right-of-use assets	1,100	-	1,100
Depreciation charge	(1,611)	(2)	(1,613)
Balance at 31 December 2023	11,786	-	11,786
Half year ended 31 December 2022			
Balance at beginning of year	11,074	52	11,126
Additions to right-of-use assets	-	-	-
Reductions in right-of-use assets due to changes in lease liability	(8)		(8)
Depreciation charge	(1,205)	(30)	(1,235)
Balance at 31 December 2022	9,861	22	9,883

Lease liabilities

	< 1 year \$'000	1 - 5 years \$'000	> 5 years \$'000	Total undiscounted lease liabilities \$'000	Lease liabilities included in this Statement of Financial Position \$'000
December 2023					
Lease liabilities	3,398	10,842	294	14,535	13,301
December 2022					
Lease liabilities	2,883	8,042	1,645	12,570	11,336

7. BUSINESS COMBINATIONS

On 21 July 2023, IPD Group acquired 100% interest of Ex Engineering Pty Ltd for a total consideration of \$11,400,000 and obtained control. Ex Engineering is a Perth-based business that specialises in the design, stocking, supply, modification, and repair of electrical hazardous area equipment. This acquisition is expected to significantly enhance IPD's Ex equipment offering to clients, with a focus on expanding the Ex-Engineering business to the Eastern States.

The following table shows the assets acquired, liabilities assumed and the purchase consideration at the acquisition date:

	Fair Value \$'000
Purchase Consideration	
Cash	9,161
Shares issued	1,018
Contingent consideration	1,221
Total purchase consideration	11,400
Assets or liabilities acquired	
Cash	892
Trade receivables	1,106
Inventories	1,914
Plant and equipment	29
Deferred tax assets	47
Other assets	187
Right of Use Assets	766
Trade payables	(698)
Current tax liabilities	(514)
Lease liability	(856)
Provisions	(97)
Other Liabilities	(558)
Total net identifiable assets	2,218
Identifiable assets acquired and liabilities assumed	2,218
Consideration	11,400
Less: Identifiable assets acquired	(2,218)
Goodwill	9,182

The goodwill is attributable to Ex Engineering Pty Ltd's strong position and profitability in trading in the electrical hazardous area equipment market and synergies expected to arise after the company's acquisition of the new subsidiary. None of the goodwill is expected to be deductible for tax purposes. See note 8 for the changes in goodwill as a result of the acquisition.

The Group applies provisional accounting for any business combination. Any reassessment of the fair value of the assets acquired or liabilities assumed during the earlier of the finalisation of the provisional accounting or 12 months from acquisition date is adjusted for retrospectively, with corresponding adjustments against goodwill. Thereafter, at each reporting date, any increase or decrease in the fair value of the assets acquired or liabilities assumed will result in a corresponding gain or loss recognised in profit or loss. The fair value of deferred tax assets and tax liabilities is provisional pending final valuations.

The contingent consideration arrangement requires the Group to pay the former owners of Ex Engineering Pty Ltd an Earn Out amount to be calculated as the Actual FY24 EBITDA minus the Actual FY23 EBITDA, times a pre-determined multiplier up to a maximum aggregate Purchase Price of \$11.4 million.

The acquired business contributed revenues of \$6,623,000 and net profit of \$1,091,000 to the Group for the period from 22 July 2023 to 31 December 2023. If the acquisition had occurred on 1 July 2023, consolidated revenue, and consolidated profit after tax for the half-year ended 31 December 2023 would have been \$121,003,000 and \$9,276,000 respectively.

8. INTANGIBLE ASSETS

	31 December 2023 \$'000	30 June 2023 \$'000
Goodwill at cost	19,641	10,459

Reconciliation of the written down value at the beginning and end of the current and previous financial year is set out below:

Opening balance	10,459
Goodwill on acquisition of Ex Engineering	9,182
Closing Balance	19,641

Goodwill impairment was assessed that IPD is the only cash generating unit as only it will exist operationally from 1 July 2022 and assets will not be identifiable at a level distinguishable from IPD.

The recoverable amount of the consolidated entity's goodwill has been determined by a value-in-use calculation using a discounted cash flow model, based on a 5 year projection period using a steady rate, together with a terminal value.

Key assumptions are those to which the recoverable amount of an asset or cash-generating units is most sensitive.

The following key assumptions were used in the discounted cash flow model for the computer retailing division:

- 5% pre-tax discount rate reflects management's estimate of the time value of money.
- 12% per annum projected revenue growth rate which is a an approximate 17-year revenue CAGR for the Group.

Management believes that other reasonable changes in the key assumptions on which the recoverable goodwill is based would not cause the cash-generating unit's carrying amount to exceed its recoverable amount.

9. EVENTS AFTER THE REPORTING DATE

On 25 January 2024, IPD Group entered into a debt facility agreement (Facility Agreement) with the Commonwealth Bank of Australia to partially fund its conditional agreement to acquire 100% of the issued shares in CMI Operations Pty Ltd (CMI) from ASX listed Excelsior Capital Limited (ASX:ECL), as first announced on 28 November 2023 (the Acquisition).

On 31 January 2024, IPD Group completed the acquisition of 100% interest of CMI Operations Pty Ltd (as per ASX announcement on 28 November 2023). CMI is a leading distributor of electrical cables and manufacturer and distributor of plug brands in Australia that extends IPD's product suite, increases supplier diversity, strengthens its overall value proposition with existing customers and broadens customer reach.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

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