IPD GROUP LIMITED

PROSPECTUS

Initial Public Offering of Fully Paid Ordinary Shares

Lead Manager and Underwriter

BELL POTTER

Important notices

Offer

This Prospectus is issued by IPD Group Limited (ACN 111 178 351) (**IPD** or **the Company**) and IPD Selling Co Ltd (ACN 655 277 517) (**SaleCo**) for the purposes of Chapter 6D of the *Corporations Act 2001* (Cth) (**Corporations Act**). The Offer contained in this Prospectus is an invitation to acquire fully paid ordinary shares (**Shares**) in the Company. See Section 7 for further information on the Offer, including details of the securities that will be issued under this Prospectus.

Lodgement and Listing

This Prospectus is dated Monday, 15 November 2021 (**Prospectus Date**) and was lodged with the Australian Securities and Investment Commission (**ASIC**) on that date.

The Company will apply to the Australian Securities Exchange (**ASX**) within seven days after the Prospectus Date, for admission of the Company to the Official List and quotation of its Shares on the ASX. None of ASIC, ASX nor any of their respective officers takes any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

Expiry Date

This Prospectus expires on the date which is 13 months after the Prospectus Date (**Expiry Date**). No Shares will be issued or sold on the basis of this Prospectus after the Expiry Date.

Note to Applicants – not Investment Advice

The information contained in this Prospectus is not investment or financial product advice and has been prepared as general information only. The Prospectus does not take into account the investment objectives, financial situation or particular needs (including financial and tax issues) of any prospective investor.

Risks of Investment

It is important that you read this Prospectus carefully and in its entirety before deciding whether to invest in the Company. If you have any questions, you should seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other independent professional adviser before deciding whether to invest in the Shares.

In considering the prospects of IPD, you should consider the basis of preparation and best estimate assumptions underlying the Forecast Financial Information set out in Section 4.7 and any other forward-looking information in this Prospectus. You should consider the risk factors that could affect IPD's business, financial condition, financial performance and results of operations, including macro-economic and market condition risks arising from the ongoing global COVID-19 pandemic. Some or all of these risks may impact the value of your investment in Shares. You should carefully consider these risks in light of your investment objectives, financial situation and particular needs (including financial and taxation issues) and seek professional advice. Some of the key risk factors that should be considered by prospective investors are set out in Sections 1.4 and 5. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

Except as required by law, and only to the extent required, no person named in this Prospectus, nor any other person, provides any warranties or guarantees in respect of the performance of the Company, the repayment of capital by the Company or the payment of a dividend or other distribution or return on the Shares.

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company, SaleCo, the Directors, the SaleCo Directors, the Lead Manager or any other person in connection with the Offer. You should rely only on information in this Prospectus.

No Acceptance of Applications During Exposure Period

The Corporations Act prohibits the Company and SaleCo from processing applications to subscribe for, or acquire, Shares under this Prospectus (**Applications**) in the seven-day period after the date of lodgement of the Prospectus with ASIC (**Exposure Period**). This Exposure Period may be extended by ASIC by up to a further seven days.

The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. The examination may result in the identification of deficiencies in this Prospectus, in which case any application may need to be dealt with in accordance with section 724 of the Corporations Act. Applications received during the Exposure Period will not be processed until after the expiry of the Exposure Period (including any extension). No preference will be conferred on Applications received during the Exposure Period.

No cooling-off rights

Cooling-off rights do not apply to an investment in Shares issued or sold under this Prospectus. This means that, in most circumstances, you cannot withdraw your Application once it has been accepted.

Obtaining a Copy of this Prospectus and Making an Application

During the Exposure Period, an electronic version of this Prospectus (without an Application Form) will be available at https://www.ipdgroup.automic.com.au/ to Australian residents. Application forms will be made available after the Exposure Period has expired.

During the Offer Period, this Prospectus is available to Australian investors in electronic form at https://www.ipdgroup.automic.com.au/. The Offer constituted by this Prospectus in electronic form at https://www.ipdgroup.automic.com.au/ is available only to Australian residents accessing that website within Australia and certain eligible investors in other jurisdictions as specifically set out in this Prospectus during the Offer Period. It is not available to persons in other jurisdictions (including the United States) in which it may not be lawful to make such an invitation or offer. If you access an electronic version of the Prospectus you should ensure that you download and read the Prospectus in its entirety.

Persons having received a copy of this Prospectus in its electronic form may, before the Offer Period expires, obtain a paper copy of this Prospectus (free of charge) by telephoning the IPD Offer Information Line on 1300 941 467. If you are eligible to participate in the Offer and are calling from outside Australia, you should call +612 9068 1922. Applications for Shares may only be made on an Application Form attached to or accompanying this Prospectus, or by completing an electronic application at https://www.ipdgroup.automic.com.au/ which must be downloaded in its entirety together with an electronic copy of this Prospectus.

By making an Application, you declare that you were given access to the Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing the Application Form on to another person unless it is included in, or accompanied by, this Prospectus in its hard copy form or the complete and unaltered electronic version of this Prospectus. Refer to Section 7 for further information. The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

Statements of Past Performance

This Prospectus includes information regarding the past performance of IPD. Investors should be aware that past performance is not indicative of future performance.

Financial Information

Section 4 sets out in detail the Financial Information referred to in this Prospectus. The basis of preparation of the Financial Information is set out in Section 4.

All references to FY19, FY20, FY21 and FY22F appearing in this Prospectus are to the financial years ended or ending 30 June (as relevant), unless otherwise indicated.

The Historical Financial Information is presented on both an actual and pro forma basis. The Financial Information has been prepared in accordance with the recognition and measurement principles prescribed by the Australian Accounting Standards issued by the Australian Accounting Standards Board, which are consistent with International Financial Reporting Standards (**IFRS**) and interpretations issued by the International Accounting Standards Board.

This Prospectus includes Forecast Financial Information that has been prepared by the Company based on an assessment of present economic and operating conditions and the Directors' best estimate of general and specific assumptions regarding future events and actions that, as at the Prospectus Date, the Directors expect to take place (including the key assumptions set out in Sections 4.7.1 and 4.7.2). The basis of preparation and presentation of the Forecast Financial Information, to the extent applicable, is consistent with the basis of preparation and presentation for the Pro Forma Historical Financial Information. The Forecast Financial Information presented in this Prospectus is presented on both a statutory and pro forma basis and is unaudited.

The Financial Information is presented in an abbreviated form. It does not include all of the presentation and disclosures required by the Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act. Investors should note that certain financial data included in this Prospectus is not recognised under the Australian Accounting Standards and is classified as 'non-IFRS financial information' under ASIC Regulatory Guide 230 'Disclosing non-IFRS financial information (**'RG 230'**). The Company considers that this non-IFRS information provides useful information to users in measuring the financial performance and condition of IPD. The non-IFRS financial measures do not have standardised meanings under the Australian Accounting Standards and therefore may not be comparable to similarly titled measures presented by other entities; nor should they be interpreted as an alternative to other financial measures determined in accordance with the Australian Accounting Standards. Investors are cautioned therefore not to place undue reliance on any non-IFRS financial information and ratios included in this Prospectus.

All financial amounts contained in this Prospectus are expressed in Australian currency, unless otherwise stated. Any discrepancies between totals and sums of components in tables, figures and diagrams contained in this Prospectus are due to rounding.

The Financial Information in this Prospectus should be read in conjunction with, and is qualified by reference to, the information contained in Sections 4, 5 and Appendix A and the additional information in Section 9.

Forward-Looking Statements

This Prospectus contains forward-looking statements and comments about future events, including in relation to IPD's businesses, plans and strategies, and expected trends in the industry sector in which IPD currently operates.

Forward-looking statements also include prospective financial information for IPD. Forward looking statements can generally be identified by words such as 'believes', 'considers', 'could', 'estimates', 'expects', 'intends', 'may', 'targets', 'anticipates', 'likely', 'should', 'predict', 'plan', 'projects', 'proposes', 'will', 'believes', 'forecasts' and other similar words that involve risks and uncertainties. The Forecast Financial Information and indications of, and guidance or outlook on, future earnings or financial position or performance of IPD are examples of forward-looking statements.

Any forward-looking statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, at the date of the Prospectus, are expected to take place. The Company and SaleCo do not undertake to, and do not intend to, update or revise any forward-looking statements, or publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law. None of the Company, SaleCo, the Directors, the SaleCo Directors, management of the Company, or the Lead Manager makes any representation or warranty as to the accuracy of such statements or assumptions. Circumstances may change and the contents of this Prospectus may become outdated as a result.

Such forward-looking statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, SaleCo, the Directors, the SaleCo Directors, management of the Company, and the Lead Manager. There is a risk that predictions, forecasts, projections and other forward-looking statements will not be

Important notices

achieved and investors are cautioned not to place undue reliance on these statements. Forward looking statements should therefore be read in conjunction with, and are qualified by reference to, the discussion of the basis of preparation of the Forecast Financial Information in Section 4.7 general assumptions as set out in Section 4.7.1, specific assumptions as set out in Section 4.7.2, the discussion of and analysis of historical and forecast metrics in Section 4.8, the sensitivity as set out in Section 4.9, risk factors as set out in Section 5 and other information in this Prospectus.

Nothing in this Prospectus is a promise or representation as to the future, and past performance is not a guarantee of future performance. Statements or assumptions in this Prospectus as to future matters may prove to be incorrect.

The Company, SaleCo, the Directors, the SaleCo Directors, management of the Company, and the Lead Manager cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in the Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

Market and Industry Data

This Prospectus (and, in particular, Section 2) contains data relating to the industries, sectors and end-markets in which IPD operates (**Industry Data**). Such information includes, but is not limited to, statements and data relating to IPD.

To the extent the information relates to future events, it is subject to risks and uncertainties and may change as a result of various factors, including those described in Section 5. The Industry Data has not been independently prepared or verified and the Company cannot assure you as to its accuracy or the accuracy of the underlying assumptions used to estimate such Industry Data. The Company's estimates involve risks and uncertainties and are subject to change based on various factors, including those described in the key risks in Section 5.

In addition to the Industry Data, this Prospectus uses third party market data, estimates and projections (**Market Data**). The Company has not independently verified this information. There is no assurance that any of the third party projections contained in this information will be achieved. Some of the Market Data was prepared before the onset of COVID-19, the final economic effect of which is currently not possible to predict with any certainty. The impact of COVID-19 (if any) on the Market Data that is referenced is not possible to currently predict with any certainty and investors are cautioned against placing undue reliance on such data.

Investors should note that Industry Data and Market Data are inherently predictive and subject to uncertainty and are not necessarily reflective of actual market conditions. There is no assurance that any of the forecasts or projections in the surveys or reports of any third party that are referred to in this Prospectus will be achieved. The Company and SaleCo have not independently verified, and cannot give any assurances to the accuracy or completeness of, this Industry Data and Market Data or the underlying assumptions used in generating this Industry Data and Market Data.

Estimates involve risks and uncertainties and are subject to change based on various factors, including those described in the key risks in Section 5.

Market Report

The information attributed to Frost & Sullivan in this document has been prepared by Frost & Sullivan for IPD.

This Prospectus contains statistics, data and other information relating to markets, market sizes, market shares, market positions and other industry data pertaining to IPD's business and markets.

Where indicated, such information is based on a report dated 22 October 2021 based on a market study that IPD commissioned from Frost & Sullivan (**Market Report**), and, in some instances IPD's analysis of such information. Frost & Sullivan was paid $15,000 (excluding GST) to prepare the Market Report.

Photographs and Diagrams

Photographs and diagrams used in this Prospectus that do not have descriptions are for illustration only and should not be interpreted to mean that any person shown in them endorses this Prospectus or its contents or that the assets shown in them are owned by IPD. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the Prospectus Date.

Company Website

Any references to documents included on IPD's website at www.IPDGroup.com.au or the Offer Website at https://www.ipdgroup.automic.com.au/ are for convenience only, and none of the documents or other information available on IPD's website or any other website referred to in this Prospectus is incorporated herein by reference.

Defined Terms, Time and Currency

Defined terms and abbreviations used in this Prospectus have the meanings given in the glossary in Appendix B of this Prospectus. Unless otherwise stated or implied, references to times in this Prospectus are to AEDT time. All monetary amounts referred to in this Prospectus are, unless otherwise noted, in Australian dollars and rounded to the nearest $100,000. Where used in this Prospectus '$m' refers to $ million, in each case in Australian dollars (unless otherwise specified).

Disclaimers

Except as required by law, and only to the extent so required, none of the Company, SaleCo, the Directors, the SaleCo Directors, the Company's management, the Lead Manager or any other person warrants or guarantees the future performance of the Company, or any return on any investment made pursuant to this Prospectus.

As set out in Section 7 it is expected that the Shares will be quoted on the ASX on a normal basis. To the maximum extent permitted by law, the Company (on behalf of itself and all IPD members), SaleCo, the share registry Automic Pty Ltd (ABN 27 152 260 814) trading as Automic Group (**Share Registry**), the Lead Manager and the Existing Shareholders disclaim all liability, whether in negligence or otherwise, to persons who trade Shares before receiving their holding statements. This applies even if such person received confirmation of allocation from the IPD Offer Information Line or confirmed their firm allocation through a Broker.

Bell Potter has acted as Lead Manager to the Offer and has not authorised, permitted or caused the issue or lodgement, submission, dispatch or provision of this Prospectus and there is no statement in this Prospectus which is based on any statement made by it or by any of its affiliates, directors, officers, employees, agents or advisers. To the maximum extent permitted by law, the Lead Manager and each of its affiliates, directors, officers, employees, agents and advisers expressly disclaims all liabilities in respect of, makes no representations regarding, and take no responsibility for, any part of this Prospectus other than references to its name and address and makes no representation or warranty as to the currency, accuracy, reliability or completeness of this Prospectus.

This disclaimer does not purport to disclaim any warranties or liability which cannot be disclaimed by law.

Selling Restrictions

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of Shares, in any jurisdiction outside Australia. The distribution of this Prospectus (including in electronic form) outside Australia may be restricted by law and persons who come into possession of this Prospectus outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Prospectus may not be distributed to, or relied upon by, persons in the United States. This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The Shares to be offered under the Offer have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, in the United States unless the Shares are registered under the U.S. Securities Act or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and applicable US state securities laws.

See Section 7.9 for more detail on selling restrictions that apply to the offer and sale of Shares in jurisdictions outside Australia.

Privacy

By filling out the Application Form to apply for Shares, you are providing personal information to the Company and SaleCo through the Share Registry, which is contracted by the Company to manage Applications. The Company, SaleCo, the Lead Manager and the Share Registry on behalf of the Company, may collect, hold, use and disclose that personal information for the purpose of processing your Application, servicing your needs as a Shareholder, providing facilities and services that you need or request and carrying out appropriate administration in accordance with this privacy statement and the *Privacy Act 1988* (Cth). Some of this personal information is collected as required or authorised by certain laws including the *Income Tax Assessment Act 1997* (Cth) and the Corporations Act.

If you do not provide the information requested in the Application Form, the Company, SaleCo and the Share Registry may not be able to process or accept your Application. By submitting an Application, you agree that the Company, SaleCo and the Share Registry may communicate with you in electronic form or contact you by telephone in relation to the Offer.

Your personal information may also be used from time to time to inform you about other products and services offered by the Company which it considers may be of interest to you.

Your personal information may also be provided to the Company's members, agents and service providers on the basis that they deal with such information in accordance with the Company's privacy policy and as authorised under the *Privacy Act 1988* (Cth). The members, agents and service providers of the Company may be located outside Australia where your personal information may not receive the same level of protection as that afforded under Australian law and IPD will not be responsible for ensuring they meet those requirements. The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared are:

- the Share Registry for ongoing administration of the register of members;
- the Lead Manager in order to assess your Application and brokers for the purposes of providing their services;
- printers and other companies for the purpose of preparation and distribution of statements and for handling mail;
- market research companies for the purpose of analysing the Shareholder base and for product development and planning; and
- legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering, and advising on, the Shares and for associated actions.

If an Applicant becomes a Shareholder, the Corporations Act requires the Company to include information about the Shareholder (including name, address and details of the Shares held) in its public register of members. The information contained in the Company's register of members must remain there even if that person ceases to be a Shareholder. Information contained in the Company's register of members is also used to facilitate dividend payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its Shareholders) and compliance by the Company with legal and regulatory requirements.

An Applicant has a right to gain access to his or her personal information that the Company and the Share Registry hold about that person, subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing or by telephone call to the Company's registered office or the Share Registry's office, details of which are disclosed in the Corporate Directory on the final page of this Prospectus.

Applicants can obtain a copy of the Company's privacy policy by visiting the Company website (www.IPDGroup.com.au). To the extent of any inconsistency between the foregoing and the Company's privacy policy, the foregoing will apply. In all other respects, personal information collected by the Company in connection with your Application will be handled in accordance with the privacy policy.

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The Share Registry's complete privacy policy is available at the Share Registry's website, https://www.automicgroup.com.au/privacy-policy/. Queries regarding the Share Registry's privacy policy may also be emailed to hello@automicgroup.com.au.

By submitting an Application, you agree that the Company and the Share Registry may communicate with you in electronic form or contact you by telephone in relation to the Offer.

Investigating Accountant's Report and Financial Services Guide

The provider of the Investigating Accountant's Report on Financial Information is required to provide Australian retail clients with a Financial Services Guide in relation to the review under the Corporations Act (**Financial Services Guide**). The Investigating Accountant's Report and accompanying Financial Services Guide is provided in Section 8.

Questions

If you have any questions about how to apply for Shares, please call your Broker.

Instructions on how to apply for Shares are set out in Section 7 of this Prospectus and on the back of the Application Form. If you have any questions in relation to the Offer, contact the IPD Offer Information Line on 1300 941 467 (toll free within Australia) or +612 9068 1922 (outside Australia) between 9.00am and 5.00pm AEDT, Monday to Friday, during the Offer Period.

If you have any questions about whether to invest in Shares in the Company, you should seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest in Shares.

This document is important and should be read in its entirety before making any investment decision.

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Key Offer Information

Key Offer Statistics[1]

Offer Price	$1.20
Total proceeds under the Offer	$40.0 million
Total number of Shares available under the Offer	33.5 million
Number of Shares to be held by Existing Shareholders at Completion of the Offer[2]	52.7 million
Total number of Shares on issue at Completion of the Offer	86.3 million
Indicative market capitalisation at the Offer Price[3]	$103.6 million
Pro forma cash and cash equivalents (as at 30 June 2021)	$17.6 million
Pro forma lease liabilities (as at 30 June 2021)	$14.6 million
Pro forma net cash including lease (as at 30 June 2021)	$3.0 million
Enterprise Value at the Offer Price[4]	$100.6 million
Enterprise Value/FY22 pro forma forecast EBITDA (post AASB 16)	5.6x
Enterprise Value/FY22 pro forma forecast EBITDA (pre AASB 16)	5.7x
Enterprise Value/FY22 pro forma forecast EBIT (post AASB 16)	6.9x
Enterprise Value/FY22 pro forma forecast EBIT (pre AASB 16)	6.1x
Offer Price/FY22 pro forma forecast NPAT per share	10.7x
Implied FY22 annualised dividend yield at the Offer Price	4.7%

1. Key Offer Statistics contain Forecast Financial Information set out in Section 4, prepared on the basis of the best estimate assumptions set out in Section 4.7 and should be read in conjunction with the discussion of the Pro Forma Financial Information in Section 4.8 including the sensitivities set out in Section 4.9, and the risk factors set out in Section 5. Section 4 contains non-IFRS financial measures, which are discussed in Section 4.2.7.
2. Approximately 52.7 million of these Shares will be subject to voluntary escrow arrangements. See Section 7.14 for further details of these voluntary escrow arrangements.
3. Calculated as the total number of Shares on issue following Completion of the Offer multiplied by the Offer Price. Shares may not trade at the Offer Price after Listing.
4. Enterprise Value is calculated as the sum of market capitalisation at the Offer Price plus pro forma net cash including lease liabilities as at 30 June 2021.

Key Dates

Prospectus Date	Monday, 15 November 2021
Broker Firm Offer, Priority Offer and Employee Gift Offer open	Tuesday, 23 November 2021
Broker Firm Offer, Priority Offer and Employee Gift Offer close and Applications due	Monday, 6 December 2021
Settlement	Friday, 10 December 2021
Issue and transfer of Shares and Completion of Offer	Monday, 13 December 2021
Expected despatch of holding statements	Tuesday, 14 December 2021
Shares begin ASX trading (normal settlement basis)	Friday, 17 December 2021

Dates May Change

The dates above are indicative only and may be subject to change without notice.

The Company and SaleCo, with the consent of the Lead Manager, reserve the right to vary the times and dates of the Offer including to close the Offer early, extend the Offer or accept late Applications, either generally or in particular cases, without notification. Applications received under the Offer are irrevocable and may not be varied or withdrawn except as required by law.

Investors are therefore encouraged to submit their Application Forms as early as possible after the Offer opens. All times are AEDT.

How to Invest

Applications for Shares can only be made by completing and lodging an Application Form.

Instructions on how to apply for Shares are set out in Section 7 and on the back of the Application Form.

Questions

Please call the IPD Offer Information Line on 1300 941 467 (toll free within Australia) or +612 9068 1922 (outside Australia) from 9.00am until 5.00pm (AEDT) Monday to Friday. If you are unclear in relation to any matter or are uncertain as to whether IPD is a suitable investment for you, you should seek professional guidance from your solicitor, stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest.

Chairman's Letter

Dear Investor

On behalf of the Board of Directors, I am delighted to present you with the opportunity to become a shareholder of IPD Group Limited (**IPD** or **the Company**).

IPD can trace its origins back to the 1950s when it was originally a division of English Electric Company Limited (**English Electric**). Following a series of acquisitions involving its parent company, in 2005 a group of managers acquired the business from what was then Alstom in a management buyout (**MBO**). IPD is now a national distributor for over 30 innovative international equipment and technology manufacturers. The Company also operates a services division which provides a range of services to the Australian electrical market. IPD's offering is truly national, employing over 370 people across a network of nine sites in Australia and one site in Colombo, Sri Lanka.

The products and services that IPD supplies are used in the construction, operation and maintenance of electrical infrastructure across multiple industries such as commercial construction, infrastructure, resources, education, food and beverage, water and waste management, power utilities and renewables, healthcare, residential construction, data centres, hospitality and tourism. All of these industries face the challenges of the efficient use of power, minimising asset and system downtime, effective maintenance of electrical infrastructure assets, wisely prioritising capital expenditure requirements and understanding the potential benefits of new technologies.

IPD has grown since its MBO through a combination of organic business growth, disciplined investment, and acquisitions of complementary businesses. Key acquisitions include that of Addelec Power Services Pty Ltd (**Addelec**) in 2019 which provided the cornerstone of the services division and Control Logic Pty Ltd (**Control Logic**), which significantly enhanced the product offering in automation and industrial communications. The recent acquisition of High Technology Control Pty Ltd (**HTC**) extends IPD's power control and energy management offering into the heating, ventilation and air conditioning systems in commercial and industrial applications.

IPD has strong relationships with its supply partners, with an average tenure across its top 10 suppliers (by FY21 pro forma revenue) of over 15 years. The Company also has a strong and diverse customer base, serving more than 4,200 pro forma customers (including customers acquired as part of its recent HTC acquisition) in FY21 including switchboard manufacturers, electrical wholesalers, electrical contractors, power utilities, OEMs and system integrators. The average tenure of IPD's top 10 customers by FY21 revenue was 25 years and no individual customer accounted for more than 13% of FY21 pro forma gross revenue.

IPD has delivered strong financial results over recent years. Total statutory revenue was $75.8 million in FY19 and is forecast to increase to $165.6 million in FY22F, representing a three-year CAGR of 29.8%. During this period, the Company has experienced ongoing improvements in EBITDA margins resulting from operational leverage in the business.

IPD is led by a strong, stable, experienced and passionate management team, that has adopted a cohesive and high-performance culture and that it is proud of a strong safety track record. The Board believes that the past and future success of IPD is driven by the collective efforts of all members of the team and I would like to acknowledge their ongoing dedication and commitment.

IPD intends to pursue continued future growth by leveraging its current market positions, the competitive advantages offered by its vertically integrated business model, its disciplined return on investment policies and its exposure to growing end markets. Specific growth strategies include providing a greater range of products and services to its customer base, targeting key growth sectors, a particular focus on growing the services division, realising a range of identified efficiencies and targeting ongoing accretive acquisitions that further broaden the Company's offering.

The Offer will raise $40.0 million through the issue of up to 16.9 million new Shares and the transfer of 16.6 million Existing Shares. These Shares are offered at an Offer Price of $1.20 per Share (other than the Shares offered to Eligible Employees for no payment under the Employee Gift Offer). The funds raised by this Offer that are received by the Company will provide the Company with increased financial flexibility to fund its future growth. Additionally, an ASX listing will provide IPD with access to equity capital markets, the ability to facilitate corporate transactions through the issue of Shares, give our valued employees an opportunity to participate in the future ownership of the Company and provide a liquid market for Shares.

The Offer will also allow Existing Shareholders to realise some of their investment. The Existing Shareholders will still hold 61.2% of the Shares at Completion of the Offer. The Existing Shareholders have entered into voluntary escrow deeds in relation to their Escrowed Shares, with the escrow arrangements outlined in Section 7.14 of this Prospectus applying until the release of the Company's FY22 financial results (expected to be in August 2022).

This Prospectus contains detailed information about IPD and I encourage you to read it carefully, and in its entirety, before making your investment decision. Before applying for Shares, any prospective investor should be satisfied that they have a sufficient understanding of the risks involved in making an investment in IPD which are detailed in Section 5 and include, among others, COVID-19, dependence on relationships with key suppliers, supplier and counterparty risk, product liability, health and safety, reliance on international supply chains, IT and telecommunications systems, inventory management, maintenance of reputation, and customer concentration.

I am pleased to continue to serve as Chairman of IPD, which I believe to be a well-run business with an entrepreneurial history and exciting future growth prospects supported by a positive industry thematic. On behalf of the Directors, I look forward to welcoming you as a shareholder of IPD.

Yours faithfully,

David Rafter
Chairman and Non-Executive Director

Section 1.

Investment Overview

Section 1. Investment Overview

1.1. Introduction

Topic	Summary	For more information
Who is IPD?	IPD is a national distributor and service provider to the Australian electrical market. IPD can trace its history back to the 1950s when it was a division of English Electric, a company which specialised in the manufacturing of fuse links, switchgear and overhead busbars. In 2005, the management team acquired the industrial product distribution business from what was then Alstom in an MBO and IPD was formed. Through organic and inorganic initiatives, IPD has successfully expanded its operations to nine locations across six states to provide a truly national offering to its customer base. In addition to this, IPD commenced outsourced operations in Colombo, Sri Lanka in 2010 to provide low cost and scalable support services to its Australian operations, before establishing its own Sri Lankan subsidiary in 2019. IPD consists of two core divisions: • The distribution of products for quality global electrical infrastructure brands such as ABB, Elsteel, Emerson and Red Lion; and • The provision of services, including installation and commissioning, calibration and testing, maintenance and repairs and refurbishment. IPD's management believes that its two divisions are highly complementary, with customers buying products often requiring services and vice versa.	Section 3.1
Which industries and markets does IPD operate in and how large are they?	IPD operates in the Australian electrical market and has direct and indirect customers in various end markets including but not limited to commercial construction, infrastructure, resources, education, food and beverage, water and waste management, power utilities and renewables, healthcare, residential construction, data centres, hospitality and tourism. Within these end markets there are particular segments which are experiencing high growth including industrial control systems security, data centres, renewable energy and electric vehicles. IPD both sells products and provides services to the Australian electrical market: • Based on import data, the total market value at end-user prices of product categories currently handled by IPD in Australia was $13.3 billion in 2020 and has grown at a CAGR of 3.9% since 2011. • The size of the total electrical services market in Australia is estimated at $25.2 billion in 2021.	Section 2
What is the Offer?	The Offer is an initial public offering to issue approximately 16.9 million New Shares to raise $20.0 million (before costs). The New Shares are offered at a price of $1.20 (other than the Shares offered to Eligible Employees for no payment under the Employee Gift Offer). In addition, SaleCo is offering approximately 16.6 million Existing Shares for sale at a price of $1.20 for total consideration of approximately $20.0 million with the proceeds to be paid to Existing Shareholders. All Shares issued pursuant to this Prospectus will, from the time that they are issued and allotted, rank equally with all other Shares on issue at the Prospectus Date.	Section 7.1

Topic	Summary	For more information
Why is the Offer being conducted?	The Offer is expected to raise approximately $20.0 million for IPD. The purpose of the Offer is to: • Provide IPD with capital to fund growth; • Provide IPD with the benefits of an increased profile that comes with the Company being a publicly listed company; • Provide IPD with a potentially liquid market for the Shares and an opportunity for other persons to invest in the Company; • Provide certain Existing Shareholders the ability to realise part of their investment in the Company (subject to the escrow arrangements outlined in Section 7.14); • Help accelerate the growth of IPD; and • Pay the expenses of the Offer.	Section 7.1.2

1.2. Key Features of Business Model and Industry

Topic	Summary	For more information
What are IPD's core activities?	**Products division:** 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. Within the division there are five key categories of products: • Power distribution; • Industrial and motor control; • Automation and industrial communication; • Power monitoring; and • Other. 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. **Services division:** Within IPD's services division there are four categories of services: • Installation and commissioning; • Calibration and testing; • Maintenance and repairs; and • Refurbishment and other.	Sections 3.2.2 and 3.2.3

Topic	Summary	For more information
Where does IPD operate?	IPD has facilities in six states, typically with good access to infrastructure. IPD believes that this provides a competitive advantage and gives IPD the opportunity to efficiently service customers across Australia. IPD's national presence has resulted from both organic and inorganic growth. IPD operates a total of nine leased offices and warehouses with its headquarters located in Wetherill Park, Sydney. In total, IPD has over 18,000 square metres across its nine sites with the capacity to service further growth out of these facilities. In addition to this, IPD has been operating an outsourced support office in Colombo, Sri Lanka since 2010, before establishing its own Sri Lankan subsidiary in 2019. This office provides a low cost and scalable means of assisting the Australian operations with daily tasks involving finance, estimating, drafting, marketing, procurement, customer services and technology support. IPD employees over 100 individuals in the office in Colombo.	Section 3.6
Who are IPD's customers and where are they located?	IPD services a diverse customer base which included more than 4,200 pro forma customers[1] in FY21. IPD's customers are predominantly switchboard manufacturers, electrical wholesalers, electrical contractors, power utilities, OEMs and system integrators. Electrical contractors account for the highest proportion of revenue, representing approximately 28.0% of FY21 pro forma revenue. IPD's customers are exposed to growing industries, with end-users in industries including commercial construction, infrastructure, resources, education, food and beverage, water and waste management, power utilities and renewables, healthcare, residential construction, data centres, hospitality and tourism. IPD's national presence allows it to service customers in all states of Australia. In FY21, IPD recorded revenue in every state and territory in Australia. NSW was the Company's largest state by revenue, representing approximately 41.3% of FY21 pro forma gross revenue.	Section 3.4
How does IPD generate revenue?	**Products:** • Revenue is derived through the sale of products and solutions; and • IPD's Products division contributed approximately 89% of FY21 pro forma revenue. **Services:** • Revenue is derived through the provision of project management, labour and materials; and • IPD's Services division contributed approximately 11% of FY21 pro forma revenue.	Section 3.2.1

1. Includes HTC's customer base.

Section 1.
Investment Overview

Topic	Summary	For more information
What is IPD's competitive position?	The Company believes that its key competitive strengths include: • The benefits and economies of scale from its extensive operations; • Its broad and long-standing customer relationships; • A network of leading supply partners with long-term relationships; • The ability to offer customers a vertically integrated service; • A strong track record of health and safety and a broad portfolio of licences and accreditations; and • A highly skilled workforce.	Section 3.11
Who are IPD's competitors?	Within the products division, IPD believes that its main competitors are other distributors or manufacturers who sell directly to end markets. These include but are not limited to Schneider Electric, NHP Electrical Engineering Products, APS Industrial, Eaton, Legrand and Hager Electro. Within the services division, IPD believes that its main competitors are those focused on electrical services. These include but are not limited to CIMIC, Nilsen, Stowe and Downer.	Section 2.6
What is IPD's growth strategy?	The Company has a range of future growth strategies, including: • Increase spend from existing customers; • Growth by acquisition; • Growth in the services division; • Increase product offerings; • Targeting key growth sectors; and • Realising efficiencies in the current business structure.	Section 3.12

Topic	Summary	For more information
What is the key financial information?	(see tables below)	Sections 4.3.1, 4.3.2 and 4.5.1

	Historical Period			Forecast Period	
$m June year end	FY19 Statutory	FY20 Statutory	FY21 Statutory	FY22F Statutory	FY22F Pro forma
Revenue	75.8	87.5	118.1	165.6	169.6
Gross profit	31.0	33.6	46.3	60.6	61.8
EBITDA	3.7	9.1	13.6	16.0	18.1
EBIT	0.6	5.8	9.6	12.4	14.5
PBT	0.6	5.3	9.0	11.9	14.0
NPAT	(0.2)	4.0	6.5	7.8	9.7

$m	Audited at 30 June 2021	Pro forma at 30 June 2021
Total assets	86.6	97.4
Total liabilities	47.4	47.4
Net assets/Equity	39.2	50.0

The information presented above contains non-IFRS financial measures, is intended as a summary only and should be read in conjunction with the more detailed discussion on the Financial Information disclosed in Section 4 as well as the risk factors set out in Section 5.

Investors should read Section 4 for the full details of IPD's pro forma and statutory Financial Information, including the pro forma adjustments and reconciliations in Sections 4.3.3, 4,4.3 and 4.5.1.

Topic	Summary	For more information
What is IPD's consolidated pro forma net cash position?	(see table below)	Section 4.5.2

$m	Pro forma 30 June 2021
Net Cash (excluding lease liabilities)	17.6
Net Cash (including lease liabilities)	3.0

Section 1.
Investment Overview

Topic	Summary	For more information
What are the sources and uses of funds?	(see table below)	Section 7.1.2

Sources	$ million	Uses	$ million	% of total
Company				
Cash proceeds received for New Shares issued under the Offer	20.0	Capital expenditure and strategic acquisitions	10.0	50.0%
		General funds to support IPD's future growth strategy	7.2	36.0%
		Costs of the Offer	2.8	14.0%
Total	**20.0**	**Total**	**20.0**	**100%**
SaleCo				
Cash proceeds received for the sale of Existing Shares to Applicants	20.0	Payment by SaleCo of cash proceeds to Existing Shareholders as consideration for the acquisition of Existing Shares	20.0	100%
Total	**20.0**	**Total**	**20.0**	**100.0%**

The above table should be considered an indication of current intention as at the Prospectus Date. Investors should note that, as with any projection, the allocation of funds set out in the above may change depending on a number of factors, including the growth rate of the business, the sources of funding utilised, and general economic conditions. In light of this, the Board reserves the right to alter the way the funds are applied.

Topic	Summary	For more information
What is IPD's dividend policy?	The payment of a dividend, if any, by IPD is at the discretion of the Directors and will be a function of a number of factors (many of which are outside the control of the Directors), including the general business environment, the operating results and the financial position of IPD, future funding requirements, capital management initiatives, taxation considerations (including the level of franking credits available), any contractual, legal or regulatory restrictions on the payment of dividends by IPD, and any other factors the Directors may consider relevant. It is the Board's current intention to target a payout ratio of between 40% and 60% of NPAT. However, the level of payout ratio is expected to vary between periods depending on the factors above. The annualised FY22 forecast divided yield at the Offer Price is based on a dividend payout ratio of 50%. No assurance can be given by any person, including Directors, about the payment of any future dividend and the level of franking on any such dividend.	Section 4.10

1.3. Investment Highlights

Topic	Summary	For more information
Strong market fundamentals supporting long-term growth and consistent demand	IPD serves a range of end-markets, ensuring that the business is not reliant on any particular market. Markets which IPD's customers operate in include commercial construction, infrastructure, resources, education, food and beverage, water and waste management, power utilities and renewables, healthcare, residential construction, data centres, hospitality and tourism. The types of products which IPD distributes are used in the electrical infrastructure in every building, infrastructure asset and resources project across Australia. Due to the necessity of electrical infrastructure as well as the constant public and private investment into construction and development within the Australian economy, there is a consistent demand for the types of electrical products that IPD distributes and the types of services it provides. Areas where IPD sees particular growth in the near term include industrial control systems security, data centres, renewable energy and electric vehicles.	Sections 2, 3.2.2 and 3.4.4
Broad suite of infrastructure products and services offered nationwide resulting in a vertically integrated offering	IPD's end-to-end, vertically integrated offering of both products and services provides its customers with the possibility of a one stop shop solution. Each division supports the other, with customers acquiring products often requiring services and vice versa. If customers look to consolidate suppliers and contractors, IPD believes its broad service offering positions it well to benefit.	Section 3.2
Long-standing partnerships with leading global supply partners	IPD has supply agreements with over 30 leading supply partners. Out of the top 10 supply partners by FY21 pro forma revenue, seven have been selling products through IPD for more than 15 years. Since the MBO, IPD has not had a supply partner terminate a distribution agreement.	Section 3.3
Diverse, long tenured and loyal national customer base supporting a quality revenue base	IPD currently services over 4,200 pro forma customers directly and over 10,000 others indirectly across Australia. The strength of IPD's relationships with these customers is demonstrated in the average tenure of its top 10 customers (by FY21 pro forma revenue) being 25 years. IPD's national presence allows it to service customers in all states of Australia. In FY21, IPD's largest customer represented approximately 12% of pro forma revenue and the top 10 represented approximately 24%. The Company recorded revenue in every state and territory in Australia.	Section 3.4
Efficient and timely national logistics operation with a strong health and safety record	IPD's national logistics infrastructure provides it with the ability to provide a premium service to its customers. In FY21, IPD executed approximately 555,000 order lines from approximately 235,000 orders. IPD's strong track record of health and safety is demonstrated in its low LTIFR rates. IPD holds all the necessary licenses and accreditations it requires to operate.	Sections 3.7 and 3.8

Topic	Summary	For more information
Robust growth strategy	IPD has five established and proven growth strategies, which it will continue to execute to grow the business and increase its market share within the Australian electrical market. These strategies comprise increasing spend from existing customers, growth by acquisition, growth in the services division, increasing product offerings, targeting key growth sectors and realising efficiencies in current business structure.	Section 3.12
High quality and experienced Board and management team	IPD's management team, led by CEO and Executive Director Michael Sainsbury and CFO and Executive Director Mohamed Yoosuff, have deep sector experience and tenure at IPD and are motivated to take the Company through its next phase of growth. They are complemented by IPD's Board of Directors which consists of Independent, Non-Executive Chairman David Rafter and Independent, Non-Executive Director Andrew Moffat who bring a strong skillset to IPD, including sector experience, as well as experience in engineering, construction, professional services and finance.	Section 6

1.4. Key Risks

Topic	Summary	For more information
COVID-19	The current COVID-19 pandemic has resulted in significant global economic uncertainty and has been having and will likely continue to have a significant impact on global economic activity, capital markets, commodity prices and foreign exchange rates. The temporary closure of, or limited access to, sites on which the IPD operates in response to Federal or State government directives or client policies, or supply chain interruptions, may adversely impact IPD's operations, financial position and prospects.	Section 5.2.1
Dependence on relationships with key suppliers	The Company's relationship with its key suppliers has a significant impact on the profit generating capability of the Company. The contracts between the parties can generally be terminated by the suppliers unilaterally without cause and without any significant penalty with written notice. ABB Aus, Elsteel Private and Emerson AP are IPD's three largest suppliers, with the sale of their products representing approximately 26%, 8% and 5%, respectively, of FY21 pro forma gross revenue. If any of these key supplier contracts were terminated or there were any adverse change in the terms of any of them or any of these key suppliers fails to act as expected or in accordance with its contractual obligations, then such events could have a substantial negative impact on the performance and profitability of the Company.	Section 5.2.2

Topic	Summary	For more information
Supplier and counterparty factors	The Company has a limited number of suppliers from which it sources its products. There is a risk that the Company may be unable to continue to source products from existing suppliers, and in the future, to source products from new suppliers, at favourable prices, on favourable terms, in a timely manner or in sufficient volume. Many of the Company's agreements are short-term and/or terminable by the supplier for convenience with limited notice. The loss or deterioration of the Company's relationships with these suppliers, an inability to renew contractual arrangements with such parties, or an inability to negotiate agreements with new parties, may have a material adverse effect on the Company's financial and operational performance. The Company's suppliers are themselves subject to various risks which could limit their ability to provide the Company with sufficient, or any, products or which could result in reductions in a supplier's market share (with a follow on consequence for the Company).	Sections 5.2.3 and 5.3.10
Product liability	Any defects in the products that the Company distributes may harm its workforce, reputation and business. The Company may also be subject to warranty and liability claims for damages related to defects in products it distributes and may not be able to recover these costs from the suppliers or manufacturers. If the Company were to suffer or be the subject of one or more significant claims in the future, or be required or elect to undertake certain actions in response to these claims (such as a product recall), such claims or actions could adversely impact the Company's operating and financial performance.	Section 5.2.4
Health and safety	IPD's operations involve risks to both personnel and property as they involve the supply and installation of electrical products and working with high voltage electricity, and there is a risk that industrial accidents may occur in the course of IPD's activities. In the event of a serious accident or a series of accidents on the same project, substantial claims may be brought against the Company or the customer may terminate its contractual arrangement with the Company. These incidents may also impact upon the Company's reputation, growth prospects and financial performance.	Section 5.2.5
Reliance on international supply chains	The Company relies on international logistics supply chains to import the products it distributes. Disruptions in the supply chains (as have occurred during COVID-19) may impact delivery, resulting in delayed or lost revenue, loss of customers and damage to the Company's business reputation.	Section 5.2.6
IT and telecommunications systems	The Company is materially dependent on its systems and telecommunications facilities for the effective day-to-day operation of the Company's business. Any material damage or security breach or threat to the Company's IT and telecommunications systems may materially and adversely affect the Company's operation and financial performance.	Section 5.2.7

Topic	Summary	For more information
Inventory management	If the Company's inventory management system or data analytics fail, or provide inaccurate information, the Company may experience a disruption in supply of specific products, including 'out of stock' issues. This may result in lost sales, increased holding costs, and reputational damage, and may have a material adverse effect on the Company's financial and operational performance.	Section 5.2.8
Maintenance of reputation	The reputation and brand of the Company and the products it distributes are important in attracting customers to use these products. Any reputation damage or negative publicity around IPD or its products could adversely impact on the Company's business operations and profitability.	Section 5.2.9
Customer concentration	While the Company generally has a broad range of customers located across Australia, it does have a significant concentration of sales in its largest customer. There can be no guarantee that this relationship will continue. This poses the risk that this and other material customer may reduce its custom from the Company under existing contractual arrangements. Any such reduction or termination of the relationship could have a substantial negative impact on the performance and profitability of the Company.	Section 5.2.11

1.5. Key Offer Statistics[2]

Topic	Summary		For more information
What are the key Offer statistics?	Offer Price	$1.20	Section 7
	Total proceeds under the Offer	$40.0m	
	Total number of Shares available under the Offer	33.5m	
	Number of Shares to be held by Existing Shareholders at Completion of the Offer[3]	52.7m	
	Total number of Shares on issue at Completion of the Offer	86.3m	
	Indicative market capitalisation at the Offer Price[4]	$103.6m	
	Pro forma cash and cash equivalents (as at 30 June 2021)	$17.6m	
	Pro forma lease liabilities (as at 30 June 2021)	$14.6m	
	Pro forma net cash including lease liabilities (as at 30 June 2021)	$3.0m	
	Enterprise Value at the Offer Price[5]	$100.6m	

2. Key Offer Statistics contain Forecast Financial Information set out in Section 4, prepared on the basis of the best estimate assumptions set out in Section 4.7 and should be read in conjunction with the discussion of the Pro Forma Financial Information in Section 4.8 including the sensitivities set out in Section 4.9 and the risk factors set out in Section 5. This table contains non-IFRS financial measures, which are discussed in Section 4.2.7.
3. Approximately 52.7 million of these Shares will be subject to voluntary escrow arrangements. See Section 7.14 for further details of these voluntary escrow arrangements.
4. Calculated as the total number of Shares on issue following Completion of the Offer multiplied by the Offer Price. Shares may not trade at the Offer Price after Listing.
5. Enterprise Value is calculated as the sum of market capitalisation at the Offer Price plus pro forma cash including lease liabilities as at 30 June 2021.

Topic	Summary		For more information
What are the key investment metrics?	Enterprise Value/FY22 pro forma forecast EBITDA (post AASB 16)	5.6x	Section 4
	Enterprise Value/FY22 pro forma forecast EBITDA (pre AASB 16)	5.7x	
	Enterprise Value/FY22 pro forma forecast EBIT (post AASB 16)	6.9x	
	Enterprise Value/FY22 pro forma forecast EBIT (pre AASB 16)	6.1x	
	Offer Price/FY22 pro forma forecast NPAT per share	10.7x	
	Implied FY22 annualised dividend yield at the Offer Price	4.7%	

1.6. Directors and Executive Management

Topic	Summary	For more information
Who are the Directors of the Company?	• David Rafter, Independent, Non-Executive Chairman • Andrew Moffat, Independent, Non-Executive Director • Michael Sainsbury, Executive Director and CEO • Mohamed Yoosuff, Executive Director and CFO	Section 6.1
Who are the members of IPD's senior management?	• Michael Sainsbury, Executive Director and CEO • Mohamed Yoosuff, Executive Director and CFO	Section 6.2

1.7. Significant Interests of Key People and Related Party Transactions

Topic	Summary	For more information
Who are the Existing Shareholders and what will their interest in the Company be immediately following Completion of the Offer?		Section 7.1.6

Shareholder(s)	Shareholding as at the Prospectus Date (n)	Shareholding as at the Prospectus Date (%)	Shareholding following Completion of the Offer (Shares) (n)	Shareholding following Completion of the Offer (%)[6]
Substantial shareholders[7]				
Dinshaw Katrak	12.0 million	17.3%	7.3 million	8.4%
Keith Toose	11.7 million	16.9%	7.1 million	8.3%
Geoffrey Bacon	10.6 million	15.4%	10.6 million	12.3%
Mohamed Yoosuff	10.5 million	15.2%	10.5 million	12.2%
Other shareholders				
Michael Sainsbury	1.0 million	1.5%	1.2 million	1.4%
David Rafter (Non-Executive Director)[8]	–	–	0.1 million	0.1%
Andrew Moffat (Non-Executive Director)[9]	0.5 million	0.8%	0.7 million	0.8%
Non-Executive Directors[10]	0.5 million	0.8%	0.8 million	0.9%
Other Existing Shareholders	22.8 million	32.9%	15.4 million	17.8%
New Shareholders[11]	–	–	33.4 million	38.7%
Total	**69.1 million**	**100.0%**	**86.3 million**	**100.0%**

6. Includes shares issued to Michael Sainsbury and Mohamed Yoosuff in relation to the treatment of the FY21 performance rights as set out in Section 6.3.2 and excludes any additional Shares acquired in the Offer (apart from Shares acquired by the Non-Executive Directors as detailed in Notes 8 and 9 below).
7. Holders may be entities affiliated with these individuals.
8. The Shareholdings of the Non-Executive Directors following Completion of the Offer include the NED Bonus Shares as well as the $75,000 worth of Shares they have confirmed is the minimum that they intend to acquire in the Offer referred to in Section 6.3.2.5 but do not include any additional Shares acquired in the Offer by the Non-Executive Directors.
9. The Shareholdings of the Non-Executive Directors following Completion of the Offer include the NED Bonus Shares as well as the $75,000 worth of Shares they have confirmed is the minimum that they intend to acquire in the Offer referred to in Section 6.3.2.5 but do not include any additional Shares acquired in the Offer by the Non-Executive Directors.
10. The Shareholdings of the Non-Executive Directors following Completion of the Offer include the NED Bonus Shares referred to in Section 6.3.2.5 but do not include any additional Shares acquired in the Offer by the Non-Executive Directors.
11. Includes any new Shares to be issued under the Employee Gift Offer.

Topic	Summary	For more information
Will any Shares be subject to restrictions on disposal following Completion of the Offer?	Yes. Certain shares held by all Escrowed Shareholders will be subject to voluntary escrow arrangements which will apply from the Completion of this Offer. The Escrowed Shareholders will, under the terms of the voluntary escrow arrangements, be restricted from dealing with the Escrowed Shares they hold on Completion of the Offer (other than any Shares obtained under the Offer) until the expiration of the relevant Escrow Period, subject to certain exceptions. In aggregate, 52.7 million Shares representing approximately 61.0% of total Shares on issue immediately following Completion will be subject to voluntary escrow arrangements. These escrow arrangements are described in Section 7.14 including details of the escrow restrictions, the applicable Escrow Periods and exceptions to the escrow arrangements.	Section 7.14
What significant benefits and interests are payable to Directors and other persons connected with the Company or the Offer and what significant interests do they hold?	As at the Prospectus Date, the Directors hold the following interests in Shares in the Company: **Director** – **Shares** – **%** David Rafter – – – – Andrew Moffat – 0.5 million – 0.8% Michael Sainsbury – 1.2 million – 1.7% Mohamed Yoosuff – 10.5 million – 15.2% Directors are entitled to remuneration and fees on commercial terms as described in Section 6.3.2. These include the issue of free bonus Shares that the Company will make to the Non-Executive Directors to match the number of Shares acquired by each Non-Executive Director under the Offer (up to $75,000 of Shares). Each Non-Executive Director has confirmed that they intend to acquire (or acquire through an associated entity) at least $75,000 of Shares in the Offer, which will result in 62,500 free bonus shares being issued by the Company to each Non-Executive Director. Additionally, after the Prospectus Date and prior to Completion of the Offer, the Executive Directors will be issued with 262,761 Shares and 240,110 Performance Rights in satisfaction of obligations under, and the release of existing performance rights held by them in the Company. Advisers and other service providers will receive fees for services on the terms set out in Section 6.3.1. Further details of the significant interests of key people, related party transactions and adviser and service provider fee entitlements are set out in Section 6.3.	Section 6.3.2.6
What related party arrangements are in place?	In addition to the above, the Company has entered into Director appointment or employment agreements and deeds of access, indemnity and insurance with each Director. The Company has also entered into arrangements with SaleCo to facilitate the sale of Existing Shares by Existing Shareholders in the Offer through SaleCo. The Company is not aware of any other related party arrangements.	Section 9

Directors' interests table (from the row above):

Director	Shares	%
David Rafter	–	–
Andrew Moffat	0.5 million	0.8%
Michael Sainsbury	1.2 million	1.7%
Mohamed Yoosuff	10.5 million	15.2%

1.8. Proposed Use of Funds and Key Terms and Conditions of the Offer

Topic	Summary	For more information
Who is the issuer of the Prospectus?	This Prospectus is issued by IPD Group Limited (ACN 111 178 351) (**Company**) and IPD Selling Co Ltd (ACN 655 277 517) (**SaleCo**).	Section 9.1
What is the Offer?	The Company is offering to issue up to 16.9 million New Shares issued by the Company and SaleCo is offering to sell 16.6 million Existing Shares. Shares are offered at an Offer Price of $1.20 per Share (other than the Shares offered to Eligible Employees for no payment under the Employee Gift Offer). A total of 33.5 million Shares will be made available under the Offer. These Shares will be available for investors under the Broker Firm Offer, the Priority Offer, Institutional Offer and the Employee Gift Offer. The Offer is expected to raise $20.0 million through the issue of New Shares by the Company and approximately $20.0 million from the sale of Existing Shares by SaleCo.	Section 7.1
What is SaleCo and what role does it play in the Offer?	SaleCo is a special purpose vehicle, established to sell Shares acquired from the Selling Shareholders. Each of the Selling Shareholders has executed a sale deed under which SaleCo is entitled to acquire some of their Existing Shares free from encumbrances and third-party rights, conditional upon Completion of the Offer. SaleCo will acquire in total 16.6 million Shares from the Selling Shareholders which will be transferred to successful Applicants under the Offer at the Offer Price.	Section 9.4
Why is the Offer being conducted?	The purpose of the Offer is to: • Provide IPD with capital to fund growth; • Provide IPD with the benefits of an increased profile that comes with being a publicly listed company; • Provide IPD with a potentially liquid market for its Shares and an opportunity for other persons to invest in the Company; • Provide certain Existing Shareholders the ability to realise part of their investment in the Company (subject to the escrow arrangements outlined in Section 7.14); • Help accelerate growth of IPD; and • Pay the expenses of the Offer.	Section 7.1.2
Will the Shares be quoted?	The Company will apply within seven days of the Prospectus Date for admission of the Company to the official list of the ASX and quotation of Shares on the ASX (which is expected to be under the code ‘IPG’).	Section 7.11
How is the Offer structured?	The Offer comprises: • The Broker Firm Offer; • The Priority Offer, • The Employee Gift Offer; and • The Institutional Offer, which consists of an invitation to acquire Shares made to Institutional Investors.	Section 7.1.1

Topic	Summary	For more information
Is the Offer underwritten?	Yes. The Offer is fully underwritten by the Lead Manager (other than the Employee Gift Offer).	Section 9.5
What is the allocation policy?	The allocation of Shares between the Broker Firm Offer and the Institutional Offer will be determined by the Lead Manager with the agreement of the Company having regard to the allocation policies outlined in Section 7. The allocation of Shares among Applicants in the Institutional Offer will be determined by the Lead Manager with the agreement of the Company. With respect to the Broker Firm Offer, it will be a matter for the Brokers how they allocate firm stock among their eligible retail clients. The allocation of Shares among Applicants in the Priority Offer will be determined by the Company in consultation with the Lead Manager, subject to the minimum allocation for Applicants under the Priority Offer. The Company will determine the allocation of Shares to Eligible Employees within the Employee Gift Offer in accordance with the criteria set out in Section 7.4.5.	Sections 7.3.4, 7.4.5, 7.5.5, and 7.8.2
Is there any brokerage, commission or stamp duty payable by Applicants?	No brokerage, commission or stamp duty is payable by Applicants on the acquisition of Shares under the Offer.	Section 7.2
What are the tax implications of investing in Shares?	Shareholders may be subject to Australian income tax or withholding tax on any future dividends paid. The tax consequences of any investment in the Shares will depend upon an investor's particular circumstances, particularly for non-resident Shareholders. Applicants should obtain their own tax advice prior to deciding whether to invest.	Section 9.9
When will I receive confirmation that my Application has been successful?	It is expected that initial holding statements will be dispatched by standard post on or about Tuesday 14 December 2021.	Section 7.2

Topic	Summary	For more information
How can I apply?	If you are an eligible investor, you may apply for Shares by completing a valid Application Form. If you are applying under the Broker Firm Offer, you may apply for Shares by completing an Application Form and lodging it with the Broker who invited you to participate in the Offer. If you are applying under the Priority Offer, you may apply for Shares by completing the online Priority Offer Application Form in accordance with instructions provided to you by the Company and on the website containing the Application Form. If you are applying under the Employee Gift Offer, you may apply for Shares by completing the online Employee Gift Offer Application Form in accordance with instructions provided to you by the Company and on the website containing the Application Form. To the extent permitted by law, an Application under the Offer is irrevocable.	Sections 7.3.2, 7.4.2, 7.5.2 and 7.8.1
Where can I find more information about this Prospectus or the Offer?	Please call the IPD Offer Information Line on 1300 941 467 (toll free within Australia) or +612 9068 1922 (outside Australia) from 9.00am until 5.00pm (AEDT) Monday to Friday. If you are unclear in relation to any matter or are uncertain as to whether IPD is a suitable investment for you, you should seek professional guidance from your solicitor, stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest.	Section 7.2
Can the Offer be withdrawn?	IPD and SaleCo reserve the right not to proceed with the Offer at any time before the issue of New Shares or transfer of Existing Shares to Successful Applicants. If the Offer does not proceed, Application Monies will be refunded by the Share Registry, your Broker or IPD. No interest will be paid on any Application Monies refunded as a result of the withdrawal of the Offer.	Section 7.10

Section 2.

Market Report

Section 2.
Market Report

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This report describes the electrical equipment and services market in Australia, and has been commissioned from Frost & Sullivan by **IPD Group Limited** (hereafter referred to as **IPD** or the Company) to support its initial public offering (**IPO**) process.

2.1. Introduction and Background

IPD is a distributor of electrical equipment in Australia, representing approximately 30 leading international brands. The Company has also expanded its products and services through acquisitions, such as Central Test, Addelec, Trio Test & Measurement, Zinfra HV Testing and Control Logic. IPD serves clients in a range of industry sectors, including commercial buildings, high-density residential, resources, utilities, healthcare and infrastructure.

2.2. Market Definition, Industry Structure and Methodology

2.2.1 Definitions

Key definitions used in this report include the following:

Electrical equipment includes a diverse range of products, including:

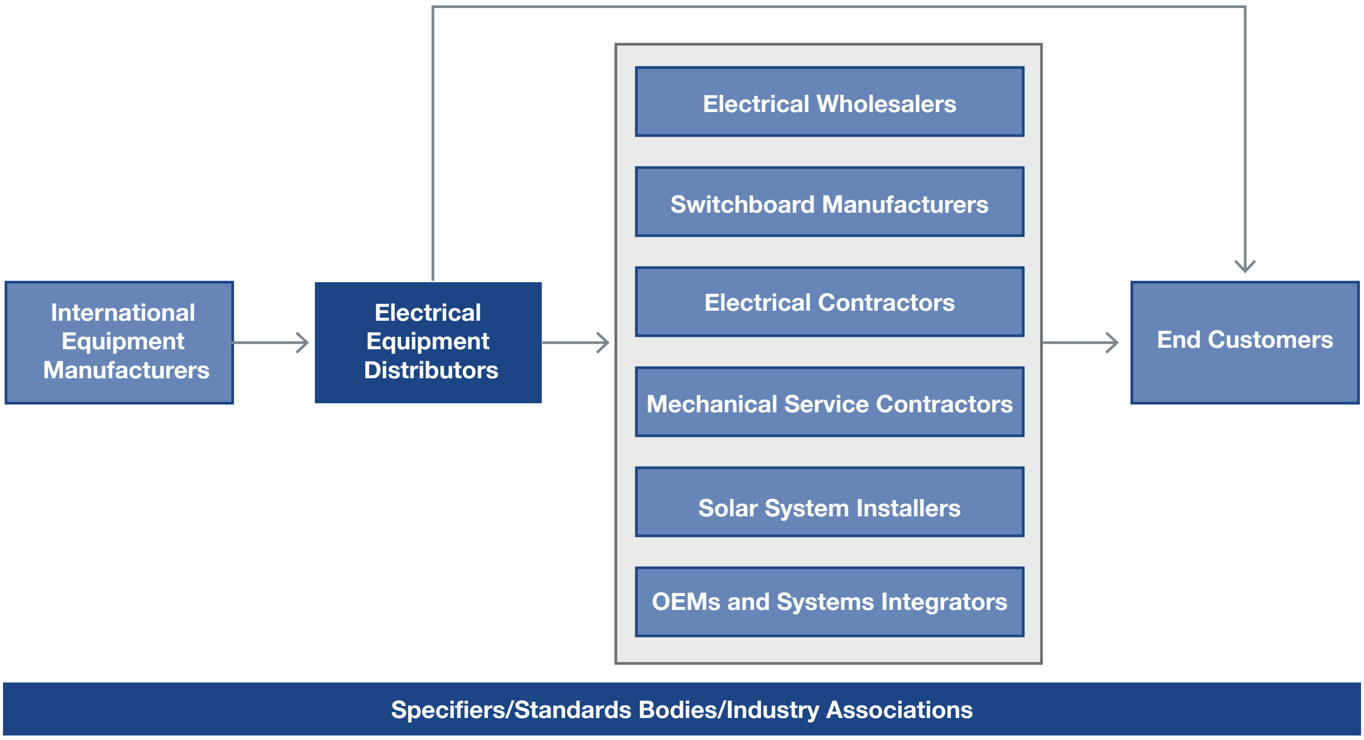
- Power distribution products (e.g. low voltage (**LV**) switchgear, switchboard systems, distribution boards, etc);
- Power monitoring products (e.g. meters, monitors, etc);
- Industrial control products (e.g. contactors, soft starters, etc);
- Test and measurement products (e.g. testers, cameras, oscilloscopes, etc);
- Solar photovoltaic (**PV**) products (e.g. isolators, switches, combiner boxes, enclosures); and
- Power quality (e.g. power factor correction, surge and lightning protection, harmonic mitigation).

Electrical services include calibration, testing, installation and commissioning, maintenance and repairs, as well as refurbishment.

2.2.2 Industry structure

Within the overall industry supply chain, IPD is a third-party distributor with a range of distribution agreements with leading international technology original equipment manufacturers (**OEMs**). Third-party distributors undertake distribution of products on behalf of manufacturers, providing an alternative to direct sales and distribution by the manufacturer in individual countries. Distributors play a key role in the value chain for electrical equipment providing a range of value-added services, including selling, promoting, sourcing, procurement, transport and storage, regulatory management (ensuring conformance to relevant Australian and international standards), technical support, packaging, labelling, inventory management, delivery, as well as service of equipment (where those capabilities exist).

Figure 2.1: Electrical equipment industry structure, Australia, 2021



Source: Frost & Sullivan

IPD's customers include Global Switchboards, Blacktown City Switchboards, MMEM, Lawrence & Hanson, Intellect Systems, Dematic, PowerCor, Ausgrid, Stowe Australia and Nilsen Australia.

End customers served are active across a range of sectors as outlined below:

Figure 2.2: Major end customer markets for IPD, Australia, 2021

Commercial Buildings

- Commercial office, retail, data centres

High density Residential Buildings

- High rise residential apartment buildings

Mining

- Mineral and metallic ore mining

Utilities

- Power generators, transmission and distribution (T&D)

Healthcare

- Hospitals, day surgeries, aged care homes

Infrastructure

- Rail, tunnels, airports, pipelines

Others

- Hotels, resorts, sports and entertainment venues, etc

Source: Frost & Sullivan

2.2.3 Methodology

In writing this report, Frost & Sullivan has used existing published data sources from government statistics, journals, articles, analyst reports and Company reports and presentations, which are considered reliable.

Australian addressable market size estimates have been calculated by Frost & Sullivan based on import data provided by the Department of Foreign Affairs and Trade (**DFAT**) (state-by-country and SITC pivot tables, 2011 to 2020). This source provides data on total imports at customs value categorised by standard industrial trade classification (**SITC**). The SITC is a product classification of the United Nations (**UN**) used for external trade statistics (export and import values and volumes of goods). Customs value is most commonly based on the price the importer actually paid (or is going to pay) for the goods.

In estimating the addressable market for products currently supplied by IPD (the served addressable market), Frost & Sullivan has included product categories (defined by SITC) in which IPD is currently active. To reflect the mark-ups in the supply chain to reach end-user prices in Australia, Frost & Sullivan has applied the average gross profit margins achieved by IPD per product category to estimate the market size at end-user prices, as this is assumed to be typical of overall supply chain mark-ups. However, since not all imported products will involve third-party distributors, this market size estimation should be regarded as approximate.

All financial data in the report is given in Australian dollars ($), except as otherwise indicated.

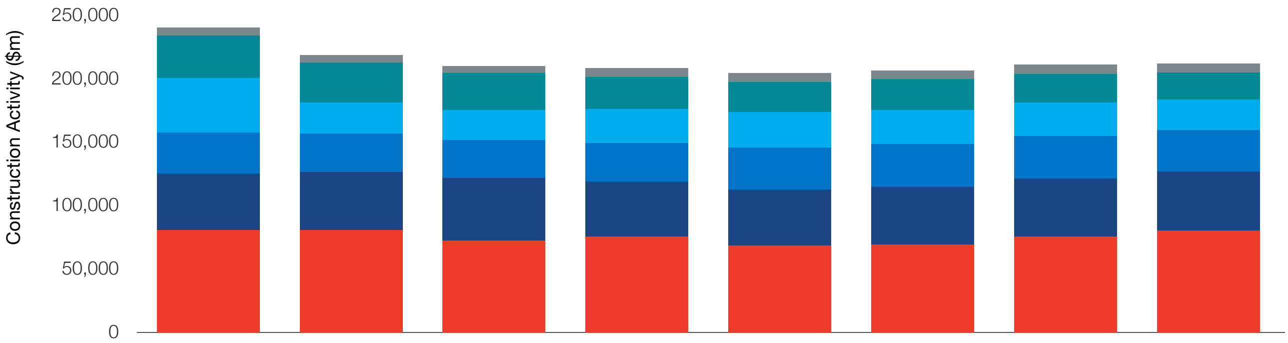
2.3. Market Drivers for Electrical Equipment across Major End Markets

The key trends supporting growth in the electrical equipment and services market are described in more detail below:

2.3.1 Expansion of overall built asset base

Government initiatives to stimulate economies post COVID-19 include prioritised spending on a range of infrastructure-led construction projects that are expanding the asset base that needs electrical equipment and services. In the short term, the total volume of construction activity in Australia has slowed due to the net impacts of the pandemic. However, recovery in construction activity is expected from 2022-23, rising to $212.1 billion by 2024-25.[1]

Figure 2.3: Construction activity forecasts to 2024-25, Australia



	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Other Infrastructure	6355.9	5625.2	5479.6	6957.4	7029	7084.6	7136.3	7268.9
Utilities	33316.8	31876.5	29393.9	25441	23746.2	24157.2	22472.2	21070.9
Resources	43383.9	24363.1	23791.2	26580.1	28124.4	26833.2	26549.7	24140.3
Transport	32132.9	30340.7	30073.2	30344	32895.9	33952.4	33603.3	32650.9
Non-Residential	44614.3	45864.9	48977.2	43762.7	44265.9	45300.4	45782.5	46782.1
Residential	80774.7	80640	72516.7	75411.3	68487.5	69376.2	75466	80204.9

Note:
Construction activity in millions of dollars, chain volume measures (2018-19 base year).
Source: Master Builders Australia, Building and Construction Industry Forecasts, May 2021.

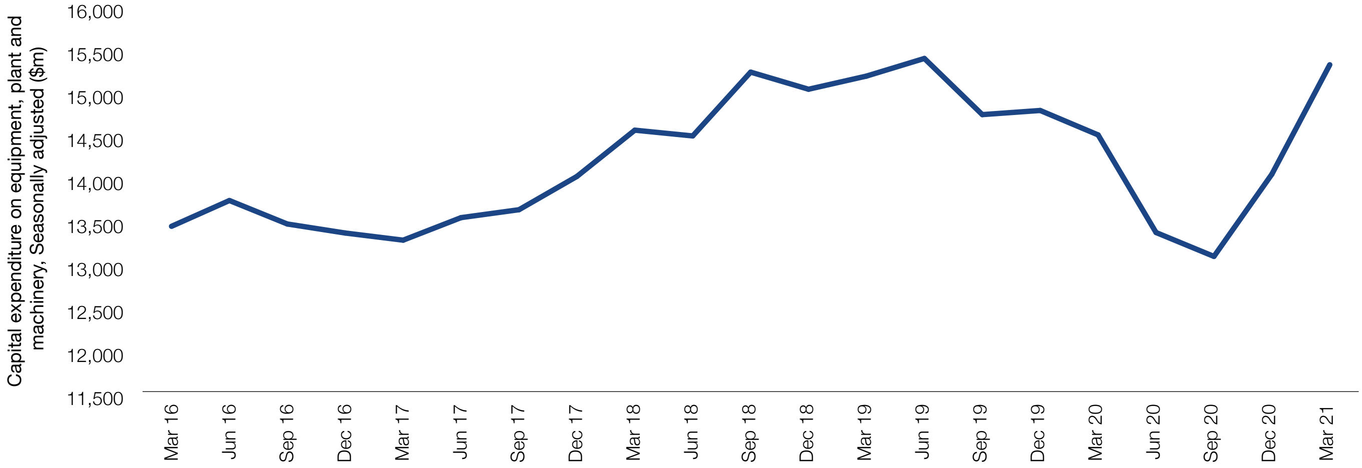
1. Master Builders Australia, Building and Construction Industry Forecasts, May 2021.

Other infrastructure includes heavy industry and harbours.
Utilities include water storage and supply, sewerage and drainage, electricity, and telecommunications.
Resources includes oil, gas, coal and other minerals and metals.
Transport includes roads and highways, bridges, tunnels, rail.
Non-residential construction includes all other building construction which is intended for commercial purposes, industrial purposes, or for the provision of education, religious worship, health services, recreation, entertainment, emergency services, or other public services.
Residential construction includes any building which is intended for long-term accommodation.

2.3.2 Growth in capital expenditure for equipment, plant and machinery

Apart from expansion in buildings and structures, capital expenditure on plant, equipment and machinery also expands the addressable opportunity for IPD. This has shown a marked recovery starting in the last quarter of 2020.

Figure 2.4: Capital expenditure on equipment, plant and machinery, Australia, Mar-16 to Mar-21



Source: ABS, Private New Capital Expenditure and Expected Expenditure, Australia, Mar 2021.

2.3.3 Maintenance and renewal of buildings, structures, plant, equipment and machinery

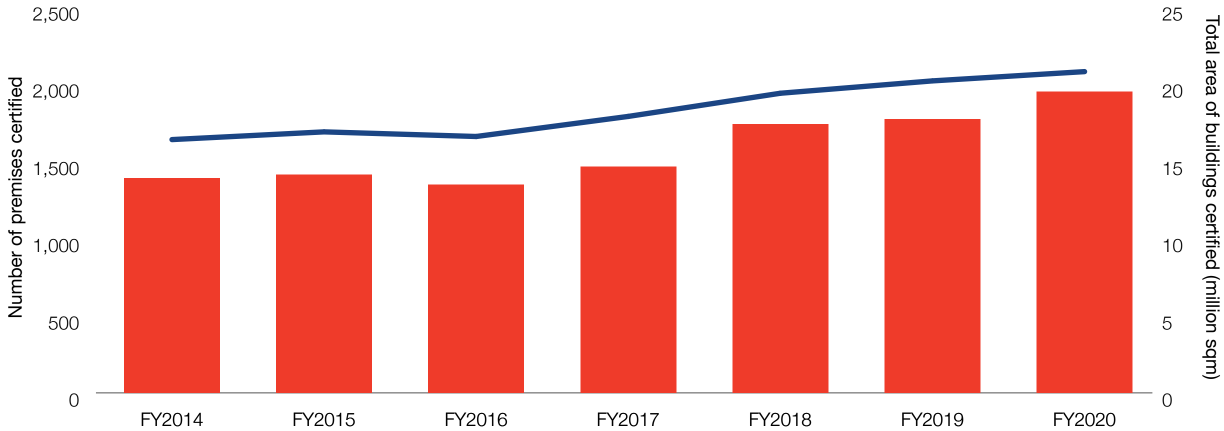
The challenge of ageing built assets (some over 50 or 100 years old) and deteriorating equipment outpacing replacement rates is of increasing concern to facility managers and operations managers. Concerns around the durability and structural integrity of a number of high-rise buildings (both commercial and residential) have sparked renewed focus on proactive maintenance. Rising expectations from occupants in relation to comfort, safety and convenience is also supporting planned maintenance of buildings. The lost opportunity costs and safety risks of unplanned equipment malfunction or downtime is prompting operational sites (e.g. mines, factories, utilities, etc) to invest in planned, predictive maintenance. Ageing infrastructure also hampers the introduction of new technologies as they present issues challenges around integration, compatibility and stability of the overall system (for example, the integration of renewable energy into the electricity grid). As a result of these concerns, ongoing refurbishments and redevelopments of outdated facilities and maintenance and upgrades of equipment present significant opportunities for a range of electrical equipment for power distribution, power monitoring, industrial control, as well as condition monitoring.

2.3.4 Commercial buildings

Commercial buildings are seeing increased spend on sustainable solutions to improve energy efficiency. Energy costs are approximately one-third of the operating expenses of commercial buildings.[2] To help address the challenge of significant energy costs, systems for improving the energy efficiency of buildings act as a bridge between the load and the generation point. The focus is on supporting the automation of energy optimisation by operators who can view usage in real time using cloud-based online platforms. In addition, the application of predictive analytics to the building's energy data can help avoid sudden breakdowns and disruptions. The World Green Building Council has been promoting industry commitment to the goal of all buildings operating at net zero carbon by 2050, and all new buildings from 2030.[3] An important element of the strategy to achieve net zero is the concept of zero energy buildings (**ZEBs**). ZEBs are those buildings that do not depend on the grid for their own energy needs. They make themselves independent of the grid by improving energy efficiency and also by depending on onsite renewable energy generation to meet their energy needs. ZEBs leverage different solutions and technologies such as solar power, geothermal, energy storage, building automation and energy systems, the building design, building envelope and the architecture itself in order to achieve zero energy status.

The figure below highlights the rapid uptake of one of the leading green building rating systems in Australia i.e. National Australian Built Environment Rating System (**NABERS**).[4]

Figure 2.5: NABERS energy rating for offices, Australia, FY2014 to FY2020



	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Number of premises certified	1,389	1,414	1,347	1,465	1,739	1,773	1,951
Total area of buildings certified (million sqm)	16.4	16.9	16.6	17.9	19.4	20.2	20.8

Source: NABERS

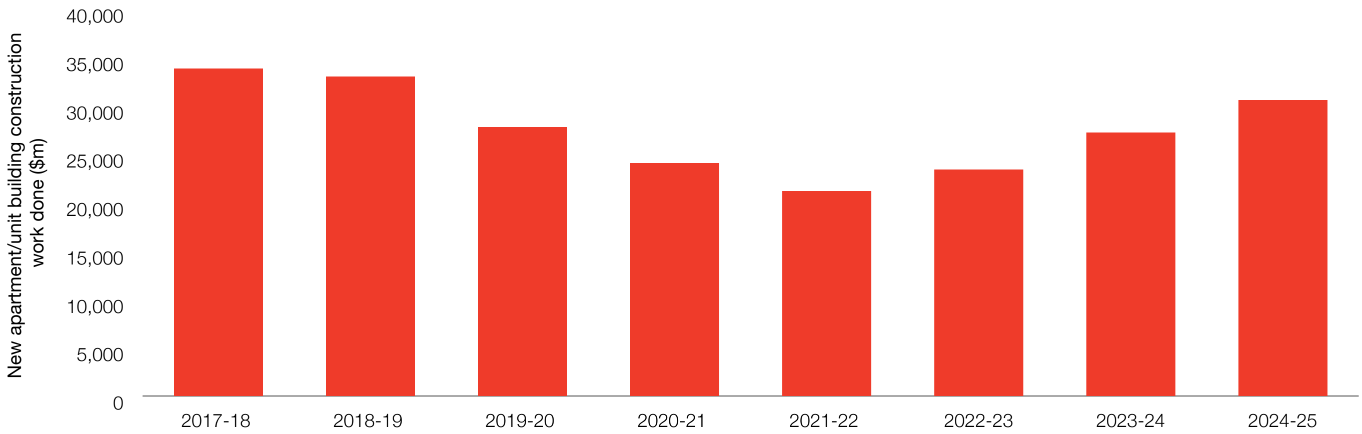
Apart from ensuring compliance and improving corporate reputation, green building certifications or rating systems positively impact property valuations, make easier the sale or lease process, support higher rentals, improve occupancy rates and strengthen tenant retention.

2. Global Home Energy Management Systems (HEMS) and Building Energy Management Systems (BEMS) Market, Forecast to 2025, Frost & Sullivan, Aug 2019.
3. World Green Building Council, https://www.worldgbc.org/thecommitment, accessed 18 Aug 2021.
4. NABERS ratings are currently available for the following sectors: offices, shopping centres, apartments, hotels, data centres and public hospitals. Later in 2021, they will be available for the residential aged care and retirement living sector, followed by sectors such as schools and industrial buildings and warehouses in the next few years, with the eventual aim to have ratings available for every building type.

2.3.5 High-density residential

Residential housing construction has increased substantially in Australia in recent years, and represents one of the strongest-performing elements of the Australian economy. For some time, there has been a noticeable shift in residential property development away from detached houses and towards multi-unit dwellings (flats and apartments). This has been most noticeable in metropolitan areas. The increase in the development of multi-unit residential dwellings is the result of a number of factors. Firstly, state and territory land release and zoning policies have generally been more favourably inclined to encourage the development of infill developments, often on former industrial land. These developments are much more viable for higher density, multi-storey residential buildings. Conversely, governments have been more reluctant and generally slower to release and rezone greenfield sites, typically on urban fringes, which are more suitable to single-dwelling developments. Additionally, infrastructure development requirements (such as roads, water and sewerage, etc) for infill developments are generally less extensive than for greenfield sites, and less challenging for governments to fund. Whilst recently, new apartment/unit building activity has dropped lower than the historical highs seen earlier, a clear recovery is projected from 2022-23 onward.

Figure 2.6: New apartment/unit building construction work done, Australia, 2017-18 to 2024-25



Source: Master Builders Australia forecasts; ABS Building Activity; ABS Construction Work Done

2.3.6 Resources

While COVID-19 related developments have disrupted mining commodity supply in some instances, and current global macroeconomic weakness has dented demand for some commodities, long-term demand drivers (such as downstream demand for new metals and battery materials) are expected to underpin long-term resources sector growth.

China's strong recovery post COVID-19 and the pent up demand in most global markets is the major medium-term driver of demand for a range of mining commodities (e.g. iron ore, metallurgical coal, gold, aluminium, copper, nickel, zinc and lithium).

Australia is expected to capitalise on its position as a large producer and exporter of commodities. For example, Australia is the world's largest iron ore producer, largest metallurgical coal exporter, second-largest thermal coal exporter, largest gold producer, third-largest uranium producer, largest bauxite producer, largest alumina exporter, largest zinc exporter and largest lithium exporter. The country's resource and energy exports are at a record $310 billion in 2020–21, with almost half of those earnings from iron ore alone. For 2021–22, a further significant rise in exports to $334 billion is forecast.[5]

Declining ore grades and high input costs remain productivity challenges for miners. Operational efficiency, asset life extension, an increased focus on moving towards 'zero-risk' workplaces and improved understanding and appreciation of digital transformation benefits drive automation and digital expenditure in the mining sector.

While the initial focus of digital transformation in mining was on automation of extraction and processing activities, this has now extended to other areas of the value chain including mine design and planning, transport, logistics and trade.

2.3.7 Utilities

Decarbonisation, decentralisation and digitalisation are the three transformational shifts impacting the Australian utilities sector.

Decarbonisation: As Australia transitions to a lower emission economy, fossil fuel powered generation, whilst still dominant, is giving way to renewable energy and storage. A number of fossil fuel powered generation plants are also nearing end-of-life, with associated issues around their reliability. Coal and gas, which accounted for 81% of total generation capacity in the national electricity market (**NEM**)[6] in 2007, accounted for only 53% in 2020.[7] As technological advances bring down renewable energy costs and raise efficiencies, and improve integration of renewables in the grid, the contribution of renewables to the grid is expected to rise even further.

Analysis of data from 2018 and 2019 suggests that Australia is deploying renewables (primarily solar PV and wind) 10 times faster per capita than the global average and four times faster per capita than in Europe, China, Japan or the US.[8] Moving forward, the Clean Energy Regulator projects 6 GW of new renewable capacity per year to be delivered in Australia in 2021 and 2022.[9]

Energy prosumerism (consumers as producers of energy) is expected to emerge as one of the most prominent trends from modern energy infrastructure. This will be facilitated by virtual power plants (**VPP**),[10] microgrids,[11] smart meters, battery storage, power plant modernisation, and advanced energy trading solutions (including blockchain).

Decentralisation: Significant technological advances have improved the performance and lowered the cost on several **distributed energy resources (DER)**[12] options available for buildings. In addition, the market has been supported by favourable regulatory policies and incentives for prosumers.[13] DERs not only minimise infrastructure development requirements, as energy does not need to be transmitted and distributed over long distances, but also help governments meet emission targets.

5. Department of Industry, Science, Energy and Resources, Resources and Energy Quarterly, Jun 2021.
6. The electricity network across New South Wales (NSW), the Australian Capital Territory (ACT), Queensland, South Australia, Victoria and Tasmania.
7. State of the energy market 2020 (AER, AEMO).
8. International Renewable Energy Agency (IRENA) 2019 statistics quoted by Renew Economy, Australia deploying new renewables at ten times global average, Apr 2020, https://reneweconomy.com.au/australia-deploying-new-renewables-at-ten-times-global-average-11689/, accessed 19 Aug 2021.
9. Quarterly Carbon Market report, Clean Energy Regulator, Dec Quarter 2020.
10. VPP is an aggregation of decentralised distributed energy resources (DERs), energy storage systems (ESS) and controllable loads, all of which are connected and controlled via a central system (VPP software). The aggregated assets form a single imaginary power plant that can be dispatched during times of peak demand eliminating the need for investment into ancillary power generation plants for peak load management.
11. Microgrid is a group of DERs and loads that function as a single unit. A microgrid may be grid-tied or disconnected from the grid. It can be a combination of renewable energy sources, such as solar panels, wind turbines or biogas plants, battery storage and other loads.
12. DER technologies refer to power generation and energy storage systems located at or near the point of utilisation. These include solar photovoltaic (PV), wind systems, fuel cells, batteries, uninterrupted power supplies (UPS), other turbines, etc.
13. A prosumer is an energy consumer who also produces energy by having installed an energy generation unit (such as solar panels) onsite.

Digitalisation: In terms of digitalisation,

- Smart meter installations have been increasing steadily over the last five years, with current penetration of smart meters in the NEM around 20%.[14]
- The Australian smart home[15] market is estimated to grow from $1.26 billion in 2019 to $4.8 billion by 2024.[16] As of June 2020, 61% of Australian households have adopted at least one smart home product.[17]
- Following the successful three-year trial by Australian Renewable Energy Agency (**ARENA**) and Australian Energy Market Operator (**AEMO**) to deliver 200 MW of demand response[18] (across both consumers and commercial and industrial (**C&I**) customers), changes to the National Electricity Rules (**NER**) were implemented to facilitate wholesale demand response in the NEM.

In the water sector, in the search for resilience,[19] water and wastewater utilities will focus spend on rehabilitating or expanding network infrastructure and implementing climate change adaptation and mitigation strategies. This will take the form of smart water metering, pipe replacements, decentralised water projects, treatment plant upgrades, water monitoring systems, leak detection technologies, flood control modelling, etc.

2.3.8 Healthcare

Australia's population is ageing as a result of increasing life expectancy and declining fertility rates. The median age of the population has grown from 35 years in June 2000 to nearly 38 years in June 2020. Over these two decades, the proportion of the population aged over 65 has increased from 12.4% to 16.4%, which represents about one in six Australians.[20] Further, the percentage of the population that is over the age of 85 has also grown by 59.1% since 2000, with projections that this population will increase to over 1 million by 2042.[21]

This ageing trend has implications in terms of changing health profiles, as older people consume health services at higher rates. Medical spending has been found to treble between the ages of 50 to 80.[22] The larger number of older people, combined with the fact that many health conditions become more common with age, will drive growth in the healthcare sector.[23] The impacts on the sector will be both in greater uptake of healthcare and aged care services, as baby boomers move into their 70s and 80s, as well as in the form of increasing expectations around the quality of care.[24]

In addition, nearly half of Australia's population (47%) have at least one of 10 major chronic conditions (which include arthritis, heart disease, dementia, diabetes, cancer, etc), and one in five Australians have multiple chronic conditions.[25]

Over the period 2014–15 and 2018–19, the total number of hospitalisations in Australia rose by an average of 3.3% – faster than the average population growth of 1.6% over the same period.[26]

In the aged care sector a shift from a non-profit and mission-based approach (driven historically by charitable/religious organisations) to a more market based approach is driving spend on improved facilities and services.

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14. Review of the regulatory framework for metering services, Consultation paper, AEMC, Dec 2020.
15. Homes that use some combination of connected/automated devices/hubs/appliances for energy, entertainment and security outcomes.
16. IoT@Home gathers pace with home-bound Australians, Telsyte, Oct 2020, https://www.telsyte.com.au/announcements/2020/10/20/iohome-gathers-pace-with-home-bound-australians, accessed 18 Aug 2021.
17. Ibid.
18. Customers voluntarily reducing energy consumption for a financial benefit (in order to ensure supply-demand balance remains stable).
19. Ensuring reliable and safe water supply that can adapt and respond to near-term shocks and long-term shifts.
20. National, state, and territory population – Dec 2020, Australian Bureau of Statistics, 17 Jun 2021.
21. Population aged over 85 to double in the next 25 years, Australian Bureau of Statistics, 22 Nov 2018, https://www.abs.gov.au/articles/population-aged-over-85-double-next-25-years, accessed 18 Aug 2021.
22. The Health Advocate – Chronic Disease, Australian Healthcare and Hospitals Association, April 2016.
23. Australia's Health 2016 – *'Healthcare Use by Older Australians'*, Australian Institute of Health & Welfare, 2016.
24. Australia's Ageing Population, Parliamentary Budget Office, Feb 2019.
25. Australia's Health 2020 in brief, Australian Institute of Health & Welfare, 23 Jul 2020.
26. Australian Institute of Health and Welfare, Jul 2020.

2.3.9 Infrastructure

The Australian Government's $110.00 billion land transport infrastructure program over 10 years from 2020-21 will support construction projects across road, rail, ports, airports and related infrastructure.[27] This is significantly higher than the aggregate of Commonwealth Government funding for all infrastructure over the prior decade ($66.00 billion) over 2010-11 to 2019-20).[28] Further, in response to the COVID-19 pandemic, the Australian Government is providing a total of $1.5 billion to fund local priority projects through the Local Roads and Community Infrastructure program. The Australian government also committed an additional $1.5 billion over three years from 2020-21 for priority regional and urban transport development, including shovel-ready projects and targeted road safety works.[29] Typically, government investment in infrastructure has an annual multiplier effect of 0.4 to 2.2 times GDP.[30] Infrastructure helps create approximately 10,000 jobs for every $1.00 billion invested;[31] thus supporting demand for subcontractors and service providers across the value chain.

Globally, and in Australia, the gap between infrastructure needs and infrastructure spending is growing, with estimates suggesting that there is a $6.4 trillion gap between needs and spending in Australia in 2020.[32] This problem is magnified by the rapid urbanisation of Australia's population. In 2015, 85.7% of Australia's population was living in urban areas. By 2020, this is expected to have risen to 86.2%, and by 2030 will increase further to 87.6%.[33]

2.4. Future High Growth Segments

Apart from conventional use cases and applications of electrical equipment, there are niche areas offering high growth, including industrial control system (**ICS**),[34] data centres,[35] renewable energy and electric vehicles.

2.4.1 Industrial control systems (ICS) security

The rise in cyberattacks on critical infrastructure and industrial sites has resulted in cyber security becoming a central concern amongst ICS users and vendors. These strategic attacks are aimed at disrupting industrial activity for monetary, competitive, political or social gain, or even as a result of a personal grievance.

The drive toward the Internet of Things (**IoT**)[36] in Australia is likely to lead to an increase in targeted attacks on industrial control systems moving forward. In particular, hackers are expected to exploit vulnerabilities and unpatched systems to either steal valuable data or to subject these organisations to ransomware attacks. Moreover, with more organisations in the power, mining, and manufacturing sectors turning to mobile platforms and Supervisory Control And Data Acquisition (**SCADA**) systems to allow for remote monitoring and improved operational efficiency, the high number of vulnerabilities found in these connected devices is likely to enhance the cyber security risks posed to industrial organisations.

27. Australian Government 2020-21 Budget, The Department of Infrastructure, Transport, Regional Development and Communications, Oct 2020, https://investment.infrastructure.gov.au/about/budget.aspx, accessed 18 Aug 2021.
28. Infrastructure Partnerships Australia, https://infrastructure.org.au/chart-group/government-infrastructure-investment/, accessed 2 Nov 2020.
29. Growing a Strong and Resilient Regional Australia – Infrastructure, Transport, Regional Development and Communications, Department for Infrastructure, Transport, Regional Development and Communications, 6 October 2020.
30. The Role of Infrastructure Stimulus in the COVID-19 Recovery and Beyond, BGC, Sep 2020, https://www.bcg.com/en-au/publications/2020/infrastructure-stimulus-in-covid-pandemic-recovery-and-beyond, accessed 18 Aug 2021.
31. Ibid.
32. Global Infrastructure Outlook – Australia Country Profile, Global Infrastructure Hub.
33. World Urbanization Prospects 2018, United Nations, 2018.
34. Such as Programmable Logic Controllers (PLCs), Human Machine Interface (HMI), Supervisory Control And Data Acquisition (SCADA) systems.
35. A data centre is a dedicated facility used to house information technology and communications equipment such as servers, storage devices, routers and switches. Whilst such equipment is sometimes housed in small, non-specialised facilities such as computer closets or rooms, there is an increasing trend towards the use of dedicated facilities with features such as raised floors, cooling systems and power redundancy, known as data centres. Whilst some organisations build, operate and manage their own data centre for internal purposes (referred to as a captive data centre), the industry trend is towards outsourcing this function.
36. IoT is when objects are connected, virtualised and imbued with data measurement capabilities (giving physical and virtual objects an identity) interconnecting the objects that can monitor and interact with each other and having the ability to generate real-time insights from data that can be incorporated into existing business processes.

2.4.2 Components and systems for data centres

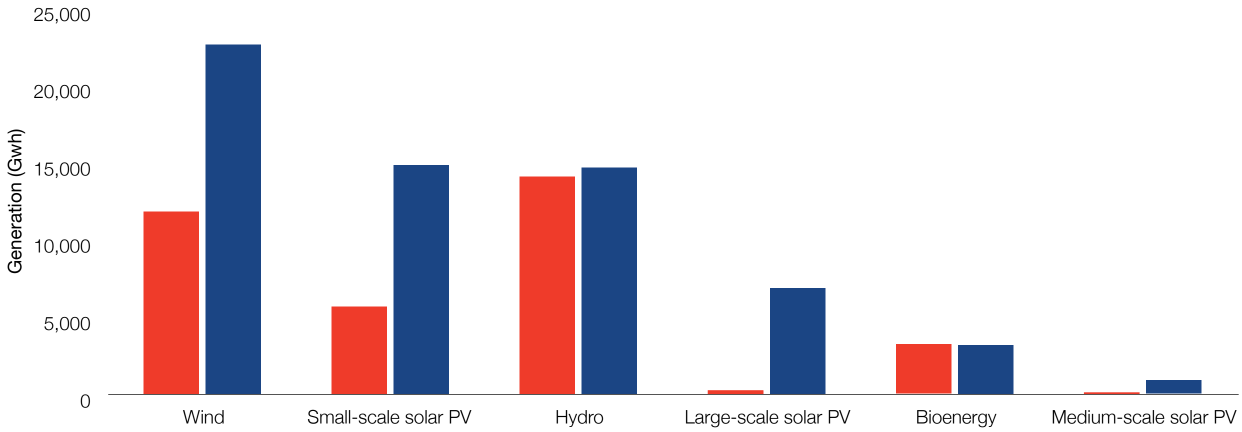
Rising Internet traffic, growth in video and audio streaming, the continued digital transformation of public and private sector companies, the increasing prevalence of Big Data Analytics (**BDA**)[37] and IoT, the rollout of the National Broadband Network (**NBN**), and the uptake of cloud computing services (for disaster recovery and business continuity services, as well as to take advantage of the affordability, agility and flexibility of cloud solutions) is resulting in significant growth in the total volume of data downloaded. Also, in recent years, hyperscale[38] public cloud service providers have significantly increased their uptake of wholesale data centre capacities in Australia. In addition, a major focus of the government‘s multi-sector cloud computing strategy involves a ‘cloud first’ policy, mandating government agencies to use cloud services where possible. These shifts drive demand for data centre build out which is expected to rebound in 2021 after being negatively impacted by COVID-19 in 2020.

Outsourcing of data centres to a third-party service provider occurs primarily through two models: (1) Colocation (Pure rental of data centre floor space, cage or empty racks with power, cooling and bandwidth); and (2) Managed Hosting (Rental of servers, with basic services such as monitoring and system reboot). Managed hosting services have expanded to provide customers the flexibility of cloud computing in a dedicated environment, that is, a private cloud. Hence, third-party hosted private cloud is also categorised as managed hosting. The data centre operator, in most cases, also provides 24/7 system support services such as monitoring and rebooting, which may include operating system management and software security management.

2.4.3 Components and systems for renewable energy

The shift from centralised power generation to distributed generation is primarily enabled through the uptake of rooftop solar with battery storage and smart metering. At the end of 2020, around 2.66 million Australian homes and businesses had a rooftop PV system. In 2020 alone, there were 8,307 solar with concurrent battery installations in homes, supported by state government schemes (interest-free loans, grants/rebates).[39]

Figure 2.7: Renewable energy generation by type, Australia, 2015 and 2020



	Wind	Small-scale solar PV	Hydro	Large-scale solar PV	Bioenergy	Medium-scale solar PV
2015	11,802	5,655	14,046	206	3,200	70
2020	22,605	14,807	14,638	6,835	3,164	868

Source: Clean Energy Council

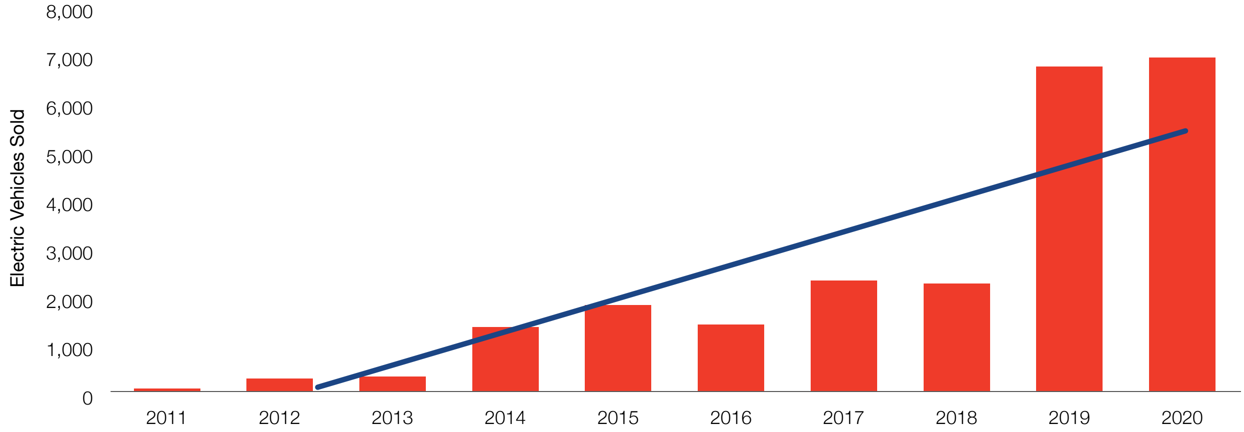
37. BDA refers to a set of data management tools, applications, and techniques for effective analysis of Big Data sets so as to derive intelligence on business operations and customer interactions. BDA is capable of processing both structured and unstructured data from various sources.
38. Enterprises with hundreds of millions or billions of users (e.g. Google, Facebook, Amazon, etc.).
39. Solar Report, Australian Energy Council, Jan 2021.

2.4.4 Components and systems for electric vehicles

In 2019, EV sales in Australia grew by over 200%, reaching 6,718 vehicles sold.[40] In the full year 2020, despite the negative impact of the pandemic on macro-economic conditions and overall vehicle sales for three quarters of the year, 6,900 electric vehicles were sold.[41]

Government support (by way of discounts on registration costs, streamlining approval for installation of charging points), declining upfront cost of EVs due to a steady decrease in the price of lithium-ion batteries, growing public support for EVs in Australia, public and private sector commitments to transition their vehicle fleets to EVs, as well as the expansion of EV charging infrastructure are the main factors expected to underpin EV market growth over the long term.

Figure 2.8: EV Sales, Australia, 2011-2020



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Electric Vehicle Sales, Australia	49	253	293	1,322	1,771	1,369	2,284	2,216	6,718	6,900

Source: For 2011 to 2019 data – State of Electric Vehicles, Electric Vehicle Council, Aug 2020; For 2020 data – AFMA, Feb 2021

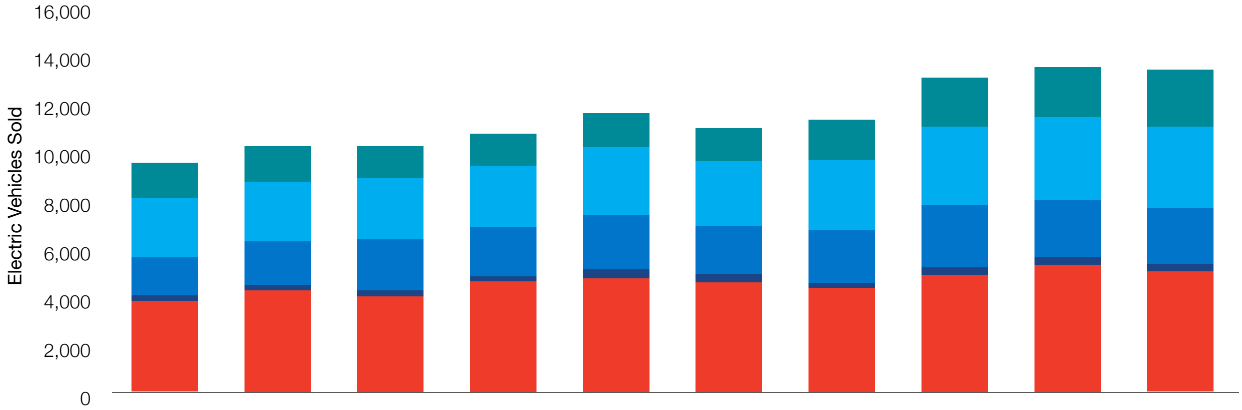
2.5. The market opportunity

Based on import data, the total market value at end-user prices of product categories currently handled by IPD in Australia was $13.3 billion in 2020, and has grown at a CAGR of 3.9% since 2011.[42] However, not all products within these categories are currently offered by IPD; hence this must be considered the total addressable opportunity. In addition, IPD may offer some products outside of the highlighted product categories.

Of these product categories, electric power machinery and parts has grown the fastest in terms of CAGR between 2011 and 2020; followed by electrical distributing equipment.

40. State of Electric Vehicles, Electric Vehicle Council, Aug 2020.
41. Australasian Fleet Management Association, Feb 2021, https://afma.org.au/more-reforms-needed-to-incentivise-electric-vehicles/, accessed 17 Mar 2021.
42. Frost & Sullivan calculated based on DFAT, state-by-country and SITC pivot tables, 2011 to 2020.

Figure 2.9: Expenditure on product categories in which IPD supplies product, end-user prices, Australia, 2011 to 2020



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Measuring and analysing instruments	3,742	4,188	3,939	4,555	4,680	4,523	4,293	4,836	5,241	4,968
Meters & counters	228	215	239	204	367	342	202	298	325	321
Electrical distributing equipment	1,594	1,806	2,117	2,054	2,247	1,981	2,177	2,584	2,355	2,314
Electrical circuits equipment	2,445	2,469	2,533	2,526	2,807	2,684	2,888	3,236	3,434	3,338
Electric power machinery and parts	1,452	1,468	1,321	1,319	1,411	1,351	1,691	2,021	2,057	2,363

Source: Frost & Sullivan calculated based on DFAT, state-by-country and SITC pivot tables, 2011 to 2020

In addition to product sale, IPD also delivers services and the size of the total electrical services[43] market in Australia is estimated at $25.2 billion in 2021.[44] Given the significant disruption to end-customers and cost of malfunctioning or failed electrical equipment, service demand is fairly stable.

2.6. Competitive Environment

Key trends in the competitive landscape for electrical equipment and services are outlined below.

Competitive tools: Key factors providing competitive advantage include those set out below:

- **Focus on innovative and disruptive technologies:** Distributors active in high-growth innovative segments of the market (such as industrial control security, data centres, renewable energy, electric vehicles, etc) are expected to enjoy faster growth than the market average.
- **Support and service:** Given the fact that many end customers are facing disruption to their existing business models and ways of working, distributors who can proactively support users with technical expertise (to ensure conformance to relevant Australian and international standards) and prompt troubleshooting will be at an advantage. Facilitating service safety compliance is also critical.
- **Exclusive distribution arrangements with leading brands:** Distributors with exclusive master distribution agreements for the Australian market in place with world leading brands are able to leverage the strength of these brands for increased market penetration.

43. Electrical services market includes electrical wiring repair or maintenance, electrical wiring installation, closed-circuit video surveillance system installation, exhaust fans installation, electric lights and power fittings installation, electrical and communication cabling and switching systems installation, illuminated signs installation, safety switches installation and specialist industry-specific equipment installation.
44. Electrical Services in Australia, IBISWorld, Jun 2021.

- **Public sector contracts:** Being part of the major works panels for government tenders puts distributors in a favourable position to win public sector work.
- **Geographic coverage:** A national sales presence, as well as a national warehousing network is a critical success factor especially when serving large clients with dispersed locations.
- **Client base:** Maintaining a diverse customer base ensures that weakened demand in one sector can be offset by growth in other sectors, thus ensuring stability and overall growth.

Competitors: The table below highlights some of the major electrical equipment competitors:[45]

Table 2.1: Electrical equipment, examples of competitors, 2020

Types of Competitors	Examples
Tier 1 market participants	Schneider Electric, NHP Electrical Engineering Products, APS Industrial, Eaton, Legrand, Hager Electro, etc.
Other market participants	Colterlec, Tro Pacific Holdings, All Round Supplies, etc.

Source: Company sources and Frost & Sullivan

Companies focused on electrical service include CIMIC, Nilsen, Stowe, Downer, Southern Cross Electrical Engineering (**SCEE**), Fredon, Grosvenor Engineering Group, Hirotec, ENGIE Services, Grosvenor Engineering, Arden Group, Johns Lyng Group, DCFM Australia, UMS, Campeyn Group, etc. A number of electric contractors and service providers source product for new installation and replacement from distributors such as IPD.

2.7. Conclusions

Recovery in total construction activity is expected from 2022-23, rising to $212.1 billion by 2024-25.[46] In addition, capital expenditure on plant, equipment and machinery is already seeing a major uptick from the last quarter of 2020. Across both buildings and equipment, planned maintenance regimes translate into large and steady demand for electrical equipment and services.

IPD's largest end-market i.e. the commercial buildings sector is witnessing a significant shift to green and intelligent buildings (thus driving demand for a range of electrical and automation equipment). High-density residential building activity is projected to recover strongly from 2022-23 onward. The resources sector is expected to enjoy record high export earnings over the near term. The transformational shifts that utilities are undergoing in terms of decarbonisation, decentralisation and digitalisation are likely to drive demand for a range of smart solutions and services. Healthcare is expected to remain a key focus for governments and communities and thus support spending on new facilities as well as upgrades to existing facilities. Finally, the government-led infrastructure spending boom is expected to present large and high value opportunities for electrical equipment and services.

Based on import data, the total market value at end-user prices of product categories currently handled by IPD in Australia was $13.3 billion in 2020, and a has grown at a CAGR of 3.9% since 2011.[47] In addition, the size of the total electrical services[48] market in Australia is estimated at $25.2 billion in 2021.[49]

45. Examples; not a comprehensive list.
46. Master Builders Australia, Building and Construction Industry Forecasts, May 2021.
47. Frost & Sullivan calculated based on DFAT, state-by-country and SITC pivot tables, 2011 to 2020.
48. Electrical services market includes electrical wiring repair or maintenance, electrical wiring installation, closed-circuit video surveillance system installation, exhaust fans installation, electric lights and power fittings installation, electrical and communication cabling and switching systems installation, illuminated signs installation, safety switches installation and specialist industry-specific equipment installation.
49. Electrical Services in Australia, IBISWorld, Jun 2021.

2.8. Disclosure

This is an independent report prepared by Frost & Sullivan. Save for the preparation of this report and services rendered in connection with this report for which normal professional fees will be received, Frost & Sullivan has no interest in IPD and no interest in the outcome of the IPO. Payment of these fees to Frost & Sullivan is not contingent on the outcome of the IPO. Frost & Sullivan has not received wand will not receive any other benefits (including any commissions) and there are no factors which may reasonably be assumed to have influenced the contents of this report nor which may be assumed to have provided bias or influence. Frost & Sullivan consents to the inclusion of this report in the Prospectus in the form and context in which it is included. As at the date of this report, this consent has not been withdrawn. Frost & Sullivan does not hold a dealer's licence or Financial Services Licence. This report does not constitute advice in respect of the IPO.

Section 3.

Company Overview

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Company Overview

3.1. Introduction to IPD

IPD is a national distributor and service provider to the Australian electrical market. Formed through an MBO from Alstom in 2005, IPD can trace its history back for more than 65 years.

IPD consists of two core divisions:

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

IPD is exposed to growing industries, with end-users in construction, infrastructure, resources, water and waste-water, power utilities, and tourism and hospitality.

IPD's role in the electrical infrastructure products value chain is outlined in Figure 3.1.

In FY21, IPD had over 4,200 pro forma customers ranging from switchboard manufacturers, electrical wholesalers, electrical contractors, power utilities and OEMs. Customer relationships are typically long-standing, with the average tenure of the top 10 customers by FY21 pro forma revenue being approximately 25 years. These customers are serviced by IPD's approximately 377 full-time staff[1] who are located across six states in Australia and in Colombo, Sri Lanka.

As at 30 June 2021, IPD was distributing products for over 30 supply partners. Supply partners are typically global equipment and technology manufacturers who have entered into agreements with IPD to distribute particular products in specific geographic markets. IPD strives to establish strong and long-lasting relationships with its supply partners, with the top 10 supply partners by FY21 pro forma revenue having an average tenure with IPD of more than 15 years.

IPD has experienced strong revenue growth since the MBO in 2005, forecast to experience a 17-year revenue CAGR of approximately 12.0% to 30 June 2022. During this same period, it is estimated that the Company achieved an organic revenue CAGR (excluding growth from acquisitions) of approximately 8.1%. IPD has grown through a combination of organic and inorganic growth, with all acquisitions funded from internally generated cash and the issue of Shares. IPD expects its growth to continue as a result of industry tailwinds, an increase in the number of products it provides, increasing customer numbers and growth in customer spend. IPD forecasts pro forma revenue will increase by approximately 19% from FY21 to FY22F.

1. As at 31 August 2021 and includes employees at HTC.

Section 3.
Company Overview

Figure 3.1: Australian electrical market value chain

SUPPLY PARTNERS

Innovative international equipment and technology manufacturers

ipdgroup

CUSTOMERS

Switchboard manufacturers | **Electrical wholesalers** | **Electrical contractors** | **Power utilities** | **OEMs and system integrators**

END MARKETS

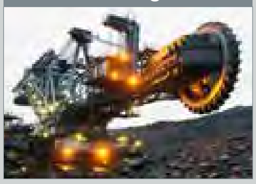
Construction

Infrastructure

Data centres

Healthcare/hospitals

Mining



3.1.1 History of IPD

IPD can trace its history back to the 1950s when it was originally a division of English Electric, a company which specialised in the manufacturing of fuse links, switchgear and overhead busbars. Over the next 40 years the English Electric business expanded production to electrical and mechanical relays, distribution boards, motor control centres, underground jointing products and numerous other products. As well as the expansion of production, the business merged with GEC in 1968 and then merged with a subsidiary of Alsthom in 1989 to create GEC Alsthom. Following GEC Alsthom's listing on the Paris Stock Exchange in 1998, GEC and Alcatel sold off their stakes and the business was renamed Alstom.

In 2005, the management team acquired the Australian industrial product distribution business from Alstom in an MBO and IPD Group Ltd commenced operations.

In addition to its organic growth, IPD has been acquisitive since 2008, acquiring multiple businesses using internally generated capital and Shares. Key acquisitions include Addelec in 2019, which signified the formation of IPD's services divisions and Control Logic, which brought together two businesses to provide an end-to-end solution for customers nationally. More recently, IPD has acquired HTC which distributes similar products to IPD and specialises in the sale of motor control solutions for heating, ventilation and air conditioning systems in commercial and industrial applications.

Through its organic and inorganic initiatives, IPD has successfully expanded its operations to nine locations across six states to provide a truly national offering to its customer base. In addition to this, IPD commenced outsourced operations in Colombo, Sri Lanka in 2010 to provide low cost and scalable support services to its Australian operations, before establishing its own Sri Lankan subsidiary in 2019.

Key milestones in IPD's history are set out in Figure 3.2.

Figure 3.2: Company timeline

Evolution of IPD					Key acquisitions					
1950s	1968	1989	1998	2005	2014	2017	2018	2019	2020	2021

1950s – English Electric Company of Australia Pty Ltd Incorporated

Regents Park factory opened

1968 – GEC merged with English Electric

1979 – GEC Industrial Products division formed

1989 – GEC Power systems group merged with CGE subsidiary Alsthom to create GEC Alsthom

2005 – **Management team buy the business from ALSTROM through an MBO**

2008 – Acquired PJ White Specialist Lighting company

2010 – Sri Lankan operations commenced

2014 – Acquired Hivotech HV Testing and Equipment

2017 – Acquired Central Test Calibration and Testing

2018 – Trio Test and Measurement and Zinfra's HV TEsting business

IPD Services created

2019 – Acquisition of Addelec and formation of services division

2020 – Acquired Control Logic

2021 – Acquired HTC

3.2. Business Operations

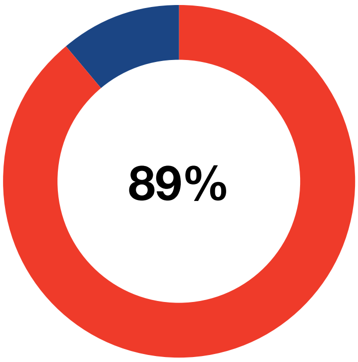
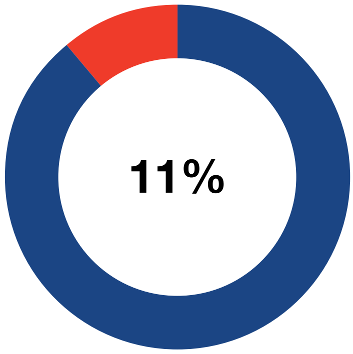
3.2.1 Summary of operations

IPD's operations consist of two main divisions:

- Products; and
- Services.

The two divisions are summarised in Table 3.1.

Table 3.1: Overview of key divisions

	Products	Services
FY21 pro forma revenue split		
Description	Sale and distribution of a range of electrical infrastructure products and solutions	Specialist provider of low and high voltage electrical services
Brands	ipd; control logic; HTC High Technology Control	Addelec Power Services; ipd
Customer types	Switchboard manufacturers, OEMs and system integrators, electrical wholesalers, electrical contractors and power utilities	Data centres, healthcare, power generation, utilities, industrial, mining, roads and rail infrastructure
End users/ industries	Commercial construction, residential construction, infrastructure, mining, power utilities, healthcare and education	
Locations	Sydney, Brisbane, Melbourne, Adelaide and Perth	Sydney, Melbourne, Bendigo and Burnie (Tasmania)
Revenue model	Sale of products and solutions	Project management, labour and materials

3.2.2 Products

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 systems integrators. Within the division there are five key categories of products:

- Power distribution;
- Industrial and motor-control;
- Automation and industrial communication;
- Power monitoring; and
- Other.

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.

An important component of IPD's offering is its custom assembly services. This allows its customers the ability to customise products to fulfil unique requirements which cannot be met with off-the-shelf products. As at 31 August 2021, IPD had more than 30 employees in its custom assembly area within its warehouses. In FY21, more than 2,000 custom solutions were designed and assembled for customers.

Figure 3.3: Custom assembly area at the Wetherill Park warehouse

The types of products which IPD distributes are used in the electrical infrastructure in every building, infrastructure asset and resources project across Australia. Due to the necessity of electrical infrastructure as well as the constant public and private investment into construction and development within the Australian economy, there is a consistent demand for the types of electrical products that IPD distributes.

In addition, electrical infrastructure requires ongoing maintenance and refurbishment and, as a result, there is a need for these products for the entire life of an asset, not just in the building and development stage.

IPD's products division represented approximately 89% of FY21 pro forma revenue. The largest product category is power distribution which accounted for 46% of pro forma products revenue in FY21.

Product categories and descriptions are set out in Table 3.2.

Table 3.2: Product categories and description

Category	Description	Product examples	FY21 pro forma product revenue contribution	
Power distribution	• Electrical connection point for a site or building, similar to a switchboard at a residential location • Power distribution products' primary function is to move electricity around a site safely and securely, ultimately protecting people and assets from damage, potential fire risks, injury and death	• Switchboard systems • Power protection • Switching and safety	46%	
Industrial and motor control	• Provides the ability to switch on and off high current carrying loads such as motors, heater banks and air conditioning units	• Motor control and protection • Soft starters • Simple automation	28%	
Automation and industrial communication	• Mitigates the need for human interaction relating to autonomous processes • Through industrial automation and networking IPD enable companies to gain real-time data visibility that drives productivity • For example, these products provide the ability to control the speed of a conveyer system, the temperature of a fluid and the level that a tank fills to	• Variable Speed Drives • Human Machine Interfaces • Programmable Logic Controllers • Power supplies • Ethernet switches • Cyber Security • IIoT Gateways (Industrial Internet of Things)	13%	

Category	Description	Product examples	FY21 pro forma product revenue contribution	
Power monitoring	• Provides a site the ability to do detailed analysis of its energy usage at a granular level, in real time • Power monitoring products are able to provide early indications of problems both impending and real • The required data and the accuracy of this data is driven by compliance to NABERS and Greenstar ratings of buildings and sites	• Energy monitoring • Energy measurement • Power quality	3%	
Other	• A complete range of electrical accessories which complement the four other categories and provide significant upsell opportunity	• Installation and accessories • Test and measurement	10%	

3.2.3 Services

In 2019, IPD acquired Addelec which marked the formation of IPD's services division. Within this division there are four categories of services:

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

The acquisition of Addelec was a milestone for the Company as it resulted in IPD becoming a vertically integrated provider offering an end-to-end solution for its customers. It enabled IPD to sell electrical infrastructure products to customers and then provide a range of related services, enhancing IPD's total offering.

Offering both the product and related services benefits IPD in two ways. Customers may look to buy the product and IPD may be able to sell a range of required services throughout the sales process. Alternatively, customers may look for the provision of services and IPD may be able to sell the necessary products to fulfil the requirement. This recent expansion into services has resulted in the Company having multiple touch points along the value chain and thereby having the ability to provide a fuller offering to its customers. In addition to this, if customers look to consolidate suppliers and contractors, IPD believes its broad service offering positions it well.

An example of this synergy is a product called Busduct. Busduct is commonly installed in critical buildings such as data centres and hospitals and is sold by IPD's product team to electrical contractors. During FY21, IPD's Services division received over $0.4 million in revenue where it was engaged as a sub-contractor to perform the installation of these products. This was revenue that was solely driven by the relationship of the products group with its customer and offered as a value added offer.

IPD believes that its services division does not compete with its product customers. IPD's service division is typically appointed as a subcontractor to a lead contractor (which may be an IPD customer) in areas where specialist skills are required as outlined in the example above. Alternatively, IPD will often be directly engaged by a utility to provide its specialist services, which IPD's traditional customers do not have the expertise or skill set to undertake.

The benefits of IPD's end-to-end offering are illustrated in the case studies set out in Section 3.5. In the 'global data centre' and Snowy Hydro 2.0 case studies, IPD has been engaged for its installation capabilities and has also provided a number of the required electrical products.

The services division represented approximately 11% of FY21 pro forma revenue. The largest category of services is installation and commissioning which accounted for 58% of FY21 pro forma services revenue.

Services categories and descriptions have been set out in Table 3.3.

Table 3.3: Services categories and description

Category	Description	FY21 pro forma services revenue contribution	
Installation and commissioning	• Provide customers a turnkey solution from concept design, supply and installation of equipment to a fully commissioned and operational electrical distribution network • Delivered by IPD's in-house design, electrical and civil specialists	58%	
Calibration and testing	• Provide interrogation of the devices and instruments which customers use to confirm their accuracy and safe operation • Predominantly sold to utilities and electrical contractors	29%	
Maintenance and repair	• Provide regular predictive and preventative maintenance and repair of electrical assets to extend their lifecycle • Maintenance and repair services are predominately provided to end users	10%	
Refurbishment and other	• Refurbish assets to offset or at least delay the need to procure replacement products	3%	

3.3. IPD's Supply Partners

3.3.1 Summary of supply partners

IPD seeks to establish strong and long-lasting relationships with supply partners. Supply partners are typically international equipment and technology manufacturers which enter into agreements with distributors like IPD to distribute products in specific geographic markets. Some manufacturers may sell all or some of their product ranges directly to customers instead of selling through distributors.

As at 30 June 2021, IPD was selling products for over 30 supply partners. IPD's largest supply partner is ABB which contributed approximately 26.0% to the Company's FY21 pro forma gross revenue. As shown in Figure 3.4, IPD's top 10 supply partners contributed approximately 53% of FY21 pro forma gross revenue. IPD's relationships with its supply partners are generally long-term, as evidenced by seven of the Company's top 10 suppliers (by FY21 pro forma revenue) utilising IPD's distribution services for more than 15 years (refer to Figure 3.5).

Suppliers may enter into distribution agreements with IPD to sell part or all of their product ranges. These agreements sometimes set out that the distributor is unable to sell similar products from other manufacturers and, as a result, supply partners may sometimes align with a single distributor for particular product ranges. The Directors believe that the inability for manufacturers to move distributors easily provides a level of protection for IPD.

Since the MBO, IPD has not had a supply partner terminate a distribution agreement.

An overview of IPD's top 10 supply partners is set out in Table 3.4.

Figure 3.4: FY21 pro forma gross revenue by supplier[2]

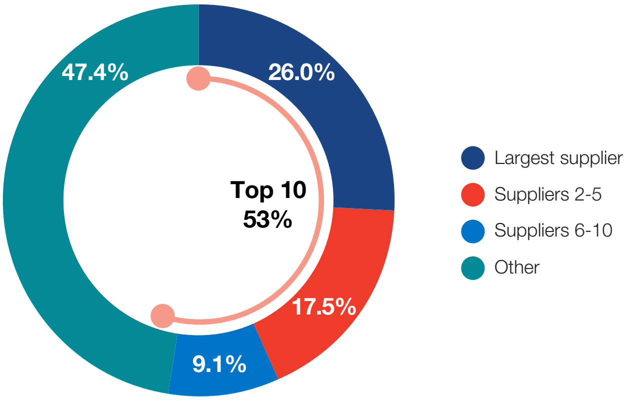


Figure 3.5: FY21 top 10 supply partners – tenure

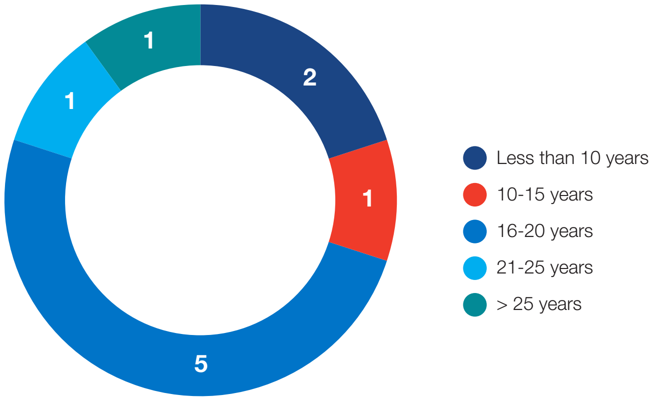


Table 3.4: Overview of top 10 supply partners

#	Supply partner	Length of relationship[3]	Product types	% of FY21 pro forma gross revenue	Headquartered
1	ABB	> 28 years	Circuit protection, motor control, electric vehicle chargers	~26%	Switzerland
2	Modular Elsteel Enclosures	> 22 years	Modular enclosures for switchboards	~8%	Sri Lanka
3	Emerson	> 16 years	Automation PLCs	~5%	USA

2. Excludes rebates
3. Includes predecessor entities.

#	Supply partner	Length of relationship[3]	Product types	% of FY21 pro forma gross revenue	Headquartered
4	RL RED LION	> 18 years	Automation HMIs, communications	~3%	USA
5	BELDEN	> 3 years	Communications	~2%	USA
6	STAHL	> 4 years	Hazardous area	~2%	Europe
7	socomec Innovative Power Solutions	> 18 years	Power monitoring	~2%	France
8	SCHMERSAL THE DNA OF SAFETY	> 12 years	Switches and safety components	~2%	Europe
9	Novaris	> 17 years	Surge protection	~2%	Australia
10	PULS	> 19 years	Power supplies	~2%	Europe

3.3.2 History with ABB

IPD has been distributing products for ABB and its predecessor firms in Australia for over 28 years (either directly or through its predecessor businesses). The key milestones of this relationship are set out below:

- In 1993, IPD's relationship with ABB (originally through GE Industrial Solutions) commenced;
- In 2019 (after ABB acquired GE Industrial Solutions), IPD became ABB's distributor for ABB's electrification products for the 415V switchboard manufacturer market;
- In 2020, this was extended by ABB to the electrical wholesale market; and
- In September 2021, the relationship was extended to the remainder of the market for ABB's electrification product range to cover up to and including 1000V equipment.

As part of the extension in September 2021, IPD was appointed a distributor in Australia for ABB's alternating current (**AC**) range of electric vehicle chargers (in AC chargers, electricity comes from the grid). In addition to becoming a distributor for the AC range, IPD was appointed the joint initiative partner with ABB to offer direct current (**DC**) electric vehicle chargers (in DC chargers, electricity may be provided by an alternate source such as a generator, battery storage system or solar system). DC chargers tend to be bigger but charge faster when compared to AC chargers.

Distribution of ABB's electric vehicle chargers provides both a product opportunity for IPD but also a services opportunity as IPD can provide a range of the installation, testing, commissioning and ongoing maintenance services that are required for both the EV Charging station as well as any associated infrastructure that provides the energy to feed these outlets.

IPD believes that ABB is a world leader in electric vehicle infrastructure, offering the full range of charging and electrification solutions for electric cars, electric and hybrid buses, ships and railways. ABB's support of the electric vehicle industry is shown through its sponsorship of the Formula E.

3.4. IPD's Customers

3.4.1 High quality and diverse customer base

IPD services a diverse customer base of more than 4,200 pro forma customers. IPD's customers are predominantly switchboard manufacturers, electrical wholesalers, electrical contractors, power utilities and OEMs. As set out in Figure 3.6, electrical contractors account for the highest proportion of revenue, representing approximately 28.0% of FY21 pro forma gross revenue. In addition to these customers, IPD also sells products and services directly to the end customers in the markets referred to in Section 3.4.4.

IPD's national presence allows it to service customers in all states of Australia. In FY21, IPD recorded revenue in every state and territory in Australia. NSW was the Company's largest state by revenue, representing approximately 41.3% of FY21 pro forma gross revenue.

Figure 3.6: FY21 pro forma gross revenue by customer type[4]

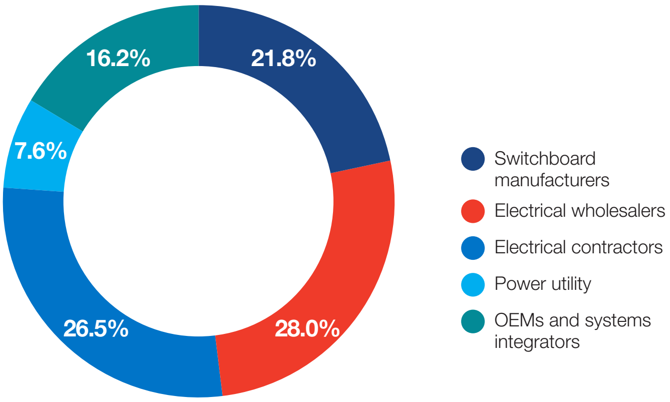
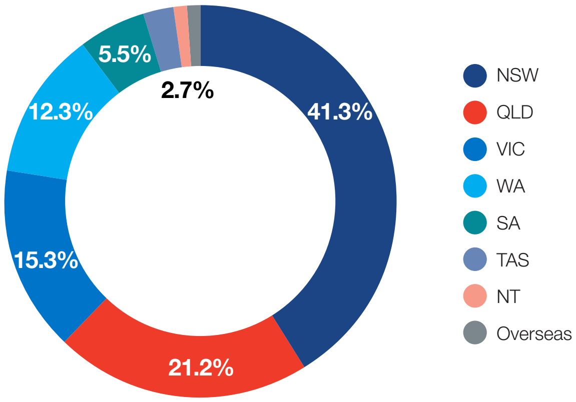


Figure 3.7: FY21 pro forma gross revenue by geography[5]



3.4.2 Long-standing customers

IPD has a strong track record of forming long-term relationships with its customers, in some cases dating back more than 35 years (either directly or through its predecessor businesses). Table 3.5 shows the tenure of IPD's top 10 customers (by FY21 pro forma revenues) and indicates that the top 10 customers have an average tenure with the Company (and its predecessor companies) of 25 years. IPD's top 20 customers (by FY21 pro forma revenues) have an average tenure with the Company (and its predecessor companies) of 23 years.

Table 3.5: Top 10 customer relationships (Top 10 by FY21 pro forma gross revenue)

#	Length of relationship[6]	% of pro forma revenue	Customer type	Location
1	> 24 years	~12%	Wholesaler	Nationwide
2	> 35 years	~3%	Wholesaler	Nationwide
3	> 35 years	~2%	Wholesaler	Nationwide
4	> 35 years	~2%	Wholesaler	Nationwide
5	> 35 years	~1%	Wholesaler	Nationwide

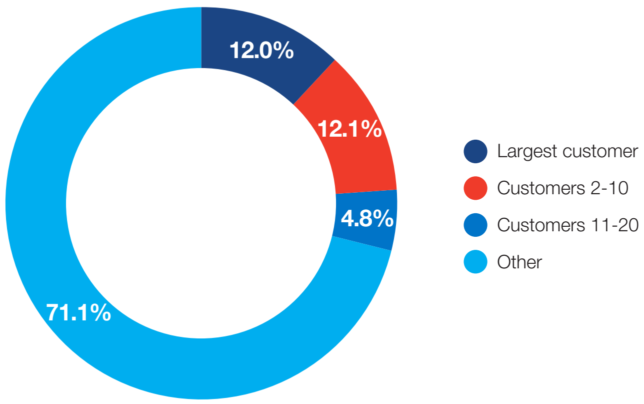
4. Based on management estimates.
5. ACT revenue recognised in NSW.
6. Includes the business prior to the time of the MBO.

#	Length of relationship[6]	% of pro forma revenue	Customer type	Location
6	> 16 years	~1%	Switchboard manufacturer	Meadowbrook, QLD
7	> 3 years	~1%	Power utility	Victoria
8	> 9 years	~1%	Industrial electrical contractor	North Ryde, NSW
9	> 22 years	~1%	Switchboard manufacturer	Ormeau, QLD
10	> 35 years	~1%	Switchboard manufacturer	Thomastown, VIC

3.4.3 Customer concentration

IPD's top 10 customers represented approximately 24.1% of FY21 pro forma gross revenue and its top 20 represented 29.0% of FY21 pro forma gross revenue. IPD's largest customer, which represents approximately 12.0% of FY21 pro forma gross revenue, is one of the largest electrical wholesalers in Australia with more than 300 individual stores nationwide. Each store individually orders from IPD under a master supply agreement, decreasing concentration risk significantly. As per Table 3.5, this customer has been purchasing products from IPD for over 24 years.

Figure 3.8: Pro forma gross revenue concentration by customer[7]

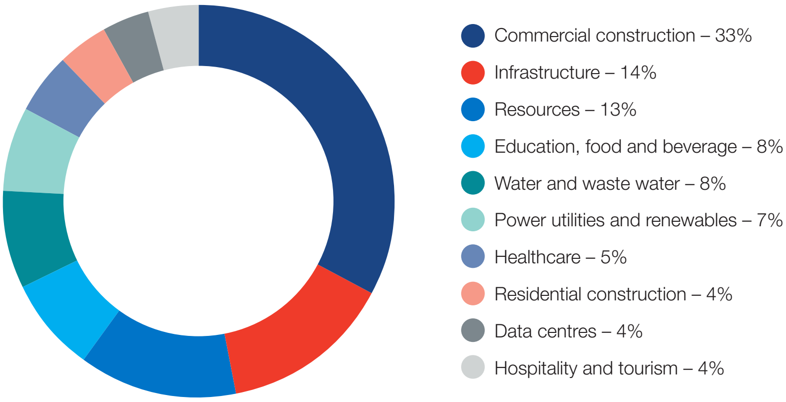


3.4.4 Diversified market categories

IPD serves a range of end-markets, ensuring that the business is not reliant on any particular market. Commercial construction makes up the highest amount of revenue, representing an estimated 33% of FY21 pro forma revenue.

7. Based on management estimates.

Figure 3.9: FY21 pro forma revenue by end-market[8]



3.5. Case Studies

Three case studies that demonstrate the products and services that IPD provides are set out in Figure 3.10.

Figure 3.10: Select case studies

Infrastructure

Snowy Hydro 2.0

- Addelec Power Services was engaged by PBE Rutherford to erect, test and commission several 33/22kV transformers at the marquee Snowy Hydro 2.0 at Kosciuszko National Park
- Addelec's scope of work included the high voltage cable installation, termination and testing
- Addelec's High Voltage Commissioning Team commissioned all the associated protection relays and circuit breakers within the substations
- Addelec's civil and electrical teams installed and tested the associated earthing system for the project

Data Centre

Global Data Centre

- Addelec Power Services was engaged by a tier one contractor to install, test and commission over 1km of low voltage busduct for a global data centre based in Sydney, NSW
- The scope of work included the fit-out of two data halls with busduct, including tap-off boxes and distribution boards
- Along with the busduct, Addelec supplied and installed all the containment to support the busduct throughout the data centre

Commercial Construction

Heritage Lanes – 80 Ann Street, Brisbane

- IPD worked the electrical contractor (Fredon) and the switchboard manufacturer (Integra Switchboards) to deliver the Low Voltage Electrical Infrastructure on this project
- Through consultation with Fredon and Integra, the project was designed, quoted and delivered to meet some tight project time frames
- IPD supplied the main switchboard equipment (ABB Low Voltage Switchgear) to Integra, while IPD manufactured ~100 distribution boards in house, in its assembly area

8. Based on management estimates.

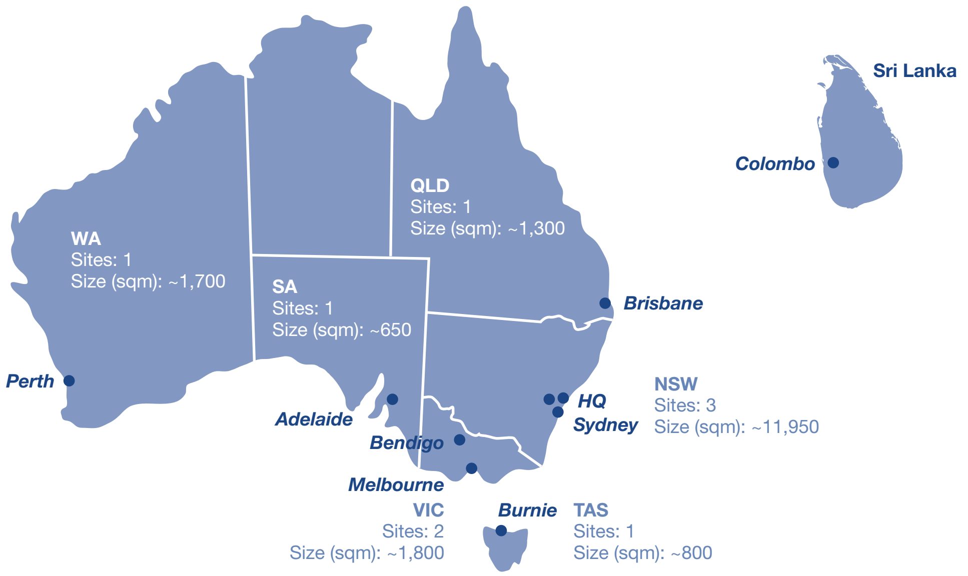
3.6. Key Locations

3.6.1 Australia

IPD has facilities in six states, typically with good access to infrastructure. IPD believes that this provides a competitive advantage and gives IPD the capacity to efficiently service customers across Australia. IPD's national presence has resulted from both organic and inorganic growth.

IPD operates a total of nine leased offices and warehouses with its headquarters located in Wetherill Park, Sydney. In total, IPD has over 18,000 square metres across these sites with the capacity to service further growth out of these facilities.

Figure 3.11: Locations of IPD's offices and warehouses



3.6.2 Sri Lanka

IPD has been operating an outsourced support office in Colombo, Sri Lanka since 2010, before establishing its own Sri Lankan subsidiary in 2019. This office provides a low cost and scalable means of assisting the Australian operations with daily tasks involving finance, estimating, drafting, marketing, procurement, customer services and technology support. IPD employs over 100 individuals in the office in Colombo.

3.7. Logistics and Customer Support

3.7.1 Commercial logistics offer

IPD is proud of its logistics offering to its customers. In FY21, IPD executed approximately 555,000 order lines from approximately 235,000 orders.

In distributing products to customers, IPD utilise third party logistics partners which enables the Company to meet customer demand on time. IPD aims to despatch all orders which are placed by 3.00pm each day on the same day.

To enable IPD's logistics offer, the Company holds a significant amount of stock at any one time. As at 30 June 2021, IPD held approximately $23.2 million of inventory in its warehouses, which equates to approximately three stock turns a year. In relation to its inventory management, IPD utilises forecasting software to include historical sales data, budget information, sales team feedback, vendor lead times and the quotation pipeline to generate purchase orders four to six months in advance. IPD generates purchase orders for regular supply by sea freight and fills in the peaks of customer demand with air freight. The forward view enables variations in demand to be considered and adjusted for.

Storage area at the Wetherill Park warehouse

3.7.2 Pre and post sales support services

Pre sales is the core responsibility of the Sales team which consists of approximately 83 people and is broken up into two key areas:

- **Account Managers:** who take responsibility for the relationship and all day-to-day reactive opportunities for existing and new customers. The dedicated account managers are effectively demand facilitators with a sales window of generally up to three months.
- **Business/Sales Development Managers:** who are linked to a particular product portfolio, or industry vertical in a defined geographic region. These individuals are responsible for demand creation and specification ensuring that IPD products are nominated for project opportunities. They are generally working on major projects with a sales cycle of up to two years.

The entire sales team are supported by the engineering, design and estimating teams who examine customer specifications to suggest the selection of the appropriate products and initiate solutions to provide an optimum electrical design and ultimately meet customer expectations.

Post Sales is the core responsibility of IPD's customer service, product management, engineering, and technical support teams, which consist of approximately 48 people and are able to support customers through a number of areas which include but are not limited to:

- Detailed delivery advice and logistics related queries;
- Technical support to assist in the commissioning of products;
- Installation advice to ensure optimum performance;
- Training in complex products and systems;
- Warranty support, from product replacements to arranging service call outs (provided predominately by Addelec);
- Escalation of high-level support requirements back through supply partners' research and development teams;
- Software updates and improvements;
- Presentation of high-level technical seminars and webinars; and
- Preventative maintenance contracts and agreements for the lifecycle of the product.

3.8. Work, Health, Safety and Environment (WHSE)

IPD's commitment to WHSE has led to the development of a comprehensive suite of management systems, regular training in key competencies being undertaken with employees and a focus on continual improvement. WHSE is a focus at the Board level and is discussed at every Board meeting. In addition to this, within the monthly management reports, the WHSE report is the first topic covered, which sets out the total worked hours per division, reportable incidents and any LTI (lost time injury). IPD and Addelec have a WHSE committee covering all departments which meets on a quarterly basis and consists of co-workers, supervisors and a manager.

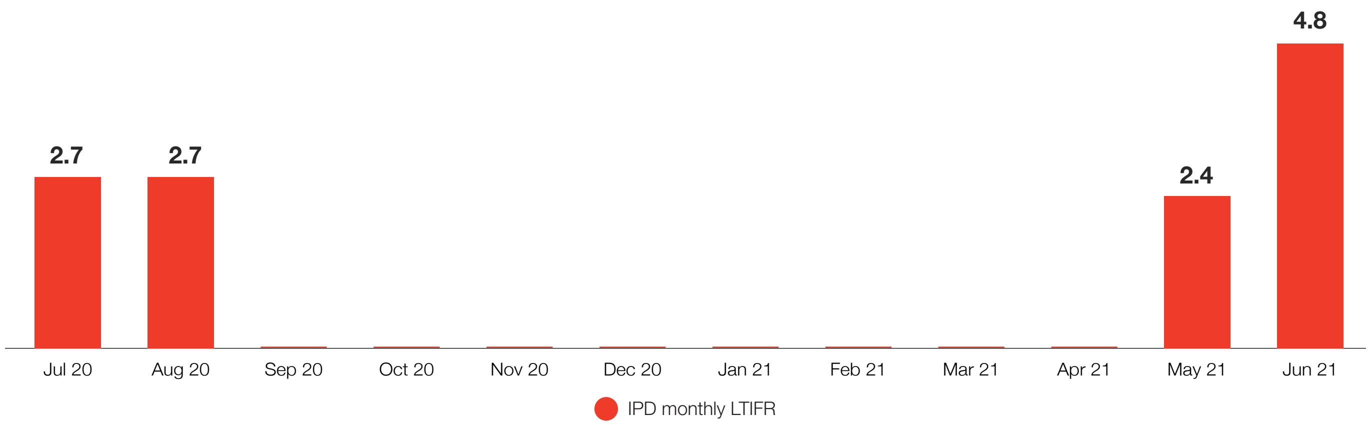
Effective risk management is important to IPD's ability to operate and to protect the health and safety of its employees. All first aid trained staff are noted at various noticeboard communication points inside the building.

IPD has a reporting process which requires employees to log all potential hazards and incidents. Monthly site inspections are carried out at all locations and any safety concerns are attended to immediately. These reports are provided to management on an ongoing basis, which enables the divisional heads to respond promptly and effectively to any unsafe working conditions.

IPD's processes include the requirement for its employees to complete compulsory on-the-job health and safety training. All new employees undergo an induction training and specific training modules are covered off according to their job role. All completed training is captured on IPD's HR system to ensure appropriate recording and compliance. Various high-risk role are subject to additional training covering aspects of warehouse safety, manual handling, forklift safety, workshop safety, asbestos awareness, working in confined spaces and tool safety.

Throughout FY21, IPD's average LTIFR[9,10] was 0.9 per month showing a strong health and safety record.

Figure 3.12: IPD monthly LTIFR



IPD has implemented comprehensive safety plans, systems and procedures in order to comply with the range of regulations that apply to the sector in which it operates.

IPD is audited annually by a third-party provider and accredited under:

- ISO 9001:2015 – Quality Management systems;
- ISO 45001:2018 – Occupational health and safety management systems;
- ISO 14001:2015 – Environmental Management systems; and
- NATA certification.

9. Lost time injury frequency rates.
10. LTIFR refers to the number of lost-time injuries within a given accounting period, relative to the total number of hours worked in that period. IPD reports LTIFR on a monthly basis.

In addition to these accreditations, Australian Border Security has certified IPD as an 'Australian Trusted Trader'. IPD's status as a Trusted Trader expedites the flow of cargo in and out of ports, between IPD and its overseas suppliers, providing certain and early access to goods shipped by suppliers. To be recognised with this, the Federal Government completed a thorough audit of IPD's complete procurement and inventory processes, from key management, vendors represented, any historical non-conformance issues, and the products and services IPD provides, to ensure that strict processes were adhered to.

Figure 3.13: Accreditations

COMPASS ASSURANCE • ISO 9001 QUALITY • COMPASS ASSURANCE • ISO 45001 SAFETY • COMPASS ASSURANCE • ISO 14001 ENVIRONMENT • NATA • AUSTRALIAN TRUSTED TRADER

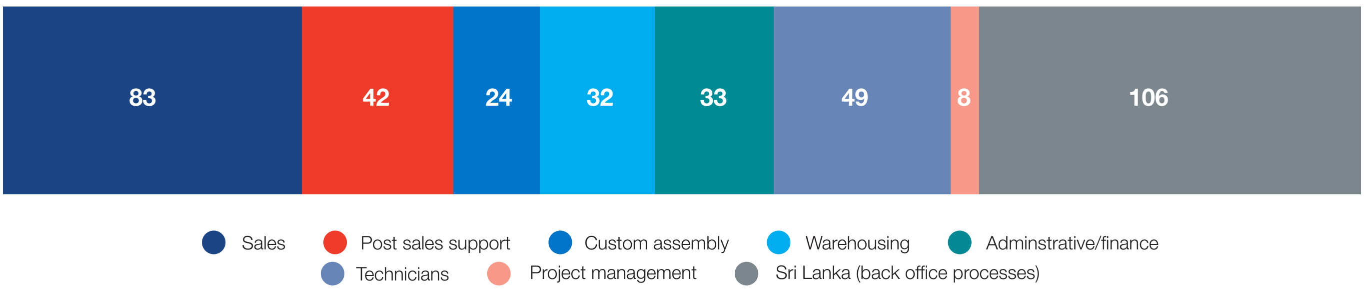
3.9. People

IPD employs approximately 377[11] full-time staff across its two divisions and corporate head office, with approximately 72% of staff employed in Australia and approximately 28% in Sri Lanka.

IPD's workforce brings together a wide range of staff with diverse skill sets in areas such as warehousing, engineering support, product management and a corporate team with specialist skills in sales, marketing, communications, information technology, systems, finance, human resources and health and safety. The number of employees by function is set out in Figure 3.15.

Investment in staff development is important to IPD's ongoing success. IPD invests significant time and resources in maintaining and building the skills, knowledge and experience of staff.

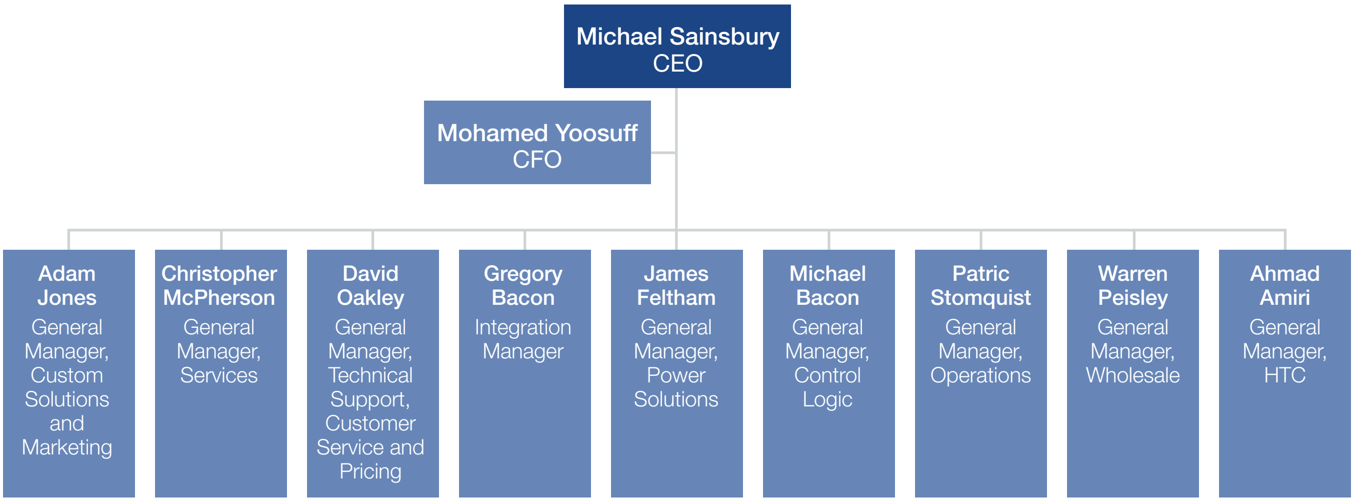
Figure 3.14: Full time employees by function[11]



11. As at 31 August 2021 and includes HTC.

3.9.1 Organisation structure

Figure 3.15: Organisational chart



3.10. IT Systems

IPD is committed to the security, privacy and protection of its customers, people and partners with a strong focus on user experience, workforce mobility and system resiliency. IPD leverages best practice fully managed cloud solutions utilising Microsoft Azure and Amazon's AWS. The Company's cloud approach allows it to flex with demand and seamlessly integrate and monitor critical systems into its 24/7 staffed, locally based, Cyber Security Operations Centre.

The cloud philosophy is extended to the use of Sage Payroll and the Bamboo HR management solution, allowing team members secure access from anywhere at any time. Business productivity is enabled through Microsoft Office 365, Microsoft's CRM tool and Dynamics 365 Sales. The value of these solutions is further realised through product integration utilising IPD's own software development teams and subject matter experts.

For over a decade IPD has been using Pronto ERP to manage the business' accounting, logistics and inventory management needs. This long-term use and intimate product knowledge drives IPD's business analytics and information intelligence systems to recognise trends, track performance and improve the customer outcomes.

IPD is constantly reviewing its cyber security systems through executive level visibility, internal reviews and third-party audits. Operationally the Company partners with market leading IT services providers to enhance and complement the internal teams. This enables IPD to drive resiliency, business continuity and systems support when it matters most.

3.11. Key Competitive Strengths

IPD believes its key competitive strengths include:

Benefits and economies of scale from its operations

IPD believes that its scale of operations and national network provides significant operating leverage for the Company. Its national presence allows it to service customers in all states and territories and to respond to breakdowns of electrical infrastructure quickly and efficiently, leading to positive customer outcomes (see Section 3.6 for further detail).

Broad and long-standing customer relationships

In FY21, IPD serviced over 4,200 pro-forma customers across Australia. The strength of IPD's relationships with these customers is demonstrated in the average tenure of its top 10 customers (by FY21 pro forma revenue) being 25 years (see Section 3.4.2 for further detail).

Network of leading supply partners with long-term relationships

IPD has supply agreements with over 30 leading supply partners. Out of the top 10 supply partners by FY21 pro forma revenue, seven have been selling products through IPD for more than 15 years. Since the MBO in 2005, IPD has not had a supply partner terminate a distribution agreement (see Section 3.3 for further detail).

Ability to offer customers a vertically integrated service

IPD's end-to-end, vertically integrated offering of both the sale of product and provision of services provides its customers with a one stop shop solution. As customers look to consolidate suppliers and contractors, IPD believes its broad service offering positions it well to benefit (see Section 3.2 for further detail).

Strong track record of health and safety and a broad portfolio of accreditations

IPD's strong track record of health and safety is demonstrated in its low LTIFR rates. IPD holds all the necessary accreditations it requires to operate. The Company is particularly proud of its Australian Trusted Trader accreditation which required a thorough audit of IPD's complete procurement and logistics processes. IPD's status as a Trusted Trader expedites the flow of cargo in and out of ports, between IPD and its overseas suppliers, providing certain and early access to goods shipped by suppliers (see Section 3.8 for further detail).

Highly skilled workforce

IPD has a workforce comprised of staff with diverse skill sets and a significant level of technical expertise and know-how (see Section 3.9 for further detail).

3.12. Growth Strategy

IPD's strategy is to continue to focus on growing its existing customer offering through:

- Increasing spend from its existing customers;
- Growing by acquisition;
- Growing its services division;
- Broadening its product offering;
- Targeting key growth sectors; and
- Realising efficiencies in its current business structure.

3.12.1 Increase spend from existing customers

IPD has invested and continues to invest heavily in the following four areas to drive organic growth. Some of the recent initiatives the Company has embarked on to drive greater demand include:

Branding and promotion

- A relaunch of IPD's website, to give better visibility to the Company's complete offer;
- Recent establishment of the ability for an account customer to build a shopping cart of goods on the Company's website and progress to an online portal to be able to procure the goods instantaneously;
- Increased investment in dedicated marketing resources to push a social media presence;
- The release of a new catalogue which includes all products in both hard and electronic copy;
- The appointment of a digital marketing company to assist with search engine optimisation, key words and google ads; and
- The Company's presence at industry specific trade shows such as All Energy, Data Centre Dynamics, IICA (Institution of Instrumentation, Control and Automation) and Specific Rail Seminars to showcase the Company's product offering.

Innovation and new product introduction

- The addition of new products ranges to complement the existing product suite;
- Products launched in the past 12-18 months include busduct, soft starters, 1000V equipment, EV charging and EXT56 outdoor switchboards; and
- Five new portfolios are currently under investigation for integration into the Company's product offering.

Sales and distribution

- The addition of new sales roles within IPD's day-to-day sales team aimed at driving stronger engagement with existing and new customers;
- The addition of strategically placed sales resources in newly identified regional areas to give coverage to areas which have not historically been supported by IPD;
- Allocating individual account managers to lower spending customers and assisting in coverage of customers remotely located and not regularly visited face to face;
- The creation and continued investment in dedicated product portfolio roles to give dedicated support and drive demand creation and specification; and
- A sales incentive scheme which has recently been put in place with incentives based on KPIs around retention of new customers and the expansion into new accounts.

Operations

- Increased investment into the customer service teams both from a resource and tools perspective to enhance customer experience and decrease lead times of response;
- A substantial increase in inventory to ensure coverage of a growing pipeline and revenue base; and
- Continued investment into the assembly and custom manufacturing area to increase capacity.

3.12.2 Growth by acquisition

The Australian electrical market remains relatively fragmented. IPD believes that this provides an opportunity for it to drive industry consolidation through a program of targeted strategic acquisitions relating to both the products and services side of the business. IPD has a proven track record of successful acquisitions, having executed eight since the MBO in 2005, all of which have been financed from internally generated funds and the issue of Shares.

Following the Offer, IPD expects to have increased balance sheet flexibility to undertake acquisitions that can improve and expand its offering and generate shareholder value.

3.12.3 Growth in the services division

IPD's services division was formed in 2019 through the acquisition of Addelec. Since the acquisition, customers have been able to purchase products from the Company while organising for IPD to provide the related services. Apart from the benefits from vertical integration, the services offering has increased the revenue diversity of the Company. The Company believes that the ability to purchase products and get the same company to carry out the related services is appealing as customers look to consolidate suppliers and contractors.

IPD offers an extensive range of service solutions to complement its product suite including installation and commissioning, calibration and testing, maintenance and repairs, and refurbishment. IPD is committed to looking after its customers for the complete product lifecycle and beyond.

One of IPD's core focuses is to improve awareness of this offering to existing customers and organically grow this division. IPD remains open to acquisition opportunities to build this side of the business and expand its geographical presence.

3.12.4 Increase product offerings

IPD will seek to offer more products to its customers through:

- Entering into supply agreements with new manufacturers; and
- Extending agreements with existing suppliers to sell new product ranges.

Recent examples of this include:

- IPD has recently established a relationship with PPB Powerduct, a supply partner which manufactures busduct which is an alternative to electrical cable used extensively in critical buildings such as hospitals and data centres; and
- The recent extension of the ABB agreement which made IPD a distributor in Australia for the AC range of electric vehicle chargers (refer to Section 3.3.2 for further detail).

IPD has identified several product ranges which it currently does not distribute including power quality products, emergency lighting and high efficiency motors. These are examples of products that may be targeted by IPD after the IPO.

In addition to entering new agreements and extending current agreements with supply partners, acquisitions are also a way in which IPD can broaden the range of products it offers. An example is the Control Logic acquisition which provided IPD with the ability to offer products such as variable speed drives, programmable logic controllers, power factor correction, hazardous area equipment, and industrial networking solutions to its portfolio. The most recent acquisition, HTC, has a strong focus on HVAC products (heating, ventilation and air conditioning).

3.12.5 Targeting key growth sectors

IPD sells products and provides services to a wide range of industries as described in Section 2. There are five particular product areas where the Company believes that it is well positioned to benefit from growth, being Elsteel's modular switchboard system, industrial control systems, data centres, renewable energy and electric vehicles.

Elsteel modular switchboard systems

IPD supplies and supports the Elsteel modular switchboard system within the Australian electrical switchboard industry. The changes in the newly introduced low voltage switchgear & control gear assemblies standard, AS/NS 61439 enforce new levels of safety, engineering rigor and compliance. Both Elsteel and IPD have invested heavily in design and testing to be able to provide a comprehensive modular electrical switchboard solution. The changes to the switchgear standard will potentially drive customers to utilise a tested and compliant switchboard solution, potentially resulting in increasing sales to Elsteel and IPD.

Industrial control systems

There has been a significant focus on protection from cyber crime in recent times with a number of high profile attacks. As part of the Belden category of the products division, IPD sells products which are designed to improve the strength of a company's cybersecurity relating to their electrical infrastructure. Solutions include Eagle Firewall, Tofino Deep Inspection, and Tripwire Cyber Security Software. In addition to the sale of these products, within IPD's services division, IPD is able to provide the services which enterprises require to operationalise these products.

Data centres

As discussed in Section 2.4.2, there is a rising demand for components and systems for data centres. Management estimates that in FY21, data centres contributed approximately 4% to pro forma revenue (refer to Section 3.4.4). Products sold to data centres include busduct, switchboard systems, precision cooling, power monitoring, power switching, variable speed drives and intelligent power protection. In addition to this, IPD also provides multiple services to data centres which include installation, test and commission, maintenance and ad hoc engineering services. Refer to Section 3.5 for a case study which shows how IPD offered an end-to-end offering to a global data centre, supplying the busduct as well as the installation services.

Renewable energy

As discussed in Sections 2.3.7 and 2.4.3, there is a significant global shift from fossil fuels to renewable energy resulting in decarbonisation, decentralisation and digitisation.

As part of IPD's power monitoring category the Company sells products to commercial buildings and utilities operators that provide sites with the ability to complete detailed analysis of their energy usage at a granular level, provide early indications of problems both impending and real, and obtain the required data which is required by NABERS and Greenstar in their compliance measures in relation to 'green buildings'.

Energy costs are approximately one-third of the operating expenses of commercial buildings, which is a likely growth driver for companies buying power monitoring products from distributors like IPD. Power monitoring products help address the challenge of significant energy costs by enabling companies with the ability to monitor energy usage in real time and thereby enable them to take timely action in order to improve the energy efficiency of buildings. IPD believes that it is positioned to benefit from this trend.

Electric vehicles

As discussed in Section 2.4.4, declining upfront costs of EVs due to a steady decrease in the price of lithium-ion batteries, growing public support for EVs in Australia, public and private sector commitments to transition their vehicle fleets to EVs, as well as the expansion of EV charging infrastructure are resulting in the likelihood of significant market growth over the long term.

Through the expansion of IPD's agreement with ABB (as discussed in Section 3.3.2), IPD is directly exposed to this growing trend.

Figure 3.16: Electric vehicle charging products

In addition to the sale of products, IPD's services division is able to provide the installation and commissioning as well as the maintenance and repair for these products to benefit from the product's entire life.

3.12.6 Realising efficiencies in current business structure

IPD has a proven track record of integrating newly acquired businesses and believes that it has the management structures necessary to absorb new operations into the wider group without disrupting existing business activities.

IPD believes there are a range of efficiencies and synergies available to the Company, including near-term opportunities from the acquisition of HTC and integration of Control Logic. IPD has developed a detailed plan to realise these benefits which includes:

- Consolidating four ABNs into two, including Addelec which will continue to operate as a stand-alone entity due to it being exposed to different risks;
- Consolidating geographical locations for both sales and warehousing in every state;
- Consolidating software platforms to ensure consistent processes are in place across the organisation which is expected to achieve efficiencies and costs benefits;
- Realignment of duplicated resources to provide wider exposure and visibility within IPD's core markets as well as functionality in customer support roles;
- Removing current duplication in sales process by creating a uniform sales structure by sales channel. This is aimed to increase the ability for the sales team to promote IPD's complete offer to customers; and
- Alignment of all systems and processes to ensure best practices are employed across the whole organisation, mitigating potential risks.

Section 4.

Financial Information

4.1. Introduction

The financial information of IPD contained in this Section 4 includes the following:

- Historical consolidated financial information for the financial years ended 30 June 2019 (**FY19**), 30 June 2020 (**FY20**), and 30 June 2021 (**FY21**); and
- Forecast consolidated financial information for the financial year ending 30 June 2022 (**FY22F**).

Figure 4.1: Overview of IPD's Financial Information

	Statutory Financial Information	Pro Forma Financial Information
Historical Financial Information	Statutory Historical Financial Information comprises the following: • Statutory historical consolidated income statements for FY19, FY20 and FY21 (**Statutory Historical Income Statements**); • Statutory historical consolidated statements of cash flows for FY19, FY20 and FY21 (**Statutory Historical Cash Flows**); and • Statutory historical consolidated statement of financial position as at 30 June 2021 (**Statutory Historical Statement of Financial Position**).	Pro Forma Historical Financial Information comprises the following: • Pro forma historical consolidated income statements for FY19, FY20 and FY21 (**Pro Forma Historical Income Statements**); • Pro forma historical consolidated statements of cash flows for FY19, FY20 and FY21 (**Pro Forma Historical Cash Flows**); and • Pro forma historical consolidated statement of financial position as at 30 June 2021 (**Pro Forma Historical Statement of Financial Position**).
Forecast Financial Information	Statutory Forecast Financial Information comprises the following: • Statutory forecast consolidated income statement for FY22F (**Statutory Forecast Income Statement**); and • Statutory forecast consolidated statement of cash flows for FY22F (**Statutory Forecast Cash Flows**).	Pro Forma Forecast Financial Information comprises the following: • Pro forma forecast consolidated income statement for FY22F (**Pro Forma Forecast Income Statement**); and • Pro forma forecast consolidated statement of cash flows for FY22F (**Pro Forma Forecast Cash Flows**).

The Historical Financial Information and the Forecast Financial Information together form the **Financial Information**.

IPD reports on a 30 June financial year basis, and the Financial Information in this Section has been presented consistently with this.

Also summarised in this Section 4 are:

- The basis of preparation and presentation of the Financial Information (see Section 4.2);
- An explanation of certain financial and other measures that are neither recognised by the Australian Accounting Standards issued by the Australian Accounting Standards Board (**AASB**) or under the International Financial Reporting Standards (**IFRS**) issued by the International Accounting Standards Board (**IASB**) that are used by IPD and included in this Prospectus to assist investors in understanding the financial performance of the business (see Section 4.2.7) (**non-IFRS financial and other measures**);
- A description of the pro forma adjustments to the Statutory Historical Financial Information and Statutory Forecast Financial Information and reconciliations of the Statutory Historical Financial Information to the Pro Forma Historical Financial Information and the Statutory Forecast Financial Information to the Pro Forma Forecast Financial Information (see Sections 4.3.3, 4.4.3 and 4.5.1);
- A summary of IPD's key financial metrics (see Sections 4.3.1.1 and 4.3.2.1);
- Details of IPD's indebtedness (see Section 4.5.2);

- The best estimate general assumptions and specific assumptions underlying the Forecast Financial Information (see Section 4.7);
- Management's discussion and analysis of the Pro Forma Historical Financial Information and Pro Forma Forecast Financial Information (see Section 4.6 and Section 4.8);
- An analysis of the sensitivity of the Pro Forma Forecast Financial Information to changes in certain key assumptions (see Section 4.9);
- IPD's proposed dividend policy (see Section 4.10); and
- A summary of the Company's financial risk management framework (see Section 4.11).

The Financial Information, as defined above, has been reviewed by PKF Corporate Finance (NSW) Pty Limited (**Investigating Accountant**) in accordance with the Australian Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*, as stated in its Independent Limited Assurance Report. Investors should note the scope and limitations of the Independent Limited Assurance Report (see Section 8).

The information in this Section 4 should be read in conjunction with the risk factors set out in Section 5 and other information contained in this Prospectus. In addition, significant accounting policies are set out in Appendix A.

Investors should note that past results are not a guarantee of future performance.

All amounts disclosed in the tables are presented in Australian dollars and unless otherwise noted, are in millions rounded to one decimal place (the nearest hundred thousand). Rounding of figures provided in the Financial Information may result in some immaterial differences between the sum of components and the totals outlined within tables and percentage calculations.

4.2. Basis of Preparation and Presentation of the Financial Information

4.2.1 Overview

The Directors of IPD are responsible for the preparation and presentation of the Financial Information.

The Financial Information included in this Prospectus is intended to present potential investors with information to assist them in understanding IPD's historical financial performance, cash flows and financial position, together with the forecast financial performance and cash flows for FY22F.

The Statutory Historical Financial Information and Statutory Forecast Financial Information have been prepared in accordance with the recognition and measurement principles contained in Australian Accounting Standards (**AAS**) issued by the AASB, which are consistent with IFRS issued by the IASB.

The significant accounting policies adopted in the preparation of the Financial Information are set out in Appendix A and have been consistently applied throughout the financial periods presented in this Prospectus, unless stated otherwise.

The Pro Forma Historical Financial Information and Pro Forma Forecast Financial Information have been prepared solely for inclusion in this Prospectus and have been derived from the Statutory Historical Financial Information and the Statutory Forecast Financial Information respectively adjusted for certain transactions and pro forma adjustments as described further below.

The Pro Forma Historical Financial Information and Pro Forma Forecast Financial Information have been prepared in accordance with the recognition and measurement principles contained in AAS other than that they include adjustments that have been prepared in a manner consistent with AAS that reflects: (i) the recognition of certain items in periods different from the applicable period under AAS; (ii) the exclusion of certain transactions that occurred or are forecast to occur in the relevant periods; and (iii) the impact of certain transactions as if they occurred on or before 30 June 2021 for the Pro Forma Historical Financial Information and on or after 1 July 2021 for the Pro Forma Forecast Financial Information.

In addition to the Financial Information, Section 4 includes non-IFRS and other measures that IPD uses to manage and report on its business that are not defined under or recognised by AAS or IFRS, set out in Section 4.2.7.

Due to their nature, the Pro Forma Historical Financial Information and Pro Forma Forecast Financial Information do not represent the actual or prospective financial position, financial performance or cash flows of IPD. The Directors believe that they provides useful information as they permit investors to examine what it considers to be the historical financial performance, financial position and cash flows of the business presented on a consistent basis with the Forecast Financial Information.

The Financial Information is presented in an abbreviated form insofar as it does not contain all of the presentation and disclosures, statements or comparative information as required by AAS applicable to general purpose financial reports prepared in accordance with the Corporations Act.

The information in this Section 4 should also be read in conjunction with the management discussion and analysis in Section 4.6 and Section 4.8 and the Directors' best-estimate general and specific assumptions underlying the Forecast Financial Information in Section 4.7.

4.2.2 Preparation of the historical financial information

The Statutory Historical Financial Information of IPD Group Limited for FY20 and FY21 has been derived from its consolidated general purpose financial statements for the year ended 30 June 2021 (which included the restated comparative information for FY20) and the Statutory Historical Financial Information of IPD Group Limited for FY19 has been derived from its special purpose financial statements for the year ended 30 June 2019. The special purpose financial statements of IPD Group Limited for FY19 were audited by Deloitte Touche Tohmatsu in accordance with Australian Auditing Standards and Deloitte Touche Tohmatsu issued an unqualified audit opinion on these financial statements. The consolidated financial statements for FY20 and FY21 were audited by PKF(NS) Audit & Assurance Limited Partnership in accordance with Australian Auditing Standards. PKF(NS) Audit & Assurance Partnership issued unqualified audit opinions on these consolidated financial statements.

The financial statements of IPD Group Limited for FY19 and the consolidated financial statements of IPD Group Limited for FY20 and FY21 have been lodged with ASIC and are available at: https://connectonline.asic.gov.au/RegistrySearch/faces/landing/panelSearch.jspx?searchType=OrgAndBusNm&searchText=111178351.

The Pro Forma Historical Financial Information has been prepared for the purpose of inclusion in this Prospectus and has been derived from the Statutory Historical Financial Information and adjusted for the effects of the pro forma adjustments described in Section 4.3.3, Section 4.4.3 and Section 4.5.1 of this Prospectus. In particular, pro forma adjustments have been made to reflect the following:

- The impact of the Offer, including proceeds raised and offer costs, and the capital structure in place following the Offer;
- The impact of the adoption of AASB 16 *Leases* from 1 July 2018;
- Acquisitions of Addelec, Control Logic and HTC;
- Product recall costs and net insurance settlement which occurred across FY19 and FY20;
- Goodwill impairment in FY19;
- The impact of additional public company costs: an amount that represents IPD's estimate of the incremental annual Board, listing and other costs (such as Directors' fees, share registry costs, Directors' and Officers' insurance premiums, Annual Report costs) and professional fees that it will incur operating as a listed company; and
- The tax impacts of the above adjustments.

The Pro Forma Historical Statement of Financial Position is provided for illustrative purposes only and is not represented as being necessarily indicative of the future financial position of IPD.

4.2.3 Going concern

The Statutory Financial Information has been prepared on a going concern basis, which contemplates the continuation of normal business operations and the realisation of assets and settlement of liabilities in the normal course of business.

4.2.4 COVID-19

The consequences of the COVID-19 pandemic are continuing to be felt around the world, and its impact on the Company, if any, has been reflected in its published results to date. Whilst it would appear that control measures and related government policies have started to mitigate the risks caused by COVID-19, it is not possible at this time to state that the pandemic will not subsequently impact the Company's operations going forward. The Company now has experience in the swift implementation of business continuation processes should future lockdowns of the population occur, and these processes continue to evolve to minimise any operational disruption. Management continues to monitor the situation both locally and internationally.

4.2.5 Preparation of the Forecast Financial Information

The Forecast Financial Information has been prepared solely for inclusion in this Prospectus based on an assessment of current economic and operating conditions and should be read in conjunction with the Directors' best estimate general and specific assumptions set out in Section 4.7, the sensitivity analysis described in Section 4.9, the risk factors described in Section 5, the significant accounting policies set out in Appendix A, and the other information in this Prospectus.

The inclusion of these assumptions is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring and is not intended to be a representation that the assumptions will occur. Investors should be aware that the timing of actual events and the magnitude of their impact might differ from that assumed in preparing the Forecast Financial Information, and that these differences may have a material positive or negative effect on IPD's actual financial performance, cash flows or financial position.

In addition, the assumptions upon which the Forecast Financial Information is based are by their very nature subject to significant uncertainties and contingencies, many of which will be outside the control of IPD, the Directors and management. Accordingly, none of IPD, the Directors, management, or any other person can give investors any assurance that the events and outcomes discussed in the Forecast Financial Information will arise. Events and outcomes may differ in amount and timing from the assumptions and may have a material impact on the actual results for FY22F.

The Directors have prepared the Forecast Financial Information with due care and attention and consider all general and specific assumptions, when taken as a whole, to be reasonable at the time of preparation of this Prospectus. However, this information is not fact, and investors are cautioned not to place undue reliance on the Forecast Financial Information.

The Forecast Financial Information has been prepared and presented on both a statutory and pro forma basis. The Pro Forma Forecast Financial Information has been derived from the Statutory Forecast Financial Information, after adjusting for the effects of the pro forma adjustments described below:

- The impact of the Offer, including proceeds raised and Offer costs;
- Acquisition of HTC in October 2021, assuming the acquisition was in place at 1 July 2020;
- The impact of additional public company costs: an amount that represents IPD's estimate of the incremental annual Board, listing and other costs (such as Directors' fees, share registry costs, Directors' and Officers' insurance premiums, Annual Report costs) and professional fees that it will incur operating as a listed company; and
- The tax impacts of the above adjustments.

Section 4.3.3 sets out the pro forma adjustments made to the Statutory Forecast Income Statement and a reconciliation of the Statutory Forecast Income Statement to the Pro Forma Forecast Income Statement. Section 4.4.3 sets out the pro forma adjustments made to the Statutory Forecast Cash Flows and a reconciliation of the Statutory Forecast Cash Flows to Pro Forma Forecast Cash Flows.

It is not intended that the Forecast Financial Information or other forward-looking statements be updated or revised, nor is it intended that prospective financial information will be published in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law or regulation.

4.2.6 Adoption of AASB 16 *Leases*

IPD adopted AASB 16 *Leases* (**AASB 16**) from 1 July 2019 using a modified retrospective approach. The accounting treatment for a lessee under AASB 117 *Leases* (**AASB 117**) was based on categorising the lease either as a finance lease (recognised on the statement of financial position) or an operating lease (not recognised on the statement of financial position). Under AASB 16, IPD is required to recognise a lease liability and a right-of-use asset on the statement of financial position for most leases. As a result of the adoption of AASB 16, operating expenses decrease and depreciation and interest expenses increase, and the timing of expense recognition changes due to the change from a straight-line rental expense to depreciation and interest expense (with interest expense having an accelerated profile). This Prospectus presents the Pro Forma Historical Financial Information for FY19, FY20 and FY21, on a consistent basis to illustrate the impact of AASB 16, as if the standard had been applied from 1 July 2018. Refer to Section 4.3.4 for further detail on the quantification of this impact.

4.2.7 Explanation of Certain Non-IFRS Financial and Other Measures

IPD uses certain measures to manage and report on its business that are not recognised under AAS or IFRS. These measures are collectively referred to in this Section 4 and under ASIC Regulatory Guide 230 *Disclosing Non-IFRS Financial Information* as 'non-IFRS financial measures'.

These non-IFRS financial measures do not have a prescribed definition under AAS or IFRS and therefore may not be directly comparable to similarly titled measures presented by other entities. These should not be construed as an indication of, or an alternative to, corresponding financial measures determined in accordance with AAS or IFRS.

Although IPD believes these non-IFRS financial measures provide useful information for measuring the financial performance and condition of the business, investors are cautioned not to place undue reliance on any non-IFRS financial measures included in the Prospectus.

The principal non-IFRS financial measures that are referred to in the Prospectus are as follows:

- **Gross profit:** is calculated as revenue less cost of goods sold (including service labour);
- **EBITDA:** is earnings or losses before interest, income tax, depreciation and amortisation. EBITDA can be useful to help understand the cash generation potential of the business. EBITDA should not be considered as an alternative to measures of cash flow under IFRS and investors should not consider EBITDA in isolation from, or as a substitute for, an analysis of the results of IPD's operations;
- **EBIT:** is earnings or losses before interest and income tax;
- **Capital expenditure:** includes investment in property and equipment including leasehold improvements and acquisitions, acquisitions and disposals of businesses;
- **Operating cash flow:** means net cash from operations including income tax paid;
- **Operating cash flow conversion:** is the ratio of operating cash flow and before taxation as a percentage of EBITDA; and
- **Net debt:** represents total borrowings, and lease liabilities less cash and cash equivalents.

4.3. Historical and Forecast Income Statements

4.3.1 Statutory Historical Income Statements

Table 1.1 sets out the statutory historical income statements for the financial years FY19, FY20 and FY21 which have been extracted from the statutory financial statements of IPD and the Statutory Forecast Income Statement for FY22F. Refer to Appendix A of this Prospectus for a summary of IPD's significant accounting policies.

Table 4.1: Statutory Historical and Statutory Forecast Income Statements[1]

		Statutory Historical			Statutory Forecast[2]
$m	**Notes**	**FY19**	**FY20**	**FY21**	**FY22F**
Revenue		75.8	87.5	118.1	165.6
Cost of goods sold		(44.8)	(53.9)	(71.8)	(105.0)
Gross profit		31.0	33.6	46.3	60.6
Other income		0.1	0.5	0.2	0.2
Operating expenses					
Employment benefits expense		(16.8)	(16.2)	(22.9)	(30.2)
Marketing expenses		(0.4)	(0.3)	(0.3)	(0.5)
Selling and distribution	3	(9.5)	(7.6)	(8.5)	(10.4)
Administration	4	(0.4)	(0.7)	(0.9)	(1.9)
Other	5	(0.3)	(0.2)	(0.3)	(1.8)
Total operating expenses		**(27.4)**	**(25.0)**	**(32.9)**	**(44.8)**
EBITDA		3.7	9.1	13.6	16.0
Depreciation and amortisation	3	(1.1)	(3.3)	(4.0)	(3.6)
Impairment of goodwill	6	(2.0)	–	–	–
EBIT		0.6	5.8	9.6	12.4
Net interest expense	3	0.0	(0.5)	(0.6)	(0.5)
PBT		0.6	5.3	9.0	11.9
Income tax expense		(0.8)	(1.3)	(2.5)	(4.1)
NPAT		(0.2)	4.0	6.5	7.8

Notes:

1. IPD acquired Addelec in August 2019 (FY20), Control Logic in October 2020 (FY21) and HTC in October 2021 (FY22F).
2. IPD signed an expanded distribution agreement with ABB to take responsibility as a distributor for ABB's power distribution range up to and including 1000V as well as ABB's AC range of electric vehicle chargers effective 1st September 2021 (FY22F). The impact of this expanded distribution agreement has been included in the statutory forecast income statement for FY22F.
3. FY19 was prior to the implementation of AASB 16 which first came into effect in FY20. AASB 16 recognises right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of future lease payments. Under AASB 16 (FY20-FY22F) depreciation of right-of-use assets and interest on lease liabilities is recognised in the consolidated statement of profit or loss. In FY19 all leasing related costs were recognised under selling and distribution expense.
4. Administration Expenses: FY22F contains $0.3 million of public company costs. The Company has embarked on migrating all of its IT servers and applications to a scalable, cloud based and secure environment to support its future expansion in FY22F. This has resulted in significant increases in the IT related operating expenses in FY22F. A portion of these costs are considered one-off in nature.
5. Other Operating Expenses: The primary reason for the higher operating costs in the FY22F statutory forecast are expensed costs of $1.7 million incurred in relation to the Offer. Under Australian Accounting Standards, the costs of the Offer which are not directly attributable to issuing new shares are recognised in the income statement.
6. In FY18, IPD acquired the assets of Trio Test and Measurement. In FY19, it fully integrated the business into its services division as well as its products division, resulting in increased revenues. As the cash flows generated by the acquired assets could no longer be separately identified, IPD chose to impair the goodwill on this acquisition by $2.0 million.

4.3.1.1 Key Statutory Financial Metrics

Table 4.2 sets out the key statutory historical and forecast financial metrics.

Table 4.2: Key Statutory Historical and Forecast Financial Metrics

		Statutory[1]			
		FY19	FY20	FY21	FY22F
Financial metrics					
Revenue growth			15.5%	34.9%	40.2%
Gross profit margin		40.9%	38.4%	39.2%	36.6%
Gross profit growth			8.5%	37.6%	31.1%
EBITDA margin		4.9%	10.4%	11.5%	9.7%
EBIT margin		0.8%	6.7%	8.1%	7.5%
PBT margin		0.8%	6.1%	7.7%	7.2%
NPAT margin		(0.3%)	4.5%	5.5%	4.7%
Operating expenses as % of revenue		36.1%	28.6%	27.9%	27.1%
Operating cash flow conversion	2	84.2%	119.8%	102.3%	71.0%

Notes:
1. IPD acquired HTC in October 2021 (FY22F) and IPD signed an expanded distribution agreement with ABB effective 1st September 2021 (FY22F). The Company is expecting slight margin loss during the transition, but it is expected to be offset by lower proportional operating expenses as cost rationalisation and synergies are achieved.
2. Additional stock purchasing for the expanded distribution agreement with ABB.

4.3.2 Pro Forma Historical Income Statements, Pro Forma Forecast Income Statement and Statutory Forecast Income Statement

Table 4.3 sets out a summary of IPD's Pro forma Historical Income Statement for FY19, FY20, FY21 and the Pro forma Forecast Income Statement for FY22F. In presenting the Pro forma Historical Income Statements included in Section 4, certain adjustments to the audited Statutory Historical Income Statements have been made to include the impact of the acquisition of Addelec, Control Logic and HTC as well as incremental costs of operating a public company as if these events had occurred on 1 July 2018 as well as one-off costs relating to the Offer. These pro forma adjustments are summarised in Section 4.3.3 for the Historical Income Statements for FY19, FY20, FY21 and the Forecast Income Statements for FY22F.

Table 4.3: Pro Forma Historical Income Statements, Pro Forma Forecast Income Statement and Statutory Forecast Income Statement[1]

		Pro Forma Historical			Pro forma Forecast[2]	Statutory Forecast[2]
$m	**Notes**	**FY19**	**FY20**	**FY21**	**FY22F**	**FY22F**
Revenue		135.0	141.4	142.6	169.6	165.6
Cost of goods sold		(84.3)	(89.1)	(87.9)	(107.8)	(105.0)
Gross profit		50.7	52.3	54.7	61.8	60.6
Other income		0.5	0.7	0.6	0.3	0.2
Operating expenses						
Employment benefits expense		(26.5)	(26.3)	(27.9)	(30.8)	(30.2)
Marketing expenses		(0.6)	(0.5)	(0.3)	(0.5)	(0.5)
Selling and distribution	3	(11.1)	(9.5)	(9.1)	(10.4)	(10.4)
Administration	4	(1.4)	(1.7)	(1.8)	(2.2)	(1.9)
Other	5	(0.3)	(0.2)	(0.2)	(0.1)	(1.8)
Total operating expenses		**(39.9)**	**(38.2)**	**(39.3)**	**(44.0)**	**(44.8)**
EBITDA		11.3	14.8	16.0	18.1	16.0
Depreciation and amortisation	3	(4.2)	(4.2)	(4.0)	(3.6)	(3.6)
Impairment of goodwill		–	–	–	–	–
EBIT		7.1	10.6	12.0	14.5	12.4
Net interest expense	3	(0.6)	(0.6)	(0.6)	(0.5)	(0.5)
PBT		6.5	10.0	11.4	14.0	11.9
Income tax expense		(2.3)	(2.9)	(3.5)	(4.3)	(4.1)
NPAT		4.2	7.1	7.9	9.7	7.8

Notes:

1. IPD acquired Addelec in August 2019 (FY20), Control Logic in October 2020 (FY21) and HTC in October 2021 (FY22F). The pro forma historical and pro forma forecast income statements represent the financial performance of these subsidiaries prior to acquisition and net of acquisition costs.
2. The impact of the expanded distribution agreement with ABB has been included in the statutory forecast and pro forma forecast income statements for FY22F. No historical pro forma adjustment has been made with respect to this expanded distribution agreement.
3. FY19 was prior to the implementation of AASB 16 which first came into effect in FY20. AASB 16 recognises right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of future lease payments. Under AASB 16 (FY20-FY22F) depreciation of right-of-use assets and interest on lease liabilities is recognised in the consolidated statement of profit or loss. In FY19, prior to the implementation of AASB 16, all leasing related costs were recognised under selling and distribution expense. The FY19 pro forma historical income statement represents the impact of AASB 16 as if AASB 16 was in effect during FY19.
4. Administration expenses: the pro forma historical and proforma forecast income statement contains $0.4 million of annual public company costs expected to be incurred as a result of being a public company. These costs have been applied to pro forma historical and forecast years as if the costs occurred from 1 July 2018.
5. Other operating expenses: The primary reason for the higher operating costs in the FY22F statutory forecast as compared to the FY22F pro forma forecast are costs of $1.7 million incurred in relation to the Offer. Under Australian Accounting Standards, the costs of the Offer which are not directly attributable to issuing new shares are recognised in the income statement. The pro forma forecast income statement for FY22F does not include these costs.

4.3.2.1 Key Pro Forma Financial Metrics

Table 4.4 sets out the key pro forma historical and forecast financial metrics.

Table 4.4: Key Pro Forma Historical and Forecast Financial Metrics

	Pro Forma			
	FY19	FY20	FY21	FY22F[1,2]
Financial metrics				
Revenue growth		4.7%	0.9%	18.9%
Gross profit margin	37.6%	37.0%	38.3%	36.4%
Gross profit growth		3.0%	4.6%	13.0%
EBITDA margin	8.3%	10.5%	11.2%	10.7%
EBIT margin	5.2%	7.5%	8.4%	8.5%
PBT margin	4.8%	7.0%	8.0%	8.2%
NPAT margin	3.1%	5.0%	5.5%	5.7%
Operating expenses as % of revenue	29.6%	27.0%	27.5%	25.9%
Operating cash flow conversion	84.5%	118.3%	97.0%	63.8%

Refer to notes 1-2 on Table 4.2.

4.3.3 Pro Forma Adjustments to the Statutory Historical and Forecast EBITDA and NPAT

Table 4.5 sets out the pro forma adjustments that have been made to EBITDA in the historical and forecast periods.

Table 4.5: Pro Forma Adjustments to Statutory Historical and Forecast EBITDA

$m	Notes	FY19	FY20	FY21	FY22F
Statutory EBITDA		3.7	9.1	13.6	16.0
1. AASB 16	1	2.6	–	–	–
2. Offer costs	2	–	–	–	1.7
3. Public company costs	3	(0.4)	(0.4)	(0.4)	(0.1)
4. Impact of Addelec acquisition	4	1.1	(0.2)	–	–
5. Impact of Control Logic acquisition	5	1.9	5.3	0.9	–
6. Impact of HTC acquisition	6	1.2	1.4	1.9	0.5
7. Product recall	7	1.2	(0.4)	–	–
Pro Forma EBITDA		11.3	14.8	16.0	18.1

Notes:
1. Represents the impact of AASB 16 in FY19 assuming the standard was adopted.
2. Offer costs show the impact on results in FY22.
3. Public company costs represent the estimate of incremental costs associated with operating a listed company.
4. IPD acquired Addelec in August 2019 (FY20), the pro forma adjustments represent Addelec's financial performance prior to acquisition and net of acquisition costs.
5. IPD acquired Control Logic Pty Ltd in October 2020 (FY21), the pro forma adjustments represent Control Logic Pty Ltd financial performance prior to acquisition and net of acquisition costs.
6. IPD acquired High Technology Control Pty Ltd in October 2021 (FY22F), the pro forma adjustments represent High Technology Control Pty Ltd financial performance prior to acquisition and net of acquisition costs.
7. In FY19 IPD had a recall on certain solar rooftop isolators procured from an individual supplier. In FY20 the Company agreed to an insurance claim settlement in relation to the loss arising from the recall. IPD no longer trades with this supplier.

Table 4.6 sets out the pro forma adjustments that have been made to NPAT in the historical and forecast periods.

Table 4.6: Pro Forma Adjustments To Statutory Historical and Forecast NPAT[1]

$m	Notes	FY19	FY20	FY21	FY22F
Statutory NPAT		(0.2)	4.0	6.5	7.8
1. AASB 16		(0.8)	–	–	–
2. Offer costs		–	–	–	1.7
3. Public company costs		(0.3)	(0.3)	(0.3)	(0.1)
4. Impact of Addelec acquisition		0.6	(0.3)	–	–
5. Impact of Control Logic acquisition		1.2	3.0	0.5	–
6. Impact of HTC acquisition		0.9	1.0	1.2	0.3
7. Product recall		0.8	(0.3)	–	–
8. Impairment of goodwill	2	2.0	–	–	–
Pro Forma NPAT		4.2	7.1	7.9	9.7

Notes:
1. Refer to pro forma adjustments 1 to 7, on Table 4.5.
2. In FY18, IPD acquired the assets of Trio Test and Measurement. In FY19, it fully integrated the business into its services division as well as itsproducts division, resulting in increased revenues. As the cash flows generated by the acquired assets could no longer be separately identified, IPD chose to impair the goodwill on this acquisition by $2.0 million.

4.3.4 Reconciliation between AASB 117 and AASB 16

Table 4.7 sets out the impact on pro forma EBITDA, EBIT and NPAT due to the adoption of AASB 16.

Table 4.7: Reconciliation between AASB 117 and AASB 16

	Pro Forma			
$m	**FY19**	**FY20**	**FY21**	**FY22F**
EBITDA (AASB 117)	8.7	12.2	13.0	15.2
Decrease in operating lease expense	2.6	2.6	3.0	2.9
EBITDA (AASB 16)	11.3	14.8	16.0	18.1
EBIT (AASB 117)	7.3	10.8	11.9	14.2
Decrease in operating lease expense	2.6	2.6	3.0	2.9
Increase in depreciation of right-of-use asset	(2.8)	(2.8)	(2.9)	(2.6)
EBIT (AASB 16)	7.1	10.6	12.0	14.5
NPAT (AASB 117)	5.0	7.9	8.4	9.9
Decrease in operating lease expense	2.6	2.6	3.0	2.9
Increase in depreciation of righ-o-use asset	(2.8)	(2.8)	(2.9)	(2.6)
Increase in interest expense (net of tax)	(0.6)	(0.6)	(0.6)	(0.5)
NPAT (AASB 16)	4.2	7.1	7.9	9.7

4.4. Historical and Forecast Cash Flows

4.4.1 Statutory Historical, Statutory Forecast and Statutory Forecast Cash Flows

Table 4.8 sets out a summary of the Statutory Historical Cash Flows for FY19, FY20, FY21 and the Statutory Forecast Cash Flows for FY22F.

Table 4.8: Statutory Historical and Statutory Forecast Cash Flows[1]

		Statutory Historical			Statutory Forecast[2]
$m	**Notes**	**FY19**	**FY20**	**FY21**	**FY22F**
Cash flows from operating activities					
Cash receipts from customers		87.4	97.2	125.3	183.0
Cash paid to suppliers and employees		(84.3)	(85.7)	(111.4)	(171.8)
Interest received/other income		0.0	0.0	0.0	0.2
Finance costs		–	(0.5)	0.0	(0.1)
Income taxes paid		(1.2)	(0.8)	(3.6)	(4.0)
Net flow from operations		**1.9**	**10.2**	**10.3**	**7.3**
Cash flows from investing activities					
Payment for property, plant and equipment		(1.1)	(0.6)	(0.7)	(1.1)
Payment for acquisitions of business, net of cash acquired	2	–	(1.2)	(2.8)	(2.9)
Proceeds from sale of property, plant and equipment		0.1	0.1	0.0	–
Investing cash flows		**(1.0)**	**(1.7)**	**(3.5)**	**(4.0)**
Cash flows from financing activities					
Proceeds from issue of share capital, net of Offer costs		–	–	–	17.2
Payment of lease liabilities	3	–	(1.4)	(3.0)	(2.9)
Dividends paid		(1.4)	(1.4)	(2.9)	(9.3)
Net financing flows		**(1.4)**	**(2.8)**	**(5.9)**	**5.0**
Net cash flows		**(0.5)**	**5.7**	**0.9**	**8.3**
Cash and cash equivalents at the beginning of the financial year		6.5	6.0	11.7	12.6
Cash and cash equivalents at the end of the financial year		**6.0**	**11.7**	**12.6**	**20.9**

Notes:
1. IPD acquired Addelec in August 2019 (FY20), Control Logic in October 2020 (FY21) and HTC in October 2021 (FY22F).
2. The impact of the expanded distribution agreement with ABB has been included in the statutory forecast statement of cash flows for FY22F.
3. FY19 was prior to the implementation of AASB 16 which first came into effect in FY20. AASB 16 recognises right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of future lease payments. Under AASB 16 (FY20-FY22F) the payment of lease liabilities which were previously recognised under cash paid to suppliers and employees (FY19) are recognised as financing activities in the statement of cash flows.

4.4.2 Pro Forma Historical Cash Flows and Pro Forma Forecast and Statutory Cash Flows

Table 4.9 sets out the Pro Forma Historical Cash Flows for FY19, FY20 and FY21, Pro Forma Forecast Cash Flows for FY22F and Statutory Forecast Cash Flows for FY22F.

Table 4.9: Pro Forma Historical Cash Flows, Pro Forma Forecast Cash Flows and Statutory Forecast Cash Flows[1]

		Pro Forma Historical			Pro forma Forecast[2]	Statutory Forecast[2]
$m	**Notes**	**FY19**	**FY20**	**FY21**	**FY22F**	**FY22F**
Cash flows from operating activities						
Cash receipts from customers		150.2	154.3	150.6	186.8	183.0
Cash paid to suppliers and employees		(141.0)	(136.5)	(135.4)	(175.4)	(171.8)
Interest received/other income		0.2	0.4	0.3	0.3	0.2
Finance costs		–	(0.6)	0.0	(0.1)	(0.1)
Income taxes paid		(2.6)	(1.6)	(4.1)	(4.2)	(4.0)
Net flow from operating		**6.8**	**16.0**	**11.4**	**7.4**	**7.3**
Cash flows from investing activities						
Payment for property, plant and equipment	3	(2.4)	(0.9)	(0.7)	(1.1)	(1.1)
Payment for acquisitions of business, net of cash acquired		(0.1)	–	–	–	(2.9)
Proceeds from sale of property, plant and equipment		0.2	0.1	0.0	0.0	–
Investing cash flows		**(2.3)**	**(0.8)**	**(0.7)**	**(1.1)**	**(4.0)**
Cash flows from financing activities						
Proceeds from issue of share capital, net of Offer costs		–	–	–	–	17.2
Payment of lease liabilities	4	(2.6)	(2.1)	(3.0)	(2.9)	(2.9)
Repayment of related party loans	5	(1.0)	(1.2)	(2.8)	(0.1)	–
Proceeds from related party loans	5	2.2	0.4	–	–	–
Repayment of receivables		0.3	–	–	–	–
Dividends paid		(2.5)	(2.0)	(4.6)	(10.0)	(9.3)
Net financing flows		**(3.6)**	**(4.9)**	**(10.4)**	**(13.0)**	**5.0**
Net cash flow		**0.9**	**10.3**	**0.3**	**(6.7)**	**8.3**
Cash and cash equivalents at the beginning of the financial year		6.5	7.4	17.7	18.0	12.6
Cash and cash equivalents at the end of the financial year		**7.4**	**17.7**	**18.0**	**11.3**	**20.9**

Notes:
1. IPD acquired Addelec in August 2019 (FY20), Control Logic in October 2020 (FY21) and HTC in October 2021 (FY22F). The pro forma historical and pro forma forecast statement of cash flows represent the cash flows of these subsidiaries prior to acquisition and net of acquisition costs.
2. The impact of the expanded distribution agreement with ABB has been included in the statutory forecast and pro forma forecast statement of cash flows for FY22F. No historical proforma adjustment has been made with respect to this expanded distribution agreement.
3. FY19 payment for property, plant and equipment relates to asset acquisitions by Control Logic and HTC. Part of the Control Logic payments for property, plant and equipment relate to a sale and purchase of assets during a change in Company structure.
4. FY19 was prior to the implementation of AASB 16 which first came into effect in FY20. AASB 16 recognises right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of future lease payments. Under AASB 16 the payment of lease liabilities which were previously recognised under cash paid to suppliers and employees are recognised as financing activities in the statement of cash flows. The FY19 pro forma historical statement of cash flows represents the impact of AASB 16 as if AASB 16 was in effect during FY19.
5. Repayment and proceeds of related party loans all relate to pre-acquisition transactions by Addelec, Control Logic and HTC.

4.4.3 Pro Forma Adjustments to the Statutory Net Cash Flow Before Corporate Financing and Taxation

Table 4.10 sets out a reconciliation of the Statutory Historic and Statutory Forecast Cash Flows from FY19 to FY22F

Table 4.10: Pro Forma Adjustments to the Historical and Forecast Statutory Cash Flows

$m	Notes	FY19	FY20	FY21	FY22F
Statutory net cash flow		**(0.5)**	**5.7**	**0.9**	**8.3**
1. Offer costs	1	–	–	–	2.8
2. Public company costs	2	(0.3)	(0.3)	(0.3)	(0.1)
3. Impact of Addelec acquisition	3	0.4	1.4	–	–
4. Impact of Control Logic acquisition	4	0.3	3.2	(0.1)	–
5. Impact of HTC acquisition	5	0.2	0.6	(0.2)	2.3
6. Product recall	6	0.8	(0.3)	–	–
7. Proceeds from Shares issued	7	–	–	–	(20.0)
Pro Forma net cash flow		**0.9**	**10.3**	**0.3**	**(6.7)**

Notes:
1. Offer costs show the impact on results in FY22F.
2. Public company costs represent the estimate of incremental costs associated with operating a listed company.
3. IPD acquired Addelec in August 2019 (FY20), the pro forma adjustments represent Addelec cash flows prior to acquisition and net of acquisition costs.
4. IPD acquired Control Logic in October 2020 (FY21), the pro forma adjustments represent Control Logic cash flows prior to acquisition and net of acquisition costs.
5. IPD acquired HTC in October 2021 (FY22F), the pro forma adjustments represent HTC cash flows prior to acquisition and net of acquisition costs.
6. In FY19 IPD had a recall on certain isolators from an individual supplier. In FY20 the Company agreed to an insurance claim settlement in relation to the loss arising from the recall. IPD no longer purchases from the related supplier.
7. Proceeds from Shares issued show the impact on results in FY22F.

4.5. Statutory and Pro Forma Historical Statements of Financial Position

4.5.1 Statutory and Pro Forma Historical Statements of Financial Position

Table 4.11 sets out the Statutory Historical Statement of Financial Position of IPD Group Limited as at 30 June 2021, adjusted for certain pro forma adjustments to take into account the effect of the Offer and other transactions as set out below.

Table 4.11: Statutory and Pro Forma Historical Statements of Financial Position as at 30 June 2021

$m	Statutory Historical	Offer proceeds	Offer costs	Other movements	Pro Forma Historical
Notes		1	2	3	
Assets					
Current assets					
Cash and cash equivalents	12.6	20.0	(2.8)	(12.2)	17.6
Trade and other receivables	27.1	–	–	–	27.1
Inventories	23.2	–	–	–	23.2
Other current assets	0.7	–	–	3.2	3.9
Total current assets	**63.6**	**20.0**	**(2.8)**	**(9.0)**	**71.8**
Non-current assets					
Property, plant, and equipment	2.7	–	–	–	2.7
Right-of-use assets	13.2	–	–	–	13.2
Intangibles	5.2	–	–	–	5.2
Deferred tax assets	1.9	–	–	–	1.9
Other non-current assets	–	–	–	2.6	2.6
Total non-current assets	**23.0**	**–**	**–**	**2.6**	**25.6**
Total assets	**86.6**	**20.0**	**(2.8)**	**(6.4)**	**97.4**
Liabilities					
Current liabilities					
Trade and other payables	28.3	–	–	–	28.3
Lease liabilities	2.5	–	–	–	2.5
Income tax	1.0	–	–	–	1.0
Provisions	3.1	–	–	–	3.1
Total current liabilities	**34.9**	**–**	**–**	**–**	**34.9**
Non-current liabilities					
Lease liability	12.1	–	–	–	12.1
Provisions	0.4	–	–	–	0.4
Total non-current liabilities	**12.5**	**–**	**–**	**–**	**12.5**
Total liabilities	**47.4**	**–**	**–**	**–**	**47.4**
Net assets	**39.2**	**20.0**	**(2.8)**	**(6.4)**	**50.0**
Issued capital	8.9	20.4	(1.1)	2.9	31.1
Retained earnings	30.2	(0.4)	(1.7)	(9.3)	18.8
Other reserves	0.1	–	–	–	0.1
Equity	**39.2**	**20.0**	**(2.8)**	**(6.4)**	**50.0**

Notes:

1. Offer Proceeds of $20.0 million from the issue of 16.9 million new shares.
2. Offer costs reflect the costs incurred in respect of the Offer totalling $2.8 million. Under Australian Accounting Standards, the costs of the Offer which are not directly attributable to issuing new shares are recognised in the income statement.
3. Other movements consist of pre-IPO dividends and movements related to the acquisition of HTC.

4.5.2 Statutory and Pro Forma Historical Indebtedness

Table 4.12 sets out a summary of indebtedness as at 30 June 2021, adjusted for certain pro forma adjustments related to the Offer as set out below.

Table 4.12: Statutory and Pro Forma Historical Indebtedness as at 30 June 2021

	Statutory Historical	Offer proceeds	Offer costs	Other movements	Pro Forma Historical
Notes			1	2	3
Net cash/(debt)					
Cash and cash equivalents	12.6	20.0	(2.8)	(12.2)	17.6
Net cash/(debt) excluding lease liabilities	**12.6**	**20.0**	**(2.8)**	**(12.2)**	**17.6**
Lease liabilities	(14.6)	–	–	–	(14.6)
Net cash/(debt) including lease liabilities	**(2.0)**	**20.0**	**(2.8)**	**(12.2)**	**3.0**

Refer to notes 1-3 on Table 4.11.

4.5.3 Liquidity and Capital Resources

Following Completion of the Offer, IPD's principal source of funds will be cash flow from operations and cash held at Completion of the Offer. IPD expects that it will have sufficient cash flow from operations to meet its business needs during the forecast period and will have sufficient working capital to carry out its stated business objectives.

IPD's ability to generate sufficient cash depends on its future performance which, to a certain extent, is subject to a number of factors beyond its control including general economic, financial and competitive conditions.

4.5.4 Working Capital

Working capital includes inventories, trade receivables, trade payables, current lease liabilities and other accruals and provisions.

To enable IPD's logistics offer, the Company holds a significant amount of stock at any one time. As at 30 June 2021, IPD held approximately $23.2 million of inventory, which equates to approximately three stock turns a year. IPD has continued to invest in inventory to ensure coverage of a growing pipeline and revenue base.

Trade payables and trade receivables are affected by the length of agreed payment terms in combination with the Company's revenues.

As IPD grows both organically and through acquisition, the working capital investment will continue to increase.

4.6. Management discussion and analysis of Pro Forma Historical Financial Information

4.6.1 Key factors affecting IPD's financial performance

All financial information presented in this section is presented on a pro forma basis. All references to financial items are on a pro forma basis. For example references to revenue are to pro forma revenue and references to EBITDA are to pro forma EBITDA.

This Section 4.6 discusses the general factors which affected IPD's operating and relative financial performance in FY19, FY20 and FY21 and which the Company expects may continue to affect it in the future.

The discussion of these general factors is intended to provide a brief summary only and does not detail all factors that have affected IPD's historical operating and financial performance and cash flows, or everything that could have an impact on its operating and financial performance and cash flows in the future.

Unless otherwise stated, all metrics and financial information presented in this Section 4.6, and the related commentary, are on a pro forma basis only.

4.6.1.1 Revenue

IPD derives revenue from a number of related sources including:

- Sale of products (approximately 89% of FY21 revenue); and
- Sale of services (approximately 11% of FY21 revenue).

Sale of products

IPD derived 89% of its FY21 revenue from the sale of products which encompasses the sale and distribution of an extensive range of electrical infrastructure products and solutions to switchboard manufacturers, OEMs and system integrators, electrical wholesalers, electrical contractors and power utilities.

Sale of services

IPD derived 11% of its FY21 revenue from the sale of services as a specialist provider of low and high voltage electrical services to data centres, healthcare, power generation, utilities, industrial, mining, roads and rail infrastructure. The provision of services includes installation and commissioning, calibration and testing, maintenance and repairs and refurbishment.

4.6.1.2 Expenses

Cost of goods sold and gross profit

The main cost of goods sold for the sale of products is the purchase of inventory. Cost of goods sold and gross profit are impacted by factors including sales mix, the manufactured cost of products or supplies and cost of freight for shipping from overseas manufacturers.

The main cost of goods sold for the sale of services is the materials and supplies utilised along with the direct labour costs associated with the generation of service revenue. Cost of goods sold and gross profit are predominantly impacted by the mix of services rendered between installation and commissioning, calibration and testing, maintenance and repairs and refurbishment.

Employment benefits expense

Employee costs include salaries, wages, commissions, superannuation and other employment related costs of all staff, other than where these are included in the cost of goods sold in relation to service technicians and engineers.

Marketing expenses

Encompasses the cost of marketing and advertising various brands, products and services in printed and digital media and publications, customer point of sale displays, and industry promotional event displays.

Selling and distribution expenses

The primary selling and distribution expense is the cost of freight for shipping products to the customer and can fluctuate depending on the sales mix, order volume and customer delivery locations. Other selling and distribution expenses includes occupancy and facility expenses, motor vehicle and travel expenses, IT operating expenditure and product testing and compliance costs.

Administration and other expenses

Administration and other expenses are predominantly driven by the cost of insurance, audit and tax consultancy fees. The pro forma historical and forecast information includes incremental costs associated with operating a listed company.

Depreciation and amortisation

Leasehold improvements are amortised over the term of the lease. Other assets are depreciated over their useful life, typically three to 10 years depending on the nature of the asset.

IPD leases all of the premises at which it operates and incurs depreciation expenses in recognition of right-of-use assets under AASB 16.

Interest expense

IPD leases all of the premises at which it operates and incurs interest expenses in relation to the lease liabilities under AASB 16.

4.6.1.3 Cash flows

Operating activities cash flows

IPD's main source of revenue is from the sale of products which requires working capital investment typical of any product distribution operation that imports or locally acquires inventory and provides credit terms to customers. As revenues grow, the working capital investment will increase.

Investing activities cash flows

IPD's main investing activities relate to the acquisitions of new business, which is part of the Company's growth strategy. These historical and forecast statutory investing cash flows are removed from the pro forma historical and forecast cash flows as the pro forma cash flows represent the financial performance of these subsidiaries prior to acquisition and net of acquisition costs.

Other investing activities relate to the purchase of property, plant and equipment discussed below under capital expenditure.

Financing activities cash flows

IPD's main financing activity cash flows relate to the payment of property and motor vehicle lease liabilities and dividend payments. Refer to Section 4.10 for the identified dividend policy for the Company.

Capital expenditure

IPD's capital expenditure has historically included:

- Refurbishment or improvement of facilities;
- Acquisition of businesses; and
- Replacement, maintenance and upgrade of general operational equipment, tooling and equipment, motor vehicles and IT systems.

4.6.2 Pro Forma Historical Income Statement and Cash Flows for FY20 compared to FY19

Tables 4.13, 4.14 and 4.15 compare the Pro Forma Historical Income Statements, Cash Flows and key financial metrics for FY19 and FY20.

Table 4.13: Pro Forma Historical Income Statements and Cash Flows for FY20 compared to FY19

A$m	FY19	FY20	change	% change
Revenue	**135.0**	**141.4**	**6.4**	**4.7%**
Cost of goods sold	(84.3)	(89.1)	(4.8)	5.7%
Gross profit	**50.7**	**52.3**	**1.6**	**3.2%**
Other income	**0.5**	**0.7**	**0.2**	**40.0%**
Operating expenses				
Employment benefits expense	(26.5)	(26.3)	0.2	(0.8%)
Marketing expenses	(0.6)	(0.5)	0.1	(16.7%)
Selling and distribution	(11.1)	(9.5)	1.6	(14.4%)
Administration	(1.4)	(1.7)	(0.3)	21.4%
Other	(0.3)	(0.2)	0.1	(33.3%)
Total operating expenses	**(39.9)**	**(38.2)**	**1.7**	**(4.3%)**
EBITDA	**11.3**	**14.8**	**3.5**	**31.0%**
Depreciation and amortisation	(4.2)	(4.2)	0.0	0.0%
Impairment of goodwill	–	–	–	–
EBIT	**7.1**	**10.6**	**3.5**	**49.3%**
Net interest expense	(0.6)	(0.6)	0.0	0.0%
PBT	**6.5**	**10.0**	**3.5**	**53.8%**
Income tax expense	(2.3)	(2.9)	(0.6)	26.1%
NPAT	**4.2**	**7.1**	**2.9**	**69.0%**

Table 4.14: Pro Forma Historical Cash Flows for FY20 compared to FY19

$m	FY19	FY20	change	% change
Cash flows from operating activities				
Cash receipts from customers	150.2	154.3	4.1	2.7%
Cash paid to suppliers and employees	(141.0)	(136.5)	4.5	(3.2%)
Interest received/other income	0.2	0.4	0.2	100.0%
Finance costs	0.0	(0.6)	(0.6)	–
Income taxes paid	(2.6)	(1.6)	1.0	(38.5%)
Net flow from operations	**6.8**	**16.0**	**9.2**	**135.3%**
Cash flows from investing activities				
Payment for property, plant and equipment	(2.4)	(0.9)	1.5	(62.5%)
Payment for acquisitions of business, net of cash acquired	(0.1)	–	0.1	(100.0%)
Proceeds from sale of property, plant and equipment	0.2	0.1	(0.1)	(50.0%)
Investing cash flows	**(2.3)**	**(0.8)**	**1.5**	**(65.2%)**
Cash flows from financing activities				
Payment of lease liabilities	(2.6)	(2.1)	0.5	(19.2%)
Repayment of related party loans	(1.0)	(1.2)	(0.2)	20.0%
Proceeds from related party loans	2.2	0.4	(1.8)	(81.8%)
Repayment of receivables	0.3	–	(0.3)	(100.0%)
Dividends paid	(2.5)	(2.0)	0.5	(20.0%)
Net financing flows	**(3.6)**	**(4.9)**	**(1.3)**	**36.1%**
Net cash flows	**0.9**	**10.3**	**9.4**	**1044.4%**

Table 4.15: Key Financial Metrics for FY20 compared to FY19

A$m	FY19	FY20	Change
Financial metrics			
Revenue growth		4.7%	
Gross profit growth		3.0%	
Gross profit margin	37.6%	37.0%	(62 bps)
EBITDA margin	8.3%	10.5%	216 bps
EBIT margin	5.2%	7.5%	229 bps
PBT margin	4.8%	7.0%	228 bps
NPAT margin	3.1%	5.0%	196 bps
Operating expenses as % of revenue	29.6%	27.0%	(261 bps)
Operating cash flow conversion	84.5%	118.3%	33.8%

4.6.2.1 Revenue

Revenue increased by 4.7% from $135.0 million in FY19 to $141.4 million in FY20 driven by:

- **Products:** 4.9% increase in products revenue from $119.7 million in FY19 to $125.6 million in FY20 was primarily driven by:
  - The transition from GE Industrial Solutions products to ABB products post ABB's acquisition of GE Industrial Solutions, which resulted in a net increase under the ABB range of products of $1.1 million;
  - New product categories, including busduct, Belden and ABB motor soft starters contributed $3.1 million in new revenue;
  - Large iron ore related project sales and an uplift in personal protective equipment during the early stages of the COVID-19 pandemic contributed $3.6 million to FY20 revenue; and
  - In FY19 the Company had substantial project sales for the national rollout of Digiware energy measurement and monitoring systems to a large Australian supermarket retailer which was not repeated in FY20 resulting in a decline of $2.1 million from FY19 to FY20.
- **Services:** 3.3% increase in services revenue from $15.3 million in FY19 to $15.8 million in FY20, driven by organic growth as the Company capitalised on the integration of Central Test Calibration and Testing as well as the acquired assets of the test and calibration division of Zinfra, which were both acquired in FY18.

4.6.2.2 Gross profit

Gross profit increased by 3.2% from $50.7 million in FY19 to $52.3 million in FY20 largely driven by the increase in revenue; however product mix resulted in a decline in gross profit margin.

4.6.2.3 Operating expenses and EBITDA

Operating expenses decreased by $1.7 million, from $39.9 million in FY19 to $38.2 million in FY20, a decrease of 4.3% mainly due to a reduction in selling and distribution expenses.

- Employment benefits expense decreased by $0.2 million in FY20 as the Company increased workflow efficiency and direct labour productivity within its assembly and manufacturing teams. This resulted in a larger percentage of labour hours allocated to assembly and manufacturing work orders.
- Marketing expenditure decreased by $0.1 million in FY20, primarily due to marketing no longer outsourced and the reduction of events during the initial stages of the COVID-19 pandemic.
- Selling and distribution expenses declined by $1.6 million in FY20. In FY19 IPD relocated its central warehouse and head office to a new facility in Wetherill Park which resulted in $0.6 million in one-off cost which wasn't repeated in FY20. The Company also experienced substantial savings in travel, entertainment and marketing promotional activity predominantly driven by the COVID-19 restrictions.
- Administration expenses increased by $0.3 million in FY20, primarily resulting from additional insurance premiums on recall insurance, and general insurance increases in line with the increase in revenue and specific cover relating to the newly acquired Addelec in FY20.

For the reasons discussed, EBITDA increased by $3.5 million, from $11.3 million in FY19 to $14.8 million in FY20, an increase of 31.0%.

4.6.2.4 Depreciation and amortisation and EBIT

Depreciation and amortisation expense remained flat, being $4.2 million in FY19 and FY20.

4.6.2.5 Net interest expense and PBT

Finance expense representing the interest cost of leased property under AASB 16 remained flat in FY20.

This resulted in PBT increasing by $3.5 million, from $6.5 million in FY19 to $10.0 million in FY20.

4.6.2.6 Movement in operating cash flows

The $9.2 million increase in operating cash flows was primarily driven by a $2.9 million increase in NPAT, income taxes which weren't due until FY21 and short term extended supplier payment terms which were negotiated with key suppliers at the beginning of the COVID-19 pandemic. IPD also had the benefit of the state government payroll tax deferrals.

4.6.2.7 Movement in investing cash flows

The $1.5 million decrease in investing cash flows primarily relates to asset acquisitions by Control Logic and HTC in FY19. Part of the Control Logic payments for property, plant and equipment relate to a sale and purchase of assets during a change in Company structure. IPD also had increased leasehold improvement expenditure relating to the set-up of its new central warehouse and head office.

4.6.2.8 Movement in financing cash flows

The $1.3 million decrease in financing cash flows primarily relates to the pre-acquisition repayment and proceeds of Control Logic related party loans.

4.6.3 Pro Forma Historical Income Statement and Cash Flows for FY21 compared to FY20

Tables 4.16, 4.17 and 4.18 compare the Pro Forma Historical Income Statements, Cash Flows and key financial metrics for FY20 and FY21.

Table 4.16: Pro Forma Historical Income Statements for FY21 compared to FY20

A$m	FY20	FY21	change	% change
Revenue	**141.4**	**142.6**	**1.2**	**0.8%**
Cost of goods sold	(89.1)	(87.9)	1.2	(1.3%)
Gross profit	**52.3**	**54.7**	**2.4**	**4.6%**
Other income	**0.7**	**0.6**	**(0.1)**	**(14.3%)**
Operating expenses				
Employment benefits expense	(26.3)	(27.9)	(1.6)	6.1%
Marketing expenses	(0.5)	(0.3)	0.2	(40.0%)
Selling and distribution	(9.5)	(9.1)	0.4	(4.2%)
Administration	(1.7)	(1.8)	(0.1)	5.9%
Other	(0.2)	(0.2)	0.0	0.0%
Total operating expenses	**(38.2)**	**(39.3)**	**(1.1)**	**2.9%**
EBITDA	**14.8**	**16.0**	**1.2**	**8.1%**
Depreciation and amortisation	(4.2)	(4.0)	0.2	(4.8%)
Impairment of goodwill	–	–	–	–
EBIT	**10.6**	**12.0**	**1.4**	**13.2%**
Net interest expense	(0.6)	(0.6)	0.0	0.0%
PBT	**10.0**	**11.4**	**1.4**	**14.0%**
Income tax expense	(2.9)	(3.5)	(0.6)	20.7%
NPAT	**7.1**	**7.9**	**0.8**	**11.3%**

Table 4.17: Pro Forma Historical Cash Flows for FY21 compared to FY20

$m	FY20	FY21	change	% change
Cash flows from operating activities				
Cash receipts from customers	154.3	150.6	(3.7)	(2.4%)
Cash paid to suppliers and employees	(136.5)	(135.4)	1.1	(0.8%)
Interest received/other income	0.4	0.3	(0.1)	(25.0%)
Finance costs	(0.6)	0.0	0.6	(100.0%)
Income taxes paid	(1.6)	(4.1)	(2.5)	156.3%
Net flow from operating	**16.0**	**11.4**	**(4.6)**	**(28.8%)**
Cash flows from investing activities				
Payment for property, plant and equipment	(0.9)	(0.7)	0.2	(22.2%)
Payment for acquisitions of business, net of cash acquired	–	–	–	
Proceeds from sale of property, plant and equipment	0.1	0.0	(0.1)	(100.0%)
Investing cash flows	**(0.8)**	**(0.7)**	**0.1**	**(12.5%)**
Cash flows from financing activities				
Payment of lease liabilities	(2.1)	(3.0)	(0.9)	42.9%
Repayment of related party loans	(1.2)	(2.8)	(1.6)	133.3%
Proceeds from related party loans	0.4	–	(0.4)	(100.0%)
Dividends paid	(2.0)	(4.6)	(2.6)	130.0%
Net financing flows	**(4.9)**	**(10.4)**	**(5.5)**	**112.2%**
Net cash flow	**10.3**	**0.3**	**(10.0)**	**(97.1%)**

Table 4.18: Key Financial Metrics for FY21 compared to FY20

A$m	FY20	FY21	Change
Financial metrics			
Revenue growth	4.7%	0.9%	(3.9%)
Gross profit growth	3.0%	4.6%	1.6%
Gross profit margin	37.0%	38.3%	138 bps
EBITDA margin	10.5%	11.2%	73 bps
EBIT margin	7.5%	8.4%	89 bps
PBT margin	7.0%	8.0%	94 bps
NPAT margin	5.0%	5.5%	50 bps
Operating expenses as % of revenue	27.0%	27.5%	50 bps
Operating cash flow conversion	118.3%	97.0%	(21.3%)

4.6.3.1 Revenue

Revenue increased by 0.8% from $141.4 million in FY20 to $142.6 million in FY21 driven by:

- **Products:** 1.6% increase in products revenue from $125.6 million in FY20 to $127.6 million in FY21 was primarily driven by:
  - In FY21 ABB extended IPD's distribution to the wholesale market. This resulted in an increase in revenues of $4.7 million.
  - FY20 had non-repeating sales of personal protective equipment which occurred during the early stages of the COVID-19 pandemic, resulting in a decline of $2.4 million of revenue from FY20 to FY21.
- **Services:** 5.3% decrease in services revenue from $15.8 million in FY20 to $15.0 million in FY21. The decrease in services revenue was predominantly driven by the revolving COVID-19 restrictions and lockdowns which restricted site access and caused project delays as well as the bushfires which impacted NSW.

4.6.3.2 Gross profit

Gross profit increased by 4.6% from $52.3 million in FY20 to $54.7 million in FY21, largely driven by the increase in revenue, sales mix and an increase in foreign exchange valuations.

4.6.3.3 Operating expenses and EBITDA

Operating expenses increased by $1.1 million, from $38.2 million in FY20 to $39.3 million in FY21, an increase of 2.9% mainly due to an increase in employment benefits expense and a reduction in selling and distribution expenses.

- Employment benefits expense increased by $1.6 million mainly attributable to increased bonus expenses in FY21 due to IPD's performance.
- Marketing expenditure declined by $0.2 million in FY21. With the uncertainty relating to COVID-19, the Company decreased marketing commitments. Additionally, COVID-19 restrictions and lockdowns also reduced marketing opportunities as some industry and customer events and demonstrations did not take place.
- Selling and distribution expenses declined by $0.4 million mainly due to decreasing travel related expenses and a reduction in bad debts expense.
- Administration expenses increased by $0.1 million as a result of rising insurance costs.

For the reasons discussed, EBITDA increased by $1.2 million, from $14.8 million in FY20 to $16.0 million in FY21, an increase of 8.1%.

4.6.3.4 Depreciation and amortisation and EBIT

Depreciation and amortisation expense decreased by $0.2 million, from $4.2 million in FY20 to $4.0 million in FY21, due to a reduction in motor vehicles and movements in AASB 16 right-of-use asset depreciation from the consolidation of office and warehouse locations with Control logic.

4.6.3.5 Net interest expense and PBT

Finance expense represents the interest cost of leased property under AASB 16 which remained flat in FY21.

This resulted in PBT increasing by $1.4 million, from $10.0 million in FY20 to $11.4 million in FY21.

4.6.3.6 Movement in operating cash flows

The $4.6 million decrease in operating cash flows was primarily driven by the payment of FY20 income taxes which were paid in FY21 and the withdrawal of the short-term extended supplier payment terms which were negotiated with key suppliers at the beginning of the COVID-19 pandemic.

4.6.3.7 Movement in investing cash flows

Investing cash flows were relatively consistent with FY20, increasing by $0.1 million.

4.6.3.8 Movement in financing cash flows

The movement is driven by pre-acquisition loan repayments from Control Logic and HTC in FY21. In addition to this, there was an increase in dividends paid driven by Control Logic pre acquisition and an increase in dividends paid by IPD and HTC based on their FY21 performance.

4.7. Forecast Financial Information

The Forecast Financial Information is based on the Directors' best estimate general and specific assumptions concerning future events. In preparing the Forecast Financial Information, IPD has undertaken an analysis of historical financial performance and cash flows and applied assumptions in order to forecast future financial performance and cash flows for FY22F.

The Directors believe the assumptions, when taken as a whole, to be reasonable at the time of preparing this Prospectus, including each of the general and specific assumptions set out in this Section 4.7. However, actual results are likely to vary from the forecast and any variation may be materially positive or negative. Further, COVID-19 has resulted in additional uncertainty to the forecast. Many of the assumptions upon which the Forecast Financial Information is based are beyond the control of the Directors and management of IPD.

Accordingly, none of IPD, its Directors, management, or any other person can provide assurance that the Forecast Financial Information or any prospective statement contained in this Prospectus will be achieved.

The assumptions set out below should be read in conjunction with the sensitivity analysis set out in Section 4.9, the risk factors set out in Section 5 and other information set out in this Prospectus.

4.7.1 General assumptions in relation to the Forecast Financial Information

The following general assumptions are relevant to the Forecast Financial Information:

- There are no material changes in the competitive and operating environment in which IPD operates;
- There are no significant deviations from current market expectations of economic and market conditions under which IPD operates;
- There are no material changes in government legislation, tax legislation, regulatory requirements or government policy that will have a material impact on the financial performance, cash flows, financial position, accounting policies, financial reporting or disclosures of IPD;
- There are no changes in applicable AAS, IFRS, other mandatory requirements or the Corporations Act which could have a material impact on IPD's reported financial performance or cash flows, financial position, accounting policies, financial reporting or disclosures;
- There are no material employee relations disputes or other disturbances, contingent liabilities or legal claims that arise or that are settled to the detriment of IPD;
- There are no material changes in key personnel, including key management personnel. It is also assumed that IPD will maintain its ability to recruit and retain the personnel required to support the future growth of IPD;
- There are no material changes to IPD's corporate and funding structure other than the transactions contemplated or disclosed in this Prospectus under the terms of the Offer set out in this Prospectus;
- There are no significant disruptions to the continuity of operations of IPD or other material changes in the business;
- There are no material amendments to any material contract, agreement or arrangement relating to IPD's business or intellectual property;
- None of the risks listed in Section 5 eventuates, or if they do, none of them has a material adverse impact on the operations of IPD; and
- The Offer proceeds are received in accordance with the timetable set out in the Key Dates on page 7 of this Prospectus.

4.7.2 Specific assumptions in relation to the Forecast Financial Information

The Forecast Financial Information is based on various specific assumptions, of which the key assumptions are set out below. These are a summary only and do not represent all factors that will affect IPD's forecast financial performance and cash flows. This information is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring and is not intended to be a representation that the assumptions will occur. The assumptions apply to the financial year ending 30 June 2022.

4.7.2.1 Revenue

The revenue forecasts have been based on known revenues and margins for the period 1 July 2021 to 31 August 2021. Forecasted revenues between 1 September 2021 and 30 June 2022 have been based on specific forecasts for key divisions and product categories using specifically developed sales plans, forward customer orders, new distribution initiatives, as well as historical sales trends and average selling prices which reflect specific markets and sales channels.

The revenue forecasts include assumptions in relation to IPD's two core divisions:

- Products – growth of 21.1%:

The significant growth in the pro forma forecasts is primarily driven by the expanded distribution agreement with ABB which involves the Company becoming a distributor for ABB's power distribution range up to and including 1000v as well as ABB's AC range of electric vehicle chargers effective 1 September 2021. Excluding the new ABB distribution agreement, the pre-existing pro forma product revenue streams are forecasted to grow by 5.9% as the Company continues to grow with the pre-existing ABB product range, capitalises on the new Idec distribution agreement signed in FY21, achieves synergies from the acquisition of Control Logic in FY21 and activate sales plans targeting growth in market share.

- Services – growth of 0.2%:

Service revenue from 1 July 2021 to 31 August 2021 has been disrupted by the government mandated COVID-19 lockdowns; however, operations have not halted as IPD is considered an essential service provider of low and high voltage electrical services. Certain projects have been delayed; however, this revenue is forecasted to be completed during the remaining months of FY22F.

4.7.2.2 Cost of goods sold and gross margin

Cost of goods sold and gross margin assumptions have been based on known revenues and margins for the period 1 July 2021 to 31 August 2021. Forecasted cost of goods sold and gross margin between 1 September 2021 and 30 June 2022 have taken into account changes in product mix, expected changes in the costs of products being distributed as well as historical performance and average margins reflecting specific markets and sales channels.

Forecasted FY22F gross profit margin has declined and is primarily driven by the expanded distribution agreement with ABB. The gross margins achieved through this agreement are slightly less than the historical gross profit margins achieved by the Company. Although gross profit margins have decreased, the additional distribution has a significantly lower operating cost base and is able to utilise IPD's existing national distribution infrastructure. The lower cost base offsets the lower gross profit margins as seen through the pro forma NPBT and NPAT margins being forecasted to increase by 0.2%.

4.7.2.3 Operating expenses

The Forecast Financial Information has been based on known operating expenses for the period 1 July 2021 to 31 August 2021. Forecasted operating expenses between 1 September 2021 and 30 June 2022 have been based on the following key operating expense assumptions:

- Employment benefits expense: based on the forecasted headcount and the associated personnel expense. This includes the forecasted additional personnel to support the expanded distribution agreement with ABB and new hires in other areas of sales, marketing, engineering, applications support, design, IT, finance and back-office support.
- Marketing expenses: forecasted to increase based on the current promotional plans which encompasses an increase in marketing investment for the expanded partnership with ABB.
- Selling and distribution: specific costs related to revenue have been forecasted to increase in line with the forecasted revenue growth. Occupancy related expenses are based on the related costs for the current leased properties. The Forecast Financial Information includes investment into the Company's IT infrastructure with a number of hardware and system upgrades, integration projects and innovative cyber security strategies forecasted during the year, some of which are one-off expenses.
- Administration and other: is forecasted on a pro forma basis to increase in line with the forecasted revenue growth of the business. The pro forma forecast includes incremental costs associated with operating a listed company.

4.7.2.4 Seasonality

IPD doesn't typically experience any consistent seasonality within in its operations between first half and second half revenues. Product distribution and supply of services is contingent on the timing of customer projects or sale to the end consumer.

4.7.2.5 COVID-19

The Company has consistently traded positively through COVID-19 with minimal disruption to the products division. Careful measures have been put into place at all sites for the safety of all staff and full compliance with government requirements. Warehouse and manufacturing staff have been allocated into split rotating shifts as an initiative to protect staff as well as the continuity of the business. Service revenue from 1 July 2021 to 31 August 2021 has been disrupted by the government mandated COVID-19 lockdowns however operations have not halted as IPD is considered an essential service provider. Certain projects have been delayed however this revenue is forecasted to be completed during the remaining months of FY22F.

4.7.2.6 Other assumptions

The following other assumptions have been made in preparing the Forecast Financial Information:

- **Depreciation:** AASB 16 right-of-use asset depreciation expense is based on the current property leases and lease terms. Fixed asset depreciation has been based on current fixed assets and forecasted capital expenditure for the forecast year. Useful life assumptions are forecast to remain consistent with historical assumptions.
- **Amortisation:** forecast to remain consistent with prior periods.
- **Interest expense:** interest rate assumptions have remained consistent with previous treatment of interest expense under AASB 16.
- **Working capital:** additional working capital has been forecast to support the expanded distribution agreement with ABB. All other working capital is forecast to be consistent with prior periods.
- **Capital expenditure:** the Forecast Financial Information is based on planned levels of capital expenditure including IT hardware upgrades and additional plant and machinery for the service and manufacturing teams.

4.8. Management discussion and analysis of the Pro Forma Forecast Financial Information

Set out below is a discussion of IPD's revenues and expenses and the main drivers of IPD's historical operating and financial performance, which IPD expects may continue to be the drivers during the period of the Pro Forma Forecast Financial Information. The discussion is intended to provide a brief summary only and does not detail all the factors that had an impact on the historical operating and financial performance, nor everything which may impact IPD's operating and financial performance in the future. Unless otherwise stated, all metrics and financial information presented in this Section, and the related commentary, are on a pro forma basis only. The information in this Section 4.8 should also be read in conjunction with the general and specific assumptions in Section 4.7, the sensitivities in Section 4.9, key risk factors set out in Section 5 and the other information contained in this Prospectus.

4.8.1 Pro Forma Forecast Income Statement and Cash Flows for FY22F compared to FY21

Tables 4.19, 4.20 and 4.21 compare the Pro Forma Historical Income Statement, Pro Forma Forecast Income Statement, Cash Flows and key financial metrics for FY21 and FY22F.

Table 4.19: Pro Forma Forecast Income Statements for FY22F compared to FY21

A$m	FY21	FY22F	change	% change
Revenue	**142.6**	**169.6**	**27.0**	**18.9%**
Cost of goods sold	(87.9)	(107.8)	(19.9)	22.6%
Gross profit	**54.7**	**61.8**	**7.1**	**13.0%**
Other income	**0.6**	**0.3**	**(0.3)**	**(50.0%)**
Operating expenses				
Employment benefits expense	(27.9)	(30.8)	(2.9)	10.4%
Marketing expenses	(0.3)	(0.5)	(0.2)	66.7%
Selling and distribution	(9.1)	(10.4)	(1.3)	14.3%
Administration	(1.8)	(2.2)	(0.4)	22.2%
Other	(0.2)	(0.1)	0.1	(50.0%)
Total operating expenses	**(39.3)**	**(44.0)**	**(4.7)**	**12.0%**
EBITDA	**16.0**	**18.1**	**2.1**	**13.1%**
Depreciation and amortisation	(4.0)	(3.6)	0.4	(10.0%)
Impairment of goodwill	–	–	–	–
EBIT	**12.0**	**14.5**	**2.5**	**20.8%**
Net interest expense	(0.6)	(0.5)	0.1	(16.7%)
PBT	**11.4**	**14.0**	**2.6**	**22.8%**
Income tax expense	(3.5)	(4.3)	(0.8)	22.9%
NPAT	**7.9**	**9.7**	**1.8**	**22.8%**

Table 4.20: Pro Forma Forecast Cash Flows for FY22F compared to FY21

$m	FY21	FY22F	change	% change
Cash flows from operating activities				
Cash receipts from customers	150.6	186.8	36.2	24.0%
Cash paid to suppliers and employees	(135.4)	(175.4)	(40.0)	29.5%
Interest received/other income	0.3	0.3	0.0	0.0%
Finance costs	0.0	(0.1)	(0.1)	
Income taxes paid	(4.1)	(4.2)	(0.1)	2.4%
Net flows from operating	**11.4**	**7.4**	**(4.0)**	**(35.1%)**
Cash flows from investing activities				
Payment for property, plant and equipment	(0.7)	(1.1)	(0.4)	57.1%
Payment for acquisitions of business, net of cash acquired	–	–	–	
Proceeds from sale of property, plant and equipment	0.0	–	0.0	
Investing cash flows	**(0.7)**	**(1.1)**	**(0.4)**	**57.1%**
Cash flows from financing activities				
Payment of lease liabilities	(3.0)	(2.9)	0.1	(3.3%)
Repayment of related party loans	(2.8)	(0.1)	2.7	(96.4%)
Proceeds from related party loans	–	–	–	
Dividends paid	(4.6)	(10.0)	(5.4)	117.4%
Net financing flows	**(10.4)**	**(13.0)**	**(2.6)**	**25.0%**
Net cash flow	**0.3**	**(6.7)**	**(7.0)**	**(2,333.3%)**

Table 4.21: Key Financial Metrics for FY22F compared to FY21

A$m	FY21	FY22F	Change
Financial metrics			
Revenue growth	0.9%	18.9%	18.0%
Gross profit growth	4.6%	13.0%	8.3%
Gross profit margin	38.3%	36.4%	(191 bps)
EBITDA margin	11.2%	10.7%	(56 bps)
EBIT margin	8.4%	8.5%	16 bps
PBT margin	8.0%	8.2%	25 bps
NPAT margin	5.5%	5.7%	21 bps
Operating expenses as % of revenue	27.5%	25.9%	(158 bps)
Operating cash flow conversion	97.0%	63.8%	(33.2%)

4.8.1.1 Revenue FY21 to FY22F

Revenue is forecast to increase by 18.9% from $142.6 million in FY21 to $169.6 million in FY22F driven by:

- **Products:** 21.1% forecast increase in products revenue from $127.6 million in FY21 to $154.6 million in FY22F. The significant growth in the pro forma forecasts is primarily driven by the expanded distribution agreement with ABB to take responsibility as a distributor for ABB's power distribution range up to and including 1000V as well as ABB's AC range of electric vehicle chargers effective 1 September 2021. Excluding the new ABB distribution agreement, the pre-existing pro forma product revenue streams are forecasted to grow 5.9% as the Company continues to grow with the pre-existing ABB product range, capitalises the new Idec distribution agreement signed in FY21, achieves synergies from the acquisition of Control Logic in FY21 and activates sales plans targeting growth in market share.
- **Services:** 0.2% forecast increase in services revenue from $15.0 million in FY21 to $15.0 million in FY22F. Service revenue from 1 July 2021 to 31 August 2021 has been disrupted by the government mandated COVID-19 lockdowns; however, operations have not halted as IPD is an essential service provider of low and high voltage electrical services. Certain projects have been delayed; however, this revenue is forecasted to be completed during the remaining months of FY22F.

4.8.1.2 Gross profit

Gross profit is forecast to increase by 13.0% from $54.7 million in FY21 to $61.8 million in FY22F largely driven by the expanded distribution agreement with ABB. The gross margins achieved through this agreement are slightly less than the historical gross profit margins achieved by the Company. Although gross profit margins have decreased, the additional distribution has a significantly lower operating cost base and is able to utilise IPD's existing national distribution infrastructure. The lower cost base offsets the lower gross profit margins as seen through the pro forma NPBT and NPAT margins being forecasted to increase by 0.2%.

4.8.1.3 Operating expenses and EBITDA

Operating expenses are forecast to increase by $4.7 million, from $39.3 million in FY21 to $44.0 million in FY22F, an increase of 12.0% due to a number of factors:

- Employment benefits expense is forecasted to increase with the additional personnel to support the expanded distribution agreement with ABB and new hires in other areas of sales, marketing, engineering, applications support, design, IT, finance and back-office support.
- Marketing expenses are forecasted to increase based on the current promotional plans which encompass an increase in marketing investment for the expanded partnership with ABB.
- Selling and distribution: specific costs related to revenue have been forecasted to increase in line with the forecasted revenue growth. FY22F includes investment into the Company's IT infrastructure with a number of hardware and system upgrades, integration projects and innovative cyber security strategies forecasted during the year, some of which are one-off expenses.

EBITDA is forecast to increase by $2.1 million, from $16.0 million in FY21 to $18.1 million in FY22F, an increase of 13.1%.

4.8.1.4 Depreciation and amortisation and EBIT

Depreciation and amortisation expense is forecast to decrease by $0.4 million, from $4.0 million in FY21 to $3.6 million in FY22F, due to a reorganisation and integration of leased premises post the acquisition of Control Logic.

4.8.1.5 Net finance expense and PBT

Finance expense representing the interest cost of leased property under AASB 16 is forecast to decrease by $0.1 million, from $0.6 million in FY21 to $0.5 million in FY22F, a decrease of 16.7% as a result of property lease liability decreases.

PBT is forecast to increase by $2.6 million, from $11.4 million in FY21 to $14.0 million in FY22F, an increase of 22.8%.

4.8.1.6 Movement in operating cash flows

The $4.0 million decrease in operating cash flows relates primarily to the additional working capital requirements of the expanded distribution agreement with ABB.

4.8.1.7 Movement in investing cash flows

The movement is driven by an increasing investment in IT hardware upgrades and additional plant and machinery for the service and manufacturing teams, along with additional expenditure on the IT hardware for the additional personnel to support the expanded distribution agreement with ABB and other personnel increases.

4.8.1.8 Movement in financing cash flows

The movement is driven by pre acquisition loan repayments from Control Logic and HTC in FY21 and approved pre IPO dividends and forecasted post IPO dividends in FY22F.

4.9. Sensitivity Analysis

The Forecast Financial Information is based on a number of estimates and assumptions that are subject to business, economic and competitive uncertainties and contingencies, many of which are beyond the control of IPD, its Directors and management. These estimates are also based on assumptions with respect to future business developments which are subject to change.

Investors should be aware that future events cannot be predicted with certainty and as a result, deviations from the figures forecast in this Prospectus are to be expected. The sensitivity analysis using some of the key assumptions in the pro forma forecast is set out below for the year ending 30 June 2022. These tables present the sensitivity of the assumptions to pro forma forecast EBITDA and NPAT. The changes in the key variables as set out in the sensitivity analysis are intended to provide a guide only and are not intended to be indicative of the complete range of variations that may be experienced. Variations in actual performance could exceed the ranges shown.

Care should be taken in interpreting these sensitivities. In order to illustrate the likely impact on the pro forma forecast EBITDA and NPAT, the estimated impact of changes in each of the assumptions has been calculated in isolation from changes in the other assumptions. In practice, changes in assumptions may offset each other or be additive and it is likely that IPD's management would respond to any adverse changes in one item to seek to reduce the net effect on IPD's EBITDA and cash flow.

For the purpose of the analysis below, the effect of the changes in key assumptions on the pro forma forecast EBITDA and pro forma forecast NPAT for FY22F is set out in Table 4.22 below.

Table 4.22: Sensitivity Analysis on the Impact on Pro Forma Forecast EBITDA and NPAT for FY22F

	Notes	FY22F assumption	Sensitivity	FY22F pro forma EBITDA Impact +/- ($m)	FY22F pro forma NPAT impact +/- ($m)
Revenue growth rate	1	18.9%	(+/- 1%)	0.5	0.4
Gross profit margin	2	36.4%	(+/- 1%)	1.7	1.2
Operating expenses as % of revenue	3	25.9%	(+/- 1%)	0.4	0.3

Notes:

1. The revenue growth rate sensitivity demonstrates the impact of a change in the assumed growth rate of revenue by +/- 1.0 percentage point on EBITDA and NPAT for FY22F. The calculation is based on FY22F revenues and expenses, on a tax-effected basis.
2. The gross profit margin sensitivity demonstrates the impact of a change in the assumed gross profit margin by +/- 1.0 percentage point on EBITDA and NPAT for FY22F. The calculation is based on FY22F revenues and on a tax-effected basis.
3. The operating expenses as % of revenue sensitivity demonstrates the impact of a change in the assumed operating expenses by +/- 1.0 percentage point on EBITDA and NPAT for FY22F. The calculation is based on FY22F revenues and expenses, on a tax-effected basis.

4.10. Dividend Policy

The payment of a dividend, if any, by IPD is at the discretion of the Directors and will be a function of a number of factors (many of which are outside the control of the Directors), including the general business environment, the operating results and the financial condition of IPD, future funding requirements, capital management initiatives, taxation considerations (including the level of franking credits available), any contractual, legal or regulatory restrictions on the payment of dividends by IPD, and any other factors the Directors may consider relevant.

It is the current intention of the Board to pay dividends in respect of half years ending 31 December (other than the half year ending 31 December 2021) and final dividends in respect of full years ending 30 June each year. It is anticipated that interim dividends will be paid in April and final dividends will be paid in October following the relevant financial periods. It is expected that all future dividends will be franked to the maximum extent possible.

It is the Board's current intention to target a payout ratio of between 40% and 60% of NPAT. However, the level of payout ratio is expected to vary between periods depending on the factors above.

The Board does not currently intend to pay a dividend in respect of the half year ending 31 December 2021. Subject to the financial forecasts being achieved and other relevant factors, the Directors intend to declare dividends for FY22F of $2.4 million or 2.8 cents per Share payable for the period from 1 January 2022 to 30 June 2022. The forecast FY22F annualised dividend yield is 4.7% based on the Offer Price per Share of $1.20. It is expected that the FY22F dividend will be fully franked.

No assurances can be given by any person, including the Directors, about the payment of any dividend and the level of franking credits on any such dividend.

The Company and its Australian subsidiaries are expected to have a combined available franking account balance of $16.3 million at the Completion of the Offer.

4.11. Financial Risk Management Framework

IPD's activities are exposed to a number of financial risks including interest rate risk, liquidity risk and credit risk.

The Company manages financial risk through Board approved policies and procedures. These detail the responsibility of the Directors and key executives with regard to the management of financial risk. Financial risk is managed centrally by IPD's finance team. IPD does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

4.11.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial asset or financial liability will change as a result of changes in market interest rates.

4.11.2 Liquidity risk

Liquidity risk is the risk that IPD will not have sufficient funds to meet its financial commitments as and when they fall due. Liquidity risk management involves maintaining available funding and ensuring IPD has access to an adequate amount of cash and credit facilities.

4.11.3 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to IPD. IPD is exposed to counterparty credit risk arising from its operating activities. IPD typically performs a credit check on counterparties prior to extending credit and monitors its receivables balances regularly on a detailed basis, with the result that IPD's exposure to bad debts has historically been negligible. IPD is also exposed to counterparty credit risk arising from its financing activities where it deposits money with banks and financial institutions.

Section 5.
Key Risks

Section 5.
Key Risks

5.1. Introduction

There are a number of risk factors associated with IPD's business and a number of risks associated with an investment in Shares. IPD is subject to risk factors that are both specific to its business activities and that are more general in nature. Any of these risk factors (individually or in combination) may, if they eventuate, have a material adverse effect on IPD's business, financial position, operating and financial performance, growth, price and/or value of the Shares, and your investment returns. Many of the circumstances giving rise to these risks and the occurrence of consequences associated with each risk are partially or completely outside the control of the Company, its Directors and senior management.

This Section 5 describes some of the potential risks associated with an investment in IPD. This Section 5 does not purport to list every risk that may be associated with an investment in IPD or the Shares now or in the future. The selection of risks in this Section 5 has been based on an assessment of a combination of the probability of the risk occurring and the impact of the risk if it did occur. The assessment is based on the knowledge of the Directors as at the Prospectus Date but there is no guarantee or assurance that the importance of different risks will not change or other risks that may adversely impact IPD will not emerge. This Section 5 should be considered in conjunction with other information disclosed in this Prospectus.

Any of these risks, or any other risks or other matters, may emerge and may have a material adverse effect on the business and its financial position and performance. There can be no guarantee that IPD will achieve its stated objectives or that any forward-looking statements or projections will eventuate. Investors should note that past performance is not a reliable indicator of future performance.

Before applying for Shares, you should read the entire Prospectus and satisfy yourself that you have a sufficient understanding of all of the risks described in this Section 5 and all of the other information set out in this Prospectus, and consider whether Shares are a suitable investment for you having regard to your own investment objectives, financial circumstances, taxation position and particular needs. If you do not understand any part of the Prospectus or are in any doubt as to whether to invest in IPD, you should seek professional advice from your stockbroker, accountant, lawyer, financial adviser or other independent professional adviser before deciding whether to invest.

5.2. Risks specific to IPD

5.2.1 COVID-19

As at the Prospectus Date there is significant global economic uncertainty due to the current COVID-19 pandemic, which has been having, and will likely continue to have, a significant impact on global economic activity, capital markets, commodity prices and foreign exchange rates. The temporary closure of, or limited access to, sites on which the IPD operates in response to Federal or State government directives or client policies, or supply chain interruptions, may adversely impact IPD's operations, financial position and prospects.

Supply chain disruptions resulting from the COVID-19 pandemic and measures implemented by governmental authorities around the world to limit the transmission of the virus (such as travel bans and quarantining) may, in addition to the general level of economic uncertainty caused by the COVID-19 pandemic, also adversely impact the Company's operations, financial position and prospects.

5.2.2 Dependence on relationships with key suppliers

ABB Aus, Elsteel Private and Emerson AP are IPD's three largest suppliers, with the sale of their products representing approximately 26%, 8% and 5%, respectively, of FY21 pro forma gross revenue. As such, the Company's relationship with each of ABB Aus, Elsteel Private and Emerson AP has a significant impact on the profit generating capability of the Company. There has been a contractual relationship between the Company and each of these suppliers (or their predecessors) for over 16 years. However, the contracts between the parties can generally be terminated by the suppliers unilaterally without cause and without any significant penalty with written notice (the length of which depends on the particular contract). Further the contract with Emerson AP terminates on 30 September 2022 unless the Company and Emerson AP agree to renew it.

If any of these key supplier contracts were terminated or there were any adverse change in the terms of any of them or any of these key suppliers fails to act as expected or in accordance with its contractual obligations, then such events could have a substantial negative impact on the performance and profitability of the Company.

As of the date of this Prospectus, the Directors have no expectation that ABB Aus, Elsteel Private or Emerson AP will terminate any of their distribution contracts with the Company. To the contrary, the Company has recently secured a broadening of the range of ABB products which the Company distributes.

5.2.3 Supplier and counterparty factors

The Company has a limited number of suppliers from which it sources its products. There is a risk that the Company may be unable to continue to source products from existing suppliers, and in the future, to source products from new suppliers, at favourable prices, on favourable terms, in a timely manner or in sufficient volume. All current supply and service arrangements are based on commercial terms, and the interruption or termination of these agreements may have a material adverse impact on the Company's financial and operational performance in the future. Many of the Company's agreements are short-term and/or terminable by the supplier for convenience with limited notice. The Company cannot guarantee that its existing arrangements with key suppliers will not be terminated, will be renewed, or will be renewed on terms similar to their current terms. The loss or deterioration of the Company's relationships with these suppliers, an inability to renew contractual arrangements with such parties, or an inability to negotiate agreements with new parties on terms which are not materially less favourable than existing arrangements, may have a material adverse effect on the Company's financial and operational performance.

The Company's suppliers are also subject to various risks which could limit their ability to provide the Company with sufficient, or any, products. Some of these risks include raw material costs, inflation, labour disputes, union activities, boycotts, financial liquidity, product merchantability, safety issues, natural disasters, disruption in exports, trade restrictions, currency fluctuations and general economic and political conditions. In addition, as a consequence of the fact that the Company sources a large proportion of its products and services from foreign providers, the Company is exposed to risks including political instability, increased security requirements for foreign goods, costs and delays in international shipping arrangements, imposition of taxes and other charges as well as restrictions on imports, exchange rate and hedging risks. The Company is also exposed to risks related to labour practices, environmental matters, disruptions to production and ability to supply, and other issues in the foreign jurisdictions where suppliers and service providers operate. Any of these risks, individually or collectively, could materially adversely affect the Company's financial and operational performance.

In addition, there is also a risk that parties with whom the Company has dealings (including, but not limited to, its suppliers) may experience financial or other difficulties which may in turn affect their ability to perform their obligations to the Company.

5.2.4 Product liability

Any defects in the products that the Company distributes may harm its workforce, reputation and business. The Company may also be subject to warranty and liability claims for damages related to defects in products it distributes and may not be able to recover these costs from the suppliers or manufacturers.

There may also be adverse events reported from the use, misuse or defect of products which could expose the Company to product liability claims or litigation, including if its products cause or contribute (or merely appear to have caused or contributed) to the injury or the death of a person using its products.

Product liability claims may result in substantial litigation costs, product recalls or market withdrawals, decreased sales and demand for products the Company distributes and damage to the Company's reputation, regardless of merit or eventual outcome.

If the Company were to suffer or be the subject of one or more significant claims in the future, or be required or elect to undertake certain actions in response to these claims (such as a product recall), such claims or actions could adversely impact the Company's operating and financial performance. In particular, any significant product recall or warranty obligation may result in a warranty cost that is borne by the Company, net of insurance and other recoverable costs and, as such, the Company's potential exposure could be material.

5.2.5 Health and safety

IPD's operations involve risks to both personnel and property as they involve the supply and installation of electrical products and working with high voltage electricity, and there is a risk that industrial accidents may occur in the course of IPD's activities, which could give rise to liability for IPD, including under occupational health and safety laws and under general law. In the event of a serious accident, for example resulting in a fatality, or a series of accidents on the same project, substantial claims may be brought against the customer and/or the Company or the customer may terminate its contractual arrangement with the Company.

IPD has a strong commitment to safety however there can be no guarantees that such an accident will not occur. A serious accident could impact upon the Company's reputation, growth prospects and financial performance.

5.2.6 Reliance on international supply chains

The Company relies on international logistics supply chains to import the products it distributes. Disruptions in the supply chains (as have occurred during COVID-19) may impact delivery, resulting in delayed or lost revenue, loss of customers and damage to the Company's business reputation.

5.2.7 IT and telecommunications systems

Any material damage or security breach or threat to the Company's IT (including all hardware and software) and telecommunications systems may materially and adversely affect the Company's operation and financial performance. The Company is materially dependent on its systems and telecommunications facilities for the effective day-to-day operation of the Company's business. Notwithstanding this future risk, the Company's systems and telecommunications facilities have been stable, with high levels of availability, and no known outage has resulted in any material impact on the business of the Company.

5.2.8 Inventory management

In order to operate its business successfully, the Company must maintain sufficient inventory and also avoid the accumulation of excess inventory. The Company relies on its data analytics and inventory management system to manage its stock levels relative to forecast stock purchases.

If the Company's inventory management system or data analytics fail, or provide inaccurate information, the Company may experience a disruption in supply of specific products, including 'out of stock' issues. This may result in lost sales, increased holding costs, and reputational damage, and may have a material adverse effect on the Company's financial and operational performance.

5.2.9 Maintenance of reputation

The reputation and brand of the Company and the products it distributes are important in attracting customers to use these products. Any reputation damage or negative publicity around IPD or its products could adversely impact on the Company's business operations and profitability.

5.2.10 Dependence on market share of major suppliers

If one or more of the Company's suppliers lose significant market share to a competitor, this could have a material adverse effect on the financial prospects and performance of the Company.

5.2.11 Customer concentration

While the Company generally has a broad range of customers located across Australia, it does have a significant concentration of sales in its largest customer, with the sale of its products to this customer representing approximately 12% of FY21 pro forma gross revenue. As such, the Company's relationship with this significant customer impacts on the profit generating capability of the Company.

There has been a relationship between the Company (or its predecessor) and this customer for over 24 years, however there can be no guarantee that this relationship will continue. Furthermore, the arrangements between the Company and this customer, along with the arrangements between the Company and a majority of its other material customers, have been entered into on a non-exclusive basis, do not contain minimum purchase obligations and can be terminated by the customer for convenience with limited notice. This poses the risk that this customer, and other large customers on similar terms, may reduce its custom from the Company under existing contractual arrangements. Any such reduction or termination of the relationship could have a substantial negative impact on the performance and profitability of the Company.

5.2.12 Operating risks

The Company is, and will continue to be, exposed to a range of operational risks relating to current and future operations. These include equipment failures and other accidents, industrial action or disputes, lease renewals, damage by third parties, floods, fire, major cyclone, earthquake, lightning strike, terrorist attack or other disaster. In the event existing insurance arrangements do not cover an operational issue, this could have a material adverse effect on the operating and financial performance of the Company.

5.2.13 Insurance risks

The Company's business involves hazards and risks that could result in it incurring losses or liabilities that could arise from its operations. If the Company incurs losses or liabilities which are not covered by its insurance policies, the funds available for the Company's business operations and growth will be reduced and the value and/or title to the Company's assets may be at risk.

5.2.14 Reliance on key staff

The Company relies on the contribution of its executive management and its employees. The loss of one or more of the key employees particularly the CEO and CFO could have a material adverse effect on the Company's business, financial position and results of operations. The resulting impact from such an event would depend on the timing and quality of any replacement. Competition for such personnel is intense and there can be no assurance that the Company will be successful in attracting and retaining such personnel.

5.2.15 Litigation

The Company is not currently involved in any material contractual disputes, arbitration or government prosecution matters. Disputes can however arise during the course of business, including disputes involving customers, suppliers, distributors, employment disputes, contractual disputes, indemnity claims, occupational health and safety claims, or criminal or civil proceedings in the course of its business. These disputes may not always be resolved through negotiation with the parties directly and may lead to litigation. While the Company maintains insurance that may cover some losses arising out of disputes and claims, not all claims will be covered by insurance. Accordingly, some claims may have an adverse impact on the Company's reputation and this may have an adverse impact on the Company's growth prospects, operating results and financial performance as well as its ability to win future work.

5.2.16 Laws, regulations and standards may change

IPD is subject to, and must comply with, a variety of laws and regulations in the ordinary course of its business. These laws and regulations include those that relate to fair trading and consumer protection, product safety, employment, property, taxation (including goods and services taxes and stamp duty) and customs and tariffs. Changes to laws and regulations may adversely affect IPD, including by increasing its costs either directly or indirectly (including by increasing the cost to the business of complying with legal requirements). Any such adverse effect may impact the Company's future financial performance. In particular, there is a risk that standards applicable to products distributed by the Company in Australia may be changed and the Company is unable to source replacement products that comply with the changed standards on similar terms or at all. Such changes could impact the normal operations of IPD and reduce its ability to generate revenue which may have an adverse effect on IPD's financial and operational performance in the future.

5.2.17 Competition

The industry in which the Company is involved is subject to domestic and global competition. The Company faces competition from a number of organisations, some of which may have greater financial, technical and marketing resources. Increased competition could result in margin reductions, under-utilisation of employees, reduced operating margins and loss of market share. Any of these occurrences could adversely affect the Company's business, operating results and financial condition. Whilst the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, whose activities or actions may, positively or negatively, affect the operating and financial performance of the Company.

5.2.18 Inability to meet forecast financial performance

The Company has assumed future growth rates for its business based on a number of factors, including historical growth rates, new agreements and growth strategies for the business, which are set out in Section 4.7.

The success of the Company's growth strategies is key to the Company's future financial performance. However, there is a risk that the Company's growth strategies are ineffective or are not executed effectively or in accordance with the timetable anticipated. Such execution failure may adversely affect the Company's ability to grow its revenue, and this may adversely affect its financial and operational performance in the future. Investors should not rely on the historical rate of revenue growth as an indication of future performance.

If the Company's future growth and operating performance fail to meet investor or analyst expectations, the Company's financial condition and the Share price could be materially adversely affected.

5.2.19 Foreign exchange risk

The Company's financial reports are prepared in Australian dollars. However, a substantial proportion of the Company's expenditures and liabilities are denominated in Euros and US dollars. Any adverse movements of Euros or US dollars against the Australian dollar as well as other adverse exchange rate fluctuations or volatility, particularly during the period between when an invoice is issued and when payment is made, could have an adverse effect on the Company's future financial performance and position. The Company currently fully hedges against this currency risk. Movements in foreign exchange rates could also impact the value of inventory maintained by the Company.

5.2.20 Recent acquisition of HTC

The Company acquired HTC in October 2021. There is a risk that the Company will not successfully integrate HTC, or that HTC will not result in the revenue or cost synergies expected. If this were to occur, the Company might not receive a return on its investment in HTC, and this might impact the Company's future financial performance and/or reputation.

5.2.21 Future acquisitions and business ventures

The Company may, as part of its business strategy, acquire or make significant investments in companies of a similar nature, although no such acquisitions or investments are currently committed. The Board may also decide to establish new business ventures which may prove to be detrimental to the performance of the Company. Any future investment of this nature would be subject to the risks commonly encountered in making acquisitions of companies, products and technologies, such as integrating cultures and systems of operation, relocation of operations, short-term strain on working capital requirements and achieving the sales and margins anticipated and retaining key staff and customer and supplier relationships. The Company cannot guarantee that there will be no future write-downs of any of its investments. Any material write-downs of any of its investments in the future may have an adverse effect on the Company's future financial performance and position.

As of the date of this Prospectus the Board has not approved any new venture or any acquisition, and nor are there any advanced discussions which may result in new ventures or acquisitions.

5.2.22 Accessing capital markets

The Company's capital requirements depend on numerous factors, including its strategic initiatives. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the Offer. For example, funding may be needed to undertake acquisitions or investments.

Any additional equity financing will dilute existing shareholdings, and debt financing (if available) may involve restrictions on future financing and operating activities. This may have an effect on the Company's growth strategy. Any inability to obtain additional financing on acceptable terms could have a material adverse effect on the Company's activities and the value of the Shares.

5.3. General Risks of an Investment in IPD

5.3.1 Economic and financial market conditions may deteriorate, including as a result of the COVID-19 pandemic

Once the Company becomes a listed company, it will become subject to general market conditions and risks inherent to all entities whose securities are publicly listed on a securities exchange. General economic conditions (both domestically and internationally), long-term inflation rates, exchange rate movements, interest rate movements and movements in the general market for ASX and internationally listed securities may adversely affect the market price of Shares and the ability of IPD to pay dividends. None of IPD, the Directors or any other person guarantees the market performance of the Shares or the payment of dividends.

5.3.2 Price of Shares may fluctuate

The price at which Shares are quoted on the ASX may increase or decrease due to a number of factors. These factors may cause the Shares to trade at prices below the Offer Price. There is no assurance that the price of the Shares will increase following quotation on the ASX, even if the Company's earnings increase. Some of the factors which may affect the price of the Shares include:

- The number of potential buyers or sellers of Shares on the ASX at any given time;
- Fluctuations in the domestic and international market for listed stocks;
- Changes in fiscal, monetary or regulatory policies, legislation or regulation;
- Inclusion in or removal from market indices;
- The nature of the markets in which IPD operates;
- Variations in sector performance, which can lead to investors exiting one sector to prefer another;
- Initiatives by other sector participants which may lead to investors switching from one stock to another; and
- General operational and business risks.

5.3.3 Shareholders may suffer dilution

In the future, the Company may elect to issue new Shares, including pursuant to management incentive arrangements, or engage in institutional fundraisings including to fund capital requirements or acquisitions that the Company may decide to make. While the Company will be subject to the constraints of the ASX Listing Rules regarding the percentage of its capital that it is able to issue within a 12-month period (other than where exceptions apply), some or all Shareholders may be diluted as a result of such issues of Shares and fundraisings.

5.3.4 Trading in Shares may not be liquid

There is currently no public market through which the Shares may be sold. There can be no guarantee that an active market in the Shares will develop or that the price of Shares will increase. There may be relatively few potential buyers or sellers of the Shares on the ASX at any time. This may increase the volatility of the market price of Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less or more than the price that Shareholders paid.

The Existing Shareholders will hold approximately 61.2% of the Shares following Completion, which may impact on liquidity. Escrowed Shareholders have entered into voluntary escrow arrangements in relation to certain Shares they hold immediately following Completion. A summary of the escrow arrangements is set out in Section 7.14. This could affect the prevailing market price at which Shareholders are able to sell their Shares at certain points in time. For example, Shares may be illiquid during the escrow period but may be extremely liquid when those shares come out of escrow.

5.3.5 Potential sell-down by Existing Shareholders

Escrowed Shareholders will be able to sell Escrowed Shares once they are released from the voluntary escrow arrangements described in Section 7.14. There will be no restrictions under the voluntary escrow arrangements upon sale of Escrowed Shares once the relevant Escrow Period ends. All Escrowed Shares will no longer be subject to disposal restrictions under escrow arrangements following the release of the Company's FY22 results to ASX. Refer to Section 7.14 for further information.

Existing Shareholders may not be long-term holders of Shares. A significant sale of Shares by some or all Existing Shareholders, or the perception that such sale may occur at the end of an Escrow Period, could adversely impact the price of Shares. Conversely, the absence of any significant sell-down of Escrowed Shares may cause or contribute to a diminution in the liquidity of the market for the Shares.

5.3.6 Adverse taxation changes may occur

The Company may be exposed to changes in taxation legislation or interpretation in Australia and any jurisdiction in which it may conduct business in the future. Any change to the current rates of taxes imposed on the Company in those jurisdictions is likely to affect returns to Shareholders. In addition, an interpretation of taxation laws by the relevant tax authority that is contrary to the Company's view of those laws may increase the amount of tax to be paid or cause changes in the carrying value of tax assets in the Company's financial statements. In addition, any change in tax rules and tax arrangements could have an adverse effect on the level of dividend franking and Shareholder returns.

5.3.7 Australian Accounting Standards may change

Changes to the Australian Accounting Standards (**AAS**) are determined by the Australian Accounting Standards Board (**AASB**) and are not within the control of the Company and its Directors. The AASB may, from time to time, introduce new or refined AAS, which may affect the future measurement and recognition of key income statement and statement of financial position items. There is also a risk that interpretation of existing AAS, including those relating to the measurement and recognition of key income statement or statement of financial position items, may differ. Any changes to AAS or to the interpretation of those standards may have an adverse effect on the reported financial performance and position of the Company.

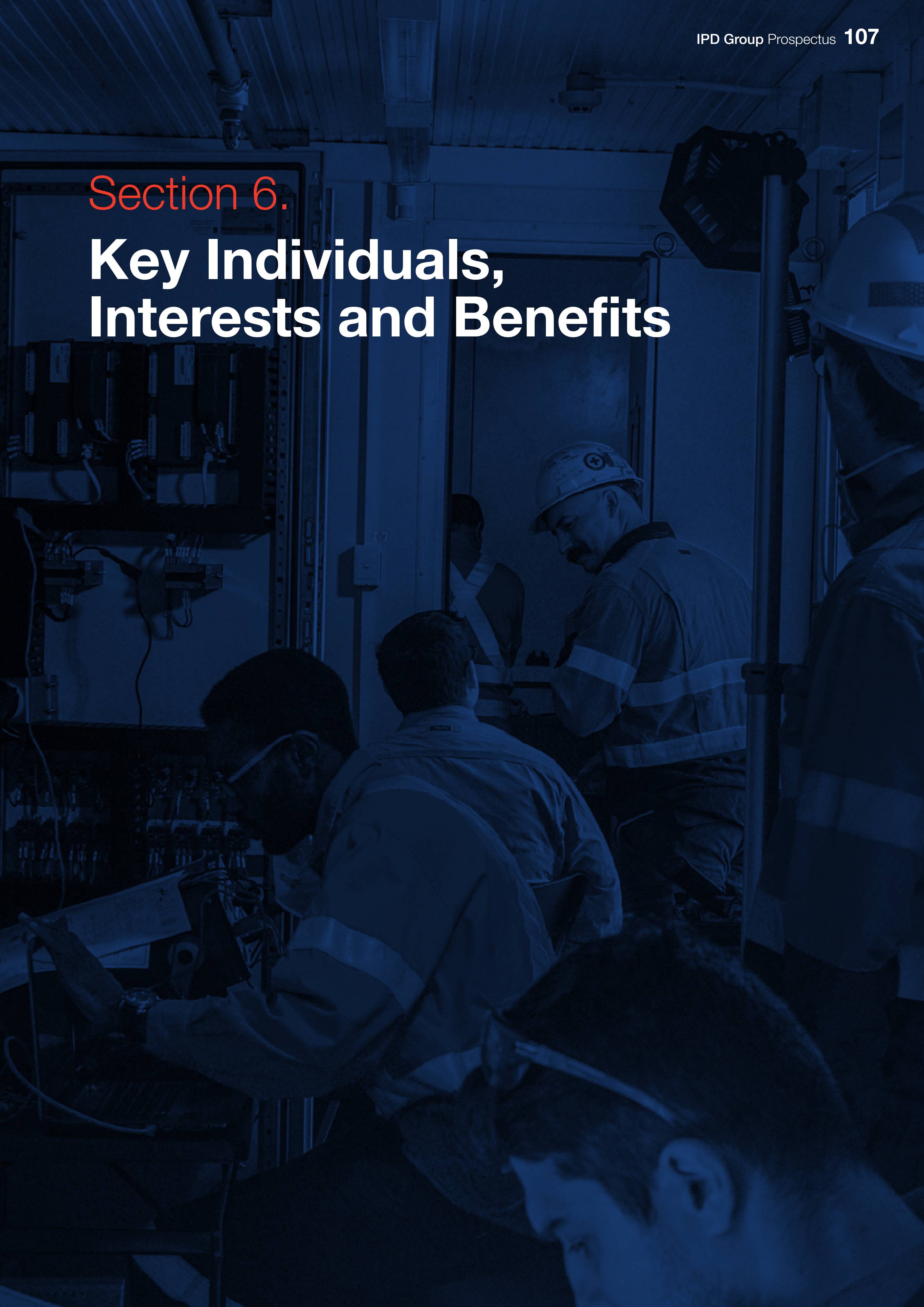
5.3.8 Force majeure events may occur

Events may occur within or outside Australia that could impact upon global, Australian, or other local economies relevant to the Company's financial performance, the operations of IPD and the price of the Shares. These events include, but are not limited to, acts of terrorism, outbreaks of disease and pandemics (such as COVID-19), international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, or other man-made or natural events or occurrences that can have an adverse effect on the demand for IPD's products and services, its ability to conduct business and the Company's credit performance. The Company has only a limited ability to insure against some of these risks.

Refer to Sections 5.2.1 and 5.3.1 for further information on the COVID-19 pandemic and its impact on the economy and financial markets in Australia and globally.

Section 6.

Key Individuals, Interests and Benefits



Section 6.
Key Individuals, Interests and Benefits

6.1. Board of Directors

The Directors bring to the Board relevant experience and skills, including industry and business knowledge, financial management and corporate governance experience.

David Rafter
Independent,
Non-Executive Chairman

Master of Business Administration – Charles Sturt University

Master of Design Science (Facilities Management) – University of Sydney

David is currently the CEO at Web FM, a global provider of construction and facilities management consulting and software solutions.

Major roles across David's 30-year building services career include the CEO of O'Donnell Griffin, a $600 million electrical engineering/contracting business and CEO of Haden Engineering a $300 million HVAC construction and service company, both part of the ASX-listed Norfolk Group via an IPO in 2007.

Previously, David was an Executive General Manager at Transfield Services, an ASX-listed operations, maintenance and construction services business.

David was appointed as a Director on 14 August 2019 and is a member of the AICD.

Andrew Moffat
Independent,
Non-Executive Director

Bachelor of Business – Curtin University

Andrew has 23 years' of corporate and investment banking experience, including serving as a director of Equity Capital markets and Advisory for BNP Paribas Equities.

Currently a Non-Executive Director of Sports Entertainment Group Limited, 360 Capital Group Limited and ICP Funding Pty Limited.

Past public company directorships include Rubik Financial Limited, Keybridge Capital Limited, CCK Financial Solutions Limited, itX Group Limited and Infomedia Limited.

Andrew was appointed as a Director on 24 March 2020.

Michael Sainsbury
Executive Director and CEO

Advanced Diploma Business Management – Leadership Management Australia

Michael has over 25 years' experience in sales, business development and management within the electrical industry; he joined IPD in 2013 as the National Sales Manager and has been CEO since 2015.

Prior to IPD, Michael spent over 13 years working at Schneider Electric where he held various senior management roles in the electrical solutions and power monitoring space.

Mohamed Yoosuff
Executive Director and CFO

Associate of Chartered institute of Management Accountants (ACMA)

Mohamed Yoosuff has been an employee and Board member of IPD since 2005.

Mohamed has held various roles within IPD and has been the CFO since inception.

Previously held various senior management positions in manufacturing and distribution companies, including as CFO of Ludowici Group (a manufacturing and distribution business previously listed on ASX) and as Financial Controller of Otis Elevators.

6.2. Key Executives

Michael Sainsbury *Executive Director and CEO*	See Section 6.1
Mohamed Yoosuff *Executive Director and CFO*	See Section 6.1

6.3. Interests and Benefits

This Section 6.3 sets out the nature and extent of the interests and fees of certain persons involved in the Offer. Other than as set out below or elsewhere in this Prospectus, no:

- Director or proposed Director;
- Person named in this Prospectus who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- Promoter of IPD; or
- Underwriter to the Offer or financial services licensee named in the Prospectus as a financial services licensee involved in the Offer,

holds at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:

- The formation or promotion of IPD;
- Property acquired or proposed to be acquired by IPD in connection with its formation or promotion, or in connection with the Offer; or
- The Offer,

and no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given, to any such persons for services in connection with the formation or promotion of IPD or the Offer or to any Director or proposed Director to induce them to become, or qualify as, a Director.

6.3.1 Interests of advisers

IPD has engaged the following professional advisers:

- Bell Potter Securities Limited has acted as the Lead Manager to the Offer. IPD has paid, or agreed to pay, the Lead Manager the fees described in Section 9.5 for these services;
- Watson Mangioni Lawyers Pty Limited has acted as Australian legal adviser to the Company in relation to the Offer. IPD has paid, or agreed to pay, approximately $210,000 (excluding disbursements and GST) for these services up until the Prospectus Date. Further amounts may be paid to Watson Mangioni Lawyers Pty Limited in accordance with its normal time-based charges;
- PKF Corporate Finance (NSW) Pty Limited has acted as Investigating Accountant and has prepared the Independent Limited Assurance Report and has performed work in relation to due diligence enquiries. IPD has paid, or agreed to pay, up to $90,000 (excluding disbursements and GST) for the above services; and
- PKF(NS) Tax Pty Limited has acted as tax structuring and due diligence adviser in relation to the Offer. IPD has paid, or agreed to pay, up to $28,000 (excluding disbursements and GST) for the above services.

Other than as otherwise stated, these amounts, and other expenses of the Offer, will be paid by the Company out of funds raised under the Offer or available cash. Further information on the use of proceeds and payment of expenses of the Offer is set out in Section 7.1.2.

6.3.2 Directors' interests and remuneration

6.3.2.1 Chief Executive Officer

Michael Sainsbury is employed as the CEO. See Section 6.3.3.1 for further details.

At the Prospectus Date, Michael also holds performance rights to 175,183 Shares issued by the Company in respect of FY21 and performance rights issued by the Company in respect of FY22.

- The FY21 performance rights have performance hurdles relating to the Company's FY21 financial performance which have been achieved. Under their terms, these performance rights would continue to vest annually until September 2023. The Board (excluding the Executive Directors) has determined to exercise discretions available under the terms of the FY21 performance rights to vest and satisfy the FY21 performance rights, subject to the Offer proceeding. This will result in Michael being issued 175,183 Shares prior to Completion of the Offer in satisfaction of the FY21 performance rights.
- The Company and Michael have agreed to cancel the FY22 performance rights in exchange for the issue of 171,667 new Performance Rights under the Company's newly established EIP prior to Completion of the Offer, subject to the Offer proceeding. Details of these Performance Rights are set out in Section 6.3.4.2.

The Existing Shareholders who held Shares at 21 September 2021 (including Existing Shareholders associated with Michael) are entitled to receive from the Company a fully franked dividend of $7.5 million, which will be paid between the Prospectus Date and Completion of the Offer. The Existing Shareholders associated with Michael will be entitled to receive a fully franked dividend of $114,999 as part of this dividend.

6.3.2.2 Chief Financial Officer

Mohamed Yoosuff is employed as the CFO. See Section 6.3.3.2 for further details.

At the Prospectus Date, Mohamed also holds performance rights to 87,578 Shares issued by the Company in respect of FY21 and 5,000 performance rights issued by the Company in respect of FY22.

- The FY21 performance rights have performance hurdles relating to the Company's FY21 financial performance which have been achieved. Under their terms, these performance rights would continue to vest annually until September 2023. The Board (excluding the Executive Directors) has determined to exercise discretions available under the terms of the FY21 performance rights to vest and satisfy the FY21 performance rights, subject to the Offer proceeding. This will result in Mohamed being issued 87,578 Shares prior to Completion of the Offer in satisfaction of the FY21 performance rights.
- The Company and Mohamed have agreed to cancel the FY22 performance rights in exchange for the issue of 68,443 new Performance Rights under the Company's newly established EIP prior to Completion of the Offer, subject to the Offer proceeding. Details of these Performance Rights are set out in Section 6.3.4.2.

The Existing Shareholders who held Shares at 21 September 2021 (including Existing Shareholders associated with Mohamed) are entitled to receive from the Company a fully franked dividend of $7.5 million, which will be paid between the Prospectus Date and Completion of the Offer. The Existing Shareholders associated with Mohamed will be entitled to receive a fully franked dividend of $1,194,501 as part of this dividend.

6.3.2.3 Non-Executive Director remuneration

Under the Constitution, the Board may decide the total amount paid by the Company to each Director as remuneration for their services as a Director. However, under the Constitution and the ASX Listing Rules, the total amount of fees paid to all Non-Executive Directors in any financial year must not exceed the aggregate amount of Non-Executive Directors fees approved by Shareholders at the Company's general meeting. This amount has been fixed by the Company at $400,000 per annum.

Prior to Listing, each Non-Executive Director is entitled to an annual base fee of $60,000. From Listing, the annual Non-Executive Directors' base fee agreed to be paid by the Company to:

- The Chairman, David Rafter is $110,000; and
- The Non-Executive Director, Andrew Moffat is $70,000.

From listing, Non-Executive Directors will also be paid Committee fees of $8,000 per year for each Board Committee of which they are a Chair and a Committee fee of $2,000 for each Board Committee of which they are a non-Chair member.

All Non-Executive Directors' fees are inclusive of statutory superannuation contributions.

The Existing Shareholders who held Shares at 21 September 2021 (including Existing Shareholders associated with Andrew Moffat) are entitled to receive from the Company a fully franked dividend of $7.5 million, which will be paid between the Prospectus Date and Completion of the Offer. The Existing Shareholders associated with Andrew will be entitled to receive a fully franked dividend of $60,000 as part of this dividend.

6.3.2.4 Deeds of access, indemnity and insurance for Directors

IPD has entered into a deed of access, indemnity and insurance with each Director which contains the Director's right of access to certain books and records of the Company and its related bodies corporate for the period from the date of the deed until seven years after the Director ceases to hold office. This seven-year period can be extended where certain proceedings or investigations commence before the seven-year period expires but are not resolved until later and where the statute of limitations permits proceedings to be commenced against the Director after the seven-year period. Pursuant to the Constitution, the Company must indemnify all officers including the Directors and Secretary of the Company, past and present, against all liabilities that arise from their position as an officer of the Company to the extent permitted by law.

Under the deed of access, insurance and indemnity, the Company indemnifies each Director against any liability that may arise from their position as an officer of IPD, to the extent permitted by law. The deed provides that the Company must meet the full amount of any such liabilities, including reasonable legal costs and expenses. The Company must use all reasonable endeavours to obtain and maintain Directors' and Officers' insurance for its Directors to the extent permitted by law.

Pursuant to the deed of access, indemnity and insurance the Company must, to the extent permitted by law, maintain such insurance for the period from the date of the deed until seven years after the Director ceases to hold office. This seven-year period can be extended where certain proceedings or investigations commence before the seven-year period expires and where the statute of limitations permits proceedings to be commenced against the Director after the seven-year period.

6.3.2.5 Payments in connection with Listing

As part of the Non-Executive Directors' initial remuneration, IPD has also agreed to issue free bonus Shares to match, on a dollar for dollar basis up to $75,000 for the Non-Executive Chairman and the Non-Executive Director, the number of Shares issued to those Non-Executive Directors under the Offer.

The Non-Executive Directors have confirmed that they intend to acquire (or acquire through an associated entity) at least the following dollar value of Shares.

David Rafter – $75,000; and

Andrew Moffat – $75,000.

These NED Bonus Shares are included in Figure 6.1 below and will be subject to the voluntary escrow arrangements described in Section 7.14.

The issue of the NED Bonus Shares will occur only once and is being provided as part of remuneration for the services and responsibilities of those Non-Executive Directors before and during the IPO.

6.3.2.6 Directors' interests in Shares and other securities

Directors are not required under the Constitution to hold any shares in the Company. However, the direct and indirect interests in Shares and other securities of all Directors on Completion of the Offer (including the Shares that Directors and their associates intend to apply for under the Offer) are expected to be as follows:

- As at the Prospectus Date, David Rafter does not hold any Shares (either directly or through his associated entities). David has indicated to the Company that he intends to acquire at least $75,000 of Shares in the Offer (either directly or through his associated entities). As described in Section 6.3.2.5, if this occurs, David will also receive $75,000 of NED Bonus Shares.
- As at the Prospectus Date, Andrew Moffat holds 525,522 Shares (either directly or through his associated entities). Andrew has indicated to the Company that he intends to acquire at least $75,000 of Shares in the Offer (either directly or through his associated entities). As described in Section 6.3.2.5, if this occurs, Andrew will also receive $75,000 of NED Bonus Shares.
- As at the Prospectus Date, Michael Sainsbury holds 1,007,241 Shares (either directly or through his associated entities). Michael also holds performance rights in respect of FY21 and FY22. After the Prospectus Date and prior to Completion of the Offer:
  - the vesting of the performance rights held by Michael in respect of FY21 (in relation to which the Company's performance hurdles have been achieved) will be accelerated and will result in the issue of 175,183 Shares to Michael; and
  - the performance rights held by Michael in respect of FY22 will be cancelled and replaced with 171,667 Performance Rights as described in Section 6.3.4.2.
- As at the Prospectus Date, Mohamed Yoosuff holds 10,462,276 Shares (either directly or through his associated entities). Mohamed also holds performance rights issued by the Company in respect of FY21 and FY22. After the Prospectus Date and prior to Completion of the Offer:
  - the vesting of the performance rights held by Mohamed in respect of FY21 (in relation to which the Company's performance hurdles have been achieved) will be accelerated and will result in the issue of 87,578 Shares to Mohamed; and
  - the performance rights held by Mohamed in respect of FY22 will be cancelled and replaced with 68,443 Performance Rights described in Section 6.3.4.2.

Directors (and their associated entities) are entitled to participate in the Offer. If they do, the relevant interests of the Directors will change (and the extent of the change will depend on the number of Shares acquired). Final Directors' security holdings will be notified to the ASX on Listing. Directors may hold their interests in securities shown above directly, or indirectly through holdings by companies or trusts.

None of the Directors (or their associated entities) are Selling Shareholders.

6.3.2.7 Other information about Directors' interests and benefits

Directors will be reimbursed for properly documented and incurred travelling and other expenses in connection with attending and returning from Board or Committee meetings and general meetings. Non-Executive Directors may be paid such additional remuneration as the Directors consider to be appropriate where a Director performs extra services which are in addition to the ordinary duties of a Director of the Company.

There are no retirement benefit schemes for Directors, other than statutory superannuation contributions. Chapter 2E of the Corporations Act prohibits a company from giving a financial benefit to a related party (including any Director) without the prior approval of its members by ordinary resolution, unless an exemption applies.

Other interests of Directors are set out in this Section 6.3 and Section 6.5.

6.3.3 Executive remuneration

6.3.3.1 Chief Executive Officer

Details regarding the terms of employment of the CEO and Executive Director, Michael Sainsbury are set out below.

Term	Description
Employer	The Company
Remuneration and other benefits	Effective from 1 July 2021, Michael Sainsbury is entitled to receive a base salary of $412,000 (exclusive of superannuation). Michael is also entitled to use of a motor vehicle, laptop and mobile phone provided by the Company.
Short-Term Incentives	For FY22, Michael is eligible to receive a cash bonus under IPD's STI as described in Section 6.3.4.1. The maximum cash bonus for Michael for FY22 has been set at $206,000 (inclusive of superannuation), which is 50% of Michael's base salary (exclusive of superannuation) for FY22.
Long-Term Incentives	If the Offer proceeds, Michael will also participate in IPD's EIP for FY22 and will be issued with the number of Performance Rights calculated by dividing $206,000 (which is 50% of Michael's base salary for FY22, exclusive of superannuation) by the Offer Price. These Performance Rights will be issued in exchange for the cancellation of Michael's existing performance rights for FY22 as described in Section 6.3.2.1. See Section 6.3.4.2 for further details of these Performance Rights.
Termination	Under Michael's employment contract, either Michael or the Company can terminate his employment by giving the other party three months' notice (which the Company may pay in lieu of notice of part for all of the notice period). The Company may also summarily terminate Michael's employment contract in certain circumstances, including if Michael engages in serious misconduct, is grossly negligent or incompetent in the performance of his duties, if he commits any serious or persistent breach of the employment contract or any workplace policy or if he is charged with a criminal offence that the Company considers adversely impacts his suitability for employment with the Company.
Restraints	Michael's employment contract contains post-employment restraints including: • Restraints against engaging in any business activity that is the same as or substantially similar to or in competition with any part of the business conducted by IPD; • Restraints against enticing certain Directors, employees or contractors away from the Company; and • Restraints against interfering with the relationship between the Company and any Director, employee, contractor, client, prospective client or supplier. The restrictions above purport to operate for up to 12 months post-employment and enforceability of these restraints is subject to all usual legal restrictions.

6.3.3.2 Chief Financial Officer

Details regarding the terms of employment of the CFO and Executive Director, Mohamed Yoosuff, are set out below.

Term	Description
Employer	The Company
Remuneration and other benefits	Effective from 1 July 2021, Mohamed Yoosuff is entitled to receive a base salary of $328,527 (exclusive of superannuation). Mohamed is also entitled to a motor vehicle allowance of $51,096 per annum and use of a laptop and mobile phone provided by the Company.
Short-Term Incentives	For FY22, Mohamed is eligible to receive a cash bonus under IPD's STI program as described in Section 6.3.4.1. The maximum cash bonus for Mohamed for FY22 has been set at $164,264 (inclusive of superannuation), which is 50% of Mohamed's base salary (exclusive of superannuation) for FY22.
Long-Term Incentives	If the Offer proceeds, Mohamed will also participate in IPD's EIP for FY22 and will be issued with the number of Performance Rights calculated by dividing $82,132 (which is 25% of Mohamed's base salary for FY22, exclusive of superannuation) by the Offer Price. These Performance Rights will be issued in exchange for the cancelation of Mohamed's existing performance rights for FY22 as described in Section 6.3.2.2. See Section 6.3.4.2 for further details of these Performance Rights.
Termination	Under Mohamed's employment contract, either Mohamed or the Company can terminate his employment by giving the other party three months' notice (which the Company may pay in lieu of notice for part or all of the notice period). The Company may also summarily terminate Mohamed's employment contract in certain circumstances, including if Mohamed engages in serious misconduct, is grossly negligent or incompetent in the performance of his duties, if he commits any serious or persistent breach of the employment contract or any workplace policy or if he is charged with a criminal offence that the Company considers adversely impacts his suitability for employment with the Company.
Restraints	Mohamed's employment contract contains post-employment restraints including: • restraints against engaging in any business activity that is the same as or substantially similar to or in competition with any part of the business conducted by IPD; • restraints against enticing certain directors, employees or contractors away from the Company; and • restraints against interfering with the relationship between the Company and any Director, employee, contractor, client, prospective client or supplier. The restrictions above purport to operate for up to 12 months post-employment and enforceability of these restraints is subject to all usual legal restrictions.

6.3.4 Employee and executive incentive arrangements

IPD has established a number of incentive arrangements to enable attraction, motivation and retention of management and employees.

The remuneration structure for executives of the Company is a mix of fixed remuneration and at-risk, performance-based remuneration to ensure a focus on both short-term and long-term performance, and alignment with shareholder interests. This approach is designed to attract, retain and reward executives to deliver sustainable returns for Shareholders.

If the Offer proceeds, based on a full year performance period, in the case of:

- Michael Sainsbury, 48.1%of his total remuneration (excluding superannuation and long service leave expenses and including remuneration and other benefits and FY22 participation in IPD's STI and EIP referred to above) is at-risk; and
- Mohamed Yoosuff, 39.4% of his total remuneration (excluding superannuation and long service leave expenses and including remuneration and other benefits and FY22 participation in IPD's STI and EIP referred to above) is at-risk.

In order to deliver the 'at-risk' component, the Company has established the STI program and the EIP.

6.3.4.1 Short-term incentives

The Company has established a short-term incentive (STI) program under which cash awards may be payable to participants, subject to the satisfaction of specified performance criteria. The Company's executive employment contracts recognise the potential for the award of STIs in future years.

Under the STI program, the Board may, in its absolute and sole discretion, determine the participation in, the amount of and performance criteria for the STI program for any given year. Performance criteria may include:

- Individual performance criteria tailored to each respective role; and/or
- The Company's financial performance against criteria set by the Board for the relevant financial year and may include measures such as statutory or pro-forma EBITDA, EBIT or NPAT targets.

From its establishment, the Remuneration and Nomination Committee will make recommendations to the Board in relation to the remuneration packages for the executive team including any participation by members of the executive team in the STI program. It is intended that these will be reviewed annually. The Remuneration and Nomination Committee may seek external advice to determine the appropriate level and structure of remuneration packages from time to time.

For FY22, the Board has determined that Michael Sainsbury, Mohamed Yoosuff and selected other members of IPD's management team will participate in the STI program. Details of Michael Sainsbury's and Mohamed Yoosuff's maximum participation in the STI program are contained in Sections 6.3.3.1 and 6.3.3.2 respectively.

6.3.4.2 Equity incentives

The Company has established the EIP to assist in the motivation, reward and retention of senior management and other IPD employees from time to time. The EIP is designed to align the interests of senior management and other employees with the interests of Shareholders by providing an opportunity for employees to receive equity interests in the Company subject to the satisfaction of certain performance conditions. IPD may offer additional incentive schemes to the management and employees over time.

The EIP is a long-term incentive plan, under which options or performance rights to subscribe for or be transferred Shares (**Plan Awards**) may be offered to eligible employees (including a Director employed in an executive capacity or any other person who is declared by the Board to be eligible) selected by the Directors at their discretion.

The invitations issued to eligible employees will include information such as the amount required to be paid for the Plan Award (if any), vesting conditions and any trading restrictions on dealing with Shares allocated on vesting or exercise of a Plan Award. Upon acceptance of an invitation, the Directors will grant Plan Awards in the name of the eligible employee. On vesting, one Plan Award is exercisable into or entitles the holder to one Share. Unless otherwise specified in an invitation, the Directors have the discretion to settle Plan Awards with a cash equivalent payment.

Plan Awards will not be listed and may not be transferred, assigned or otherwise dealt with except with the approval of the Directors (or by force of law upon death to the participant's legal personal representative or upon bankruptcy to the participant's trustee in bankruptcy). Plan Awards will only vest where the vesting conditions (if any) and any other relevant conditions advised to the participant by the Directors have been satisfied or as otherwise permitted under the EIP. The Directors may determine such conditions (including vesting conditions) at their discretion. An unvested Plan Award will lapse in a number of circumstances including where performance conditions (if any) are not satisfied within the relevant time period, the participant deals with the Plan Award in breach of the rules of the EIP, or in the opinion of the Directors, a participant has acted fraudulently or dishonestly.

If a participant's employment or engagement with IPD terminates before the Plan Awards have vested, the Plan Awards that have not vested will lapse, unless the invitation provides otherwise or the Directors in their absolute discretion determine that some or all of the unvested Plan Awards will be treated in another manner. Where Plan Awards have vested prior to the termination of a participant's employment or engagement with IPD the participant will have a period of time to exercise the vested Plan Awards before they lapse.

On the occurrence of certain events (such as the making of a takeover bid for the Company or the approval of a scheme of arrangement in relation to the Company), unless otherwise provided for in the terms of specific Plan Awards, the Directors may in their absolute discretion determine that some or all Plan Awards vest, lapse, become forfeited or are subject to amended conditions. If there are certain variations of the share capital of the Company including a capitalisation or rights issue, subdivision, consolidation or reduction in share capital, the Directors may make such adjustments as they consider appropriate under the EIP, in accordance with the provisions of the ASX Listing Rules.

Unless and until Shares are allocated following a Plan Award vesting and, where required, being exercised, the holder has no interest in those Shares and has no rights to dividends and no rights to vote at meetings of the Company. Shares issued upon vesting and, where required, exercise, of the Plan Awards will upon allotment rank equally in all respects with other Shares, except as regards any rights attaching to such Shares by reference to a record date prior to the date of their issue.

For so long as Shares are Listed, the Company will apply for quotation on ASX of the Shares issued under the EIP. No Plan Awards or Shares may be offered under the EIP if to do so would contravene the Corporations Act, the ASX Listing Rules or instruments of relief issued by ASIC from time to time. The EIP provides the Board with broad clawback powers if, for example, the participant has acted fraudulently or dishonestly, or is in breach of his or her obligations to IPD.

The Board may at any time amend all or any provisions of the EIP or the terms or conditions of any Plan Award granted under the EIP, subject to limited restrictions on amendments that adversely affect the existing rights of a holder of Plan Awards. The exercise by the Board of any discretion granted under the EIP or the terms of a Plan Award will not constitute an amendment of the provisions of the EIP. The Board may at any time waive in whole or in part any terms or conditions (including any vesting conditions) in relation to any Plan Awards granted under the EIP. The Board may, at any time, terminate or suspend the EIP.

Grants of the FY22 award under the EIP will be made before Completion of the Offer in exchange for cancelation of existing performance rights issued by the Company in respect of FY22. The key features of the FY22 award under the EIP that are not provided for above are outlined in the table below:

Topic	Summary
Eligibility	Michael Sainsbury and Mohamed Yoosuff (the executives) are the only employees who are receiving Performance Rights pursuant to the FY22 award under the EIP. They are both Directors.
Award	The FY22 award under the EIP will be delivered in Performance Rights. A Performance Right entitles the participant acquire a Share on vesting at nil exercise price, subject to the satisfaction of vesting conditions. Once vested, the Performance Rights do not need to be separately exercised and no exercise price is payable.

Topic	Summary
Why are Performance Rights being used?	Each executive holds existing performance rights in respect of FY22. These existing performance rights in respect of FY22 will be cancelled and replaced by the Performance Rights. The Performance Rights will be issued to remunerate and incentivise the executives. The Board considers that the Performance Rights will be appropriate element of the executives' annual remuneration, as part of the remuneration structure set out above.
Quantum of grants	The Company will grant Performance Rights as follows: • Michael Sainsbury CEO and Executive Director – 171,667 Performance Rights, calculated by dividing $206,000 by the Offer Price, rounding to the nearest whole number • Mohamed Yoosuff CFO and Executive Director – 68,443 Performance Rights, calculated by dividing $82,132 by the Offer Price, rounding to the nearest whole number
Issue and exercise price	The Performance Rights will be issued to the executives at no cost as they form part of the executive's incentive arrangements. Once vested, the Performance Rights do not need to be separately exercised and no exercise price is payable.
Vesting conditions	The Performance Rights are subject to performance conditions as follows: • 50% of a Participant's Performance Rights will be tested against the Company's total shareholder return (**TSR**) for FY22 in comparison to the median TSR achieved by a comparator group (**TSR Rights**); and • 50% of a Participant's Performance Rights will be tested against the Company's NPAT for FY22 in comparison to the forecast statutory NPAT for FY22F disclosed in this Prospectus (**NPAT Rights**). In addition to these performance conditions, the Performance Rights will only vest at their respective Vesting Date. **Performance conditions** *TSR Rights* The Company's TSR will be assessed against the median performance over the relevant performance period of the companies included in the S&P/ASX Small Ordinaries Industrials Index. For the calculation of the Company's TSR, the share price baseline for the TSR calculation will be the Offer Price and the performance period will be the period from the date that the Company is Listed to 30 June 2022. *NPAT Rights* The Company's NPAT will be calculated using the Company's financial performance as reported in the Company's audited full year audited results for FY22, excluding: • one-off or extraordinary revenue items; • revenue received in the form of government grants, allowances, rebates or other hand-outs; and • revenue or profit that has been 'manufactured' to achieve the performance condition.

Topic	Summary
Vesting conditions *continued*	**Vesting Date** In addition, even if either of the performance conditions are satisfied, Performance Rights will only vest if the Participant continues to be employed by the Company and has not given notice on the following dates: • 1/3 of a Participant's Performance Rights that have satisfied the relevant performance condition will vest on 30 September 2022; • 1/3 of a Participant's Performance Rights that have satisfied the relevant performance condition will vest on 30 September 2023; and • 1/3 of a Participant's Performance Rights that have satisfied the relevant performance condition will vest on 30 September 2024, (with each of 30 September 2022, 30 September 2023 and 30 September 2024 being a **Vesting Date**). Calculation of the performance conditions and achievement against the performance conditions and vesting schedule will be determined by the Board in its absolute discretion, having regard to any matters that it considers relevant (subject to the stated exclusions from NPAT calculations applying in all cases).
Why were the vesting conditions chosen?	**Performance conditions** The performance condition for the TSR Rights was chosen to align the interests of the executives with shareholder interests in optimising TSR (including the value of any dividend) and achieving median TSR when compared to a comparator group of listed companies. The Board believes that TSR is an appropriate performance condition as it links executive reward to the Company's relative share performance which is consistent with creating shareholder value relative to the Company's peer group. The Board believes that the S&P/ASX Small Ordinaries Industrials Index represents an appropriate comparator group of listed companies as it represents a meaningful statistical sample and an appropriate group of alternative potential investments for shareholders with which to compare the Company's performance. The performance conditions for the NPAT Rights were chosen to align the interests of the executives with shareholder interests in optimising the potential funds of the Company available for distribution to Shareholders as dividends and to provide an incentive for the executives to focus on the Company's effective management of treasury and tax matters. **Vesting Dates** The Vesting Dates have been set to assist the Company in the ongoing retention of the executives.
Vesting and expiry of Performance Rights	Unless the Board exercises a discretion available to it under the EIP: • in the event that either performance condition is not achieved, the Performance Rights relating to that performance condition will lapse; and • if the Participant ceases to be employed or has given notice before any of the Vesting Dates, the Performance Rights that have not yet vested at that time will lapse. Otherwise, Performance Rights will vest on satisfaction of both the relevant performance condition and the Participant's continued employment (without having given notice) at the relevant Vesting Date for the Performance Right.
Cash settlement	On vesting, the Company may exercise its discretion to make cash payments in lieu of allocating Shares to satisfy the Performance Rights.

Topic	Summary
Change of control and other circumstances which may trigger early vesting	In the event of a change of control of the Company, the Board may determine that the Performance Rights vest in accordance with the EIP, notwithstanding that the performance milestones have not been achieved, but only if the change of control of the Company is triggered by a person who does not control the Company at the time the Performance Rights are issued achieving control of more than 50% of the ordinary voting securities in the Company.

At the date of the Prospectus, the only Plan Awards issued under the EIP are the Performance Rights referred to above.

ASX Listing Rules compliance

Set out below is additional information required by the ASX Listing Rules.

Item	Description
ASX Listing Rules compliance	The Performance Rights are being issued to remunerate and incentivise the executives. The Board considers that the Performance Rights are an appropriate element of the executives' annual remuneration, as part of the remuneration structure set out above.
Remuneration package	Details of each executive's total remuneration packages are contained in Section 6.3.3 above.
No prior issue	The EIP is a new plan. Accordingly, no securities have previously been issued to the executives.
No loans	No loans will be made by the Company to the executives in relation to the issue of Performance Rights.
Reporting	Details of any Performance Rights issued under the EIP as described above will be published in the Company's Annual Report relating to the period in which they were issued. Any additional persons covered by ASX Listing Rule 10.14 who become entitled to participate in an issue of Performance Rights under the EIP after the date of this Prospectus and who are not named in this Section will not participate until shareholder approval is obtained under that rule.

6.4. Corporate Governance

6.4.1 Introduction

This Section 6.4 explains how the Board will oversee the management of IPD's business. The Board is responsible for the overall corporate governance of IPD. The Board monitors the operational and financial position and performance of IPD and oversees its business strategy including approving the strategic goals of IPD and considering and approving an annual business plan, including a budget. The Board is committed to maximising performance, generating financial returns and greater value for Shareholders, and sustaining the growth and success of IPD.

In conducting IPD's business with these objectives, the Board seeks to ensure that IPD is properly managed to protect and enhance Shareholder interests; and that IPD, and its Directors, officers and personnel operate in an appropriate environment of corporate governance. Accordingly, the Board has created a framework for managing IPD including adopting relevant internal controls, risk management processes and corporate governance policies and practices which it believes are appropriate for IPD's business and which are designed to promote the responsible management and conduct of IPD.

The main policies and practices adopted by the Company, which will take effect from Listing, are summarised below. In addition, many governance elements are contained in the Constitution. The Code of Conduct outlines how IPD expects Directors, officers and personnel to behave and conduct business in a range of circumstances. In particular, the Code of Conduct requires awareness of, and compliance with, laws and regulations relevant to IPD's operations, including occupational health and safety, risk management, privacy and employment and diversity practices. Details of the Company's key policies and practices and the charters for the Board and each of its committees are available at www.ipdgroup.com.au.

The Company is seeking to list its Shares on the ASX. The ASX Corporate Governance Council has developed and released its Corporate Governance Principles and Recommendations for Australian listed entities (**ASX Recommendations**) in order to promote investor confidence and to assist companies in meeting stakeholder expectations. The ASX Recommendations are not prescriptive, but guidelines. However, under the ASX Listing Rules, the Company will be required to provide a statement in its annual report disclosing the extent to which it has followed the recommendations in the reporting period. Where the Company does not follow a recommendation, it must identify that recommendation and give reasons for not following it. The Company must also explain what (if any) alternative governance practices it has adopted in lieu of the recommendation.

Except as set out below, the Board currently does not anticipate that it will depart from the recommendations of the ASX Recommendations. However, it may do so in the future if it considers that such a departure would be reasonable or appropriate.

6.4.2 Board of Directors

As at the Prospectus Date, the Board of Directors comprises two independent Non-Executive Directors (including the Chairman) and two Executive Directors (being the CEO and the CFO).

The Board comprises:

- David Rafter – Independent Non-Executive Chairman;
- Andrew Moffat – Independent Non-Executive Director;
- Michael Sainsbury – Executive Director and CEO; and
- Mohamed Yoosuff – Executive Director and CFO.

Detailed biographies of the Board members are provided in Section 6.1.

Each Director has confirmed to the Company that he anticipates being available to perform his duties as a Non-Executive Director or Executive Director without constraint from other commitments.

The Board considers an Independent Director to be a Non-Executive Director who is not a member of the Company's management and who is free of any business or other relationship that could materially interfere with or reasonably be perceived to materially interfere with the independent exercise of their judgement. The Board will consider the materiality of any given relationship on a case-by-case basis and has adopted guidelines to assist in this regard. The Board will review the independence of each Director in light of interests disclosed to the Board from time to time.

The Board Charter sets out guidelines for the purpose of determining independence of Directors in accordance with the ASX Recommendations and has adopted a definition of independence that is based on that set out in the ASX Recommendations.

The Board considers qualitative principles of materiality for the purpose of determining 'independence' on a case-by-case basis. The Board will consider whether there are any factors or considerations which may mean that the Director's interest, business or relationship could, or could be reasonably perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

The Board considers that each of David Rafter and Andrew Moffat is free from any interest, position or relationship that might influence, or might reasonably be perceived to influence, in a material respect, his or her capacity to bring independent judgement to bear on issues before the Board and to act in the best interests of the Company as a whole rather than in the interests of an individual shareholder or other party and is able to fulfil the role of an Independent Director for the purpose of the ASX Recommendations.

Michael Sainsbury and Mohamed Yoosuff are not currently considered by the Board to be independent Directors, as:

- Michael Sainsbury is the CEO of the Company; and
- Mohamed Yoosuff is the CFO of the Company.

The composition of the Board does not comply with the ASX Recommendations in that it does not comprise of a majority of independent directors. The Board believes that each of Michael Sainsbury and Mohamed Yoosuff will add significant value to the Board given their considerable experience and skills and will bring objective and independent judgement to the Board's deliberations. Consequently, having considered the Company's immediate requirements as it transitions to an ASX-listed company and the relevant skills and experience of the current members of the Board, the Board believes that, even though a majority of the Board are not independent Directors, the composition of the Board is an appropriate size and reflects an appropriate range of skills, expertise and experience for the Company upon listing. The Company will continually evaluate whether it will be appropriate to consider additional independent directors as the business evolves and expands.

6.4.3 Board Charter

The Board has adopted a written charter to provide a framework for the effective operation of the Board. The Charter governs the operations of the Board. It sets out the Board's composition, structure and membership requirements, role and responsibilities and the relationship with management.

The Board is responsible for the overall operation and stewardship of the Company and, in particular, for the long-term growth and profitability of the Company, the strategies, policies and financial objectives of the Company, and for monitoring the implementation of those policies, strategies and financial objectives.

In performing the responsibilities set out in the Charter, the Board should act at all times in a manner designed to create and continue to build sustainable value for shareholders and in accordance with the duties and obligations imposed on them by the Company's constitution and by law.

The role of the Board includes:

- Providing leadership and setting the strategic objectives of the Company;
- Overseeing management's implementation of the Company's strategic objectives and its performance generally;
- Implementing and monitoring all capital budgets and annual financial budgets;
- Monitoring the financial performance of the Company;
- Reviewing procedures and practices employed in relation to health, safety and the environment and to assess their adequacy;
- Monitoring the Company's continuous disclosure policy and procedures;
- Approving and monitoring all public statements or media releases made that relate to the Company's performance or forecasts;
- Conducting regular reviews of the Company's corporate governance policies and practices, particularly the Company's risk management framework and policies (and associated risk appetite), and other policies and practices that must change as a result of the growth of the Company;
- Challenging management and the CEO, where required, to ensure that management is held to account;
- Approving and monitoring capital management and major capital expenditure, acquisitions and divestments;
- Approving and monitoring material internal and external financial and other reporting;
- Ensuring that a performance evaluation process is undertaken to review the performance of the Board and senior executives at least once every year;
- Developing a Board skills matrix which sets out the mix of skills, expertise, experience and diversity that the Board currently has or is looking to achieve in its membership; and
- Approving the Company's values and Code of Conduct, and monitoring corporate culture, and setting and reviewing the Company's governance policies.

The CEO is responsible for running the day to day affairs of the Company under delegated authority from the Board and to implement the policies and strategy set by the Board. In carrying out the CEO's responsibilities, the CEO must ensure that the Board is provided with accurate information in a timely and clear manner. The CFO will confirm to the Audit and Risk Committee that financial reports present a true and fair view of the Company's financial condition and operational results. The role of management is to support the CEO and implement the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

6.4.4 Board committees

The Board may from time to time establish appropriate committees to assist in the discharge of its responsibilities. The Board has established an Audit and Risk Committee and a Nomination and Remuneration Committee.

Other committees may be established by the Board as and when required.

Audit and Risk Committee

The Audit and Risk Committee's charter provides that, where practicable, the Board will strive to adhere to the composition requirements for the Audit and Risk Committee recommended in the ASX Recommendations. If the Audit and Risk Committee does not adhere to those composition requirements, the Board will periodically evaluate the performance and function of the Audit and Risk Committee and determine whether it will be appropriate to appoint additional members to the Committee or remove and replace members of the Committee.

From Listing, the Audit and Risk Committee will comprise:

- Andrew Moffat (Chair); and
- David Rafter.

The composition of the Audit and Risk Committee does not comply with the ASX Recommendations in that it does not comprise at least three members. However, the Board considers this to be reasonable having regard to the current Board composition and the fact that all Board members who are not on the Audit and Risk Committee are Executive Directors.

The Committee may invite such other persons (for example, staff or external parties) to its meetings, as it deems necessary, whether on a permanent or ad hoc basis.

The Audit and Risk Committee has been established to assist the Board in fulfilling its corporate governance and oversight responsibilities in relation to the Company's financial reports and financial reporting process and internal control structure, risk management systems (financial and non-financial) and the internal and external audit process. Accordingly the Committee will meet on a regular basis to:

- Review and approve internal audit and external audit plans;
- Review and recommend to the Board financial reports;
- Review internal and external audit functions and the integrity of those processes; and
- Review the effectiveness of the Company's compliance and risk management functions.

The Audit and Risk Committee will review and assess the independence and performance of the external auditor and draft an annual statement for inclusion in the Company's annual report as to whether the Committee is satisfied the provision of non-audit services is compatible with external auditor independence.

From Listing, the Audit and Risk Committee will also review the Company's risk management framework on an annual basis. However, this review was not conducted in the most recent reporting period (being prior to adoption of the Audit and Risk Committee's charter).

Nomination and Remuneration Committee

The Remuneration and Nomination Committee's charter provides that, where practicable, the Board will strive to adhere to the composition requirements for the Remuneration and Nomination Committee recommended in the ASX Recommendations. If the Remuneration and Nomination Committee does not adhere to those composition requirements, the Board will periodically evaluate the performance and function of the Remuneration and Nomination Committee and determine whether it will be appropriate to appoint additional members to the Committee or remove and replace members of the Committee.

From Listing, the Remuneration and Nomination Committee will comprise:

- David Rafter (Chair); and
- Andrew Moffat.

The composition of the Remuneration and Nomination Committee does not comply with the ASX Recommendations in that it does not comprise at least three members. However, the Board considers this departure to be reasonable having regard to the current Board composition and the fact that all Board members who are not on the Remuneration and Nomination Committee are Executive Directors.

The purpose of the Remuneration and Nomination Committee is to assist and advise the Board on:

- The Company's remuneration policy, including as it applies to Directors and the process by which any pool of Directors' fees approved by shareholders is allocated to Directors;
- Board succession issues and planning and succession plans of the CEO, senior executives and executive Directors;
- The process for recruiting a new Director, including evaluating the balance of skills, knowledge, experience, independence and diversity on the Board and, in the light of this evaluation, preparing a description of the role and capabilities required for a particular appointment; and
- The Board's 'skills matrix', including assisting the Board to develop and regularly reviewing its Board skills matrix and identifying any gaps in the collective skills of the Board that should be addressed as part of the Company's professional development initiatives for Directors.

From Listing, the Board, in consultation with the Nomination and Remuneration Committee as appropriate, is responsible for evaluating the performance of the Board, its committees and individual directors on an annual basis. However, this review was not conducted in the most recent reporting period (being prior to adoption of the Nomination and Remuneration Committee's charter).

6.4.5 Diversity policy

The Company has adopted a Diversity Policy which sets out the Company's commitment to creating a diverse environment in which everyone is treated fairly and with respect. The Company's Diversity Policy was adopted on 27 October 2021. The Board has not yet set measurable objectives for achieving gender diversity. However, the Company's Board does take into account the gender, age, ethnicity and cultural background of potential Board members, executives and employees.

6.4.6 Continuous disclosure policy

Once listed, the Company will be required to comply with the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act. The Company will be required to disclose to the ASX any information concerning the Company which a reasonable person would expect to have a material effect on the price or value of the Company's securities.

The Board aims to ensure that Shareholders and stakeholders are informed of all major developments affecting the Company's state of affairs. As such, the Company has adopted a Continuous Disclosure Policy and Shareholder Communication Policy, which together establish procedures to ensure that Directors and senior management are aware of, and fulfil their obligations in relation to, providing timely, full and accurate disclosure of material information to the Company's stakeholders and comply with the Company's disclosure obligations under the Corporations Act and the ASX Listing Rules. The Continuous Disclosure Policy also sets out procedures for communicating with the media and the market.

The Board's aim is to ensure that Shareholders are provided with sufficient information to assess the performance of the Company and that they are informed of all major developments affecting the state of affairs of the Company relevant to Shareholders in accordance with all applicable laws. Information will be communicated to Shareholders through the lodgement of information with the ASX required by the Company's continuous disclosure obligations and publishing information on the Company's website. The Shareholder Communication Policy is designed to promote effective communication with Shareholders and other IPD stakeholders and to encourage effective participation of relevant parties at general meetings. The Shareholder Communication Policy supplements the Continuous Disclosure Policy.

The Company is committed to observing its disclosure obligations under the ASX Listing Rules and the Corporations Act. Information will be communicated to Shareholders through the lodgement of all relevant financial and other information with the ASX and continuous disclosure announcements will be made available on the Company's website at www.IPDGroup.com.au.

6.4.7 Securities Trading Policy

The Company has adopted a Securities Trading Policy, the following aspects of which will apply to the Company's directors, officers, key management personnel, senior management, and other persons nominated by the Board from time to time (**Relevant Persons**).

The Securities Trading Policy is intended to explain the types of conduct in relation to dealings in securities that are prohibited under the Corporations Act and to establish procedures in relation to dealings in securities including Shares by Relevant Persons.

The Securities Trading Policy defines certain 'prohibited periods' during which trading in Shares by Relevant Persons is prohibited without prior approval provided in accordance with the policy. Those prohibited periods are currently defined as any of the following periods:

- the period each year from the close of trading at the end of the full financial year until 10:00am on the trading day following the date of announcement to ASX of the preliminary final statement or full year results;
- the period each year from the close of trading at the end of the half financial year until 10:00am on the trading day following the date of announcement of half-yearly results;
- within 24 hours after the release of market sensitive information; and
- any other period that the Board designates as a 'prohibited period' for the purposes of this policy.

In all instances, buying or selling Shares is not permitted at any time by any person who possesses price-sensitive information, in a manner contrary to the Corporations Act.

6.4.8 Code of Conduct

The Board recognises the need to observe the highest standards of corporate practice and business conduct. Accordingly, the Board has adopted a Code of Conduct, which sets out the way the Company conducts business. The Company will carry on business honestly and fairly, acting only in ways that reflect well on the Company in strict compliance with all laws and regulations.

The policy document outlines Company employees' obligations of compliance with the Code of Conduct, and explains how the Code of Conduct interacts with the Company's other corporate governance policies.

Responsibilities include protection of the Company's business, protecting confidential information and avoiding conflicts of interest.

6.4.9 Whistleblower policy

The Company has adopted a whistleblower policy, which encourages the reporting of suspected unethical, illegal, fraudulent, corrupt or dishonest conduct and that those who promptly report may do so with confidence and without fear of intimidation, ramifications or adverse consequences, complementing its Code of Conduct. Examples of reportable conduct under the whistleblower policy include (but are not limited to):

- Dishonest, corrupt or fraudulent conduct or practices, including bribery;
- Illegal activity;
- Dishonest or unethical dealings;
- Actions that may cause financial or reputational loss to the Company; and
- Actions that are potentially damaging to the Company, employees or third parties.

The whistleblower policy ensures protection over whistleblowers by allowing for anonymous reports to be made, protecting confidentiality of the whistleblowers and not tolerating any detriment caused or threatened to be caused against any person who has made or who is believed to have made a report regarding the reportable conduct.

6.4.10 Anti-bribery and corruption policy

The Company has adopted an anti-bribery and corruption policy to demonstrate its commitment to conducting its business and operations with integrity and in a manner that applies the highest ethical standards, complementing the Company's Code of Conduct. All employees, officers, Directors and agents acting for, or representing, the Company, in all their dealings including (but not limited to) interactions with customers, retailers, local authorities, government bodies, public officials, subcontractors or service providers, must not either directly or indirectly:

- Solicit or accept any bribe, facilitation payments or illegal or inappropriate gift;
- Falsify any books, records or accounts relating to the Company;
- Offer to provide gifts, hospitality or any other benefits either to public officials or which are otherwise not permitted to be given in accordance with the requirements of local legislation and applicable industries codes of conduct to which the Company subscribes;
- Make any political donations on behalf of the Company;
- Make any charitable donations on behalf of the Company without prior approval in accordance with the anti-bribery and corruption policy; and/or
- Engage with or deal with third parties or agents acting for or representing the Company who engage or are reasonably suspected of engaging in activities such as giving secret commissions.

6.4.11 Relationship with existing private investors

The Existing Shareholders will retain an aggregate approximately 61.2% interest in the Company on Completion of the Offer. This will include the substantial shareholders outlined in Section 7.1.6 who will remain investors in the Company following Completion of the Offer until such time as they sell their Shares.

The Escrowed Shareholders have entered into voluntary escrow arrangements. Any decision made by them to sell down their interest in the Company following the expiry of the voluntary escrow arrangements will be a decision made having regard to a range of factors. These include the market environment at the time and the interests of the Escrowed Shareholders. See Section 7.14 for a summary of the terms of the voluntary escrow arrangements.

Risks associated with the Existing Shareholders' continued interest in the Company are set out in Section 5.3.5.

6.5. Related Party Transactions

6.5.1 Director appointment and employment agreements

IPD has entered into employment arrangements with Michael Sainsbury and Mohamed Yoosuff. Details of those arrangements are set out in Section 6.3.3. Details of the incentive arrangements for Michael Sainsbury and Mohamed Yoosuff are set out in Sections 6.3.2.1, 6.3.2.2 and 6.3.4.

IPD has also entered into arrangements associated with the appointment of the Non-Executive Directors. Details of payments made to the Non-Executive Directors are set out in Sections 6.3.2.3 and 6.3.2.5.

The Directors believe that the benefits under these arrangements do not need member approval on the basis that they constitute reasonable remuneration for officers of the Company.

6.5.2 Deeds of access, indemnity and insurance of Directors

The Company has also entered into a deed of access, indemnity and insurance with each Director as described in Section 6.3.2.4.

The Directors believe that the benefits under these arrangements do not need member approval on the basis that they are arrangements with related parties who are officers of the Company that constitute an agreement to give an indemnity or exemption or to pay an insurance premium, in respect of liabilities incurred as an officer of the public company, and that giving the benefits under the deeds of access, indemnity and insurance would be reasonable in the circumstances of the Company.

6.5.3 SaleCo arrangements

SaleCo has been established to enable the Existing Shareholders to sell some of their Existing Shares into the Offer. The Directors of SaleCo are Mohamed Yoosuff, David Rafter and Michael Sainsbury. Mohamed Yoosuff is the sole shareholder of SaleCo. Details of the arrangements between the Company and SaleCo in relation to the Offer are set out in Section 9.4.

The Directors believe that the benefits under these arrangements do not need member approval on the basis that they would be reasonable in the circumstances if the Company and SaleCo were dealing at arm's length.

6.5.4 Dividend payment

The Existing Shareholders who held Shares at 21 September 2021 are entitled to receive from the Company a fully franked dividend of $7.5 million, which will be paid between the Prospectus Date and Completion of the Offer. Existing Shareholders entitled to receive this fully franked dividend include Existing Shareholders associated with Michael Sainsbury, Mohamed Yoosuff and Andrew Moffat. See Section 6.3.2 for further details.

The Directors believe that the benefits under these arrangements are benefits given to recipients in their capacity as a member of the Company and the giving of the benefit does not discriminate unfairly against the other members of the Company.

Section 7.
Details of the Offer

7.1. The Offer

This Prospectus relates to an initial public offering that comprises the issue of 16.9 million New Shares in the Company and the sale of 16.6 million Existing Shares by SaleCo. Shares offered under the Offer are offered at an Offer Price of $1.20 per Share (other than the Shares offered to Eligible Employees for no payment under the Employee Gift Offer).

A total of up to 33.5 million Shares will be available under the Offer. These Shares will be available for investors under the Broker Firm Offer, the Priority Offer, the Employee Gift Offer and the Institutional Offer.

The Shares offered under this Prospectus will represent approximately 38.8% of the Shares on issue on Completion of the Offer. The Offer is expected to raise $20.0 million from the issue of New Shares by the Company and approximately $20.0 million from the sale of Existing Shares by SaleCo.

The total number of Shares on issue at Completion will be 86.3 million and all Shares will, once issued, rank equally with each other.

The Shares held by certain of the Existing Shareholders will be subject to escrow arrangements described in Section 7.14 of this Prospectus.

The Offer is made on the terms, and is subject to the conditions, set out in this Prospectus.

7.1.1 Structure of the Offer

The Offer comprises:

- The **Broker Firm Offer**, which is open only to Australian resident retail clients of Brokers who have received a firm allocation of Shares from their Broker;
- The **Priority Offer**, which is open only to persons in Australia nominated by the Company;
- The **Employee Gift Offer**, whereby Eligible Employees received a guaranteed allocation of $1,000 worth of Shares at no cost; and
- The **Institutional Offer**, which consists of an invitation to bid to Institutional Investors in Australia and a number of other eligible jurisdictions.

No general public offer of Shares will be made under the Offer.

The allocation of Shares between the Broker Firm Offer and the Institutional Offer will be determined by the Lead Manager with the agreement of the Company after taking into account the allocation of Shares to participants within the Priority Offer and the Employee Gift Offer having regard to the allocation policy outlined in Section 7.3.4, 7.4.5 and Section 7.8.2.

The Offer has been fully underwritten by the Lead Manager (other than the Employee Gift Offer). A summary of the Underwriting Agreement, including the events which would entitle the Lead Manager to terminate the Underwriting Agreement, is set out in Section 9.5.

7.1.2 Purpose of the Offer and use of proceeds

The Offer is expected to raise approximately $20.0 million for the Company. The purpose of the Offer is to:

- Provide IPD with capital to fund growth;
- Provide IPD with the benefits of an increased profile that comes with the Company being a publicly listed company;
- Provide IPD with a potentially liquid market for the Shares and an opportunity for other persons to invest in the Company;
- Provide certain Existing Shareholders the ability to realise part of their investment in the Company (subject to the escrow arrangements outlined in Section 7.14);
- Help accelerate growth of IPD; and
- Pay the expenses of the Offer.

7.1.3 Sources and uses of funds

Table 7.1: Sources and uses of funds[1]

Sources	$ million	Uses	$ million	% of total
Company				
Cash proceeds received for New Shares issued under the Offer	20.0	Costs of the Offer	2.8	14.0%
		Capital expenditure and strategic acquisitions	10.0	50.0%
		General funds to support IPD's future growth strategy	7.2	36.0%
Total	**20.0**	**Total**	**20.0**	**100.0%**
SaleCo				
Cash proceeds received for the sale of Existing Shares to Applicants	20.0	Payment by SaleCo of cash proceeds to Existing Shareholders as consideration for the acquisition of Existing Shares	20.0	100%
Total	**20.0**	**Total**	**20.0**	**100.0%**

7.1.4 Pro forma statement of financial position

The Company's pro forma statement of financial position following Completion of the Offer, including details of the pro forma adjustments, is set out in Section 4.5.1. The indebtedness of IPD, both before and following Completion of the Offer, is set out in Section 4.5.2.

7.1.5 Control implications of the Offer

Following Completion of the Offer, the Directors do not expect any Shareholder will control (as defined by section 50AA of the Corporations Act) the Company.

1. This table should be considered an indication of current intention as at the date of this Prospectus. Investors should note that, as with any projection, the allocation of funds set out in the above may change depending on a number of factors, including the growth rate of the business, the mix of loan products originated, the sources of funding utilised, and general economic conditions. In light of this, the Board reserves the right to alter the way the funds are applied.

7.1.6 Shareholding structure

The details of the ownership of Shares on Listing are set out below:

Table 7.2: Shareholding structure

	Shareholding as at the Prospectus Date		Shareholding following Completion of the Offer[2]	
Shareholder(s)[3]	Shares	(%)	Shares	(%)
Substantial shareholders				
Dinshaw Katrak	12.0 million	17.3%	7.3 million	8.4%
Keith Toose	11.7 million	16.9%	7.1 million	8.3%
Geoffrey Bacon	10.6 million	15.4%	10.6 million	12.3%
Mohamed Yoosuff (CFO & Executive Director)	10.5 million	15.2%	10.5 million	12.2%
Other shareholders				
Michael Sainsbury (CEO & Executive Director)	1.0 million	1.5%	1.2 million	1.4%
David Rafter (Non-Executive Director)[4]	–	–	0.1 million	0.1%
Andrew Moffat (Non-Executive Director)[5]	0.5 million	0.8%	0.7 million	0.8%
Non-Executive Directors[6]	0.5 million	0.8%	0.8 million	0.9%
Other Existing Shareholders	22.8 million	32.9%	15.4 million	17.8%
New Shareholders[7]	–	–	33.4 million	38.7%
Total	**69.1 million**	**100%**	**86.3 million**	**100%**

99.7% of Shares held by all Escrowed Shareholders post IPO (excluding any Shares acquired in the Offer) will be subject to restrictions contained in voluntary escrow arrangements described in Section 7.14.

In addition, Executive Directors hold the Performance Rights referred to in Section 6.3.3.

7.1.7 Potential effect of the fundraising on the future of the Company

The Directors believe that on Completion of the Offer, the Company will have sufficient funds available from the cash proceeds of the Offer and its operations to fulfil the purposes of the Offer and meet its stated business objectives.

2. Includes shares issued to Michael Sainsbury and Mohamed Yoosuff in relation to the treatment of the FY21 performance rights as set out in Section 6.3.2 and excludes any additional Shares acquired in the Offer (apart from Shares acquired by the Non-Executive Directors as detailed in Notes 4 and 5 below).
3. Holders may include entities affiliated with these individuals
4. The Shareholdings of the Non-Executive Directors following Completion of the Offer include the NED Bonus Shares as well as the $75,000 worth of Shares they have confirmed is the minimum that they intend to acquire in the Offer referred to in Section 6.3.2.5 but do not include any additional Shares acquired in the Offer by the Non-Executive Directors.
5. The Shareholdings of the Non-Executive Directors following Completion of the Offer include the NED Bonus Shares as well as the $75,000 worth of Shares they have confirmed is the minimum that they intend to acquire in the Offer referred to in Section 6.3.2.5 but do not include any additional Shares acquired in the Offer by the Non-Executive Directors.
6. The Shareholdings of the Non-Executive Directors following Completion of the Offer include the NED Bonus Shares referred to in Section 6.3.2.5 but do not include any additional Shares acquired in the Offer by the Non-Executive Directors.
7. Includes any new Shares to be issued under the Employee Gift Offer.

7.2. Terms and Conditions of the Offer

Table 7.3: Terms and Conditions of the Offer

Topic	Summary
What is the type of security being offered?	Shares (being fully paid ordinary shares in Company).
What are the rights and liabilities attached to the security being offered?	A description of the Shares, including the rights and liabilities attaching to these, is set out in Section 7.12 below.
What is the consideration payable for each security being offered?	The Offer Price is $1.20 per Share.
What is the Offer period?	The key dates, including details of the Offer Period, are set out in pages 6 and 7. The key dates are indicative only and may change. Unless otherwise indicated, all times are stated in AEDT. IPD, SaleCo and the Lead Manager reserve the right to vary any and all of the times and dates without notice (including, subject to the ASX Listing Rules and the Corporations Act, to close the Offer early, to extend the Offer Period relating to any component of the Offer, or to accept late Applications, either generally or in particular cases, or to cancel or withdraw the Offer before Settlement, in each case without notifying any recipient of this Prospectus or any Applicants). If the Offer is cancelled or withdrawn before the allocation of Shares, then all Application Monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act. No Shares will be issued on the basis of this Prospectus later than the Expiry Date of 13 months after the Prospectus Date. The quotation and commencement of trading of the Shares is subject to confirmation from ASX.
What are the cash proceeds to be raised?	$40.0 million will be raised if the Offer proceeds (comprising of $20.0 million from the issue of New Shares by IPD and $20.0 million for the sale of Existing Shares by SaleCo).
What is the minimum and maximum application size?	**Broker Firm Offer** The minimum Application under the Broker Firm Offer is $2,000 of Shares and in multiples of $500 worth of Shares thereafter. There is no maximum value of Shares that may be applied for under the Broker Firm Offer. The Company, SaleCo and the Lead Manager reserve the right to reject any Application or to allocate a lesser number of Shares than that applied for, in their absolute discretion. **Priority Offer** Applications under the Priority Offer must be for a minimum of $2,000 worth of Shares and in multiples of $500 worth of Shares thereafter. There is no maximum value of Shares that may be applied for under the Priority Offer. The Company, SaleCo and the Lead Manager reserve the right to reject any Application or to allocate a lesser number of Shares than that applied for, in their absolute discretion. **Employee Gift Offer** Under the Employee Gift Offer, Eligible Employees will be offered the opportunity to apply for an amount of $1,000 worth of Shares.

Topic	Summary
What is the minimum and maximum application size? ***continued***	**Institutional Offer** There is no minimum or maximum value of Shares that may be applied for under the Institutional Offer.
What is the allocation policy?	The allocation of Shares between the Broker Firm Offer and the Institutional Offer will be determined by the Lead Manager with the agreement of the Company, after taking into account the allocation of Shares to participants within the Priority Offer and the Employee Gift Offer and having regard to the allocation policies outlined in Sections 7.3.4, 7.4.5 and 7.8.2 of this Prospectus. The allocation of Shares among Applicants in the Institutional Offer, and Brokers in the Broker Firm Offer, will be determined by the Lead Manager with the agreement of the Company. With respect to the Broker Firm Offer, it will be a matter for the Brokers to determine how they allocate Shares among their eligible retail clients, and they (and not the Company or the Lead Manager) will be responsible for ensuring that eligible retail clients who have received an allocation from them receive the relevant Shares. The allocation of Shares among Applicants in the Priority Offer will be determined by the Company in consultation with the Lead Manager, subject to the minimum allocation for Applicants under the Priority Offer. With respect to the Employee Gift Offer, all Eligible Employees will be offered the opportunity to apply for $1,000 of Shares under the Prospectus at no cost.
When will I receive confirmation whether my application has been successful?	It is expected that initial holding statements will be dispatched by standard post on or about Tuesday 14 December 2021. Refunds (without interest) to applicants who make an application together with cash and receive an allocation of Shares, the value of which is smaller than the amount of the Application Monies, will be made as soon as practicable after settlement of the Offer.
Will the securities be listed?	The Company will apply within seven days of the Prospectus Date for Listing on the ASX, which is expected to be under the code 'IPG'. Completion of the Offer is conditional on the ASX approving the application. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.
When are the Shares expected to commence trading?	It is expected that trading of the Shares on the ASX on a normal settlement basis will commence on or about Friday 17 December 2021. It is the responsibility of each Applicant to confirm their holding before trading in Shares. Applicants who sell Shares before they receive an initial statement of holding do so at their own risk. IPD, SaleCo, their respective Directors and officers along with the Registry and the Lead Manager disclaim all liability, whether in negligence or otherwise, to persons who sell Shares before receiving their initial statement of holding, whether on the basis of a confirmation of allocation provided by any of them, by the IPD Offer Information Line, by a Broker or otherwise.
Is the Offer underwritten?	Yes. The Lead Manager has fully underwritten the Offer (other than the Employee Gift Offer). Details are provided in Section 9.5.

Topic	Summary
Are there any escrow arrangements?	Yes. Details are provided in Section 7.14.
Are there any taxation considerations?	Refer to Section 9.10.
Are there any brokerage, commission or stamp duty considerations?	No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offer. See Section 9.5 for details of various fees payable by the Company and SaleCo to the Lead Manager.
What should you do with any enquiries?	Please call the IPD Offer Information Line on 1300 941 467 (toll free within Australia) or +612 9068 1922 (outside Australia) from 9.00am until 5.30pm (AEDT) Monday to Friday. If you are unclear in relation to any matter or are uncertain as to whether IPD is a suitable investment for you, you should seek professional guidance from your solicitor, stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest.

7.3. Broker Firm Offer

7.3.1 Who can apply?

The Broker Firm Offer is open to persons who have received a firm allocation from their Broker and who have a registered address in Australia and are not located in the United States. Investors who are offered a firm allocation by a Broker will be treated as an Applicant under the Broker Firm Offer in respect of that allocation. Investors should contact their Broker to determine whether they may be allocated Shares under the Broker Firm Offer.

7.3.2 How to apply

If you have received an invitation to apply for Shares from your Broker and wish to apply for those Shares under the Broker Firm Offer, you should contact your Broker for information about how to submit your Broker Firm Offer Application Form and for payment instructions. Applicants under the Broker Firm Offer must not send their Application Forms to the Share Registry.

Applicants under the Broker Firm Offer should contact their Broker to request a Prospectus and Application Form, or download a copy at https://www.ipdgroup.automic.com.au/. Your Broker will act as your agent and it is your Broker's responsibility to ensure that your Application Form and Application Monies are received before 5.00pm (AEDT) on the Closing Date or any earlier closing date as determined by your Broker.

Broker clients should complete and lodge their Application Form with the Broker from whom they received their invitation to participate in the Broker Firm Offer. Broker Firm Offer Application Forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the Broker Firm Offer Application Form.

By making an Application, you declare that you were given access to this Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

The minimum Application under the Broker Firm Offer is $2,000 worth of Shares and in multiples of $500 worth of Shares thereafter. There is no maximum value of Shares that may be applied for under the Broker Firm Offer, however the Company, SaleCo and the Lead Manager reserve the right to reject any Application or to allocate to an Applicant a lesser number of Shares than that applied for. The Company may determine a person to be eligible to participate in the Broker Firm Offer, and may amend or waive the Broker Firm Offer application procedures or requirements, in its discretion in compliance with applicable laws.

IPD, SaleCo, the Lead Manager and the Share Registry take no responsibility for any acts or omissions committed by your Broker in connection with your Application.

The Broker Firm Offer opens at 9.00am (AEDT) on Tuesday 23 November 2021 and is expected to close at 5.00pm (AEDT) on Monday 6 December 2021. IPD, SaleCo and the Lead Manager reserve the right to extend the Offer or any part of it, accept late Applications or bids either generally or in particular cases, reject any Application or bid, or allocate to any Applicant fewer Shares than the amount bid for. Applicants are therefore encouraged to submit their Applications as early as possible. Please contact your Broker for instructions.

7.3.3 How to pay

Applicants under the Broker Firm Offer must pay their Application Monies in accordance with instructions from their Broker.

7.3.4 Broker firm offer allocation policy

The allocation of firm stock to Brokers will be determined by the Lead Manager with the agreement of the Company and SaleCo. Shares which are allocated to Brokers for allocation to their Australian resident retail clients will be issued or transferred to the Applicants who have received a valid allocation of Shares from those Brokers.

It will be a matter for the Brokers to determine how they allocate Shares among their eligible retail clients, and they (and not the Company, SaleCo or the Lead Manager) will be responsible for ensuring that eligible retail clients who have received an allocation from them receive the relevant Shares.

7.3.5 Confirming an allocation

Applicants in the Broker Firm Offer will be able to call the IPD Offer Information Line on 1300 941 467 (toll free within Australia) or +612 9068 1922 (outside Australia) from 9.00am until 5.00pm (AEDT) Monday to Friday from Monday 6 December 2021 to confirm allocations. Applicants under the Broker Firm Offer will also be able to confirm their firm allocation through the Broker from whom they received their allocation.

However, if you sell Shares before receiving a holding statement, you do so at your own risk, even if you confirmed your firm allocation through a Broker.

7.4. Priority Offer

7.4.1 Who can apply

The Priority Offer is open to selected investors in Australia determined by IPD who have received a Priority Offer invitation to acquire Shares under the Prospectus. If you are a Priority Offer Applicant, you will receive a personalised invitation to apply for Shares in the Priority Offer. Please follow the instructions in that personalised invitation if you wish to apply for Shares under the Priority Offer.

The Priority Offer is not open to persons in the United States.

7.4.2 How to apply

If you received a personalised invitation to apply for Shares under the Priority Offer and you wish to apply for all or some of those Shares, you must apply in accordance with the instructions provided in your personalised invitation to apply.

Recipients of the Priority Offer invitation should read the separate invitation letter and this Prospectus carefully and in their entirety before deciding whether to apply for Shares under the Priority Offer. If you are unclear in relation to any matter or are uncertain as to whether Shares are a suitable investment for you, you should seek professional guidance from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest.

To apply under the Priority Offer, Applicants must complete the Priority Offer Application Form in accordance with the instructions provided in your personalised Priority Offer invitation.

By making an Application, you declare that you were given access to this Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

The Priority Offer is expected to open at 9.00am (AEDT) on Tuesday 23 November 2021 and is expected to close at 5.30pm (AEDT) on Monday 6 December 2021. Applications must be received by no later than 5.30pm (AEDT) on Monday 6 December 2021 and it is your responsibility to ensure that this occurs.

7.4.3 Application size

Applications under the Priority Offer must be for a minimum of $2,000 worth of Shares in aggregate and in multiples of $500 thereafter.

Your personalised invitation will indicate the maximum value of Shares that you may apply for.

7.4.4 Payment method

Applicants under the Priority Offer must pay their Application Monies by BPAY® or EFT (Electronic Funds Transfer) in accordance with the instructions on the personalised Priority Offer Application Form.

When completing your BPAY® or EFT payment, please make sure to use the specific biller code and unique CRN or payment details provided to you. Application Monies paid by BPAY® or EFT must be received by the Share Registry by no later than 5.00pm (AEDT) on Monday 6 December 2021 and it is your responsibility to ensure that this occurs. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment and you should therefore take this into consideration when making payment. Neither IPD, SaleCo nor the Lead Manager take any responsibility for any failure to receive Application Monies or payment by BPAY® or EFT before the Priority Offer closes arising as a result of, among other things, delays in processing of payments by financial institutions.

7.4.5 Priority allocation policy

The allocation of Shares among Applicants in the Priority Offer will be determined by IPD and SaleCo, in consultation with the Lead Manager. There is no assurance that any Applicant will be allocated any Shares, or the number of Shares for which the Applicant applied.

7.4.6 Confirming your allocation

Applicants in the Priority Offer will be able to call the Offer Information Line on 1300 941 467 (free of charge) between 9.00am to 5.00pm (AEDT), Monday to Friday during the Offer Period to confirm their allocation.

However, if you sell Shares before receiving a holding statement, you do so at your own risk, even if you obtained details of your holding from the Offer Information Line.

7.5. Employee Gift Offer

7.5.1 Who can apply?

All Eligible Employees are entitled to participate in the Employee Gift Offer. Eligible Employees for the purposes of the Employee Gift Offer are all current permanent employees of the Company (or a subsidiary of the Company) as at 7 October 2021 who are in Australia, who are not overseas residents and who are selected by the Board to participate in the Employee Gift Offer.

The Employee Gift Offer will allow approximately 270 Eligible Employees to acquire Shares on or about Completion of the Offer at no cost to the Eligible Employees.

7.5.2 How to apply

If you are an Eligible Employee, you will receive a separate invitation letter detailing the terms of the Employee Gift Offer.

A copy of this Prospectus is available at https://investor.automic.com.au/#/ipo/ipdgroupemployee.

Eligible Employees should read the separate invitation letter and this Prospectus carefully and in their entirety before deciding whether to apply under the Employee Gift Offer. If you are unclear in relation to any matter or are uncertain as to whether Shares are a suitable investment for you, you should seek professional guidance from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest.

To apply under the Employee Gift Offer, you must complete the online Employee Gift Offer Application Form in accordance with the instructions provided to you by the Company and on the website containing the Application Form.

By making an Application, you declare that you were given access to this Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

When applying to participate in the Employee Gift Offer, you must do so by no later than 5.00pm (AEDT) on Monday 6 December 2021 and it is your responsibility to ensure that this occurs.

7.5.3 How to pay

No payment for Shares is required for the Employee Gift Offer.

7.5.4 Employee Gift Offer allocation policy

For Eligible Employees who are current permanent employees in Australia, the Employee Gift Offer will allow them to acquire Shares, at no cost, to the value of $1,000 (to the nearest number of whole Shares (rounded down) and calculated at the Offer Price), free of income tax in accordance with current Australian tax legislation, provided their adjusted taxable income does not exceed $180,000 per annum. The adjusted taxable income threshold includes various items (including reportable fringe benefits and reportable superannuation contributions) and it is the responsibility of each Eligible Employee to determine whether they satisfy it.

7.5.5 Confirming an allocation

Applicants in the Employee Gift Offer will be able to call the IPD Offer Information Line on 1300 941 467 (within Australia) or +612 9068 1922 (outside Australia) from 9:00am to 5:00pm (AEDT), Monday to Friday (excluding public holidays) to confirm their allocation.

7.5.6 Mandatory holding lock on allocations

Employee Gift Offer Shares will be subject to a holding lock for a three-year holding period (unless the Eligible Employee terminates their employment earlier in which case the Employee Gift Offer Shares will be released). Once the holding period ends or the Employee Gift Offer Shares are released, Eligible Employees will, subject to the requirements of the Company's Securities Trading Policy, be free to deal with the Shares. Employee Gift Offer Shares are not subject to forfeiture.

7.6. Application Acceptances under the Broker Firm Offer, the Priority Offer and Employee Gift Offer

An Application in the Broker Firm Offer, the Priority Offer or the Employee Gift Offer is an offer by you to IPD and SaleCo to apply for Shares for all or any of the Application Amount specified in the Application Form at the Offer Price on the terms and conditions set out in this Prospectus including any supplementary or replacement prospectus and the Application Form. To the extent permitted by law, an Application by an Applicant under the Offer may not be varied and is irrevocable.

An Application may be accepted by IPD or SaleCo in respect of the full number of Shares specified in the Application Form (or the dollar value equivalent) without further notice to the Applicant. IPD and SaleCo reserve the right to decline any Application if it believes any provisions or procedures in this Prospectus, the Application Form or other laws or regulations may not be complied with in relation to the Application.

IPD, SaleCo and the Lead Manager reserve the right to reject any Application which is not correctly completed or which is submitted by a person whom they believe is ineligible to participate in the Broker Firm Offer, the Priority Offer or the Employee Gift Offer, or to waive or correct any errors made by the Applicant in completing their Application.

Successful Applicants in the Broker Firm Offer, the Priority Offer or the Employee Gift Offer will be issued Shares at the Offer Price. Acceptance of an Application will give rise to a binding contract, conditional on settlement and quotation of Shares on ASX on an unconditional basis.

7.7. Application Monies

IPD and SaleCo reserve the right to decline any Application in whole or in part, without giving any reason. Applicants under the Broker Firm Offer and the Priority Offer whose Applications are not accepted, or who are allocated a lesser number of Shares than the amount applied for, will receive a refund of all or part of their Application Monies, as applicable. Interest will not be paid on any monies refunded.

Applicants whose Applications are accepted in full will receive the whole number of Shares calculated by dividing the Application Monies by the Offer Price. Where the Offer Price does not divide evenly into the Application Monies, the number of Shares to be allocated will be rounded down. No refunds pursuant solely to rounding will be provided.

Interest will not be paid on any monies refunded and any interest earned on Application Monies pending the allocation or refund will be retained by the Company.

You should ensure that sufficient funds are held in the relevant account(s) to cover the amount of your EFT or BPAY® payment. If the amount of your EFT or BPAY® payment for Application Monies (clear in time for allocation) is less than the amount specified on the Application Form, you may be taken to have applied for such lower dollar amount of Shares or your Application may be rejected.

7.8. Institutional Offer

7.8.1 Invitations to bid

The Institutional Offer consists of an invitation to certain Institutional Investors in Australia and a number of other eligible jurisdictions to apply for Shares under this Prospectus. The Lead Manager has separately advised Institutional Investors of the Application procedures for the Institutional Offer. Offers and acceptances of the Institutional Offer are made under this Prospectus and are at the Offer Price.

7.8.2 Allocation policy under the Institutional Offer

The allocation of Shares under the Institutional Offer was determined by the Lead Manager with the agreement of the Company. The Lead Manager, with the agreement of the Company has absolute discretion regarding the basis of allocation of Shares among Institutional Investors.

Participants in the Institutional Offer have been advised of their allocation of Shares, if any, by the Lead Manager. The allocation policy was influenced by the following factors:

- Number of Shares bid for by particular Applicants;
- The timeliness of the bid by particular Applicants;
- The Company's desire for an informed and active trading market following Listing;
- The Company's desire to establish a wider spread of institutional Shareholders;
- The anticipated level of demand under the Broker Firm Offer, the Priority Offer, the Employee Gift Offer and the Institutional Offer;
- The size and type of funds under management of particular Applicants;
- The likelihood that particular applicants will be long-term Shareholders; and
- Any other factors that the Company and the Lead Manager considered appropriate.

7.9. Restrictions on Distribution

No action has been taken to register or qualify this Prospectus, the Shares or the Offer, or otherwise to permit a public offering of the Shares in any jurisdiction outside Australia.

This Offer does not constitute an offer or invitation to apply for Shares in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation would be unlawful.

This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. In particular, the Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state of the United States and may not be offered or sold, directly or indirectly, in the United States or to persons acting for the account or benefit of persons in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and any other applicable US securities laws.

Each Applicant in the Broker Firm Offer, the Priority Offer, and the Employee Gift Offer, as well as each person to whom the Institutional Offer is made under this Prospectus, will be taken to have represented, warranted and agreed as follows:

- It understands that the Offer and sale of the Shares has not been, and will not be, registered under the U.S. Securities Act or the securities laws of any State or other jurisdiction of the United States and may not be offered, sold or resold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable US state securities laws;
- It is not in the United States or a US person;
- It has not sent and will not send the Prospectus or any other material relating to the Offer to any person in the United States; and
- It will not offer or sell the Shares in the United States or in any other jurisdiction outside Australia except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with all applicable laws in the jurisdiction in which Shares are offered and sold.

Each Applicant under the Institutional Offer has been required to make certain representations, warranties and covenants set out in the confirmation of allocation letter distributed to it.

Each Applicant under the Offer will be deemed to have:

- Agreed to become a member of the Company and to be bound by the terms of the Constitution and the terms and conditions of the Offer;
- Acknowledged having personally received a printed or electronic copy of the Prospectus (and any supplementary or replacement prospectus) including or accompanied by the Application Form and having read them all in full;
- Declared that all details and statements in their Application Form are complete and accurate;
- Declared that the Applicant(s), if a natural person, is/are over 18 years of age;
- Acknowledged that, once the Company, the Share Registry or a Broker receives an Application Form, it may not be withdrawn;
- Applied for the number of Shares at the Australian dollar amount shown on the front of the Application Form;
- Agreed to being allocated and issued the number of Shares applied for (or a lower number allocated in a way described in this Prospectus), or no Shares at all;
- Authorised the Company and the Lead Manager and their respective officers or agents, to do anything on behalf of the Applicant(s) necessary for Shares to be allocated to the Applicant(s), including to act on instructions received by the Share Registry upon using the contact details in the Application Form;
- Acknowledged that, in some circumstances, the Company may not pay dividends, or that any dividends paid may not be franked;
- Agreed and acknowledged that the Company may only make any payments electronically (and has no obligation to make any payment by any other method) and that any payments may be delayed or not made if current electronic payment details have not been supplied by the Applicant(s) or Shareholder(s) at the relevant time;
- Acknowledged that the information contained in this Prospectus (or any supplementary or replacement prospectus) is not financial product advice or a recommendation that Shares are suitable for the Applicant(s), given the investment objectives, financial situation and particular needs (including financial and taxation issues) of the Applicant(s);
- Declared that the Applicant(s) is/are a resident of Australia (except as applicable to the Institutional Offer);
- Acknowledged and agreed that the Offer may be withdrawn by the Company or may otherwise not proceed in the circumstances described in this Prospectus; and
- Acknowledged and agreed that if Listing does not occur for any reason, the Offer will not proceed.

7.10. Discretion regarding the Offer

IPD and SaleCo may withdraw the Offer at any time before the issue and transfer of Shares to Successful Applicants under the Offer. If the Offer, or any part of it, does not proceed, all relevant Application Monies will be refunded (without interest).

IPD, SaleCo and the Lead Manager also reserve the right to extend the Offer or any part of it, accept late Applications or bids either generally or in particular cases, reject any Application or bid, or allocate to any Applicant fewer Shares than the amount applied for.

7.11. ASX listing, registers and holding statements

7.11.1 Application to the ASX for listing

IPD will apply to the ASX within seven days of the Prospectus Date for admission of the Company to the official list of the ASX and quotation of the Shares on the ASX (which is expected to be 'IPG').

The ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that the ASX may admit IPD to the official list is not to be taken as an indication of the merits of the Company or the Shares offered for subscription.

If within three months after such application is made (or any longer period permitted by law) permission is not granted for the official quotation of the Shares on the ASX, the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.

Subject to any conditions (including waivers obtained by IPD from time to time), IPD will be required to comply with the ASX Listing Rules.

7.11.2 CHESS and issuer sponsored holdings

IPD will apply to participate in the ASX's Clearing House Electronic Subregister System (**CHESS**) and will comply with the ASX Listing Rules and the ASX Settlement Operating Rules. CHESS is an electronic transfer and settlement system for transactions in securities quoted on the ASX under which transfers are effected in an electronic form.

When the Shares become approved financial products (as defined in the ASX Settlement Operating Rules), holdings will be registered in one of two subregisters, being an electronic CHESS subregister or an issuer sponsored subregister.

For all Successful Applicants, the Shares of a Shareholder who is a participant in CHESS or a Shareholder sponsored by a participant in CHESS will be registered on the CHESS subregister. All other Shares will be registered on the issuer sponsored subregister.

Following Completion of the Offer, Shareholders will be sent a holding statement that sets out the number of Shares that have been allocated to them. This statement will also provide details of a Shareholder's Holder Identification Number for CHESS holders or, where applicable, the Securityholder Reference Number of issuer sponsored holders. Shareholders will subsequently receive statements showing any changes to their Shareholding. Certificates will not be issued.

Shareholders will receive subsequent statements during the first week of the following month if there has been a change to their holding on the register and as otherwise required under the ASX Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Shareholder's sponsoring broker in the case of a holding on the CHESS subregister or through the Share Registry in the case of a holding on the issuer sponsored subregister. IPD and the Share Registry may charge a fee for these additional issuer sponsored statements.

7.12. Summary of rights and liabilities attaching to the shares and other material provisions of the Constitution

The rights and liabilities attaching to ownership of shares arise from a combination of the Constitution, statute, the ASX Listing Rules and general law.

A summary of the more significant rights attaching to the Shares and a description of other material provisions of the Constitution are set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of Shareholders. The summary assumes that the Company is admitted to the official list of the ASX.

7.12.1 Voting at a general meeting

At a general meeting of the Company, every member present in person or by proxy, representative or attorney has one vote on a show of hands and, on a poll, one vote for each Share held and a fraction of a vote for each partly paid share held by the member and in respect of which the member is entitled to vote.

7.12.2 Meetings of members

Each Shareholder is entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, the Corporations Act and the ASX Listing Rules.

The Company must give at least 28 days' written notice of a general meeting of the Company.

The Directors may determine to hold a general meeting of members using or with the assistance of any technology that gives the members as a whole a reasonable opportunity to participate.

7.12.3 Dividends

The Board may from time to time resolve to pay dividends to Shareholders and fix the amount of the dividend, the time for determining entitlements to the dividend and the timing and method of payment.

7.12.4 Transfer of Shares

Subject to the Constitution, Shares may be transferred by a proper transfer effected in accordance with the ASX Settlement Operating Rules, by a written instrument of transfer which complies with the Constitution or by any other method permitted by the Corporations Act, the ASX Listing Rules or the ASX Settlement Operating Rules.

The Board may decline to register, or prevent registration of, a transfer of shares where permitted to do so under the Corporations Act, the ASX Listing Rules or the ASX Settlement Operating Rules. The Board must refuse to register a transfer of Shares when required by the Corporations Act, the ASX Listing Rules or the ASX Settlement Operating Rules.

7.12.5 Share capital

Subject to the Corporations Act, the ASX Listing Rules and the ASX Settlement Operating Rules and any rights and restrictions attached to a class of shares, the Board may issue, allot or grant options for, or otherwise dispose of, Shares on such terms and conditions as the Board resolves.

7.12.6 Winding up

If the Company is wound up, then subject to the Constitution, any special resolution of the Company's members and any rights or restrictions attached to any shares or class of shares, any excess must be divided among the Company's members in the proportions to the number of shares held by them, irrespective of the amounts paid or credited as paid on the shares.

7.12.7 Unmarketable parcels

Subject to the Corporations Act, the ASX Listing Rules and the ASX Settlement Operating Rules, the Constitution contains a process by which the Company may seek to sell the shares of a Shareholder who holds less than a marketable parcel of shares.

7.12.8 Proportional takeover provisions

The Constitution contains provisions for shareholder approval to be required in relation to any proportional takeover bid.

These provisions will cease to apply unless renewed by special resolution of the Shareholders in general meeting by the third anniversary of the date of the Constitution's adoption.

7.12.9 Variation of class rights

At present, the Company's only class of shares on issue is ordinary shares. Subject to the Corporations Act and the terms of issue of a class of shares, the rights attaching to any class of shares may be varied or cancelled:

- With the consent in writing of the holders of three-quarters of the issued shares included in that class; or
- By a special resolution passed at a separate meeting of the holders of those shares.

7.12.10 Dividend reinvestment plan

The Constitution authorises the Directors, on any terms and at their discretion, to establish a dividend reinvestment plan (under which any member may elect that the dividends payable by the Company be reinvested by a subscription for Shares in the Company).

7.12.11 Directors – appointment and removal

Under the Constitution, the minimum number of Directors that may comprise the Board is three and the maximum is fixed by the Directors but may not be more than nine. Directors are elected at general meetings of the Company. Retirement will occur on a rotational basis so that any Director who has held office for three or more years or three or more annual general meetings (excluding any sole managing director appointed under the Constitution) faces re-election. The Directors may also appoint a Director to fill a casual vacancy on the Board or in addition to the existing Directors, who will then hold office until the next annual general meeting of the Company.

7.12.12 Directors – voting

Questions arising at a meeting of the Board will be decided by a majority of votes of the Directors present at the meeting and entitled to vote on the matter. In the case of a tied vote, the Chairman does not have a casting vote.

7.12.13 Directors – remuneration

See Section 6.3 for a description of the remuneration arrangements for Directors.

7.12.14 Directors' and officers' indemnity

The Company, to the extent permitted by law, indemnifies officers including the Directors and secretary of the Company, against any liability incurred by that person as an officer of the Company, and legal costs incurred by that person in defending an action for a liability of that person. The Company, to the extent permitted by law, may make a payment to a Director in respect of legal costs incurred by that person in defending an action for a liability of that person.

The Company, to the extent permitted by law and subject to exceptions, may pay, or agree to pay, a premium for a contract insuring a Director against any liability incurred by that person as an officer the Company and legal costs incurred by that person in defending an action for a liability of that person.

The Company has entered into deeds of access, indemnity and insurance with each Director. These are summarised in Section 6.3.2.4.

7.12.15 Amendment

The Constitution can only be amended by special resolution passed by at least three-quarters of the votes cast by members present (in person or by proxy) and entitled to vote on the resolution at a general meeting of the Company.

7.13. Underwriting Arrangements

The Offer is fully underwritten (other than the Employee Gift Offer). The Lead Manager and the Company have entered into an Underwriting Agreement under which the Lead Manager has been appointed as the Lead Manager, bookrunner and underwriter of the Offer. A summary of certain terms of the Underwriting Agreement, including the termination provisions, is provided in Section 9.5.

7.14. Voluntary Escrow Arrangements

Escrowed Shares held by Existing Shareholders at Completion of the Offer will be subject to voluntary escrow arrangements as set out in this Section 7.14.

In aggregate, the 52.7 million Escrowed Shares will represent approximately 61.0% of the total Shares on issue immediately following Completion of the Offer. The Company's free float at the time of Listing will be not less than 20% for the purposes of Listing Rule 1.1 Condition 7.

Under the voluntary escrow arrangements, Existing Shareholders will be restricted from dealing[8] with the Escrowed Shares they hold on Completion of the Offer until the expiration of the Escrow Period, subject to certain exceptions.

Other exceptions

Existing Shareholders may be released early from these escrow obligations to enable:

- the Existing Shareholders to accept an offer under a bona fide takeover bid in respect of the Escrowed Shares, provided that the holders of at least half of the Shares that are not subject to any voluntary escrow deed, and to which the offers under the takeover bid relate, have accepted an offer under the takeover bid (provided that if the takeover bid does not become unconditional, the Escrowed Shares are returned to escrow);
- The Escrowed Shares held by the Existing Shareholders to be transferred or cancelled as part of a scheme of arrangement relating to the Company under Part 5.1 of the Corporations Act that has received all necessary approvals by Shareholders and the Courts;
- the Existing Shareholders to participate in an equal access share buyback, or equal reduction of share capital under Part 2J.1 of the Corporations Act (in each case made in accordance with the Corporations Act); or
- The Escrowed Shares held by an Existing Shareholder to be dealt with in the case of death or permanent incapacity of that Existing Shareholder (subject to restrictions).

The Company may also waive restrictions on the Escrowed Shares on such terms and conditions, and in respect of such number of Escrowed Shares, as the Company determines.

8. The restriction on 'dealing' is broadly defined and includes, amongst other things, to sell, assign, transfer or otherwise dispose of, or agree or offer to sell, assign, transfer or otherwise dispose of, the Escrowed Shares or any legal, beneficial or economic interest in the Escrowed Shares or to create or agree or offer to create any security interest in the Shares but excludes any restriction on voting or the right to receive dividends or distributions in respect of the Escrowed Shares.

Section 8.

Investigating Accountant's Report

The Directors
IPD Group Limited
43 Newton Road
Wetherill Park NSW 2164

IPD Selling Co Ltd

Dear Directors

INDEPENDENT ACCOUNTANT'S REPORT

INDEPENDENT LIMITED ASSURANCE REPORT ON IPD GROUP LIMITED'S HISTORICAL AND FORECAST FINANCIAL INFORMATION

1. Introduction

PKF Corporate Finance (NSW) Pty Limited ("**PKFCF**", "**We**", "**Us**") have been engaged by IPD Group Limited ("**IPD**" or the "**Company**") to prepare this report for inclusion in the Prospectus (the "**Prospectus**") to be dated on or about 15 November 2021 relating to the issue of ordinary shares in the Company and Listing on the Australian Securities Exchange ("**ASX**") ("**Listing**").

Expressions defined in the Prospectus have the same meaning in this report, unless otherwise specified.

2. Scope

You have requested PKFCF to perform a limited assurance engagement in relation to the pro-forma historical and forecast financial information described below and disclosed in the Prospectus.

2.1. Historical Financial Information

Statutory Historical Financial Information, comprises the following:

- historical consolidated income statements for the years ended 30 June 2019 ("FY19"), 30 June 2020 ("FY20") and 30 June 2021 ("FY21") (**Statutory Historical Income Statements**);
- historical consolidated statements of cash flows for FY19, FY20 and FY21 (**Statutory Historical Cash Flows**); and
- historical consolidated statement of financial position as at 30 June 2021 (**Statutory Historical Statement of Financial Position**); and

Pro forma Historical Financial Information, being the:

- pro forma historical consolidated income statements for FY19, FY20, and FY21 (**Pro forma Historical Income Statements**);
- pro forma historical consolidated statements of cash flows for FY19, FY20 and FY21 (**Pro forma Historical Cash Flows**); and
- pro forma historical consolidated statement of financial position as at 30 June 2021 (**Pro forma Historical Statement of Financial Position**).

Together, the Statutory Historical Financial Information and the Pro forma Historical Financial Information are the **Historical Financial Information**.

PKF Corporate Finance (NSW) Pty Limited
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The Historical Financial Information is presented in an abbreviated form insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial report prepared in accordance with the Corporations Act 2001.

The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the Statutory Historical Financial Information and the event(s) or transaction(s) to which the Pro-Forma Adjustments relate, as described in Sections 4.3.3, 4.4.3 and 4.5.1 of the Prospectus. Due to its nature, the Pro-Forma Historical Financial Information does not represent the Company's actual or prospective financial position, financial performance, and/or cash flows.

The Pro-Forma Historical Financial Information has been compiled by the Company to illustrate the impact of the Offer and associated transactions on the Company's financial position as at 30 June 2021 and the Company's financial performance and cash flows for FY19, FY20 and FY21.

The financial statements of IPD Group Limited for FY19 were audited by Deloitte Touche Tohmatsu in accordance with Australian Auditing Standards and Deloitte Touche Tohmatsu issued an unqualified audit opinion on these financial statements. The financial statements of the Company for FY20 and FY21 were audited by PKF(NS) Audit & Assurance Limited Partnership in accordance with International Auditing Standards. The audit opinions issued to shareholders of each of the companies relating to those financial statements were unqualified.

For the purposes of preparing this report we have performed limited assurance procedures in relation to the Historical Financial Information in order to state whether, on the basis of the procedures described, anything comes to our attention that would cause us to believe that the Historical Financial Information is not prepared or presented fairly, in all material respects, by the directors in accordance with the stated basis of preparation.

2.2. Forecast Financial Information and directors' best estimate assumptions

You have requested PKFCF to perform limited assurance procedures in relation to the:

Statutory Forecast Financial Information, being the:

- statutory forecast consolidated income statements for the year ending 30 June 2022 (FY22F) (**Statutory Forecast Income Statement**); and
- statutory forecast consolidated statements of cash flows for FY22F (**Statutory Forecast Cash Flows**); and

Pro forma Forecast Financial Information, being the:

- pro forma forecast consolidated income statements for FY22F (**Pro forma Forecast Income Statements**); and
- pro forma forecast consolidated statements of cash flows for FY22F (**Pro forma Forecast Cash Flows**)

of the Company (the responsible party) as described in Sections 4.3 and 4.4 of the Prospectus (the "**Forecast Financial Information**"). The directors' best-estimate assumptions underlying the Forecast Financial Information are described in Section 4.7 of the Prospectus. The pro forma Forecast Financial Information has been derived from the Company's statutory Forecast Financial Information, after adjusting for the effects of the pro forma adjustments as described in Sections 4.3.3 and 4.4.3 of the Prospectus. As stated in Section 4.7 of the Prospectus, the basis of preparation of the Statutory Forecast Financial Information is the recognition and measurement principles contained in Australian Accounting Standards and the Company's accounting policies.

As stated in Section 4.7 of the Prospectus, the basis of preparation of the Pro Forma Forecast Financial Information is the recognition and measurement principles contained in Australian Accounting Standards and the event(s) or transaction(s) to which the pro forma adjustments relate, as if those event(s) or transaction(s) had occurred as at 1 July 2021. We have performed limited assurance procedures in relation to the Forecast Financial Information, set out in Sections 4.3 and 4.4 of the Prospectus, and the directors' best-estimate assumptions underlying it in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that:

- the directors' best-estimate assumptions do not provide reasonable grounds for the Forecast Financial Information;
- in all material respects the Forecast Financial Information is not:
  - prepared on the basis of the directors' best-estimate assumptions as described in the Prospectus; and
  - presented fairly in accordance with the recognition and measurement principles contained in Australian Accounting Standards and the Company's accounting policies;
- the Forecast Financial Information itself is unreasonable.

We have conducted our engagement in accordance with the Standard on Assurance Engagements *ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

Our limited assurance procedures consisted primarily of:

- comparison and analytical review procedures;
- discussions with management and directors of the Company of the factors considered in determining their assumptions; and
- examination, on a test basis, of evidence supporting:
  - the assumptions and amounts in the Forecast Financial Information; and
  - the application of accounting policies used in the Forecast Financial Information.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, an audit. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed an audit. Accordingly, we do not express an audit opinion.

3. Directors' Responsibilities

The directors of the Company are responsible for the preparation of:

- the Pro Forma Historical Financial Information, including the selection and determination of the pro forma transactions and/or adjustments made to the Statutory Historical Financial Information;
- the Forecast Financial Information, including the directors' best-estimate assumptions on which the Forecast Financial Information is based and the sensitivity of the Forecast Financial Information to changes in key assumptions.

The directors' responsibility includes establishing and maintaining such internal controls as the directors determine are necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

The Historical Financial Information and the Forecast Financial Information together form the **Financial Information**.

4. Our Responsibilities

Our responsibility is to express a limited assurance conclusion on the Financial Information, based on the review procedures performed and the evidence obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and / or Prospective Financial Information*.

Our procedures consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures to the accounting records in support of the Financial Information.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, an audit. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed an audit. Accordingly, we do not express an audit opinion about whether the Financial

Information is prepared, in all material respects, by the directors in accordance with the stated basis of preparation.

5. Conclusions

5.1. Review statement on the Pro Forma Historical Financial Information

Based on our independent review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information, as set out in Section 4 of the Prospectus, comprising:

- historical consolidated income statements for the years ended 30 June 2019, 30 June 2020, and 30 June 2021;
- historical consolidated statements of cash flows for the years ended 30 June 2019, 30 June 2020, and 30 June 2021; and
- historical consolidated statement of financial position as at 30 June 2021

is not prepared or presented fairly, in all material respects, in accordance with the stated basis of preparation, and in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards, and the Company's accounting policies.

5.2. Forecast Financial Information and the Directors' Best-Estimate Assumptions

Based on our procedures, which are not an audit, nothing has come to our attention which causes us to believe that:

- the directors' best-estimate assumptions used in the preparation of the Forecast Financial Information do not provide reasonable grounds for the Forecast Financial Information; and
- in all material respects, the Forecast Financial Information:
  - is not prepared on the basis of the directors' best-estimate assumptions as described in Section 4 of the Prospectus; and
  - is not presented fairly in accordance with the recognition and measurement principles contained in Australian Accounting Standards, and the Company's accounting policies; and
- the Forecast Financial Information itself is unreasonable.

The Forecast Financial Information has been prepared by the Company's management and adopted and disclosed by the directors in order to provide prospective investors with a guide to the potential financial performance of the Company for the year ending 30 June 2022.

There is a considerable degree of subjective judgement involved in preparing forecasts since they relate to event(s) and transaction(s) that have not yet occurred and may not occur. Actual results are likely to be different from the Forecast Financial Information since anticipated event(s) or transaction(s) frequently do not occur as expected and the variation may be material.

The directors' best-estimate assumptions on which the Forecast Financial Information is based relate to future event(s) and/or transaction(s) that management expect to occur and actions that management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of the Company. Evidence may be available to support the directors' best-estimate assumptions on which the Forecast Financial Information is based, however such evidence is generally future-oriented and therefore speculative in nature. We are therefore not in a position to express a reasonable assurance conclusion on those best-estimate assumptions, and accordingly, provide a lesser level of assurance on the reasonableness of the directors' best estimate assumptions. The limited assurance conclusion expressed in this report has been formed on the above basis.

Prospective investors should be aware of the material risks and uncertainties in relation to an investment in the Company, which are detailed in the Prospectus, and the inherent uncertainty relating to the Forecast Financial Information. Accordingly, prospective investors should have regard to the investment risks in Section 5 of the Prospectus. The sensitivity analysis described in Section 4.9 of the Prospectus demonstrates the impact on the Forecast Financial Information of changes in key best-estimate assumptions. We express no opinion as to whether the Forecast Financial Information will be achieved.

We have assumed, and relied on representations from certain members of management of the Company, that all material information concerning the prospects and proposed operations of the Company has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

6. General Advice Warning

This report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to take the place of professional advice and investors should not make specific investment decisions in reliance on the information contained in this report. Before acting or relying on any information, an investor should consider whether it is appropriate for their circumstances having regard to their objectives, financial situation or needs.

7. Independence

PKFCF does not have any pecuniary interests that could reasonable be regarded as being capable of affecting its ability to give an unbiased conclusion in this matter. PKFCF will receive a professional fee for the preparation of this Independent Limited Assurance Report.

8. Restriction on Use

Without modifying our conclusions, we draw attention to Section 4 of the Prospectus, which describes the purpose of the Financial Information, being for inclusion in the Prospectus. As a result, the Financial Information may not be suitable for use for another purpose. We disclaim any assumption of responsibility for any reliance on this report, or on the Financial Information to which it relates, for any purpose other than that for which it was prepared.

9. Consent

PKFCF has consented to the inclusion of this Independent Limited Assurance Report in the Prospectus in the form and context in which it is so included, but has not authorised the issue of the Prospectus. Accordingly, PKFCF makes no representation regarding, and takes no responsibility for, any other statements, or material in, or omissions from, the Prospectus.

Yours faithfully

PKF Corporate Finance (NSW) Pty Limited

Andrew Jones
Executive Director

PART TWO – FINANCIAL SERVICES GUIDE

15 November 2021

What is a Financial Services Guide?

This Financial Services Guide ("**FSG**") is an important document the purpose of which is to assist you in deciding whether to use any of the general financial product advice provided in the form of an investigating accountant's report by PKF Corporate Finance (NSW) Pty Limited (ABN 65 097 893 957) ("**PKFCF**"). The use of "we", "us" or "our" is a reference to PKFCF as the holder of Australian Financial Services Licence ("**AFSL**") No. 295872.

The contents of this FSG include:

- who we are and how we can be contacted;
- what services we are authorised to provide under our AFSL;
- how we (and any other relevant parties) are remunerated in relation to any general financial product advice we may provide;
- details of any potential conflicts of interest; and
- details of our internal and external dispute resolution systems and how you can access them.

Information about us

What financial services are we licensed to provide?

The AFSL we hold authorises us to provide the following financial services to both retail and wholesale clients:

Provide financial product advice for the following classes of financial products:

- securities;
- interests in managed investment schemes excluding investor directed portfolio services; and
- deposit and payment products limited to;
  - basic deposit products;
  - deposit products other than basic deposit products; and
  - debentures, stocks or bonds issued or proposed to be issued by a government.

Our responsibility to you

We have been engaged by the Directors of IPD Group Limited ("**Client**") to prepare an independent limited assurance report providing a review opinion (negative assurance) with respect to the financial information set out in Section 4 of the Prospectus to be issued by the Client on or around 15 November 2021. You are not the party or parties who engaged us to prepare the Report. We are not acting for any person other than the party or parties who engaged us. We are required by law to give you an FSG because the Report is being provided to you.

The liability of PKFCF is limited to the contents of this FSG and the Report referred to in this FSG.

Information about the general financial product advice we provide

The financial product advice provided in the Report is known as "general advice" because it does not take into account your personal objectives, financial situation or needs. You should consider whether the general advice contained in the Report is appropriate for you, having regard to your own personal objectives, financial situation or needs.

If our advice is being provided to you in connection with the acquisition or potential acquisition of a financial product issued by another party, we recommend you obtain and read carefully the relevant offer document provided by the issuer of the financial product. The purpose of the offer document is to help you make an informed decision about the acquisition of a financial product. The contents of the offer document will include details such as the risks, benefits and costs of acquiring the particular financial product.

PKF Corporate Finance (NSW) Pty Limited
ABN 65 097 893 957
AFSL 295 872

Sydney
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Sydney NSW 2000 Australia
GPO Box 5446 Sydney NSW 2001
p +61 2 8346 6000
f +61 2 8346 6099

Newcastle
755 Hunter Street
Newcastle West NSW 2302 Australia
PO Box 2368 Dangar NSW 2309
p +61 2 4962 2688
f +61 2 4962 3245

Associations and relationships

PKFCF provides services primarily in the area of corporate finance and is controlled by the Directors of PKF (NS) Holdings Pty Ltd ("**PKF**"). PKF and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services. Our directors may be directors of PKF. The financial product advice in the Report is provided by PKFCF and not by PKF.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and PKF (and its related bodies corporate) may from time to time provide professional services to financial product issuers in the ordinary course of business.

How are we and our employees remunerated?

We charge fees for providing Reports. Fees are agreed with the party or parties who actually engage us, and we confirm our remuneration in a written letter of engagement to the party or parties who actually engage us. Our fees are usually determined on an hourly basis. However, they may be a fixed amount or derived using another basis. We may also seek reimbursement of any out-of-pocket expenses incurred in providing the services. The estimated fee for the Report is approximately $90,000 (exclusive of GST and out-of-pocket expenses).

Neither PKFCF, nor its directors and officers, receive any commissions or other benefits arising directly from providing Reports to you. The remuneration paid to our directors and staff reflects their individual contribution to the company and covers all aspects of performance. We do not pay commissions or provide other benefits to other parties for referring prospective clients to us.

What should you do if you have a complaint?

If you have any concerns regarding the Report, you may wish to advise us. Our internal complaint handling process is designed to respond to your concerns promptly and equitably. Please address your complaint in writing to:

AFS Compliance Manager
PKF Corporate Finance (NSW) Pty Limited
GPO Box 5446
SYDNEY NSW 2001
Telephone: +61 2 8346 6000 Fax: +61 2 8346 6099

If you are not satisfied with the steps we have taken to resolve your complaint, you may contact the Financial Ombudsman Service ("**FOS**"). FOS provides free advice and assistance to consumers to help them resolve complaints relating to members of the financial services industry. Complaints may be submitted to FOS at:

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
Telephone: (03) 9613 7366 Fax: (03) 9613 6399
Internet: http://www.fos.org.au

The Australian Securities and Investments Commission ("**ASIC**") regulates Australian companies, financial markets, financial services organisations and professionals who deal and advise in investments, superannuation, insurance, deposit taking and credit. Their website contains information on lodging complaints about companies and individual persons and sets out the types of complaints handled by ASIC. You may contact ASIC as follows:
Info line: 1 300 300 630
Email: infoline@asic.gov.au
Internet: http://www.asic.gov.au/asic/asic.nsf

Contact details

You may contact us using the details located below.

PKF Corporate Finance (NSW) Pty Limited
Level 8
1 O'Connell Street
SYDNEY NSW 2000
GPO Box 5446
SYDNEY NSW 2001
Telephone: +61 2 8346 6000 Fax: +61 2 8346 6099

pkf.com.au

Section 9.

Additional Information

Section 9.
Additional Information

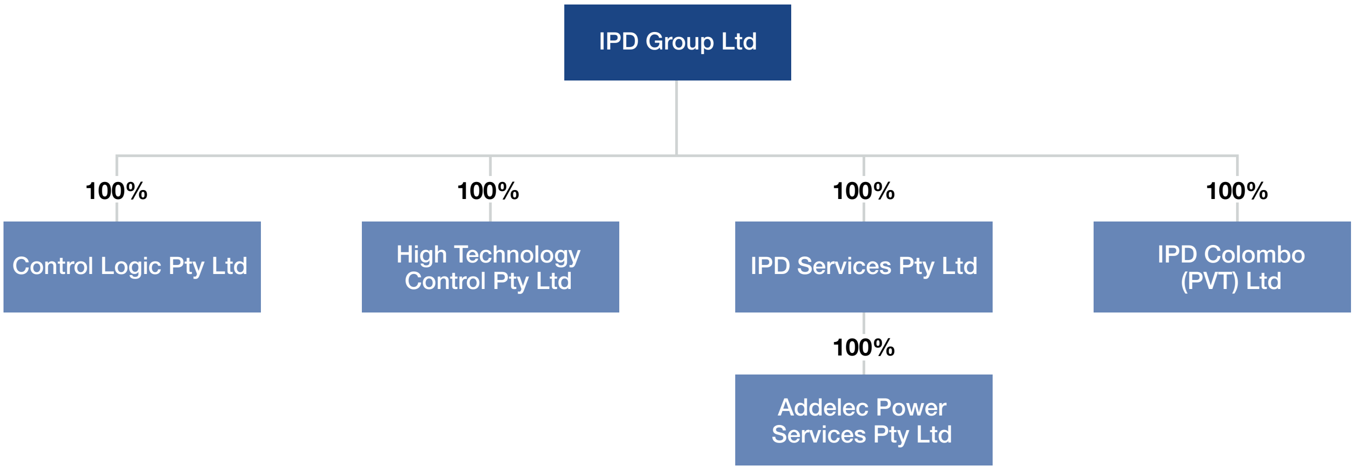
9.1. Registration

The Company was incorporated on 29 September 2004 as a public company.

9.2. Company tax status and financial year

The Company will be taxed in Australia as a public company. The financial year of the Company ends on 30 June annually. The Company will be subject to tax at the prevailing Australian corporate tax rate.

9.3. Corporate structure



The diagram above sets out the corporate structure of IPD before and after Completion of the Offer. Each of the entities undertake the business of IPD. Each entity other than IPD Colombo (Private) Limited was incorporated in Australia and its business activities are principally conducted in Australia. IPD Colombo (Private) Limited was incorporated in Sri Lanka and its business activities are principally in Sri Lanka.

9.4. Sale of Existing Shares by SaleCo

As part of the Offer, some of the Existing Shares held by the Existing Shareholders will be sold in the Offer through SaleCo.

SaleCo has been established to enable the Selling Shareholders to sell some of their Existing Shares into the Offer. Each of the Selling Shareholders has executed a sale deed under which SaleCo is entitled to acquire some of their Existing Shares free from encumbrances and third party rights, conditional upon Completion of the Offer. The Selling Shareholders have offered to sell approximately 39% of their Existing Shares into the Offer through these arrangements. In total, 16.6 million Existing Shares will be sold through SaleCo (being 24% of the Existing Shares).

The Existing Shares that SaleCo acquires from Selling Shareholders will be transferred to successful Applicants at the Offer Price. The price payable by SaleCo for these Existing Shares is the Offer Price. The Company will also issue Shares to successful Applicants under the Offer.

SaleCo is a special purpose vehicle, which has no material assets, liabilities or operations other than its interests in and obligations under the Underwriting Agreement and the sale deeds described above. Mohamed Yoosuff, David Rafter and Michael Sainsbury are the directors of SaleCo and Mohamed Yoosuff is the sole shareholder of SaleCo. The Company has agreed to provide such resources and support as are necessary to enable SaleCo to discharge its functions in relation to the Offer and has indemnified SaleCo in respect of costs of the Offer. The Company has indemnified SaleCo and its directors and shareholder for certain losses which they may incur as a consequence of the Offer.

9.5. Underwriting Agreement

The Company, SaleCo and the Lead Manager have entered into the Underwriting Agreement in relation to the Offer. Under the Underwriting Agreement, the Lead Manager has been appointed on an exclusive basis to act as lead manager, bookrunner and underwriter for the Offer.

The key terms of the Underwriting Agreement are set out below.

9.5.1 Fees and expenses

Under the Underwriting Agreement, the Company must pay the Lead Manager a management fee of 2.0% (excluding GST, if any) and an underwriting fee of 2.5% (excluding GST, if any) of the gross amount raised under the Offer.

Any co-lead managers, co-managers or Brokers may be appointed in relation to the Offer by the Lead Manager in consultation with the Company and SaleCo. The Lead Manager is solely responsible for any fees agreed to be paid to any such co-lead managers, co-managers or Brokers.

The Company and SaleCo must pay or reimburse the Lead Manager for the costs of and incidental to the Offer.

9.5.2 Termination Events

The Lead Manager may terminate the Underwriting Agreement by notice to the Company and SaleCo on the occurrence of certain termination events (subject to, in the case of some termination events only, satisfaction of specified materiality thresholds). These termination events include:

- a statement contained in the Prospectus is, or becomes, misleading or deceptive (including by omission) or a material matter is required to be included is omitted from the Prospectus;
- the Lead Manager reasonably forms the view that a supplementary prospectus must be lodged with ASIC under section 719 of the Corporations Act and the Company and SaleCo do not do so, with the content in the form, and within the time, reasonably required by the Lead Manager, or the Company and SaleCo lodge a supplementary prospectus without the consent of the Lead Manager;
- certain ASIC orders are issued or applied for, or ASIC gives notice of an intention to hold hearings or otherwise commences investigations or hearings in relation to the Offer, the Prospectus, or certain other documents issued by in relation to the Offer;
- the Prospectus, certain other documents issued in relation to the Offer or any aspect of the Offer do not the ASX Listing Rules or applicable law;
- approval is refused or subsequently withdrawn to the Company's admission to the official list of the ASX or the official quotation of all the Shares on ASX;
- an event specified in the timetable is delayed by more than two business days unless the Lead Manager consents to a variation (which consent must not be unreasonably withheld or delayed);
- IPD or SaleCo becomes insolvent, or is found to have been insolvent in the past;
- a director or senior executive of IPD is charged with an indictable offence, public action is taken, threatened or announced against IPD or any of its directors or senior executives;
- a director of IPD is disqualified from managing a corporation under the Corporations Act, is found to have engaged in fraudulent conduct or activity, ceases to be an officer of the Company, or action to disqualify any such person is threatened or announced;
- any material adverse change occurs, or an event occurs which is likely to give rise to a material adverse change;
- any warranty or representation by the Company or SaleCo in the Underwriting Agreement is breached or is false, misleading or deceptive;
- at any time before Completion of the Offer, the S&P/ASX 200 Index closes at a level that is 10% or more below the level of that index at 5.00pm on the trading day immediately prior to the date of the Underwriting Agreement and remains at or below that level at the close of trading either (i) for two consecutive business days during any time after the date of the Underwriting Agreement or (ii) on the business day immediately prior to the date of Settlement;

- there is an adverse change or disruption in financial markets or political or economic conditions in Australia, New Zealand, Hong Kong, China, the United States, the United Kingdom or any member state of the European Union, including an event which, in the reasonable opinion of the Lead Manager, would make it impractical to market the Offer or have other adverse effects on certain aspects of the Offer;
- the Company becomes prevented from issuing the New Shares or the Seller is prevent from transferring the Existing Shares.

9.5.3 Undertakings

The undertakings given by the Company and SaleCo relate to customary matters, including keeping the Lead Manager notified in respect of all correspondence from ASIC or ASX, notification of any breach of any representation, warranty or undertaking given under the Underwriting Agreement and undertakings that the Company:

- until 6 months after Completion, will carry on IPD's business in the ordinary course and not dispose of all or any material part of IPD's business, assets or property, or acquire any material asset except in the ordinary course or with the Lead Manager's prior written consent (such consent not to be unreasonably withheld or delayed);
- until 6 months after Completion, will not issue any Shares or other securities without the prior written consent of the Lead Manager (such consent not to be unreasonably withheld or delayed), subject to certain exceptions; or
- until 6 months after Completion, reduce, reorganize or otherwise alter the capital structure of the Company, or agree or announce to do any of those things, except with the Lead Manager's prior written consent (such consent not to be unreasonably withheld or delayed).

9.5.4 Representations and warranties

The Company and SaleCo give customary representations and warranties in relation to matters such as the power to enter into the Underwriting Agreement, corporate authority and approvals. The Company and SaleCo also give a number of further representations and warranties, including that SaleCo will, prior to Completion, be entitled to be the registered legal and beneficial owner of the Sale Share, and that this Prospectus complies with the Corporations Act, the ASX Listing Rules and regulations and will not contain any misleading or deceptive statements or omissions. Representations and warranties are also given in relation to the assets, liabilities, financial position and business conduct of IPD.

9.5.5 Indemnity

The Company and SaleCo indemnifies the Lead Manager (and certain affiliated parties) against all liabilities suffered directly or indirectly, or claims made against them, in connection with the Offer. This indemnity is subject to certain exclusions relating to, amongst other things, matters found to have resulted from the fraud, gross negligence or wilful misconduct of the party seeking to claim under the indemnity (except to the extent caused, induced or contributed to by the Company, SaleCo or their officers, employees, agents or advisers or information provided by those parties).

9.5.6 Guarantee and indemnity

The Company unconditionally and irrevocably guarantees to the Lead Manager the due and punctual performance of all obligations and the payment of all liabilities of SaleCo under the Underwriting Agreement. The Company must also pay on demand all liabilities suffered or incurred by the Lead Manager arising out of or in connection with any failure of SaleCo to perform any obligation or pay any liability under the Underwriting Agreement by the due date.

9.6. Material Contracts

9.6.1 ABB/IPD Distributor Agreement

The Company and its subsidiaries have a number of contracts to distribute ABB electrification products.

Under the ABB Electrification Product Distributor Agreement, the Company has the right to distribute certain ABB electrification products within Australia as an independent contractor of ABB Aus. ABB Aus has the right to change the design of any of these products, add new products or substitute, stop manufacturing or stop selling currently existing products at any time without liability to IPD. Under the ABB Electrification Product Distributor Agreement, ABB Aus reserves the right to sell these products directly or indirectly through third parties, including within Australia and the Company must not sell products to specified ABB Aus 'house accounts'.

The ABB Electrification Product Distributor Agreement has an initial term of three years from 28 July 2021 unless terminated earlier. Under the ABB Electrification Product Distributor Agreement, the parties may also mutually agree to extend the term of the ABB Electrification Product Distributor Agreement for a further period of three years.

Under the ABB Electrification Product Distributor Agreement, ABB Aus agreed to transfer to IPD its existing customer contracts for the products to be distributed by IPD under the ABB Electrification Product Distributor Agreement that had not been completed or discharged as at 1 September 2021. In each case, this transfer of existing customer contracts is subject to the successful novation of the customer contract to IPD.

The ABB Electrification Product Distributor Agreement gives both parties broad termination rights, including the right for either party to terminate the agreement without cause on 180 days' written notice, or if a force majeure event lasts for more than 30 days. ABB Aus also has the ability to terminate the ABB Electrification Product Distributor Agreement on notice for various reasons, including if IPD breaches any material obligation, representation or warranty under the ABB Electrification Product Distributor Agreement, if IPD commits a material breach under any purchase order or if there is a change of control, ownership or management of IPD (excluding an IPO) that ABB Aus deems as unacceptable.

The ABB Electrification Product Distributor Agreement contains broad indemnities granted by IPD to ABB Aus and its representatives. On the other hand, ABB Aus' liability to IPD under the ABB Electrification Product Distributor Agreement is subject to limitations and exclusions, including annual aggregate liability being limited to the greater of 100% of the relevant purchase order value or $1 million, to the extent that such liability is able to be limited at law.

9.6.2 ABB/Control Logic Third Party Channel Agreement

The Company and its subsidiaries have a number of contracts to distribute products marketed by ABB Aus Motion – Drives Products and Motion – Drives Services divisions.

Under the ABB/Control Logic Third Party Channel Agreement, Control Logic has the right to distribute these products within Australia, as a third party channel company in its own name and on its own account. Under the ABB/Control Logic Third Party Channel Agreement, ABB Aus reserves the right to sell these products directly or indirectly through third parties, including within Australia.

The ABB/Control Logic Third Party Channel Agreement has an initial term that ends on 31 December 2023 unless terminated earlier. Under the ABB/Control Logic Third Party Channel Agreement, ABB Aus may extend the initial term for a subsequent one-year term by 30 days' written notice before its expiration.

The ABB/Control Logic Third Party Channel Agreement gives both parties broad termination rights, including the right for either party to terminate the agreement with immediate effect if the other party is in breach of the agreement and fails to remedy the breach within 30 days after being given written notice to remedy the breach. ABB Aus also has the ability to terminate the ABB/Control Logic Third Party Channel Agreement with immediate effect for various reasons, including if the agreed minimum order intake figures are not achieved by Control Logic (other than due to ABB Aus' fault) or if there is a change of management, ownership or control of Control Logic.

The ABB/Control Logic Third Party Channel Agreement contains broad indemnities granted by Control Logic to ABB Aus and its representatives. On the other hand, ABB Aus' liability to Control Logic under the ABB/Control Logic Third Party Channel Agreement is subject to limitations and exclusions.

9.6.3 Elsteel/IPD Distributor Agreement

Under the Elsteel/IPD Distributor Agreement, the Company has the right to distribute certain Elsteel product lines in Australia and New Zealand. During the term of the Elsteel/IPD Distributor Agreement, the Company must not without Elsteel Private's prior written consent directly or indirectly manufacture, develop, import or export or otherwise distribute, assemble or act as agent or dealer for, or otherwise commercially deal in any products or devices which compete with these Elsteel product lines. The Company's appointment is exclusive in Australia and New Zealand.

Under the Elsteel/IPD Distributor Agreement, the parties will set an annual sales target for each year of the Elsteel/IPD Distributor Agreement, with IPD required to purchase a reasonable quantity of products regularly to achieve this annual sales target.

The Elsteel/IPD Distributor Agreement has an initial term of five years from 29 June 2021 unless terminated earlier. Under the Elsteel/IPD Distributor Agreement, the parties may also mutually agree to renew the Elsteel/IPD Distributor Agreement for any further period as the parties agree in a new agreement.

The Elsteel/IPD Distributor Agreement gives both parties the right to terminate the Elsteel/IPD Distributor Agreement without cause at any time after the first year of the initial term by giving the other party at least eight months' written notice.

The Elsteel/IPD Distributor Agreement contains broad indemnities granted by IPD to Elsteel Private.

9.6.4 Emerson Distributor Agreement

Under the Emerson Distributor Agreement, Control Logic is appointed as Emerson AP's authorised sales distributor for certain Emerson products in Australia. Emerson AP reserves the right to exclude products from this arrangement on 30 days' written notice.

Unless extended, the Emerson Distributor Agreement expires on 30 September 2022. The Emerson Distributor Agreement gives both parties the right to terminate the Emerson Distributor Agreement without cause at any time by giving the other party at least 90 days prior written notice. Emerson AP Aus also has the ability to terminate the Emerson Distributor Agreement with immediate effect for various reasons.

The appointment of Control Logic under the Emerson Distributor Agreement is non-exclusive.

9.7. Regulatory matters

9.7.1 ASIC exemptions, modifications and relief

Neither IPD nor SaleCo has sought any exemptions, modifications or relief from ASIC in relation to the Offer.

9.7.2 ASX waivers and confirmations

As at the Prospectus Date, the Company has applied to ASX for in-principle advice that ASX is likely to do the following:

- confirm that the Company's structure and operations are appropriate for a listed entity;
- grant a waiver of ASX Listing Rule 1.1, condition 12 to the extent necessary to permit the Company to have on issue the Performance Rights issued to the Executive Directors, the material terms of which are disclosed in Section 6.3.4.2; and
- confirm that the Company has a track record of profitability or revenue acceptable to ASX to exempt it from the application of Listing Rule 9.1 (relating to restricted securities).

As at the Prospectus Date, the Company has not received this in-principle advice from ASX.

9.8. Legal proceedings

IPD is, from time to time, party to various disputes and legal proceedings incidental to the conduct of its business. As at the Prospectus Date, there are no legal proceedings to which IPD is a party that it believes are likely to have a material adverse impact on its future financial results and IPD is not aware of any such legal proceedings that are pending or threatened.

9.9. Selling restrictions

This Prospectus does not constitute an offer of Shares in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

9.9.1 Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the 'SFO'). Accordingly, this document may not be distributed, and the Shares may not be offered or sold, in Hong Kong other than to 'professional investors' (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the Offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

9.9.2 New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the 'FMC Act').

The Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- Is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- Meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- Is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- Is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- Is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

9.10. Summary of tax issues for Australian tax resident investors

9.10.1 Overview

The comments in this Section provide a general outline of Australian income tax, CGT, GST and stamp duty issues for Australian tax resident Shareholders who acquire shares under this Prospectus and that hold Shares in the Company on capital account for Australian income tax purposes.

This summary does not constitute financial product advice as defined in the Corporations Act 2001. This summary is confined to Australian taxation issues and is only one of the matters which need to be considered by Shareholders before making a decision about an investment in the Shares.

These comments are based on tax laws, applicable case law and published Australian Taxation Office rulings, determinations and administrative practice in force at the date of the Prospectus. Investors should note that tax laws are subject to ongoing change, and this section does not consider any changes in administrative practice or interpretation by the relevant tax authorities, or any changes in law by judicial decision or legislation following the Prospectus Date. To the extent that there are any changes in law after the Prospectus Date, including those having retrospective effect, Shareholders should consider the tax consequences, taking into account their own individual circumstances, and should consider taking advice from a professional adviser before making a decision about an investment to acquire Shares under this Prospectus.

The taxation implications of a subscription for Shares may be affected by the individual circumstances of each Shareholder, and it is recommended that Shareholders consult their own independent advisers regarding taxation consequences, including stamp duty, income tax and Australian GST consequences of the acquisition, ownership and disposal of Shares. This summary is general in nature and does not cover all tax consequences that could apply in all circumstances of any Shareholder.

The categories of Shareholders considered in this section are limited to individuals, companies (other than life insurance companies), trusts, partnerships and complying superannuation funds that hold their Shares on capital account, and it does not consider any other category of Shareholders including those that hold Shares on revenue account, carry on a business of trading in Shares, are exempt from Australian tax, foreign residents, insurance companies, banks or Shareholders who are subject to the Taxation of Financial Arrangements rules contained in Division 230 of the *Income Tax Assessment Act 1997* (Cth).

The following tax comments provide a general summary of the Australian tax issues applicable to investors who acquire ordinary Shares under this Prospectus for Australian income tax purposes. These comments do not consider the taxation consequences for insurance companies, financial institutions or shareholders who are exempt from Australian tax.

These comments are based on income tax law, applicable case law and published Australian Taxation Office rulings, determinations and administrative practice in force at the date of the Prospectus. This summary does not take into account the tax law of countries other than Australia. Potential Investors should be aware that the law, and the way in which this is interpreted, may change at any time and that the final interpretation of Australian taxation law rests with the courts.

This summary is general in nature and does not consider the specific circumstances of each individual investor. Due to the complex and fluid nature of the Australian taxation regime shareholders should seek professional advice regarding their own circumstances before making an investment decision.

9.10.2 Australian CGT implications on a future disposal of Shares

The tax treatment of future share disposals by Australian resident Shareholders will depend on whether the Shares are held on revenue account, as trading stock, subject to the Taxation of Financial Arrangements regime or on capital account. As noted above, this section only considers Shareholders that hold Shares on capital account and related CGT implications.

The disposal of a Share by an Australian resident Shareholder will constitute a CGT event. A capital gain will arise where the cost base of the Share (being broadly the amount paid to acquire the Share, plus any transaction costs incurred in relation to the acquisition or disposal) is exceeded by the capital proceeds on disposal (in the case of an on-market sale, this will generally be the cash proceeds received on disposal).

However, a CGT discount may be applied against the net capital gain where the Shareholder is an individual, complying superannuation entity or trustee, provided that the Shares have been held for at least 12 months prior to disposal.

If the CGT discount applies, a capital gain arising to individuals and entities acting as Trustees (other than a trust that is a complying superannuation entity) may be reduced by one-half after offsetting current year or prior year capital losses, and for a complying superannuation entity, any capital gain may be reduced by one-third, after offsetting current year or prior year capital losses.

If the Shareholder is the trustee of a trust that has held the Shares for at least 12 months before disposal, the CGT discount may flow through to the beneficiaries of the trust if those beneficiaries are not companies. The Board recommends that Shareholders that are trustees should seek specific advice regarding the tax consequences of distributions to beneficiaries who may qualify for discounted capital gains.

The net capital gain for a financial year after application of capital losses and CGT discount (if available), is included in the resident Shareholder's assessable income and is subject to Australian tax. A net capital loss may generally be carried forward to future years to be deducted against future capital gains.

A capital loss should be realised where the reduced cost base of the Share exceeds the capital proceeds from disposal.

All capital gains and losses for the year are added together. Capital losses may only be offset against capital gains realised by the Shareholder in the same income year or future income years, subject to certain loss recoupment tests being satisfied. Capital losses cannot be offset against other forms of assessable income but can be carried forward to later income years.

9.10.3 Taxation of Dividends

Dividends are paid to Shareholders from the accounting profits of the Company and may be franked with an imputation credit (franking credit) to the extent that Australian corporate income tax has been paid by the Company on the income distributed and the Company chooses to frank the dividend. It is possible for a dividend to be either fully or partly franked. Where a dividend is partly franked, the franked portion is treated as fully franked and the remainder as being unfranked.

It should be noted that the definition of 'dividend' for Australian tax purposes is broad and can include certain capital returns and off-market share buy-backs.

9.10.4 Dividends – holding period and related payment rules

In order for Shareholders to be entitled to claim a tax offset in relation to franked dividends, the recipient of the dividend must be a 'qualified person'. To be a qualified person, the two tests that need to be satisfied are the 'holding period rule' (generally referred to as the '45-day rule' and the 'related payments rule'.

Broadly, Shareholders will be a qualified person and able to claim the tax offset for the amount of any franking credits attaching to the dividend if they have held the Shares 'at risk' for a continuous period of more than 45 days (excluding the dates of acquisition and disposal) and no related payment is made in respect of the franked distribution.

The Shares are not held 'at risk' if the Shareholder has a materially diminished risk of loss or opportunity for gain in relation to the Shares. For example, if the Shareholder has entered into an agreement to dispose of the Shares, or granted options over Shares, the Shareholder may not hold the Shares 'at risk'.

This holding period rule is subject to exceptions, including where the total franking offsets of an individual in a year of income are under $5,000.

In addition, Shareholders must not have made a related payment in respect of the dividend. Broadly, a Shareholder will be considered to have made a related payment if they have done, or are under an obligation to do, anything that has the effect of passing the benefit of a dividend or distribution to another person.

If a related payment has been made, Shareholders will only be entitled to the franking credits if they also held the shares 'at risk' for a continuous period of more than 45 days (excluding the dates of acquisition and disposal) in the 90 day period commencing 45 days before and ending 45 days after the day the Shares became ex-dividend.

Where these rules are not satisfied, the Shareholder will not include an amount for the franking credits in their assessable income and should not be entitled to a tax offset.

The qualified person rules can be especially complex for distributions received indirectly (e.g. via an interposed trust).

There are specific integrity rules that prevent taxpayers from obtaining a tax benefit from additional franking credits where dividends are received as a result of 'dividend washing' or certain other arrangements (see for example Taxpayer Alert 2018/1). Shareholders should consider the impact of these rules on their own personal circumstances.

The Board recommends that Shareholders should obtain their own professional tax advice to determine if these requirements have been satisfied.

9.10.5 Dividends – Australian tax resident individuals and complying superannuation entities

Where dividends on a Share are paid by the Company, those dividends should constitute assessable income of an Australian tax resident Shareholder.

Individuals or complying superannuation entities who are Australian tax resident Shareholders should include the dividend in their assessable income in the year the dividend is paid. If the Shareholder satisfies the 'qualified person' rules (see above), the Shareholder should also include any franking credits attached to that dividend in their assessable income.

Provided they are 'qualified persons', Shareholders who are individuals or complying superannuation entities should be entitled to a 'tax offset' equal to the franking credits attached to the dividend, and the tax offset may be applied to reduce the tax payable on the Shareholder's taxable income with any excess franking credits refundable.

If a dividend paid by the Company is unfranked, the Shareholder will generally be taxed at the Shareholder's marginal rate on the dividend received, with no tax offset.

Investors should note that the tax rate payable by each individual Australian resident Shareholder will depend on the circumstances of the Shareholder and their prevailing marginal rate of income tax.

9.10.6 Dividends – Australian tax resident corporate Shareholders

Corporate Shareholders are required to include the dividend and, if they are a 'qualified person' any associated franking credits in their assessable income. If they are a 'qualified person' a tax offset will then be allowed up to the amount of the franking credits.

In addition, to the extent of the franking credits attached to the dividend, the Australian resident corporate Shareholder should be entitled to a credit in its own franking account, and can pass on the benefit of the franked credits to its own shareholders on the payment of franked dividends.

Whilst excess franking credits cannot give rise to a refund, they may (in certain circumstances) be converted into carry forward tax losses.

9.10.7 Dividends – Australian tax resident trusts and partnerships

Australian tax resident Shareholders who are partnerships or trustees (other than trustees of 'complying superannuation entities') should include dividends and franking credits in determining the net income of the partnership or trust.

Subject to satisfaction of the qualified person rules, such Shareholders should also include any franking credit attached to the dividend in their net income.

A trust beneficiary who is 'presently entitled' to a share of the trust's income or who has been 'attributed' a share of the trust's taxable income may be entitled to a tax offset for a corresponding share of the franking credit received by the Shareholder. A partner may be entitled to a tax offset equal to a share of the franking credit received by the Shareholder based on their share of interests in the partnership.

As the qualified person rules can be complex in the context of distributions received indirectly via a trust or partnership, the Board recommends that Shareholders should obtain their own professional tax advice to determine the application of these rules to their circumstances.

9.10.8 Quotation of Tax File Number (TFN)

Australian tax resident Shareholders may, if they choose, notify the Company of their TFN, Australian Business Number (ABN) or a relevant exemption from withholding tax with respect to dividends. It is not compulsory for Shareholders to provide this information.

In the event that the Company is not so notified, Australian tax will be deducted by the Company from unfranked distributions and/or dividends at the highest marginal tax rate plus the Medicare Levy (which is 47% for the year ended 30 June 2022).

However, Australian tax resident Shareholders may be able to claim a tax credit in respect of the tax withheld on dividends in their income tax returns.

A Shareholder who holds Shares as part of an enterprise may quote its ABN instead of its TFN.

9.10.9 Goods and Services Tax (GST)

No GST should be payable by Shareholders on acquisition or disposal of Shares in the Company, and no GST should be payable by Shareholders on receiving dividends distributed by the Company.

However, Shareholders may not be entitled to claim full input tax credits in relation to any GST included in any costs they have incurred in connection with the acquisition of the Shares, and Shareholders should obtain their own independent tax advice in this regard.

9.10.10 Stamp Duty

Shareholders should not be liable for stamp duty in relation to the acquisition of Shares in the Company provided that the Company remains on the official list of the ASX and all shares remain quoted on the ASX, unless the Shareholder acquires (either individually, or with an associate or related party or in concert with other Shareholders) an interest of 90% or more of the Shares in the Company and the Company is a Landholder for duty purposes.

Under current stamp duty legislation, no stamp duty would ordinarily be payable by Shareholders on any subsequent transfer of their Shares but Shareholders should seek their own advice on the impact of stamp duty in their own particular circumstances.

9.11. Consents

Each of the parties referred to below (each a **Consenting Party**), to the maximum extent permitted by law, expressly disclaims all liabilities in respect of, makes no representations regarding and takes no responsibility for any statements in or omissions from this Prospectus, other than the reference to its name in the form and context in which it is named and a statement or report included in this Prospectus with its consent as specified below.

Written consents to the issue of this Prospectus have been given and, at the time of lodgement of this Prospectus with ASIC, had not been withdrawn by the following parties:

- Bell Potter Securities Limited has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Lead Manager to the Offer in the form and context in which it is named;
- Watson Mangioni Lawyers Pty Limited has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Australian legal adviser (other than in relation to taxation matters) to the Company in relation to the Offer in the form and context in which it is named;
- PKF Corporate Finance (NSW) Pty Limited has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Investigating Accountant to the Company in relation to the Financial Information in the form and context in which it is named and has given and not withdrawn its consent to the inclusion in this Prospectus of its Independent Limited Assurance Report in the form and context in which it is included;
- PKF(NS) Tax Pty Limited has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as tax adviser of the Company;

- Deloitte Touche Tohmatsu has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as auditor of the Company in FY19;
- PKF(NS) Audit & Assurance Limited Partnership has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as current auditor of the Company, as well as auditor of the Company in FY20 and FY21;
- Frost & Sullivan has given, and has not withdrawn prior to the lodgement of this Prospectus, its written consent to be named as the provider of the market report set out in Section 2 and to the inclusion of that report in that Section in the form and context in which it is included. The Frost & Sullivan information speaks as of the date of the report in which it was contained (and not the Prospectus Date) and is subject to change without notice; and
- Automic Pty Ltd has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as the Share Registry in the form and context in which it is named. Automic Pty Ltd has had no involvement in the preparation of any part of this Prospectus other than being named as Share Registry to the Company.

No entity or person referred to in this Section 9.11 has made any statement that is included in this Prospectus or any statement on which a statement made in this Prospectus is based, except as stated above. Each of the persons and entities referred to in this Section 9.11 has not authorised or caused the issue of this Prospectus and does not make any offer of Shares and expressly disclaims and takes no responsibility for any statements or omissions from this prospectus except as stated in this Section 9.11.

9.12. Ownership restrictions

The sale and purchase of shares in Australia is regulated by a number of laws that restrict the level of ownership or control by any one person (either alone or in combination with others). This Section contains a general description of these laws.

9.12.1 Corporations Act

The takeover provisions in Chapter 6 of the Corporations Act restrict acquisitions of shares in listed companies if the acquirer's (or another party's) voting power would increase to above 20%, or would increase from a starting point that is above 20% and below 90%, unless certain exceptions apply. The Corporations Act also imposes notification requirements on persons having voting power of 5% or more in the Company, either themselves or through an associate.

9.12.2 *Foreign Acquisitions and Takeovers Act 1975* (Cth)

Generally, the *Foreign Acquisitions and Takeovers Act 1975* (Cth) (**FATA**) applies to certain acquisitions of shares and voting power in a company of 20% or more by a single 'foreign person' (for the purposes of FATA) and its associates (**substantial interest**). Where a foreign person holds a substantial interest in the Company or foreign persons hold an aggregate substantial interest in the Company (being 40% or more by two or more unassociated foreign persons and their associates), the Company itself will be a 'foreign person' for the purpose of the FATA.

Where FATA applies and an acquisition meets certain criteria (such as being a 'notifiable action' under FATA), the acquisition may not occur unless notice of it has been given to the Federal Treasurer, and the Federal Treasurer has either stated that there is no objection to the proposed acquisition in terms of the Australian Government's Foreign Investment Policy (**Policy**) or a statutory period has expired without the Federal Treasurer objecting. Voluntary notifications can also be made in certain circumstances. If voluntary clearance is not sought, then the Federal Treasurer may have the power to 'call in' a transaction for review after it occurs.

An acquisition of interests in a company meeting certain criteria (such as being a “significant action” under FATA) may also lead to divestment orders unless a process of notification, and either a statement of non-objection or expiry of a statutory period without objection, has occurred. Criminal offences and civil penalties can apply to failing to give notification of certain acquisitions, undertaking certain acquisitions without no objection notification or contravening a condition in a no objection notification. In addition, the Federal Treasurer has also a ‘last resort’ power to impose conditions, varying existing conditions, or require the divestment of an investment previously approved by FIRB in certain circumstances and where national security risks emerge.

In addition, in accordance with the Policy, acquisitions of a direct interest in an Australian company by foreign governments and their related entities should be notified to the Foreign Investment Review Board for approval, irrespective of value. According to the Policy, a ‘direct interest’ will typically include any investment of 10% or more of the shares (or other securities or equivalent economic interest or voting power) in an Australian company but may also include investment of less than 10% in certain circumstances (for example where the investor is in a position to influence or control the target investment).

9.13. Costs of the Offer

The costs of the Offer are expected to be approximately A$2.8 million (including advisory, legal, accounting, tax and duty, listing and administrative fees, the Lead Manager’s management and underwriting fees, Prospectus design and printing, advertising, marketing, Share Registry and other expenses). These costs have been, or will be, borne by the Company from available funds.

9.14. Contract summaries

Summaries of contracts set out in this Prospectus (including the summary of the Underwriting Agreement set out in Section 9.5) are included for the information of potential investors but do not purport to be complete and are qualified by the text of the contracts themselves.

9.15. Governing law

This Prospectus and the contracts that arise from the acceptance of Applications and bids under this Prospectus are governed by the laws applicable in New South Wales, Australia and each Applicant and bidder under this Prospectus submits to the exclusive jurisdiction of the courts of New South Wales, Australia.

9.16. Statement of Directors and SaleCo Directors

This Prospectus is authorised by each Director and SaleCo Director who consents to its lodgement with ASIC and its issue and has not withdrawn that consent. The Directors have made enquiries and nothing has come to their attention to suggest that the Company is not continuing to earn profit from continuing operations up to the date of this Prospectus.

Appendix A
Significant Accounting Policies

Significant Accounting Policies

Basis for consolidation

The consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost. Intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements.

Appropriate adjustments have been made to a controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity.

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the parent has control. Control is established when the parent is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

Business combinations

Business combinations are accounted for by applying the acquisition method which requires an acquiring entity to be identified in all cases. The acquisition date under this method is the date that the acquiring entity obtains control over the acquired entity.

The fair values of identifiable assets and liabilities acquired are recognised in the consolidated financial statements at the acquisition date.

Goodwill or a gain on bargain purchase may arise on the acquisition date, this is calculated by comparing the consideration transferred and the amount of non-controlling interest in the acquiree with the fair value of the net identifiable assets acquired. Where consideration is greater than the net assets acquired, the excess is recorded as goodwill. Where the net assets acquired are greater than the consideration, the measurement basis of the net assets is reassessed and then a gain from bargain purchase recognised in profit or loss.

All acquisition-related costs are recognised as expenses in the periods in which the costs are incurred except for costs to issue debt or equity securities. Any contingent consideration which forms part of the combination is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and the settlement is accounted for within equity. Otherwise, subsequent changes in the value of the contingent consideration liability are measured through profit or loss.

Revenue

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Group expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

Generally, the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations; however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability. None of the revenue streams of the Group have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

Appendix A
Significant Accounting Policies

Specific revenue streams

The revenue recognition policies for the principal revenue streams of the Group are:

Sale of goods

Sale of industrial electrical products, including engineered solutions, direct to the 'end user' customer and to the electrical wholesale markets. Revenue is recognised when IPD's performance obligations have been satisfied, which is upon delivery of the goods.

Rendering of services

Rendering of services relates to the testing, calibration and repair of electrical testing and measurement equipment.

Revenue is recognised when the control of the promised goods and services is passed to the customer, typically upon performance or delivery of such goods and services. Accordingly, for the revenue streams described above, revenue is recognised at the point in time as the goods are delivered and services are performed.

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties.

Other income

Other income is recognised on an accruals basis when the Group is entitled to it.

Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Group, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Class of Fixed Asset	Depreciation rate
Plant and Equipment	10 – 30%
Furniture and Fixtures	10 – 25%
Motor Vehicles	20 – 25%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

Financial instruments

Financial instruments are recognised initially on the date that the Group becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Group classifies its financial assets into the following categories, those measured at:

- Amortised cost
- Fair value through profit or loss – FVTPL

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (**ECL**) basis for the following assets:

- Financial assets measured at amortised cost

When determining whether the credit risk of a financial asset has increased significant since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Group uses the presumption that a financial asset is in default when:

- The other party is unlikely to pay its credit obligations to the Group in full, without recourse to the Group to actions such as realising security (if any is held); or
- The financial assets are more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Group in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Impairment of trade receivables and contract assets has been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Group has determined the probability of non-payment of the receivable and contract asset and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Group renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Impairment of other financial assets measured at amortised cost is determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities

The Group measures all financial liabilities initially at fair value less transaction costs; subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Group comprise trade payables and finance lease liabilities.

Impairment of non-financial assets

At the end of each reporting period, the Group determines whether there is evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated. Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (**CGU**) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss. Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cash Flows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cash flows. Changes in the measurement of the liability are recognised in profit or loss.

Leases

For the Statutory Historical Financial information, the Group adopted AASB 16 *Leases* using the modified retrospective method with effect from 1 July 2019.

Therefore, the Statutory Historical Financial information for the years ended 30 June 2019 has not been restated and was instead prepared in accordance with AASB 117 *Leases* and associated Accounting Interpretations:

- Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership are transferred to entities in the Group, are classified as finance leases.
- Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

In preparing the Statutory Historical Financial information for the year ended 30 June 2020, the Group used a number of practical expedients, allowed by AASB 16, on transition, including:

- Contracts which had previously been assessed as not containing leases under AASB 117 were not reassessed on transition to AASB 16;
- Lease liabilities have been discounted using the Group's incremental borrowing rate at 1 July 2019;
- Right-of-use assets at 1 July 2019 have been measured at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments;
- A single discount rate was applied to all leases with similar characteristics;

- The right-of-use asset was adjusted by the existing onerous lease provision (where relevant) at 1 July 2019 rather than perform impairment testing of the right-of-use asset;
- Excluded leases with an expiry date prior to 30 June 2020 from the statement of financial position and lease expenses for these leases have been recorded on a straight-line basis over the remaining term;
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease; and
- For leases which were classified as finance leases under AASB 117, the carrying amount of the right-of-use asset and the lease liability at 1 July 2019 are the same value as the leased asset and liability on 30 June 2019.

Under AASB 16

At inception of a contract, the Company assesses whether a lease exists – i.e., does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset; this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right, then there is no identified asset.
- The Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Group has the right to direct the use of the asset; i.e. decision making rights in relation to changing how and for what purpose the asset is used.

Lessee accounting

At the lease commencement, the Group recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Group believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Group's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Group's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Exceptions to lease accounting

The Group has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Group recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

Pro forma Historical Financial Information

The Pro forma Historical Financial Information has been prepared to reflect AASB 16 as though it had been implemented with effect from the beginning of the Historical Financial Information period, being 1 July 2018.

Appendix A
Significant Accounting Policies

Share capital

Ordinary shares are measured at cost and are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options which vest immediately are recognised as a deduction from equity, net of any tax effects.

Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (**GST**), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (**ATO**).

Receivables and payable are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

Income tax

The tax expense recognised in the statement of profit or loss and other comprehensive income comprises current income tax expense plus deferred tax expense. Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of tax bases of assets and liabilities to the carrying amounts in the consolidated financial statements.

Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).
- Taxable temporary differences arising on the initial recognition of goodwill.
- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

Appendix B
Glossary

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Glossary

Term	Meaning
AASB	Australian Accounting Standards Board
AASB 9	AASB 9 *Financial Instruments*
ABB Aus	ABB Australia Pty Ltd (ACN 003 337 611)
ABB/Control Logic Third Party Channel Agreement	the third party channel agreement between ABB Aus and Control Logic with an effective date of 18 June 2020
ABB Electrification Product Distributor Agreement	the distributor agreement between ABB Aus and the Company made on 28 July 2021
ABN	Australian Business Number
Addelec	Addelec Power Services Pty Ltd (ACN 118 144 399)
AEDT	Australian Eastern Daylight Savings Time
Alstom	ALSTOM Australia Limited
Applicant	a person who submits an Application
Application	an application to subscribe for Shares offered under this Prospectus
Application Amount or **Application Monies**	the amount accompanying an Application Form submitted by an Applicant
Application Form	the application form attached to or accompanying this Prospectus (including the electronic form provided by an online application facility)
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited or the securities exchange that it operates, as the context requires
ASX Listing Rules	the listing rules of the ASX as amended from time to time
ASX Recommendations	the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations
ASX Settlement Operating Rules	the settlement operating rules of the ASX
ATO	Australian Taxation Office
Australian Accounting Standards	Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board
Board or **Board of Directors**	the board of directors of the Company
Broker	any ASX participating organisation selected by the Lead Manager and the Company to act as a Broker to the Offer
Broker Firm Offer	the offer of Shares under this Prospectus to Australian resident retail clients of Brokers who have received a firm allocation from their Broker
CAGR	compound annual growth rate
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGT	capital gains tax
CHESS	Clearing House Electronic Subregister System, operated in accordance with the ASX Listing Rules and the ASX Settlement Operating Rules

Term	Meaning
Closing Date	the date on which the Offer is expected to close, indicatively being Monday, 6 December 2021 in respect of the Broker Firm Offer, the Priority Offer and the Employee Gift Offer in accordance with the timetable on page 7. These dates may be varied without prior notice
Company	IPD Group Limited (ACN 111 178 351)
Completion of the Offer	the completion of the Offer, being the date upon which Shares are issued or transferred to Successful Applicants in accordance with the terms of the Offer
Consolidated Statement of Financial Position	consolidated statement of financial position for IPD (including all subsidiaries)
Constitution	the constitution of the Company
Control Logic	Control Logic Pty Ltd (ACN 611 620 234)
Corporate operating cash flows	operating cash flows ultimately attributable to shareholders
Corporations Act	*Corporations Act 2001* (Cth)
Corporations Regulations	regulations made pursuant to the Corporations Act
COVID-19	the novel coronavirus disease (known as 'severe acute respiratory syndrome coronavirus 2'), classified by the World Health Organisation on 11 March 2020 as a pandemic
Depreciation and amortisation expense	depreciation and amortisation in relation to plant and equipment used in the business and the depreciation of right-of-use assets recognised under AASB 16, as well as in relation to the capitalised website costs and purchased software
Director	a director of the Company
EBIT	earnings before interest and tax
EBITDA	earnings before interest, tax, depreciation and amortisation
EIP	the employee incentive plan adopted by the Company on 19 October 2021
Eligible Employee	any current permanent employee of the Company, see Section 7.4.1
Elsteel/IPD Distributor Agreement	the distributor agreement between Elsteel Private and the Company entered into on 29 June 2021
Elsteel Private	Elsteel (Private) Limited
Emerson AP	Emerson Automation Solutions Intelligent Platforms Asia Pacific Pte. Ltd.
Emerson Distributor Agreement	the distributor agreement between Emerson AP and Control Logic entered into on 1 October 2020
Employee Gift Offer	the offer under this Prospectus to certain Eligible Employees who receive an invitation letter from the Company detailing the terms of their offer of new Shares, as described in Section 7.4
English Electric	English Electric Company Limited
Enterprise Value	the sum of market capitalisation of $103.6 million at the Offer Price plus pro forma net debt/(less Cash) including lease liabilities as at 30 June 2021
Escrow Deed	a voluntary escrow deed entered into between the Company and each of the Escrowed Shareholders

Appendix B
Glossary

Term	Meaning
Escrow Period	the period commencing the date of Completion of the Offer and ending at the release of the Company's FY22 financial results to ASX (expected to be in August 2022), subject to the exceptions set out in Section 7.14
Escrowed Shareholder	the Existing Shareholders as referred to in Section 7.14 and their nominees, related trusts or entities and/or other associates of those persons that hold Existing Shares
Escrowed Shares	means all but 5,000 of the Shares held by each Escrowed Shareholder at Completion of the Offer (other than any additional Shares acquired by any Escrowed Shareholder under the Offer), which are subject to escrow restrictions imposed by the Company as described in Section 7.14
Executive Director	a Director who is a member of management, at the date of this Prospectus being Michael Sainsbury and Mohamed Yoosuff
Existing Shareholders	Shareholders who hold Shares at the Prospectus Date or at Completion of the Offer, as the context requires, but does not include New Shareholders
Existing Shares	Shares held by all Existing Shareholders as at the Prospectus Date
Expiry Date	13 months after the Prospectus Date
Exposure Period	the seven-day period after the Prospectus Date, which may be extended by ASIC for up to an additional seven days, during which an Application must not be accepted
Financial Information	Historical Financial Information and Forecast Financial Information
Forecast Financial Information	Statutory Consolidated Forecast Financial Information and Pro Forma Consolidated Forecast Financial Information
Forecast Period	FY22F
Frost & Sullivan	Frost & Sullivan Australia Pty Ltd
FTE	full-time equivalent employees
FY	financial year ended 30 June
FY19	financial year ended 30 June 2019
FY20	financial year ended 30 June 2020
FY21	financial year ended 30 June 2021
FY22	financial year ended 30 June 2022
FY22F	forecast for the financial year of the Company ending on 30 June 2022
GST	has the meaning given in *A New Tax System (Goods and Services Tax) Act 1999* (Cth)
Historical Period	FY19, FY20, FY21
HTC	High Technology Control Pty Ltd (ACN 002 934 009)
IFRS	International Financial Reporting Standards
Income Tax Assessment Act	means the *Income Tax Assessment Act 1936* (Cth) or the *Income Tax Assessment Act 1997* (Cth) as appropriate
Independent Limited Assurance Report	the report set out in Section 8

Term	Meaning
Institutional Investors	investors outside of the United States who are: • persons in Australia who are wholesale clients under section 761G of the Corporations Act and either 'professional investors' or 'sophisticated investors' under sections 708(11) and 708(8) of the Corporations Act; or • institutional investors in certain other jurisdictions, as agreed by the Company and the Lead Manager, to whom offers of Shares may lawfully be made without the need for a lodged or registered prospectus or other form of disclosure document or filing with, or approval by, any government agency (except one with which IPD is willing in its discretion to comply)
Institutional Offer	the invitation to Institutional Investors under this Prospectus to acquire Shares as described in Section 7.8
Investigating Accountant	PKF Corporate Finance (NSW) Pty Limited in its role as investigating accountant in relation to the preparation of the Independent Limited Assurance Report
Investigating Accountant's Report	Independent Limited Assurance Report issued by the Investigating Accountant in connection with the Offer
IPD	IPD Group Limited (ACN 111 178 351) or any of its subsidiaries or, as the context requires, the business operated by any of these entities
IPD Offer Information Line	within Australia: 1300 941 467; or outside Australia: +612 9068 1922, and in each case, open from 9.00am to 5.00pm (AEDT) Monday to Friday during the Offer Period
IPO	initial public offering
Lead Manager	Bell Potter Securities Limited (ACN 006 390 772, AFSL 243480)
Listing	admission of the Company to the official list of the ASX and quotation of the Shares on the ASX
LTIFR	lost time injury frequency rate
Market Report	the Market Research report in Section 2 dated 22 October 2021 that IPD commissioned Frost & Sullivan Australia Pty Ltd to prepare. Refer to the Important Notices at the beginning of this Prospectus for further information
MBO	management buy-out
NED Bonus Shares	free bonus Shares that the Company will issue to Non-Executive Directors to match, on a dollar for dollar basis, the number of Shares issued to that Non-Executive Director under the Offer (up to $75,000 of Shares)
New Shareholders	Shareholders who acquire Shares under the Offer made under this Prospectus
New Shares	the new Shares to be issued by the Company under the Offer
Non-Executive Director	a Director who is not a member of management, at the date of this Prospectus being David Rafter and Andrew Moffat
NPAT	net profit (or loss) after tax
NPBT	net profit (or loss) before tax
OEM	original equipment manufacturer
Offer	the offer of Shares under this Prospectus

Appendix B
Glossary

Term	Meaning
Offer Period	the period during which investors may apply for Shares under the Offer, opening on the date specified in the timetable on page 7 and ending on the Closing Date
Offer Price	$1.20 per Share
Official List	the official list of the ASX
Other Income	other fees that are generated from IPD's business activities and government rebates
Performance Right	a right to a Share granted pursuant to the EIP
Priority Offer	the offer of Shares under this Prospectus to persons who have received a Priority Offer invitation from the Company, as described in Section 7.3
Priority Offer Applicant	an Applicant who has received a personalised invitation to participate in the Priority Offer
Priority Offer Application Form	the Application Form for the Priority Offer
Pro Forma Forecast Cash Flows	pro forma forecast consolidated statement of cash flows for FY22F
Pro Forma Forecast Financial Information	the financial information described as Pro Forma Forecast Financial Information in Section 4.1
Pro Forma Forecast Income Statement	pro forma forecast consolidated income statement for FY22F
Pro Forma Historical Cash Flows	pro forma consolidated statements of historical cash flows for FY19, FY20, FY21
Pro Forma Historical Financial Information	the financial information described as Pro Forma Historical Financial Information in Section 4.1
Pro Forma Historical Income Statements	pro forma historical consolidated income statements for FY19, FY20, FY21
Pro Forma Historical Statement of Financial Position	pro forma consolidated historical statement of financial position as at 30 June 2021
Profit Before Tax	profit (or loss) before tax
Prospectus	this document (including the electronic form of this Prospectus) and any supplementary or replacement prospectus in relation to this document
Prospectus Date	the date on which a copy of this Prospectus was lodged with ASIC, being Monday, 15 November 2021
Related Body Corporate	has the meaning given in the Corporations Act
Revenue	sum of interest revenue and other income
SaleCo	IPD Selling Co Ltd (ACN 655 277 517)
SaleCo Directors	The directors of SaleCo, being Mohamed Yoosuff, David Rafter, and Michael Sainsbury
Sales and marketing expenses	digital acquisition costs and costs incurred in reaching and marketing to customers including advertising costs. They also include employee expenses in relation to sales and marketing teams
Selling Shareholders	the Existing Shareholders who are selling some of their Existing Shares to SaleCo

Term	Meaning
Settlement	the settlement in respect of the Shares the subject of the Offer occurring under the Underwriting Agreement
Share	a fully paid ordinary share in the capital of the Company
Share Registry	Automic Pty Ltd (ABN 27 152 260 814) trading as Automic Group
Shareholder	a holder of Shares
Shareholding	a holding of Shares
Significant Accounting Policies	the principal accounting policies adopted in the preparation of the Financial Information
Statutory Forecast Cash Flows	statutory consolidated forecast cash flows for IPD
Statutory Forecast Financial Information	the financial information described as Statutory Forecast Financial Information in Section 4.1
Statutory Forecast Income Statement	statutory forecast consolidated income statement for FY22F
Statutory Historical Cash Flows	statutory historical consolidated statements of cash flows for FY19, FY20, FY21
Statutory Historical Financial Information	the financial information described as Statutory Historical Financial Information in Section 4.1
Statutory Historical Income Statements	statutory historical consolidated income statements for FY19, FY20, FY21
Statutory Historical Statement of Financial Position	statutory consolidated historical statement of financial position as at 30 June 2021
Successful Applicant	an Applicant or Institutional Investor who is issued Shares under the Offer
TFN	tax file number
Underwriting Agreement	the underwriting agreement between the Company, SaleCo and the Lead Manager dated Monday, 15 November 2021, as summarised in Section 9.5
U.S. Securities Act	United States Securities Act of 1933
US, USA or **United States**	The United States of America, its territories and possessions, any State of the United States of America and the District of Columbia

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Corporate Directory

Company's registered office

IPD Group Limited
43 Newton Road
Wetherill Park NSW 2164

Lead Manager and Underwriter

Bell Potter Securities Limited
Level 38, Aurora Place,
88 Phillip Street
Sydney NSW 2000

Australian Legal Adviser to the Company

Watson Mangioni Lawyers Pty Limited
Level 23, 85 Castlereagh Street
Sydney NSW 2000

Investigating Accountant

PKF Corporate Finance (NSW) Pty Limited
Level 8, 1 O'Connell Street
Sydney NSW 2000

Independent Auditor

PKF(NS) Audit & Assurance Limited Partnership
Level 8, 1 O'Connell Street
Sydney NSW 2000

Tax Adviser for the Offer

PKF(NS) Tax Pty Limited
Level 8, 1 O'Connell Street
Sydney NSW 2000

Share Registry

Automic Pty Ltd
Level 5, 126 Phillip Street
Sydney NSW 2000

Offer Information Line

Within Australia	1300 941 467
Outside Australia	+612 9068 1922

Offer Website

https://www.ipdgroup.automic.com.au/

Corporate Website

www.ipdgroup.com.au/


ipdgroup