IPH Limited

ABN 49 169 015 838

Appendix 4E – Preliminary Final Report
Full year ended 30 June 2023 (“FY23”)

Reporting periods
Current reporting period: Financial year ended 30 June 2023
Previous corresponding period: Financial year ended 30 June 2022

Results for announcement to the market		Change		FY23 $'000	FY22 $'000
Revenue from ordinary activities	Up	29.0%	to	482,865	374,330
Profit from ordinary activities after tax attributable to members	Up	22.8%	to	64,541	52,564
Profit for the period attributable to members	Up	22.8%	to	64,541	52,564

Dividends	Amount per Share	Franked amount per Share
Current period		
Final dividend	17.5c	6.125c
Interim dividend	15.5c	6.2c
Previous period		
Final dividend	16.0c	8.0c
Interim dividend	14.5c	5.8c

Final Dividend sourced from Conduit Foreign Income is 11.375c

Record date: Wednesday 23 August 2023

Payment date: Friday 15 September 2023

Ex-dividend date: Tuesday 22 August 2023

The Dividend Reinvestment Plan will be in operation for the FY23 full year dividend

Net tangible assets	FY23	FY22
Net tangible asset backing per share	($0.96)	($0.01)

A large proportion of the Company's assets are intangible in nature, relating to goodwill and identifiable intangible assets acquired through business combinations. These assets are excluded from the calculation of net tangible assets per share. Including intangible assets, net assets per share are $2.62 (FY22: $1.96)

Audit review status

Details of audit/review dispute or qualification (if any):

The accounts have been audited with no qualification.

Attachments

Details of attachments (if any):

The remainder of the information requiring disclosure to comply with listing rule 4.3A is contained in the accompanying FY23 Financial Report.

Signed

John Wadley
Chief Financial Officer
Sydney

Date: 17 August 2023

iphltd.com.au

2023 Annual Report

Year ended 30 June 2023

iph

Contents: Annual Report

About IPH

About IPH

IPH is a leading international intellectual property (IP) services group and was the first IP services group to list on the Australian Securities Exchange (ASX) in 2014.

Through the IPH group network, we provide services for the protection, commercialisation, enforcement and management of all forms of IP including patents, trade marks and designs. We operate in ten IP jurisdictions, servicing clients in more than 25 countries globally.

IPH's vision is to be the leading IP services group in secondary IP markets and adjacent areas of IP. We service a broad range of clients, including some of the world's leading companies, multi-nationals, universities, public sector research organisations, foreign associates and other corporate and individual clients.

Central to everything we do is a set of core values. These values underpin IPH's success and assist us to deliver tailored commercial solutions to our clients, empower our people, and create and maintain value for our stakeholders:

Core values

Excellence in service delivery to our clients

Innovation in value creation

Integrity in business practices

Efficiency and effectiveness in our operations

Empowerment and engagement of our people

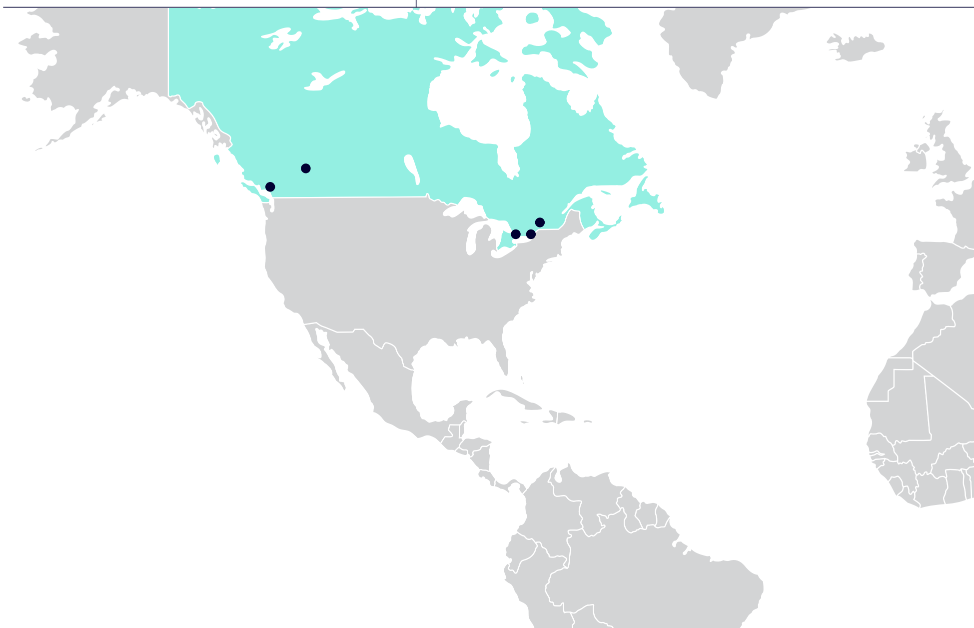
№ 1

Patent group

in Australia, Canada, New Zealand and Singapore[2]

Trade mark group

in Australia and New Zealand[3]



10
IP jurisdictions

1,300+
Employees[1]

31k+
Annual patent filings[4]

12k+
Annual trade mark filings[4]

6 brands

AJPark

applied marks

GRIFFITH HACK

PIZZEYS

SMART & BIGGAR

SPRUSON & FERGUSON INTELLECTUAL PROPERTY

1) Approximate employee numbers across the Group.
2) Management estimated market share based on local IP office filing data: Australia (FY23 as at 16/7/23), Singapore (CY23 YTD April as at 20/7/23), New Zealand (FY23 as at 6/7/23), Canada (CY21 and CY22 YTD May as at 27/6/23).
3) Management estimated market share based on local IP office filing data: Australia (FY23 as at 17/7/23, share of top 50 agents), New Zealand (FY23 as at 21/7/23).
4) Cases filed or instructed to be filed worldwide based on IPH internal data for FY23, including Smart & Biggar.

The IPH group network

As at 30 June 2023, IPH operated six brands with over 1,300 employees. The IPH group network comprises leading IP member firms AJ Park, Griffith Hack, Pizzeys, Smart & Biggar, Spruson & Ferguson and online IP services provider Applied Marks. IPH member firms provide services for the protection, commercialisation, enforcement and management of all forms of IP.

We work in some 25 offices globally, including in Australia, Canada, China, Hong Kong SAR, Indonesia, Malaysia, New Zealand, Philippines, Singapore and Thailand.

AJPark

AJ Park, established in 1891, is a premier IP firm operating in Australia, New Zealand and the Pacific Islands. With offices in Auckland and Wellington, AJ Park acts for a wide variety of clients, from international agents to government institutions, multinationals and major listed companies. As a full-service IP firm, AJ Park helps these clients identify, develop, protect, commercialise, manage, and enforce their IP rights in Australia, New Zealand and throughout the world. On 16 October 2020, AJ Park successfully acquired Baldwins Intellectual Property, giving the business greater depth.

Year formed

1891

Locations

Auckland

Wellington

27 Principals[1]

1 Principal promotion

6 Additional fee earner promotions

Recent recognition and highlights

Firm of the Year (New Zealand) | *Managing IP Asia Pacific 2023*

Tier 1: Firms (New Zealand) | *Chambers and Partners Asia Pacific 2023*

Tier 1: Trade Mark Prosecution and Trade Mark Disputes (New Zealand) | *Managing IP 2023*

Gold band: Firms (New Zealand) | *World Trademark Review 1000 2023*

Tier 1: Firms (New Zealand) | *The Legal 500 2023*

New Zealand Trademarks Firm of the Year | *Asia IP Awards 2022*

Highly Recommended: Patent Prosecution | *IAM Patent 1000 2022*

1) as at 1 July 2023

Applied Marks is a leading Australian online automated trade mark application platform, also providing automated registration and intelligence services relating to companies and domain names, both directly to customers and through channel partners. Founded in 2008, Applied Marks is a leading filer in the Australian trade mark market, with a focus on the retail market.

Year formed

2008

Location

Australia

Recent recognition and highlights

Increased market share from 6.1% to 7.0% of trade mark filings from the top 50 agents in Australia in FY23

Two new adjacent registration channel partners

Griffith Hack, established in 1904, is one of Australia's leading providers of intellectual property services with offices in Melbourne, Sydney, Brisbane and Perth. The firm is one of Australia's largest filers of patents and trade marks and provides a comprehensive range of domestic and international services relating to the protection, management, commercialisation and enforcement of IP rights. In July 2020, the business of Watermark was integrated into Griffith Hack, strengthening the combined businesses' service offering.

Year formed

1904

Location

Brisbane

Melbourne

Perth

Sydney

21 Principals[1]

2 Principal promotions

4 Additional fee earner promotions

Recent recognition and highlights

Tier 1: Trade Marks, Patent & Trade Mark Firms (Australia) | *Managing IP 2023*

Tier 1: Patent Prosecution (Australia) | *Managing IP 2023*

Gold: Trade Mark Prosecution & Strategy (Australia) | *World Trademark Review 1000 2023*

Gold: Patent prosecution (Australia) | *IAM Patent 1000 2023*

Tier 2: Intellectual Property (Australia) | *The Legal 500 2023*

1) as at 1 July 2023

PIZZEYS

Pizzeys Patent and Trade Mark Attorneys was established in 1981 and has offices in Brisbane, Canberra and Singapore. Pizzeys' business is predominantly focused on in-bound work into Australia and Singapore from overseas IP associates and direct corporate clients.

Year formed

1981

Locations

Brisbane

Canberra

Singapore

8

Principals[1]

1

Fee earner promotion

Recent recognition and highlights

Tier 3: Patent Prosecution (Australia) | *Managing IP* 2023

Tier 3: Patent Prosecution (Australia) | *Asia IP Patent Rankings* 2022

Bronze Firm: Prosecution (Australia) | *IAM Patent 1000* 2023

1) as at 1 July 2023

SMART & BIGGAR

Smart & Biggar is widely recognised as Canada's leading firm for IP, providing high quality IP advisory services. With over 100 lawyers, patent and trademark agents, across five offices, the firm provides expert counsel and guidance to safeguard clients' competitive position and help them secure and enforce strategic IP rights that create more value for their businesses.

Year formed

1890

Locations

Calgary

Montreal

Ottawa

Toronto

Vancouver

44

Principals[1]

1

Principal promotion

2

Additional fee earner promotions

Recent recognition and highlights

Band-One: IP, IP Litigation | *Chambers Global 2023*

Top-Tier firm for IP (Canada) | *The Legal 500 2023*

Gold: Trademarks & Patents (Canada) | *World Trademark Review 1000* and *IAM Patent 1000 2023*

Tier One: Trademarks & Patents (Canada) | *Managing IP 2023*

IP Litigation Firm of the Year | *Benchmark Litigation 2023*

Patent Prosecution Firm of the Year (Canada) | *Managing IP 2023*

IP Boutique Firm of the Year | *Lexpert Canadian Law Awards 2023*

1) as at 1 July 2023

Spruson & Ferguson Asia is one of the leading IP firms operating throughout the Asia-Pacific region, offering a variety of services for the protection, commercialisation, enforcement and management of IP.

Year formed

1997

Locations

Beijing

Bangkok

Hong Kong

Jakarta

Kuala Lumpur

Manila

Singapore

16
Principals[1]

2
Principal promotions

3
Additional promotions

Recent recognition and highlights

Asia-Pacific - IP Boutique Firm of the Year | *Managing IP Asia Pacific 2023*

Silver: Prosecution and Strategy (Singapore) | *World Trademark Review 1000 2023*

Bronze: Prosecution and Strategy (Indonesia) | *World Trademark Review 1000 2023*

Gold: Patent Prosecution (Singapore) | *IAM Patent 1000 2022*

Top Tier: Patent Prosecution (Singapore) | *Managing IP 2022*

1) as at 1 July 2023

SPRUSON & FERGUSON
INTELLECTUAL PROPERTY

Spruson & Ferguson Australia established in 1887, is one of Australia's leading IP firms, offering a variety of services for the protection, commercialisation, enforcement and management of IP.

Year formed
1887

Locations
Brisbane
Melbourne
Sydney

38
Principals[1]

1
Principal promotion

4
Additional fee earner promotions

Recent recognition and highlights

Asia-Pacific - IP Boutique Firm of the Year | *Managing IP Asia Pacific 2023*

Winner: Patent Disputes - Patent & Trademark Attorney Firms (Australia) | *Managing IP Asia Pacific 2023*

Gold: Patent prosecution (Australia) | *IAM Patent 1000 2023*

Top Tier: Trade Mark Prosecution (Australia) | *Managing IP 2023*

Gold: Prosecution and strategy (Australia) | *World Trademark Review 1000 2023*

Gold: Patent prosecution (Australia) | *IAM Patent 1000 2022*

1) as at 1 July 2023

The group's acquisition history

Since listing on the ASX in November 2014, IPH has grown through a series of strategic acquisitions and integrations to become a leading international IP services group, with a market capitalisation of approximately $1.8bn.

In FY23 we continued to grow and consolidate the IPH group network.

In October 2022, we officially welcomed Canada's pre-eminent IP agency firm, Smart & Biggar, to our group of leading IP member firms. This addition to the IPH group extends our international network beyond the Asia-Pacific region into the additional significant secondary market of Canada. It also provides a platform for IPH to participate in further growth opportunities.

In May 2023, Spruson & Ferguson Asia announced the opening of its newest office in Manila, Philippines. This is Spruson & Ferguson's 7th office in Asia and its 10th office across the Asia-Pacific region. It is now 25 years since the firm first commenced operations in Singapore, with the latest office opening in Manila representing continued growth in the Asia-Pacific region.

The addition of Smart & Biggar to the IPH group and the newly opened Spruson & Ferguson Manila office - a total of six new offices (five in Canada and one in Asia) - represent the expansion of the IPH network to 25 offices internationally.

IPH timeline

2023

May 2023

Announced the establishment of Spruson & Ferguson Philippines

2022

Oct 2022

IPH acquires Canada's pre-eminent IP agency firm, Smart & Biggar

Jul 2022

Divestment of Practice Insight Pty Ltd, trading as WiseTime to Anaqua Inc.

2021

Dec 2021

Integration of IPH member firms Shelston IP and Spruson & Ferguson Australia completed

Jul 2021

IPH expands its digital and trade mark capability with the acquisition of Applied Marks

2020

Oct 2020

IPH firm AJ Park acquires New Zealand IP firm Baldwins IP

Jul 2020

Integration of IPH member firms Watermark and Griffith Hack completed

May 2020

Divestment of Glasshouse Advisory R&D tax and EMDG practices to Grant Thornton

IPH timeline

2019

Aug 2019

IPH acquires Xenith IP Group, including Griffith Hack and Shelston IP

2018

Jul 2018

Merger of Fisher Adams Kelly Callinans and Cullens with Spruson & Ferguson

2017

Oct 2017

IPH acquires AJ Park in New Zealand

Jun 2017

Opening of Spruson & Ferguson Melbourne

2016

Oct 2016

IPH acquires Ella Cheong Hong Kong and Beijing

Jun 2016

IPH acquires Australian IP firm Cullens

May 2016

Opening of Spruson & Ferguson Thailand

Mar 2016

Opening of Spruson & Ferguson Indonesia

IPH timeline

2015

Nov 2015

IPH firm Fisher Adams Kelly acquires the business of Australian IP firm Callinans

Sep 2015

IPH acquires Australian IP firm Pizzeys

May 2015

IPH acquires Australian IP firm Fisher Adams Kelly

Apr 2015

IPH acquires IP data analysis & software applications businesses Practice Insight and WiseTime

2014

Nov 2014

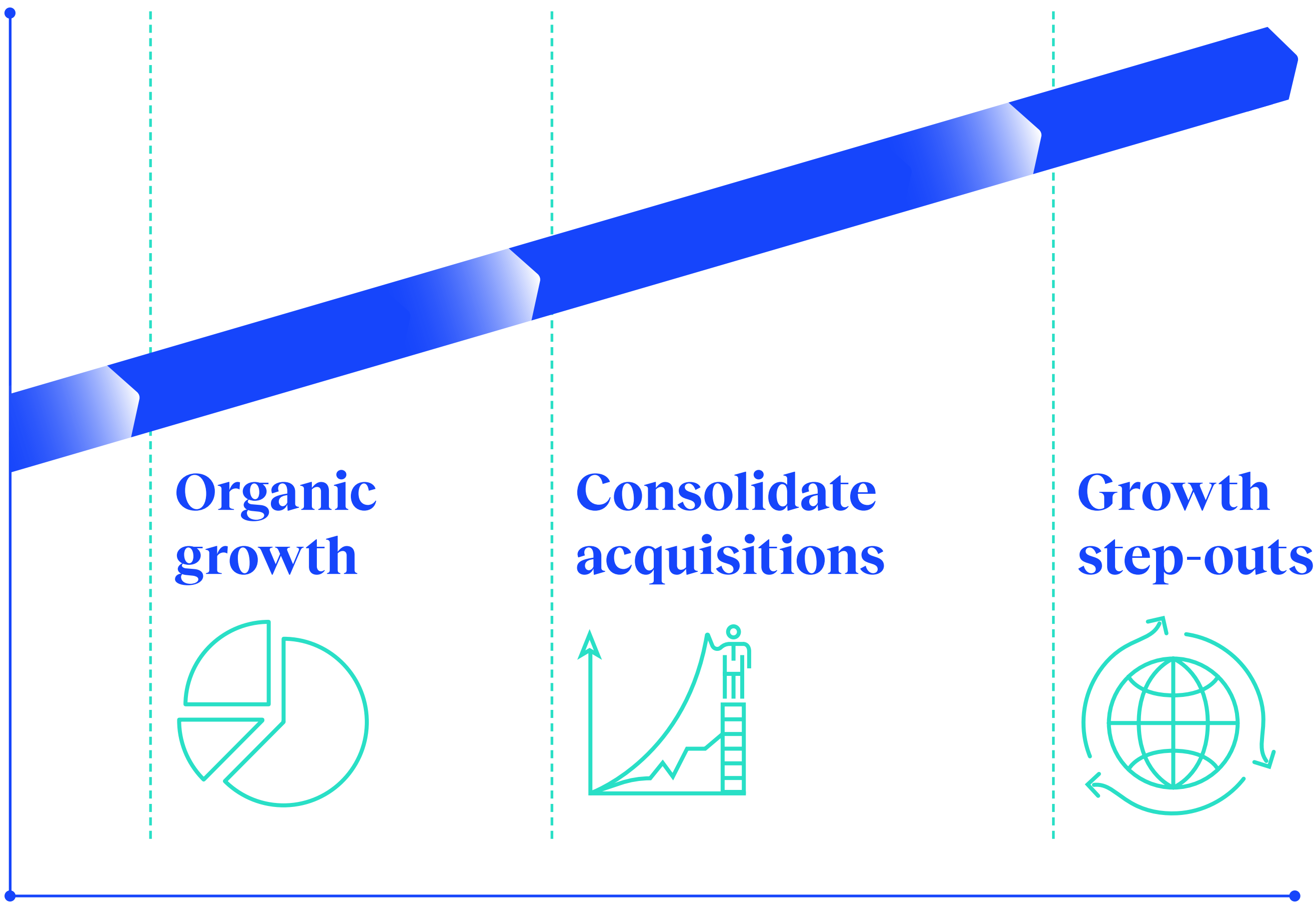
IPH becomes the first IP firm to list on the Australian Securities Exchange, with Spruson & Ferguson as the founding business

The IPH story

IPH was formed in 2014 with the vision of being the leading IP services group in secondary IP markets. We are now the number one patent group in Australia, Canada, New Zealand and Singapore and the number one trade marks group in Australia and New Zealand.

Our strategy, which allows us to deliver on our vision, is focused on organic growth, investing in new international and domestic businesses, and consolidating these acquisitions. Core to this strategy has been our success in acquiring and integrating firms that share our values, employ highly skilled professionals and that are leaders in the markets they serve.

Strategic direction



Enablers

Robust client management programs focused on delivering the highest levels of client service

+

Targeted service expansion across secondary IP markets

+

Focus on our people – attract, motivate and retain

+

Expand service offering to international companies

The IPH brand

At IPH, we use the combined power of our group network to build the capabilities of our people and our member firms to create benefit and value for all of our stakeholders. We call it the network effect.

IPH's commitment to continuous improvement means that we are continually looking to shape new ways of working in IP services. The scale of our group allows IPH to invest in technology, tools and resources to enhance our service offering and provide our clients and our people with smarter ways of working.

As the network evolves, we will continue to invest in building the capabilities of member firms and their people to enhance performance and open up new opportunities for growth.

The Network Effect

Combined power

IPH brings together a portfolio of member firms supported by leading infrastructure that makes accessing international markets more streamlined for clients.

Smarter working

IPH is at the forefront of the future of work and is continuously finding smarter ways to operate its member firms.

Enabling growth

IPH enables its people and its member firms to build greater capability and enhance performance.

Spruson & Ferguson – 25 years in Asia

In FY23, Spruson & Ferguson celebrated the 25-year anniversary since the firm's Singapore office opened. To mark this milestone, Spruson & Ferguson combined its experience, insights, industry research and data to report on notable trends and influences on the future of IP in the region in its *25 years in Asia* report.

Back in 1997, Spruson & Ferguson's successful Australia-based operation identified an opportunity to establish a footprint in Asia, recognising the importance of establishing a physical presence to demonstrate commitment to the region. The practice has undergone many evolutions over time, including partnerships and mergers with local firms, as the firm built up its practice and expertise to respond to changing market conditions.

Over the next five years, the firm will look to expand its geographic footprint and grow expertise in the regions with the most impact. In the immediate term, Spruson & Ferguson has expanded its network to the Philippines, with a new office in Manila announced in May 2023. The Manila office handles Philippines patent applications and trade marks, and provides support for the wider region as a strategic growth opportunity.

Regardless of the changes over the past 25 years in Asia and the past 135 years since Spruson & Ferguson was first established, the proven formula still works – a commitment to providing top notch service and expertise to clients, investing in people and operations, and remaining responsive and at the forefront of industry best practice.

"As a business, Spruson & Ferguson has always understood the value of having a local presence in supporting the development of strong relationships and partnerships. The investment we have made in establishing a local presence and expertise in what is now a leading growth region has been a critical part of our success story as a firm."

Kristian Robinson
Managing Director
Spruson & Ferguson Asia

FY23
Year in Review

Chairman's report

IPH delivered increased profitability and enhanced returns to shareholders in FY23, which included the contribution of our Canadian IP business, Smart & Biggar, which the Group acquired during the year.

FY23 Results

IPH reported a Statutory Net Profit After Tax (NPAT) of $64.5 million for FY23 compared to $52.6 million for the prior year. Diluted Earnings Per Share increased by 19% to 28.4 cents per share.

On an Underlying basis, the Company reported a significant increase in earnings with Underlying NPAT increasing by 20% to $99.0 million and Underlying EBITDA increasing 28% to $170.0 million.

Group Underlying results in FY23 were assisted by the inclusion of earnings from Smart & Biggar in Canada which was acquired with effect from 6 October 2022 and from a foreign exchange currency benefit.

The difference between the Group's Statutory and Underlying EBITDA in FY23 of $11.0 million relates to changes in deferred consideration, costs associated with acquisitions, costs associated with managing the cyber security incident, restructuring expenses and IT SaaS implementation costs.

The Directors declared a final dividend for FY23 of 17.5 cents per share, 35% franked, bringing the full year dividend to 33.0 cents per share, compared to 30.5 cents per share for the prior year.

The full year dividend is in line with the Board's dividend policy to pay 80 to 90% of cash NPAT as dividends.

Further detail on IPH's financial results is contained within the CEO's Report and Operating and Financial Review in the Directors' Report.

Update on Strategy

The IPH Group strategy has been consistent since our listing in 2014 which supports our vision to be the leading IP services group in secondary IP markets and adjacent areas of IP.

The Group has made a number of business acquisitions in support of that strategy over the past nine years.

As detailed in my report last year, IPH delivered a significant step in the implementation of this strategy with the acquisition of Canada's leading IP agency firm, Smart & Biggar in October 2022.

Smart & Biggar's financial performance to 30 June 2023 has marginally exceeded our expectations at the time of acquisition and also established a platform for IPH to participate in further growth and industry consolidation opportunities in the Canadian market.

I look forward to keeping shareholders further updated in respect of this strategy.

Cyber Incident

On 13 March 2023, the Company detected that a portion of our IT environment had been subject to unauthorised access.

Upon becoming aware of this incident, we immediately enacted our cyber response plan and implemented our business continuity plan to resolve the cyber incident.

A forensic investigation identified that a limited set of data was downloaded by an unauthorised third-party during the incident. The downloaded dataset originated from the Spruson & Ferguson Australia business and primarily contained data relating to a small number of clients of Spruson & Ferguson Lawyers and certain historical financial and corporate information.

IPH conducted a comprehensive post incident review into the incident and has identified further learnings and opportunities which will be incorporated into strengthening our cyber security measures and ensuring the strengthening of controls.

IPH has also completed the forensic investigation and the review of regulatory requirements associated with the issue. We have not experienced any known loss of client relationships as a result of this incident.

While this was an unfortunate incident, the Board was pleased with the rapid and comprehensive response from our executive team in managing this issue.

Further details regarding this incident are detailed in this Annual Report.

Sustainability

IPH remains committed to sustainability and we continue to work closely with our stakeholders as part of our commitment to drive positive change and sustainable outcomes.

In FY23, IPH continued to work on refreshing our sustainability strategy which also included seeking the views of internal and external stakeholders to identify priority material issues for the IPH group. We also engaged external advisors to assist us in our Greenhouse Gas Emissions measurement and reporting which now comprises direct and indirect emissions sources (Scope 1, 2, 3) of our international operations, including our member firms. This GHG accounting methodology aligns to the International Greenhouse Gas Protocol, which is also the framework that underpins carbon accounting under the ISSB, Climate Reporting Standard (IFRS S2).

During the year we established a Reconciliation Working Group with representatives from our Australian member firms. The Working Group researched with our clients and a range of external providers how we could meaningfully contribute towards reconciliation.

We are currently engaging with Reconciliation Australia on our draft Reconciliation Action Plan, to be released later in FY24.

We have also announced a partnership in FY24 with DeadlyScience, a not for profit organisation with a vision to create STEM equity for First Nations learners. Working with primary and high schools in regional and remote communities, DeadlyScience provides Science, Technology, Engineering and Mathematics (STEM) resources and programs to create effective learning.

Further details on these and other initiatives are contained within our Sustainability Report.

IPH Board

We were pleased to announce the appointment of Vicki Carter as a Non-executive Director to the Board in October 2022.

Vicki has over 35 years' experience in the financial and telecommunications sectors with executive roles in distribution, strategy and operations, human resources and transformation.

The Board has also determined to establish a new Projects Committee of the Board with its own charter, to be chaired by Vicki.

Separately, the Remuneration and Nomination Committee has been renamed the People, Remuneration and Nominations Committee (PRN Committee) to reflect more accurately the evolving changes in the IPH workplace and to assist the Board in fulfilling its corporate governance responsibilities in regard to people and culture matters.

Conclusion

I would like to acknowledge the Company's Managing Director and CEO, Dr Andrew Blattman, his leadership team, and all our people right across the IPH Group for their contribution during FY23.

The IPH Group continues to expand and we now employ over 1,300 people across 10 IP jurisdictions.

We are fortunate to have such a highly talented group of people who consistently deliver results for our clients which in turn delivers increased returns for our shareholders.

Let me conclude by thanking shareholders for your continued support of IPH Group.

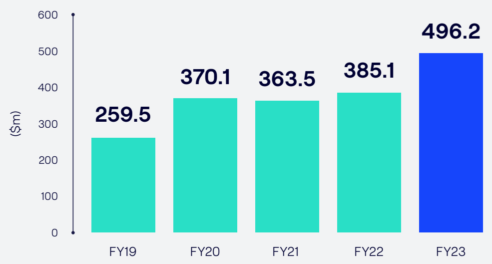
Kind regards,
Peter

Peter Warne
Non-executive Chairman
IPH Limited

Financial highlights

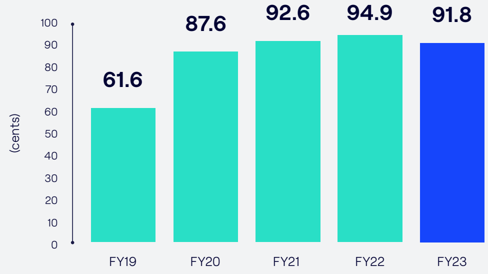
Revenue and other income[1]

AUD$496.2m



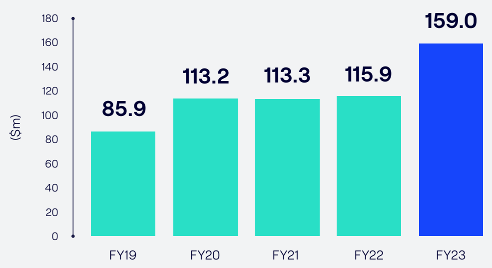
Operating Cashflow

AUD$91.8m



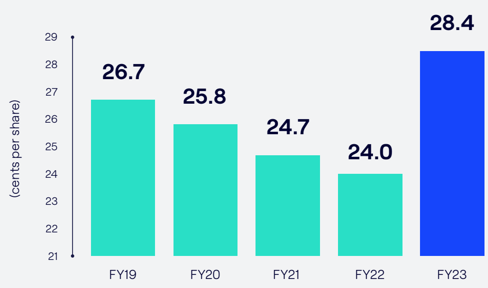
EBITDA[2]

AUD$159.0m



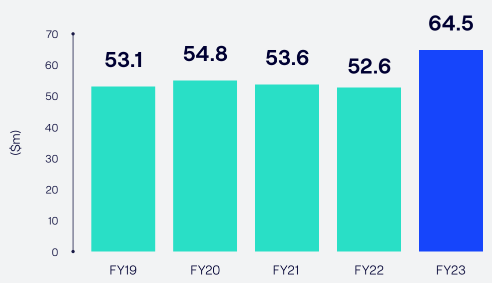
Diluted Earnings Per Share

28.4c



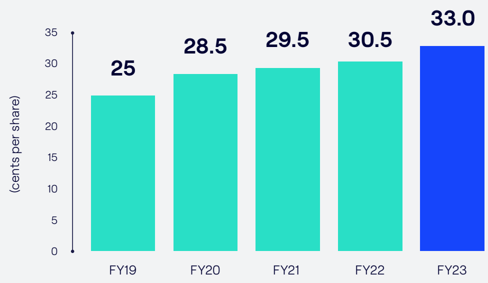
NPAT

AUD$64.5m



Full Year Dividend

33.0c



1) Revenue and other income excluding interest.
2) Earnings before Interest, Tax, Depreciation and Amortisation.

Our achievements

110+ professional staff received industry awards

41 Firm of the Year, Top Tier Firm or Gold Band Firm awards

76 promotions across the group in FY23

7 Principal promotions announced for FY24

67% of fee earner promotions in FY23 were women

240+

leaders participated in the IPH People Leadership Excellence Program since inception in FY21

AUD$570k+

to support 64 trainees to complete their Masters of IP, and launched Graduate Program with initial cohort of IT graduates

3,200+

hours of staff development training across the group in FY23

1,200+

hours of content delivered through our IPH Professional Development Workshops in FY23

217 new hires

CEO's report

IPH continued to execute its growth strategy successfully during FY23, demonstrated by the acquisition and subsequent integration of leading Canadian IP firm, Smart & Biggar which assisted in delivering a significant increase in underlying Group profitability for the year.

FY23 Results

On an Underlying basis, IPH delivered a 20% increase in Underlying NPAT to $99.0 million with Underlying EBITDA improving by 28% to $170.0 million. The Underlying Group result included the contribution from Smart & Biggar (which was acquired on 6 October 2022) and was also assisted by the lower average A$ / US$ exchange rate compared to the prior year.

On a Group like-for-like basis (which removes the impact of acquisitions and the effect of foreign exchange movements) revenue was steady with Underlying EBITDA declining by 3% on the prior year.

In our Asian business, our Singaporean hub continued to deliver improved results with like-for-like revenue up by 8% and underlying earnings growth of 7%. However, this was offset by a significant decline in patent and trade mark revenue in Hong Kong/China. One of our larger clients exited operations in China which reflects recent industry supply chain de-risking as some corporates seek alternative manufacturing locations to China. Continued geopolitical impacts in the region caused a decline in patent and trade mark revenue in Hong Kong with a decline in translation revenue.

As a result total like-for-like revenue in Asia increased by 4% while like-for-like EBITDA was steady on the prior year.

Like-for-like revenue in our Australian and New Zealand IP businesses declined by 1% with like-for-like EBITDA declining by 5%. This represented an improvement from the first half (where revenue had declined 3% and EBITDA down 6%) notwithstanding some disruption from managing the response to the cyber incident during March/April.

Market Conditions

IPH experienced patent filing decline of 2% across our Asian jurisdictions (outside of Singapore) in FY23 which compared to a strong prior year. Filing growth in Indonesia and Malaysia was offset by a decline in China.

In Singapore, IPH Group maintained our number one patent market share of 23.1% for the period CY22 YTD December 2022.

Australian patent market filings (ex innovation patents, which were phased out in Australia in Aug 2021) declined by 3.3% in FY23 compared to FY22 while IPH Group filings (ex innovation patents) declined by 7.8% for the same period.

The relative decline in IPH Group filings in Australia reflects a full year of the integration of Spruson & Ferguson Australia and Shelston IP in FY23, compared to seven months in FY22. We have previously noted the disruptive impact of member firm integrations on filing activity.

IPH Group filings began to stabilise in 2HFY23 while both Spruson & Ferguson Australia and Griffith Hack recorded improved filing performance in 2HFY23.

IPH remains the market leader in Australia with combined group patent market share (excluding innovation patents) of 32.4% for the year to 30 June 2023.

Cyber Incident

As shared with the market on 13 March 2023, IPH detected a portion of its IT environment had been subject to unauthorised access. We immediately enacted our cyber response and business continuity plans, including establishing new network infrastructure, restoring system functionality and implementing enhanced cyber security measures.

A forensic investigation identified that a limited set of data was downloaded by an unauthorised third-party during the incident. The downloaded dataset originated from the Spruson & Ferguson Australia business and primarily contained data relating to a small number of clients of Spruson & Ferguson Lawyers and certain historical financial and corporate information.

We have conducted a comprehensive post incident review into the incident and have identified further learnings and opportunities which will be incorporated into strengthening our cyber security measures and ensuring the strengthening of controls.

IPH has not experienced any known loss of client relationships as a result of this incident and we have also completed a review of regulatory requirements.

The financial impact of the incident is consistent with previous announcements. For the month of March 2023, business disruption contributed to a service charge budget shortfall of approximately $4.4 million (in aggregate) for the impacted businesses of Spruson & Ferguson Australia and Griffith Hack. In the subsequent months, Griffith Hack and Spruson & Ferguson Australia collectively exceeded budget by approximately $1.5 million. No further backlog of filings is expected for either firm. IPH incurred $2.8 million (pre-tax) in non-underlying costs in FY23 including costs for specialist third parties as part of management and remediation of IT systems, legal and other costs.

A more detailed summary of the cyber incident is included on page 24.

Strategy Update

IPH made solid progress in implementing its growth strategy during FY23.

A major focus during the year was the continuing successful integration of Smart & Biggar into the IPH network. The Smart & Biggar acquisition extended our reach beyond Asia Pacific and enabled an initial strong presence in Canada which is a major secondary market in IP.

Smart & Biggar's financial performance for the year was marginally ahead of our expectations and recorded $31.4 million in Underlying EBITDA from the date of acquisition (6 October 2022).

Our integration program remains on track both in terms of local operations in Canada and client referrals into the IPH network. For the year, a total of c. 220 referrals were made between Smart & Biggar and other member firms of the IPH network which provides an initial base from which we expect to increase over time.

In FY23, Spruson & Ferguson celebrated the 25-year anniversary of the opening of the firm's Singapore office. Over that period the firm has established a significant presence across the Asian region providing a compelling service offering for our clients.

In May 2023, Spruson & Ferguson further expanded this network offering, announcing the establishment of a new office in Manila. The Manila office handles Philippines patent applications and trade marks and provides support for the wider region as a strategic growth opportunity.

We continue to assess complementary acquisition opportunities in Canada and other core secondary IP markets.

In Canada, we believe there are a number of further consolidation opportunities to expand our patent market share in a material manner, each in the region of approximately 4-7% of the Canadian patent market.

In line with our previously announced strategy, we are in discussions with parties regarding potential acquisition opportunities, with one potential opportunity expected to be announced immediately post publication of FY23 results, and another opportunity being actively pursued.

IPH is also continuing to pursue other acquisition opportunities and is involved in discussions.

Focus on People

A core focus for the group remains on attracting, motivating, developing and retaining our people across IPH.

During FY23 IPH made 76 promotions across all our member firms, including 7 Principal appointments. Over two thirds (67%) of fee earner promotions in FY23 were women.

We continue to invest in the future of the profession and during the year we launched a Graduate Program with an initial cohort of IT graduates joining the business in February 2023. We have also designed a broader curriculum to support Trainee Attorneys, which focuses on building the required competencies to support the progression through our defined career pathway and empowering our emerging talent.

Summary

IPH continues to make substantial progress on its growth strategy. As a result, we remain uniquely positioned as one of the largest IP services groups in secondary IP markets to consolidate and grow our business in our key markets.

I want to acknowledge and thank all our people across IPH for their continued hard work and dedication over the past year which has included several disruptions and challenges.

I would also like to thank our shareholders for your ongoing support and assure you of the Company's continued focus on generating further shareholder value creation.

Kind regards,
Andrew

Dr Andrew Blattman
CEO and Managing Director
IPH Limited

Cyber incident and response

In FY23, IPH experienced a cyber incident which impacted a portion of its IT environment.

Here is a summary of IPH's response, including business continuity implementation, infrastructure isolation and restoration, enhanced cyber security measures and the outcomes of the investigation, as reported to the market during March and April 2023.

What occurred and how we responded:

» On 13 March 2023, IPH detected that a portion of its IT environment had been subject to unauthorised access.

» This access was primarily limited to the document management systems of the IPH head office and two IPH member firms in Australia, Spruson & Ferguson Australia and Griffith Hack, and the practice management systems of these two IPH member firms.

» Upon becoming aware of the incident, IPH immediately isolated these systems, removed them from its network, and implemented its business continuity plan to resolve the cyber incident.

» IPH subsequently established new network infrastructure, following a methodical restoration process. Supported by leading external cyber security experts, IPH applied enhanced cyber security measures, including additional preventative and detective controls to protect the IPH network.

» All other IPH member firms continued to operate as normal.

Forensic investigation findings and post incident review

The forensic investigation identified that a limited set of data was downloaded by an unauthorised third-party during the incident. The downloaded dataset originated from the Spruson & Ferguson Australia business and primarily contained:

» data relating to a small number of clients of Spruson & Ferguson Lawyers; and

» some historical financial and corporate information.

Following the forensic investigation, IPH has no evidence to suggest that data located on any other component of IPH's IT network (including the document management system of the IPH head office and the document management and practice management systems of Griffith Hack) was downloaded by the unauthorised third-party during the course of the incident.

IPH reviewed the downloaded dataset and worked with Spruson & Ferguson Lawyers to directly contact affected clients. IPH also notified the Office of the Australian Information Commissioner of the incident.

IPH notified the Office of the Australian Information Commissioner of the incident and has completed a review of regulatory requirements.

The Company has conducted a comprehensive post incident review into the incident and has identified further learnings and opportunities which will be incorporated into strengthening our cyber security measures and ensuring the strengthening of controls.

Financial impact

As previously announced, while IPH enacted its Business Continuity Plan in response to the cyber incident, the affected member firms did experience some business disruption related to the incident.

For the month of March 2023, this disruption contributed to a service charge budget shortfall of c$4.4 million (in aggregate) for the impacted businesses of Spruson & Ferguson Australia and Griffith Hack. While this service charge budget shortfall resulted in lost revenue due to the disruption, IPH expected to recover a material proportion of this shortfall as delayed processing or invoicing of such events occurs over time. In the subsequent months, Griffith Hack and Spruson & Ferguson Australia collectively exceeded budget by c$1.5 million. No further backlog of filings is expected for either firm.

IPH has also incurred costs related to responding to, and investigating, the cyber incident, including costs associated with specialist external third parties as part of the management and remediation of IPH's network and IT systems and forensic investigation, and legal and other costs. A total of $2.8 million (pre-tax) has been incurred as non-underlying costs in FY23 accounts related to this incident.

There has been no known loss of client relationships as a result of the incident.

Our **Board** & **Leadership**

The IPH Board of Directors

Peter Warne

Non-executive Director and Chairman
BA (Actuarial Studies), FAICD

Peter has been a Non-executive Director of IPH since 2021 and Chairman since February 2022. He brings to the roles an extensive knowledge of, and experience in, financial services and investment banking, gained through a number of senior roles at Bankers Trust Australia Limited, including as head of its Global Financial Markets Group from 1988 to 1999.

Peter was a Director of the Sydney Futures Exchange (SFE) from 1990 to 1999, and from 2000 to 2006, and served as its Deputy Chairman from 1995 to 1999. When the SFE merged with the Australian Securities Exchange (ASX Limited) in July 2006, he became a Director of ASX Limited, a position he held until 2020.

Peter has previously served as a Non-executive Chairman of ALE Property Group from 2003 to 2017, and OzForex Group Limited (now trading as OFX Limited) from 2013 to 2016. He also served as a Non-executive Director of Macquarie Group Limited and Macquarie Bank Limited from 2007 to 2022, including the period from 2016 to 2022 as Chairman. He was a Director of New South Wales Treasury Corporation from 2012 until 2020, where he also served as Chairman from 2019 to 2020.

In addition to his role on the IPH Board, Peter is Non-executive Director of UniSuper, Argo Investments Limited, Allens, and NSW Net Zero Emissions and Clean Economy Board, Non-executive Chairman of St Andrews Cathedral School Foundation. He is also a member of the ASIC Corporate Governance Consultative Panel, and an adviser to the board of Virgin Australia Airlines.

Note: Executives' profiles as at August 2023.

Dr Andrew Blattman

Chief Executive Officer and Managing Director
BScAgr (Hons 1), PhD, GraDipIP

Andrew was appointed as Chief Executive Officer and Managing Director of IPH in November 2017.

Andrew has nearly 30 years' experience in the IP profession, having joined IPH Group member firm Spruson & Ferguson in 1995. He was appointed as a Principal in 1999 and served as CEO from 2015 to 2017, during which time the firm significantly expanded its footprints in both the Australian and Asia IP markets, opening new offices in Melbourne, Beijing, Hong Kong SAR, Jakarta and Bangkok.

Since Spruson & Ferguson's incorporation and the listing of IPH on the ASX in 2014, Andrew has played a key role in the development and growth of the IPH Group. He has a deep knowledge and understanding of the IPH business and the environment in which the company operates.

Andrew is on the Board of St Paul's College Foundation.

John Atkin

Independent Non-executive Director
LLB (1st Class Hons), BA (Pure Mathematics) (1st Class Hons)

John was appointed as a Non-executive Director in September 2014.

He is Chairman of the Australian Institute of Company Directors and Qantas Superannuation Limited, as well as a Non-executive Director of Integral Diagnostics Limited. He served as Chairman of Outward Bound Australia for over 12 years and has been the Vice Chairman of Outward Bound International since 2017. John is also a former Director of Commonwealth Bank Officers Superannuation Corporation Pty Limited.

John was CEO & Managing Director of The Trust Company Limited from 2009-2013 prior to its successful merger with Perpetual Limited. A former lawyer, he was Managing Partner and Chief Executive of Blake Dawson from 2002-2008 and also practiced at Mallesons Stephen Jaques (as it was then known) as a Mergers & Acquisitions Partner for 15 years from 1987-2002.

Vicki Carter

Independent Non-executive Director
BA (Social Sciences), GradDipMgmt

Vicki Carter was appointed as a Non-executive Director in October 2022.

She is currently a Non-executive Director of ASX Limited, Bendigo and Adelaide Bank Limited and Non-executive Director and Chair of Sandhurst Trustees Limited. She has over 35 years' experience in the financial and telecommunications sectors with executive roles in distribution, strategy and operations, human resources and transformation.

Her former roles include Executive Director, Transformation Delivery at Telstra and senior executive roles at National Australia Bank including Executive General Manager – Retail Bank, Executive General Manager – Business Operations and Executive General Manager – People and Culture, as well as roles at MLC, ING and Prudential Assurance Co. Ltd.

Note: Executives' profiles as at August 2023.

Robin Low

Independent Non-executive Director
BCom, FCA

Robin was appointed as a Non-executive Director in September 2014.

In addition to her role on the IPH Board, Robin is a Non-executive Director of ASX listed companies: AUB Group Limited, Appen Limited and Marley Spoon SE. She is also on the boards of Guide Dogs NSW/ACT and the Sax Institute. Robin is a member of the University of New South Wales audit committee.

She is a former Non-executive Director of CSG Limited and Australian Reinsurance Pool Corporation and former Deputy Chair of the Auditing and Assurance Standards Board. Robin was with PricewaterhouseCoopers for 28 years, including as a Partner from 1996 to 2013, specialising in audit and risk.

Jingmin Qian

Independent Non-executive Director
BEc, MBA, CFA, FAICD

Jingmin was appointed as a Non-executive Director in April 2019.

Jingmin is also a Non-executive Director of Abacus Property Group, Trustee Director of HMC Capital Partners Fund, a member of Macquarie University Council, a Non-executive Director and National Vice President of the Australia China Business Council. She is also a senior advisor to leading global and Australian organisations and Director of Jing Meridian Advisory Pty Ltd. Jingmin is a member of Chief Executive Women (CEW).

Jingmin is a former Trustee Director of Club Plus Super, former Board Director of CFA Society of Sydney and former Non-executive Director of Golden Cross Resources. She also previously held senior roles with L.E.K. Consulting, Boral Limited, and Leighton Holdings. Jingmin brings a broad range of commercial experience covering strategy, mergers and acquisitions, capital planning, investment review and Asian expansion to her role on the IPH Board.

Note: Executives' profiles as at August 2023.

The IPH Executive Leadership Team

Philip Heuzenroeder

Group General Counsel & Company Secretary
BEc, LLB, LLM, GAICD (Order of Merit)

Philip has been Group General Counsel and Company Secretary of IPH since 2016.

Prior to joining the IPH Executive Leadership Team, he was a Principal of member firm Spruson & Ferguson for over 12 years.

Philip has nearly 30 years' experience as a solicitor and governance professional, both in private practice and in-house. His expertise covers a broad range of areas of law including commercial law, competition law, ICT, intellectual property and litigation.

Philip is a former Director of the Cure Brain Cancer Foundation.

John Wadley

Chief Financial Officer
B.Bus (Accounting & Finance), ICAA

John has been IPH's Chief Financial Officer since 2016.

As CFO John is responsible for financial management of the Group, including internal and external reporting to the ASX and IPH shareholders. The Finance team is also responsible for the treasury, taxation, budgeting and forecasting functions.

John is a qualified accountant. Prior to joining IPH he was Group Financial Controller at IT services firm SAI Global, having previously spent seven years in audit at firms Ernst & Young and Arthur Andersen.

John O'Shea

Chief Operating Officer
BEc, MBA, GAICD

John has been IPH's COO since 2018.

In his role, John works with the Managing Directors of the Group's member firms to ensure business strategy and key business initiatives are identified, developed and delivered in a way that supports commercial outcomes.

In his time with IPH, John has had responsibility for the consolidation of acquisitions into the Group and he relocated to Toronto in 2023 to ensure the successful integration of Smart & Biggar into the IPH Group.

John has an extensive background in senior executive roles having international, regional and Australian experience in his time as both a partner in KPMG Australia and as Global Chief Marketing Officer for KPMG International.

Note: Executives' profiles as at August 2023.

Cath Harris

Chief People Officer
BA (Hons), Masters of Human Resources and Organisational Development

Cath joined IPH as Chief People Officer in 2020.

In her role as Chief People Officer, Cath works with the leadership and people teams to align HR strategy to set and execute the Group's business strategy. She is responsible for talent attraction and management, policy design and implementation, employee relations, reward and recognition, performance management, building leadership capability and creating a great working atmosphere.

She has over 20 years' experience working in senior HR roles in professional services firms including roles leading HR functions for Dentons and Slater & Gordon, and media organisations Foxtel and Sky Broadcasting in Australia and the UK respectively. Cath has particular expertise in partnering with business leaders to shape strategy, build performance and create growth for their people.

Tee Tan

Chief Information Officer
BE (Computing) (Hons), MBA

Tee joined IPH in 2018 and is the company's Chief Information Officer.

Tee is responsible for ensuring that information technology investments and operations in all IPH Group companies are aligned with the Group's strategic business objectives. His role includes overseeing IT and digital strategy, executive leadership and team development, technology roadmap, IT operations, project delivery and information security.

Tee has more than 20 years' of experience, previously working in various senior IT roles, mainly in the financial services industry. He has an extensive IT background, specialising in systems architecture with a proven track record in championing flexible and scalable solutions and solving complex organisational problems.

Halina Kochanowicz

Chief Commercial Officer
Licentiate in Law, MBA

Halina joined IPH in 2021 as the company's Chief Commercial Officer.

She is responsible for business development, sales, marketing and communications.

A former lawyer, Halina has more than 20 years' experience working as a marketing professional in Europe, Brazil, New York and Sydney. She has worked primarily in the legal industry for both international and leading Australian firms.

Before joining IPH as the Chief Commercial Officer, Halina worked for Elevate and set up Elevate Flex in Australia. Prior to that she was the CMO at Corrs Chambers Westgarth, Australia's leading independent law firm.

Halina is fluent in six languages and is a passionate advocate for kids with ASD.

Note: Executives' profiles as at August 2023.

Corporate **Directory**

Corporate directory

Directors	Mr Peter Warne - Chairman Dr Andrew Blattman Mr John Atkin Ms Vicki Carter Ms Robin Low Ms Jingmin Qian
Company Secretary	Mr Philip Heuzenroeder
Notice of Annual General Meeting	IPH will hold its 2023 Annual General Meeting on Wednesday 15 November 2023.
Registered office	Level 22, Tower 2, Darling Park 201 Sussex Street, Sydney NSW 2000 Tel: 02 9393 0301 Fax: 02 9261 5486
Principal place of business	Level 22, Tower 2, Darling Park 201 Sussex Street, Sydney NSW 2000
Share register	Link Market Services Limited Level 12, 680 George Street, Sydney NSW 2000 Tel: 1300 554 474
Auditor	Deloitte Touche Tohmatsu Quay Quarter Tower, 50 Bridge Street Sydney NSW 2000
Solicitors	Bird & Bird Level 22, 25 Martin Place, Sydney NSW 2000
Stock exchange listing	IPH Limited shares are listed on the Australian Securities Exchange (ASX code: IPH)
Website	www.iphltd.com.au
Corporate Governance Statement	The Corporate Governance Statement has been approved by the Board of Directors and can be found at www.iphltd.com.au

Sustainability
Report

Contents: Sustainability Report

Our approach to sustainability

At IPH, ensuring our expanding international business contributes positively to the economy, society and the environment is fundamental to how we operate. We understand the importance of resilient and sustainable business practices to help achieve a more sustainable future.

Our approach is underpinned by our core values, in particular our commitment to:

» Integrity in business practices; and

» Empowerment and engagement of our people

Our firms provide services to a range of industries including pharmaceutical, engineering, aerospace, healthcare, food and beverage, life sciences, agriculture, biotechnology, ICT and fintech. We work with clients to secure IP protection and commercialisation of new technologies, inventions and designs, and support a range of innovations that will create a better and more sustainable future.

We also continue to engage with the diverse range of communities in which we operate, and partner with organisations to support causes that drive positive social change, with a particular focus on education, STEM and school mentoring.

In FY23, we continued to prioritise the five United Nations Sustainable Development Goals (UNSDGs), where we believe we can enact the greatest impact. These are:

» We promote a diverse workforce and inclusive culture (UNSDG #5).

» We donate and volunteer to support stronger communities (UNSDG #16).

» We provide productive employment for our people, value for our shareholders, and contribute to economic advancement by protecting innovations (UNSDG #17).

» IPH actively participates in the IP ecosystem, by serving clients, supporting IP regulatory authorities and utilising international frameworks (UNSDG #8).

5 GENDER EQUALITY

We promote a diverse workforce and inclusive culture.

8 DECENT WORK AND ECONOMIC GROWTH

IPH actively participates in the IP ecosystem, by serving clients, supporting IP regulatory authorities and utilising international networks.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

The nature of our business activities encourages research, development and innovation.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

We donate and volunteer to support stronger communities.

17 PARTNERSHIPS FOR THE GOALS

We provide productive employment for our people, value for our shareholders, and contribute to economic advancement by protecting innovations.

» The nature of our business activities encourages research, development and innovation (UNSDG #9).

In FY23, we partnered with external advisors, Republic of Everyone, to support the development of a refreshed Sustainability Strategy, which is outlined in more detail in this report. We also engaged external advisors, South Pole, to assist us in our Greenhouse Gas Emissions measurement and reporting. As set out further below, South Pole has helped us to conduct Greenhouse Gas emissions measurement for the IPH group, comprising direct and indirect emissions sources (Scope 1, 2, 3) of our international operations, including our member firms.

Materiality and stakeholder engagement

Our Material Issues

IPH is exposed to multiple risks that may have an impact on the company's ability to achieve its operational, financial and strategic objectives. Material risks faced by the IPH group are disclosed in the Directors' Report and addressed in our 2023 Corporate Governance Statement.

In this Sustainability Report, we report on the material risks and opportunities for the IPH group that have economic, environmental and social impacts, and therefore influence the assessments and decisions of our stakeholders. The issues reported on in this Sustainability Report have been assessed as priority material issues by applying the "materiality principle" articulated by the GRI in *GRI Standard 101: Foundation 2016.*

During FY23, the materiality assessment undertaken by IPH involved external advisors, Republic of Everyone, who were engaged to support the development of a refreshed Sustainability Strategy for the IPH group.

The development of this refreshed strategy included stakeholder interviews and surveys, which assisted in identifying priority material issues.

In addition to the existing core elements of our sustainability approach: Governance, Privacy and Data Security and Client Experience, the following priority material issues have been considered by management and crystallised into the following four additional sustainability strategic priorities:

» Impact & Innovation

» Diversity, Equity & Inclusion

» Education & Training

» Wellbeing & Flexibility

Each of the six key sustainability strategic priorities are addressed in more detail in this Sustainability Report.

As noted before, using the GRI "materiality principle" to assess the IPH group's material issues has involved assessing the influence of risks and opportunities on our stakeholders. The use of this principle means that the issues set out in this Sustainability Report differ somewhat from the material risks disclosed in the Directors' Report and in our Corporate Governance Statement. While in our 2023 Corporate Governance Statement we note that IPH does not consider that it has material exposure to climate change risks, we do report on environmental impact below as part of the material issue titled "Impact & Innovation". IPH appreciates the importance and relevance of this issue to our stakeholders, and as a key sustainability strategic priority, this issue also informs the IPH group's broader strategic objectives and risk management priorities.

Sustainability strategic priorities

Governance, Privacy & Data Security

Manage risk effectively, maintain transparency and drive successful outcomes.

- Comprehensive corporate governance framework of policies and practices
- IPH Board and Board Committees: Audit Committee; People, Remuneration and Nominations Committee; and Risk Committee
- Robust risk management framework, including ongoing staff training
- Data security 24/7 monitoring system enhanced

Client Experience

Deliver exceptional client service through the expertise of our people and strength of our network.

- Leverage Client Relationship Management to enhance client interactions
- Continue Global Client Feedback Program and Net Promoter Score (NPS) measurement
- Deliver new initiatives to foster client centric culture

Impact & Innovation

Elevate sustainable innovators and minimise our own footprint.

- Deliver scope 1-3 GHG emissions reporting
- Carbon reduction roadmap by 2025
- Develop impact program supporting climate innovators.

Diversity, Equity & Inclusion

Close opportunity gaps to ensure equitable access.

- Achieve 40/40/20 gender representation by 2030
- $500,000 partnership with Beacon Foundation to support disadvantaged students in Australia
- Offer cultural awareness training across all our markets by 2024
- Set a diversity baseline by 2025
- Launch new diversity and inclusion framework to identify and address disadvantage gaps.

Education & Training

Build a culture of continuous and holistic learning and development.

- Continue tailored training opportunities at every career stage for all employees
- Build on the 1,500 hours of professional learning already available.

Wellbeing & Flexibility

Create healthy, flexible and engaged teams, built on autonomy and trust.

- Offer flexible work for all
- Develop a best practice toolkit for the hybrid world
- Introduce accredited mental health training and wellness education.

Our Stakeholders

IPH engages with a broad range of stakeholders, who are an essential part of our operations. Planning and engagement with stakeholders is a key element of effective risk management.

Stakeholder engagement is also an important part of the materiality assessment referred to above and formed a significant part of the process undertaken to develop a refreshed sustainability Strategy for the IPH group.

Our key stakeholders are considered to be those that are affected by, or have the ability to effect, the IPH group, together with stakeholders that are interested in the IPH group.

IPH is committed to engaging openly, honestly and regularly with our stakeholders to understand their expectations and concerns. The method and frequency of engagement varies depending on the stakeholder, the purpose of engagement and the stakeholder's issues of concern.

IPH's key stakeholders can be identified as follows:

Stakeholder group	Why is this a key stakeholder group?	Method of engagement
Clients and customers	The group has a diverse client base including some of the world's leading companies, multi-nationals, universities, public sector research organisations, foreign associates and other corporate and individual clients. We assist our clients by helping to protect their IP, including their research, inventions, trade marks, brands, designs and other innovations.	IPH member firms have ongoing dialogue with their clients and customers, including via meetings, phone calls and written communications, and through client surveys.
Our People	As a network of professional services businesses, our people are critical to our success. We have a strong commitment to creating a dynamic workplace where our people are supported to reach their personal and career goals.	We engage with our people through engagement surveys, presentations, internal learning and development, training sessions, reviews, performance development sessions and succession planning.
Shareholders and the investment community	IPH has a range of investors with different interests and concerns. We are committed to providing information to shareholders and the market in a timely manner, which assists in promoting investor confidence in the integrity of the group.	IPH engages regularly with its shareholders and the investment community, guided by our Continuous Disclosure and Investor Relations Policy. IPH communicates information on the group's activities to shareholders and the public via a number of forums and channels including our Annual General Meeting, announcements to the ASX, investor presentations, meetings with investors, analysts and proxy advisers, releases to the media, the release of financial and other reports, our website including an enquiry tool and publication of all announcements, and the membership and participation of directors and senior management in a range of professional governance bodies and interaction in other forums.

Stakeholder group	Why is this a key stakeholder group?	Method of engagement
Suppliers	IPH has a diverse supply chain. IPH and its member firms are dependent on our suppliers to assist the group in the provision of professional services.	IPH and its member firms have ongoing engagement with our suppliers in the course of the supply relationship. The IPH Group Supplier Code of Conduct sets out the standards and behaviours expected from suppliers when conducting business with the group. We also work with our suppliers to ensure compliance with legislation, including the *Modern Slavery Act 2018 (Cth).*
Government and regulators	IPH operates in a highly regulated environment as an Australian listed entity, and in the operation of our professional services businesses. Our IP professional staff are governed by codes of conduct and professional conduct rules for patent and trade mark attorneys and legal practitioners. IPH and its member firms are committed to maintaining the highest standards in our activities.	To ensure we monitor and comply with regulatory and professional obligations, IPH and its member firms engage directly with relevant regulatory and government bodies as required.
Communities	IPH recognises our responsibility to act appropriately within the communities in which we operate. We do this in our interaction with all of the stakeholders outlined above. This commitment extends to our engagement with our profession and our community and charitable initiatives.	IPH and its member firms engage with our local communities via professional memberships and contributions, and by giving and volunteering initiatives. IPH makes a significant financial contribution to our communities by the creation of economic activity with our suppliers and customers, provision of employment, and creation and distribution of value for shareholders.

Governance, privacy and data security

Corporate Governance Framework

IPH remains committed to high standards of corporate governance to ensure the long-term sustainability of its business, including to deliver value to its stakeholders. Our corporate governance framework includes policies and practices which help to ensure that IPH manages risk effectively, maintains appropriate transparency of its operations and drives successful outcomes across the group. This summary should be read in conjunction with our Corporate Governance Statement, which has been lodged with the ASX and is available on our website.

The IPH Board

The IPH Board is responsible for establishing a corporate governance structure aimed at creating and protecting shareholder value.

The Board is also responsible for setting the strategic direction of the group and monitoring the implementation of that strategy by IPH management.

Board Committees

The IPH Board has established the following committees to assist in managing its various responsibilities:

- Audit Committee
- People, Remuneration and Nominations Committee
- Projects Committee
- Risk Committee

The members of each of these committees (other than the Projects Committee) are listed in the Directors' Report. As the Projects Committee was only established in June 2023, its first meeting will be held in FY24 and details of its members and meetings will be outlined in the FY24 Directors' Report. The charter for each committee (including the Projects Committee) is available on the IPH website.

Governance Policies

IPH seeks to maintain the highest standards of governance in the conduct of its activities and continually seeks out ways to strengthen its governance of the group.

The success of the group is underpinned by a number of core values, which are set out in IPH's Statement of Values, available on the IPH website. The values set out in the Statement of Values are inculcated across the group and supported by the standards and behaviours set out in IPH's Code of Ethics and Professional Conduct, also available on the IPH website.

These policies assist IPH to maintain its reputation and standing in the community as an ethical business, which is important to IPH's ongoing success.

In addition to the Statement of Values and Code of Ethics and Professional Conduct, IPH has a number of other corporate policies, which further strengthen its corporate governance framework.

IPH's suite of corporate governance policies are available on the IPH website and listed below:

- Statement of Values
- Code of Ethics and Professional Conduct
- Continuous Disclosure and Investor Relations Policy
- Share Trading Policy
- Diversity Policy
- Hedging and Margin Loan Policy
- Risk Management Policy
- Whistleblower Policy
- Anti-Bribery Policy
- Sanctions Policy
- Supplier Code of Conduct
- Privacy Policy

During FY23, IPH has been pleased to comply with all recommendations of the 4th Edition of the Corporate Governance Principles and Recommendations.

Training

During FY23, all officers and employees across the IPH group who commenced employment with the group prior to 1 May 2021 were issued "refresher" online training on a number of key corporate governance policies, having previously received such training in 2021. For all officers and employees across the IPH group who commenced employment with the group after 1 May 2021 (other than Smart & Biggar staff), those employees were required to undertake such training on commencement of their employment. For Smart & Biggar (acquired during FY23), all staff will undertake online training in FY24. The online training courses referred to above cover IPH group policies including:

» Statement of Values

» Code of Ethics and Professional Conduct

» Whistleblower Policy

» Anti-Bribery Policy

During FY23, online training (including "refresher" training) was also provided to relevant officers and employees across the IPH group (other than Smart & Biggar staff) on the following policies:

» Share Trading Policy

» Sanctions Policy

For Smart & Biggar (acquired during FY23), relevant officers and employees will undertake online training on the above policies in FY24.

Anti-Corruption

IPH and its member firms are committed to doing business in an ethical and honest manner and we take a zero-tolerance approach to bribery and corruption. IPH is committed to acting professionally, fairly and with integrity in all its business dealings and relationships and strives to implement and enforce effective systems to counter corruption.

IPH has implemented an Anti- Bribery Policy, which applies across the group. As noted above, one of the online training courses rolled out to relevant staff during FY23 covered the IPH Anti-Bribery Policy. This material references Disclosure 205-2 from *GRI 205: Anti-Corruption 2016.*

Anti-Competitive Behaviour

IPH supports fair and vigorous competition and operates in a manner consistent with relevant anti-competition, anti-trust and monopoly legislation. During FY23, IPH was not identified as a participant in any pending or completed legal actions regarding anti-competitive behaviour or violations of anti-trust and monopoly legislation. This material references Disclosure 206-1 of *GRI 206: Anti-Competitive Behaviour 2016*.

Modern Slavery and the Supplier Code of Conduct

In FY23, IPH continued to undertake activities to address and remediate modern slavery risks within its business and supply chains in compliance with the *Australian Modern Slavery Act 2018 (Cth).*

IPH will publish its fourth Modern Slavery Statement for FY23 later this year.

The IPH Group Supplier Code of Conduct has been rolled out across the IPH group and forms an important part of the group's commitment to ethical and socially responsible procurement. The Supplier Code of Conduct outlines the standards and behaviours IPH and its group businesses expect from their suppliers when conducting business with the group.

Risk

Risk Management

We recognise that a robust risk management framework is critical for the effective management of our business. IPH's risk management framework aims to identify and manage potential risks in a continuous, proactive and systematic way through high quality risk management policies and processes across the group. IPH's Risk Management Policy is available on the IPH website and was updated in June 2023.

As part of the IPH risk management framework, the Board regularly reviews its Risk Appetite Statement, which is designed to support and inform Board and management decision-making.

The Board reviews IPH's risk management framework annually. The Board's annual review of IPH's risk management framework in FY23 concluded that the framework is sound and IPH continues to operate with due regard to the risk appetite set by the Board.

IPH's Risk Committee comprises four independent non-executive directors and is chaired by an independent non-executive director who is not the Chairman of IPH. The Committee's Charter is available on the IPH website.

During FY23, IPH completed the roll out across the IPH group of an online enterprise governance risk and compliance management software solution, provided by KPMG and known as "Risk Hub".

Material Risks

The Operating and Financial Review (OFR) section of the Directors' Report includes a summary of material risks faced by IPH which may have an impact on IPH's ability to achieve its operational, financial and strategic targets. This summary also contains details regarding our approach to the management of such risks. IPH's approach to identifying the material issues reported on in this Sustainability Report is set out in the section titled "Materiality and Stakeholder Engagement".

Privacy and data protection

Overview

IPH provides services to a substantial number of clients across multiple jurisdictions, and interacts with a range of external contractors, suppliers and private and public sector companies, as well as having a large number of employees.

For this reason, we take cyber security and the protection of data and information very seriously. IT security is a critical part of our business, and we continue to strengthen our security posture every year, with a strong focus on cybersecurity.

The strength of our data protection was tested in FY23 by a cyber incident, as outlined on page 22. As detailed, we responded immediately to isolate the impacted systems, and implement our business continuity plan, before establishing new network infrastructure. Supported by leading external cyber security experts, we also applied enhanced cyber security measures, including additional preventative and detective controls to protect the IPH network. Our infrastructure has gone through a series of hardening processes.

Our 24/7 monitoring system has been further enhanced, and we have introduced a number of next generation threat detection technologies.

We have a robust cyber incident response plan, and our disaster recovery and backup processes have also been reviewed. We have also further increased our security resources and other security initiatives to improve our preventative and detective controls, as well as bolstered capacity to counter the ever-changing threats.

IPH has developed a multi-year roadmap with a program of work focusing on information and systems security and continues to invest in system and security enhancements. We have measured our security posture using industry standard NIST framework and we have set targets to continuously improve year-on-year.

Privacy

Our approach to privacy and how we collect, use, manage, and disclose personal information is outlined in our Privacy Policy, available on the IPH website. This policy was last updated on 6 October 2022, to incorporate amendments to reflect Smart & Biggar's entry into the IPH group.

We also have an established internal data breach policy and procedure in place across the group. During FY23, relevant officers and employees across the IPH group were issued with online training covering the IPH Group Notifiable Data Breaches Policy.

During FY23, in connection with the cyber incident experienced by IPH, IPH determined to notify a small number of individuals whose personal information was included in an affected dataset downloaded during the incident. IPH also notified the Office of the Australian Information Commissioner of the incident. IPH has and will continue to meet all regulatory obligations in relation to the incident. This material references Disclosure 418-1 of *GRI 418: Customer Privacy 2016*.

24/7 system & network monitoring

Client experience

Through our international network, IPH supports a diverse client base of Fortune Global 500 companies and other multinationals, public sector research organisations, SMEs, and professional services firms in more than 25 countries. We pride ourselves on the expertise of our people and the high-quality service and advice we provide our clients.

In FY23, our commitment to delivering exceptional client service, coupled with strategic initiatives to drive growth, has resulted in considerable progress in our client offering.

Client experience

As an expanding network of firms, we are continually evaluating opportunities to improve the IPH member firm client experience and foster a strong client centric culture across the group.

IPH is focused on ensuring our clients experience the full benefits of our international network.

As a client of an IPH group member firm, our global and multi-national clients gain connectivity to a wider, and increasing, range of jurisdictions, with simpler access to on-the-ground local knowledge, alongside international expertise.

Domestic clients also benefit from the scale, improved infrastructure, tools, and resources that our international network provides, in addition to the strong local expertise of our practitioners, who are well recognised as leaders in their own markets.

The initiatives outlined below, focusing on client listening, client relationship management and business development (BD) best practice, are all designed with the client at the centre of everything we do.

Client service and engagement initiatives

In FY23 we launched a new Customer Relationship Management (CRM) system to our member firms AJ Park, Griffith Hack and Spruson & Ferguson, to enhance client interactions, streamline internal processes, and improve overall client service. The new CRM provides our practitioners with the right tools to better manage client relationships, capture client feedback and client needs, and improve client satisfaction.

The completion of the second year of the Global Client Feedback Program marks a significant milestone in our commitment to understanding and meeting client needs. Through this program, each member firm actively seeks feedback from their clients to identify areas of improvement and develop strategies to deliver tailored and exceptional service. The valuable insights gathered from our clients enable us to make data-driven decisions and to enhance the client experience.

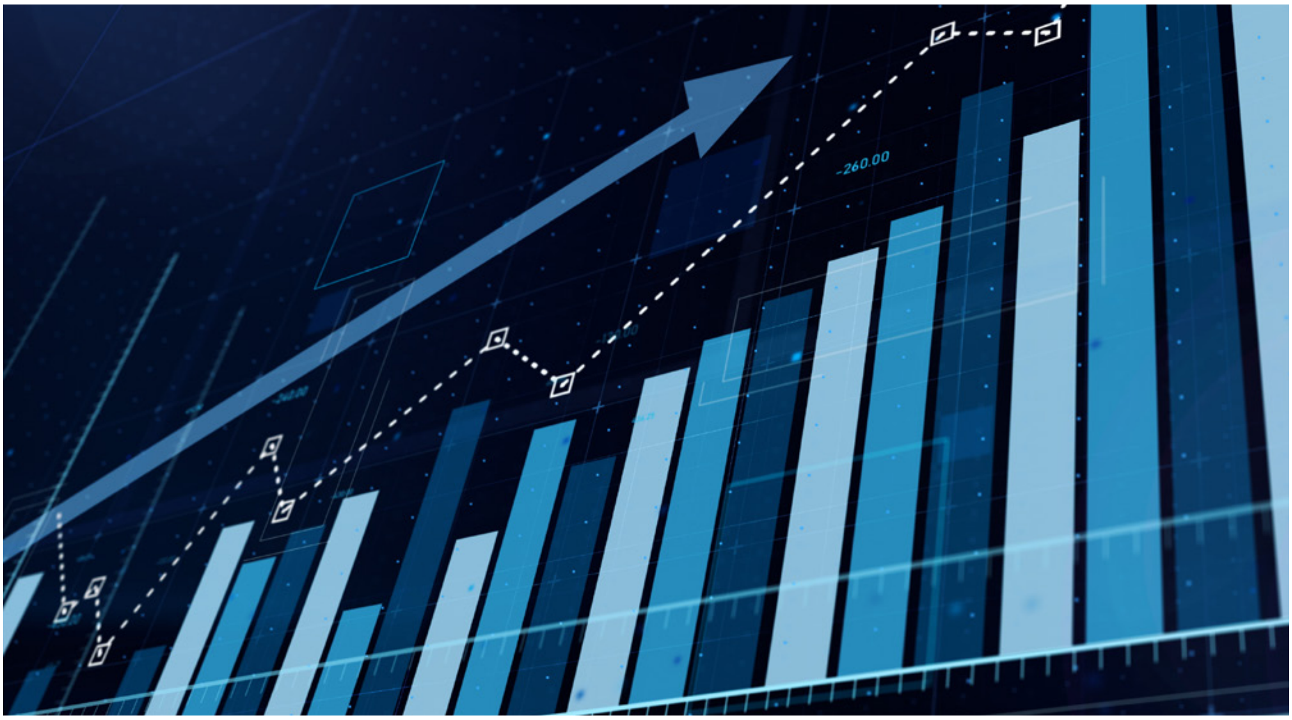
Overall, the IPH group achieved a Net Promoter Score (NPS) of 58, a 3% increase on the 2021/22 NPS score. This positive feedback from our clients demonstrate their satisfaction with our services and their willingness to recommend our member firms to others. This latest NPS score is a testament to our progress and commitment to client service excellence.

Business growth initiatives

As part of our business growth initiatives, we continue to implement robust Client Service and BD planning across all member firms. These comprehensive planning frameworks provide our member firms with a structured approach to client delivery, identifying new opportunities to partner with clients and developing effective strategies to achieve sustainable business growth.

During the year, we assessed Key Performance Indicators (KPIs) to support business growth and monitor progress. Consistently tracking these KPIs enables us to identify areas for improvement, allocate resources according to client need, and drive continued growth across the group.

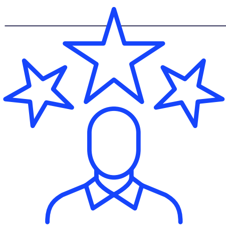
We have also made significant progress in developing comprehensive 'Sales Playbooks' for our member firms. These playbooks will serve as practical guides, providing a standardised approach to sales and BD activities, best practices, and effective strategies to attract and retain our valued clients.



In FY23, more than 110 staff received industry recognition for their expertise.

Our member firms continued to receive global industry accolades, including:

- AJ Park was named Tier 1 firm in New Zealand in *Chambers and Partners* Asia Pacific 2023 and *The Legal 500* 2023
- AJ Park was named Gold band firm in New Zealand in *World Trademark Review 1000* 2023
- AJ Park was named Tier 1 for Trade Mark Prosecution and Trade Mark Contentious in the *Managing IP* 2023
- Griffith Hack was named Tier 1 for Trade Mark and Patent Prosecution in *Managing IP* 2023
- Griffith Hack was ranked Gold for Trade Mark Prosecution & Strategy (Australia) in *World Trademark Review 1000* 2023
- Spruson & Ferguson Australia was ranked Gold for Patent prosecution (Australia) in *IAM Patent 1000* 2023 and Gold for Prosecution and strategy (Australia) in *World Trademark Review 1000* 2023
- Spruson & Ferguson Australia was ranked Top Tier for Trade Mark Prosecution (Australia) in *Managing Intellectual Property* 2023
- Spruson & Ferguson Asia was ranked Silver for Prosecution and Strategy (Singapore) in *World Trademark Review 1000* 2023
- Smart & Biggar was ranked Gold: Trademarks & Patents (Canada) in *World Trademark Review 1000* and *IAM Patent 1000* 2023
- Smart & Biggar was named Top-Tier firm for IP (Canada) in *The Legal 500* 2023, Tier One: Trademarks & Patents (Canada) in *Managing IP* 2023, and Band-One: IP, IP Litigation in *Chambers Global* 2023
- Smart & Biggar was named IP Litigation Firm of the Year by *Benchmark Litigation* 2023, Patent Prosecution Firm of the Year (Canada) by *Managing IP Awards* 2023 and IP Boutique Firm of the Year by *Lexpert Canadian Law Awards* 2023.



110+ professional staff received industry recognition for their expertise

Impact & innovation
Elevate sustainable innovators and minimise our own footprint

In FY23, the IPH group took additional steps to identify, assess and manage risks in accordance with its risk management framework.

We partnered with external advisors South Pole, to support the development of Greenhouse Gas (GHG) Emissions measurement reporting, covering Scope 1 - 3 and across our international operations.

Although as a professional services business the IPH group has minimal carbon or energy- intensive business activities, we recognise the importance of disclosing information on key sustainability metrics.

Greenhouse Gas (GHG) Emissions measurement in FY23

South Pole adheres to international standards such as the International Greenhouse Gas Protocol, which is also the framework that underpins carbon accounting under the ISSB, Climate Reporting Standard (IFRS S2) – along with ISO 14064 – 1 standard for reporting of GHG emissions and removals.

The GHG emissions data set out in this report is derived from IPH Group data provided to South Pole, to which assumptions, emission factors and extrapolations have been applied based on the GHG Protocol.

Overview of findings

On the basis of the data reported by IPH and the estimations done by South Pole, the total GHG emissions for IPH's operations in FY23 for Scope 1 – 3, have been calculated as 31,342 tonnes of carbon dioxide equivalent (tCO2e).

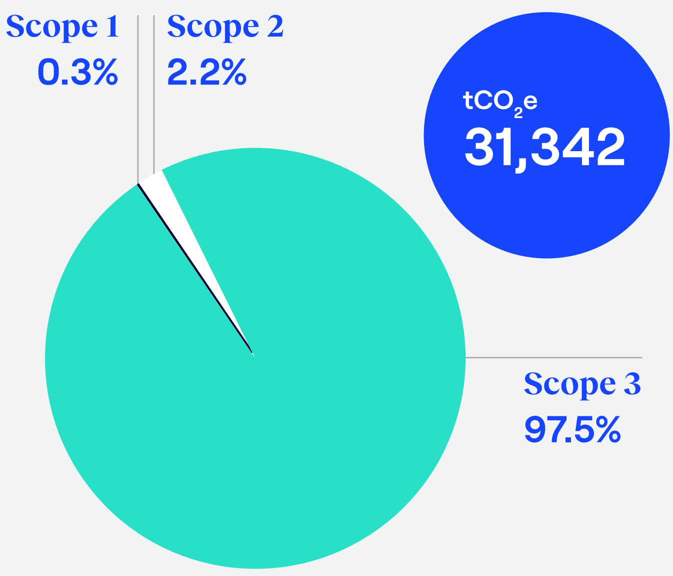
GHG FY23 results by Scope 1, 2 and 3

Scope 1 & 2 emissions account for approximately 2.5% of total GHG emissions, with purchased electricity the largest Scope 1 & 2 emissions source.

Scope 3 emissions account for the largest component of total GHG emissions, at 97.5%. The three largest categories within Scope 3 are purchased goods and services (65.5% of total emissions), waste generated in operations (14.6%) and capital goods (13.2% of total emissions).

GHG FY23 results by Scope 1, 2 and 3

Scope	Total emissions (tCO_2e)
Scope 1	90
Scope 2	702
Scope 3	30,550
Total	**31,342**



Scope	Activity	Total emissions (tCO_2e)	% of total
Scope 1	Fugitive emissions	90	0.3%
Scope 2	Purchased electricity	702	2.2%
Scope 3	Cat 01 - Purchased goods and services	20,535	65.5%
	Cat 02 - Capital goods	4,147	13.2%
	Cat 03 - Fuel- & energy-related activities	103	0.3%
	Cat 05 - Waste generated in operations	4,573	14.6%
	Cat 06 - Business travel	1,188	3.8%
	Cat 07 - Employee commuting	3	0.1%
Total		**31,342**	**100.00%**

Notes:
Numbers may not round up due to rounding.
The term 'fugitive emissions' refers to gases or vapour leaks from a pressurised containment, including common industrial gases such as refrigerants.

Scope 1 emissions

IPH's direct emissions in FY23 come from refrigerant (R410A).

Scope 2 emissions

Electricity makes up to 2.2% of the total emissions and the refrigerants contributes a further 0.3%.

IPH's Scope 2 emissions are relatively low, in line with the nature of IPH's business activities. South Pole identified some gaps in electricity and refrigerant data for a small number of IPH member firm offices, which may impact the accuracy of Scope 2 emissions.

Scope 3 emissions

Emissions from purchased goods and services, waste and capital goods, make up 95% of IPH's Scope 3 emissions.

IPH's purchased goods and services emission profile is dominated by service-related expenses (100%), due to the nature of its business as a professional services group. The services category includes management consulting services, other financial investment activities, equipment maintenance and other services. The top two emissions in the services category for the IPH group are:

» Foreign agent services, related to the filing and prosecution of IP rights in overseas IP jurisdictions (40%)

» Official government and regulatory services, related to the filing and prosecution of IP rights (33%)

Waste generated in operations accounted for 15% of Scope 3 emissions.

Capital goods, such as emissions from equipment used for office renovations, fit-outs and other equipment purchases (refrigerators and water purification system), accounted for 13.6% of Scope 3 emissions.

Business travel accounted for 3.9% of Scope 3 emissions.

Summary of key findings

- The total GHG emissions for IPH's operations in FY23 for Scope 1 – 3, have been calculated as 31,342 tonnes of carbon dioxide equivalent (tCO2e).
- Scope 1 & 2 emissions account for approximately 2.5% of total GHG emissions, with purchased electricity the largest Scope 1 & 2 emissions source.
- Scope 3 emissions account for the largest component of total GHG emissions, at 97.5%.
- The three largest categories within Scope 3 are purchased goods and services (65.5% of total emissions), waste generated in operations (14.6%) and capital goods (13.2% of total emissions).

Total emissions

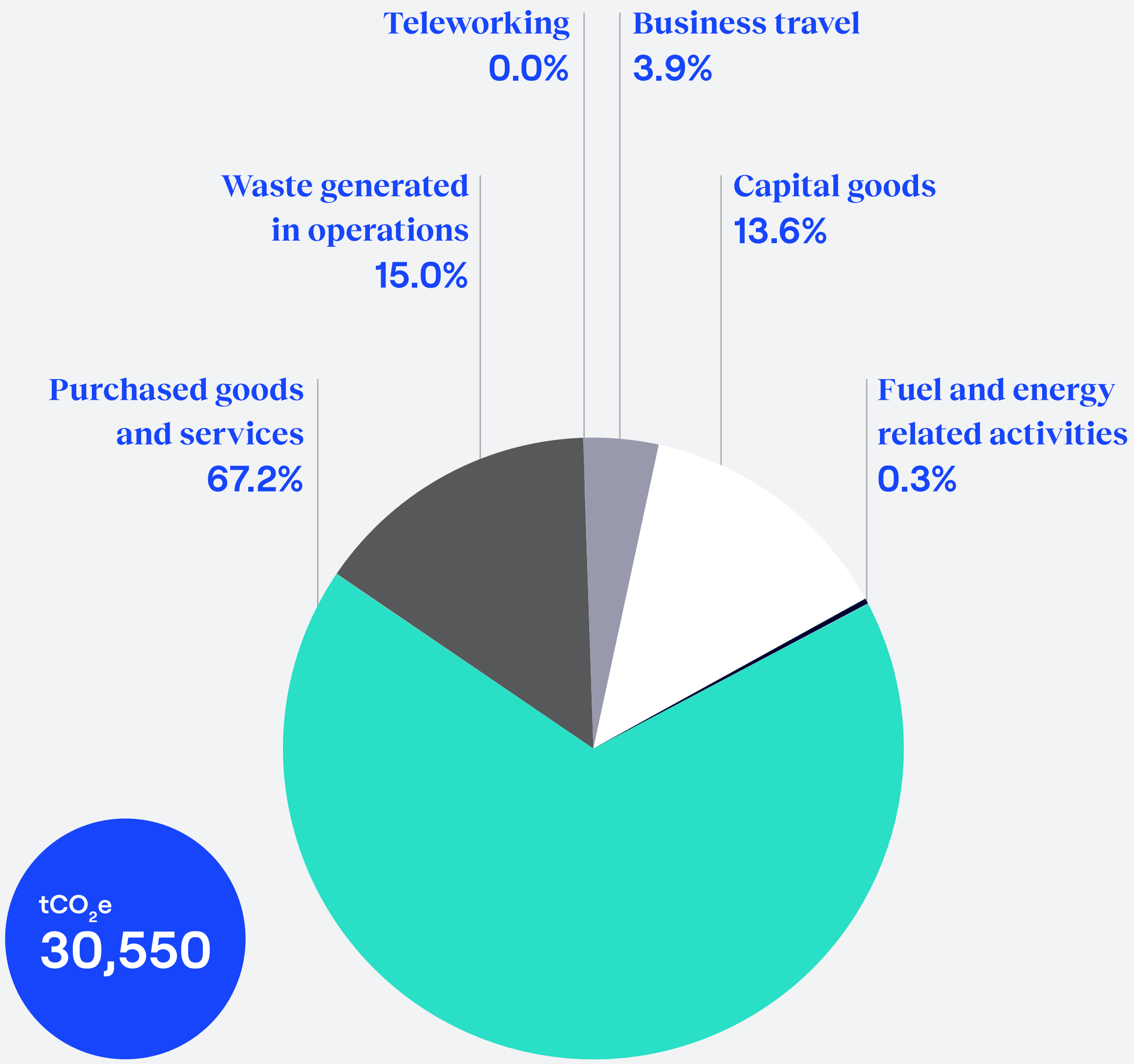
tCO_2e
90
0.3% of total

The total Scope 1 emissions for IPH accounts for 0.3% of the total footprint.

R410A fugitive emissions accounts for 100% of emissions from scope 1 and 0.35% of the total footprint. As IPH does not own any vehicles, there are no Scope 1 emissions resulting from mobile combustion.

Assumption summary
Fugitive emissions were calculated using South Pole's internal auxiliary calculators.

Total emissions



Innovating for the marine industry, sustainably

AJ Park's client, ZeroJet's ambitious goal is to eliminate the need for combustion engines on water. The team has proudly developed the world's best-performing electric powertrain for small boats and continue to drive innovation in the marine industry.

Business and life partners, Bex Rempel and Neil Mans, started out by developing their own electric jet-board, which stemmed from their love of jet-surfing. In 2019, they pivoted the business to creating electric jet systems that could be used on small boats, which is where ZeroJet was born.

Fast-forward to today, ZeroJet has attracted top engineering talent from well-known businesses such as Apple, Rocket Lab, and Bosch. With an experienced and passionate team, they've not only been able to deliver a system that's good for the environment, but one that makes it easy for boat owners to transition to a sustainable equivalent.

Educating the whole team about the importance of IP and driving an IP-led culture is also key to ZeroJet's success. As well as providing patent and trade mark support, AJ Park has presented educational seminars to the team, to help them think more deeply about the potential value of their daily work.

AJ Park is proud to work with a company such as ZeroJet, who is paving the way for electric boating to bring consumers a sustainable alternative to combustion engines.

Working with clients like ecostore is core to IPH's group-wide focus on supporting sustainable practices on a global scale.

"Our technology is showing people that electric boating is also really powerful. So, as well as saving the planet, we've built a 48-volt system that's outperforming anything equivalent in the market."

Bex Rempel
CEO
ZeroJet

Diversity, equity & inclusion

Close opportunity gaps to ensure equitable access

Our workforce in FY23

As at 30 June 2023, IPH employed more than 1,300 people across our member firms, serving over 25 countries. The following tables show our workforce by contract type, employment type and region across the group. We have also included data on new hires. This material references Disclosure 401-1 from *GRI 401: Employment 2016*.

Diversity

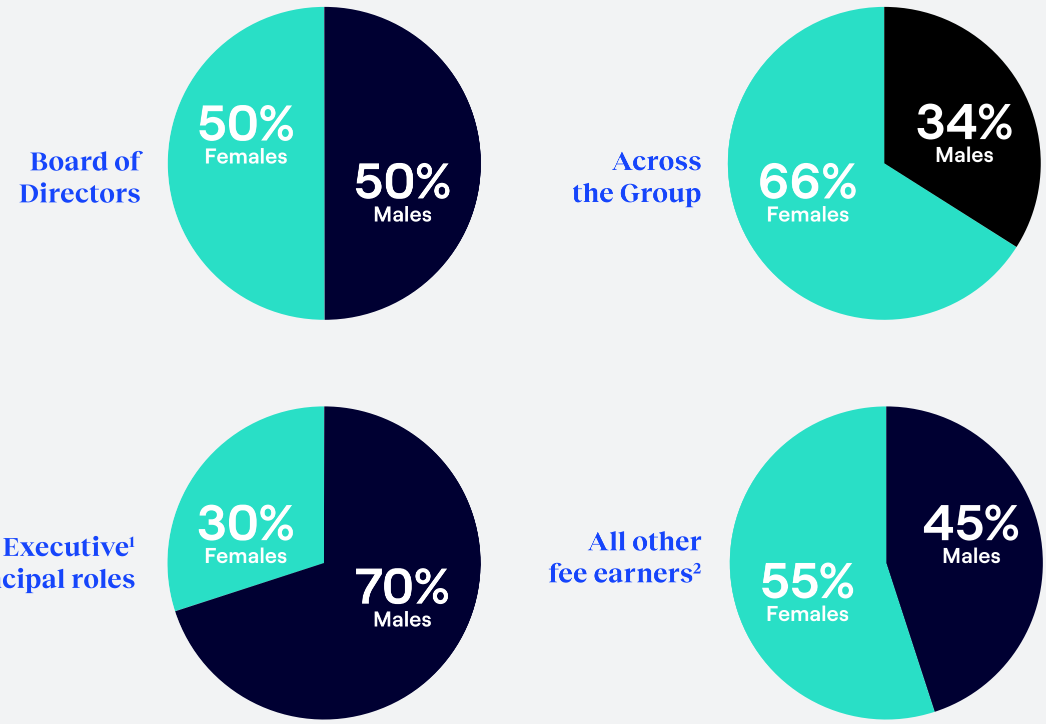
Diversity and inclusion remain fundamental to building a strong culture and attracting key talent.

Part of our support of diversity and inclusion initiatives is to support the communities in which we operate through activities such as our participation in Wear It Purple Day. Wear It Purple is a youth-led initiative to raise awareness and support safe, empowering and inclusive environments for rainbow young people.

In terms of diversity, in FY23, the Board adopted a measurable objective of at least 30% representation of women on the IPH Limited Board of Directors and in Senior Executive/Principal roles across the group.

As highlighted in the table below, we exceeded our target for IPH Limited Board Directors, whilst our representation of 30% for Senior Executive/ Principal roles fell slightly short of our target of >30%, owing, in part to a skills shortage in the market. During FY24, a strategy will be developed to focus on strengthening gender diversity. This material references Disclosure 405-1 from *GRI 405: Diversity and Equal Opportunity 2016*.

Gender diversity



1) A senior executive is a person who is a member of the Company's group leadership team, comprising the Company's senior executive team and leaders of the group's principal business units.

2) All other fee earners include all registered Lawyers, Patent Attorneys, Trade Mark Attorneys, Clerks and Paralegals who are not in a Principal or Practice Group Leader position.

Our Diversity Policy outlines other strategies in place to cultivate a diverse workforce. We are pleased to provide a recap on what we introduced and achieved against some of these strategies in FY23.

Diversity strategy (as outlined in our Diversity Policy)	**What we have done in FY23**
Taking steps to attract, retain and motivate well qualified employees, Senior Executives and Board members from a diverse pool of candidates	» Launching a group international secondment policy that enables our people to apply for an opportunity to work in one of our offices around the world to further their careers » Continuing to reward employees when they refer a new employee to the group (payable on successful completion of probation) » Launching a Group Leave Policy enabling employees to work remotely for up to 90 days per annum » Developing and launching a new Senior Associate Excellence Program to support Senior Associates to build their client skills and coach and mentor junior team members » Developing and launching a new curriculum of learning programs for those in support and specialist shared services roles
Develop a broader pool of skilled and experienced employees, Senior Executives and Board candidates, including workplace development programs	» Continuing to roll out the IPH People Leadership Excellence Program » Launch of People Leader Connect sessions for People Leadership excellence alumni to practise and apply their learning on a quarterly basis » Developing and launching a Coaching program for People Excellence alumni participants to further build their leadership practice » Continued development of the Business Development Excellence Program » Development and launch of our succession planning framework to identify high performers and focus on where we need to build upon our talent pipeline » Continued evolution of our development curriculums for all staff » Continued opportunities for knowledge sharing sessions and in-house tutorials through our learning academies » Continued financial support of our Trainee Attorneys across our member firms through the completion of the Masters in Intellectual Property course to enable them to become registered attorneys » Providing financial support for postgraduate programs or bespoke conferences for executives or identified talent in shared services pipeline
Taking action against inappropriate workplace behaviours including discrimination, harassment, vilification and victimisation	» Deployment of risk and compliance training for all new starters, with refresher training rolled out every two years for all staff members
Recognising that employees (female and male) may have domestic responsibilities and providing workplace flexibility that will assist them to meet those responsibilities	» Revising the Hybrid Working Policy to provide greater flexibility to support employees balancing workplace and domestic responsibilities » Providing the ability for employees to purchase additional annual leave for up to an additional two weeks per year

* Excludes those not yet returned from leave.

Parental leave

Our Paid Parental Leave Policy provides primary care givers with 18 weeks paid leave and secondary care givers with three weeks paid leave after two years' service in a group business. The policy is available to birth parents and adoptive parents and covers special leave for pregnancy related illness, miscarriage and birth related complications.

In addition, the policy recognises employees who have been with the group for a minimum of one year but less than two years, who are entitled to eight weeks of paid leave.

Our policy also ensures all employees continue to receive their usual monthly superannuation payments, for the first 52 weeks of parental leave, irrespective of whether they are taking paid or unpaid parental leave over that period.

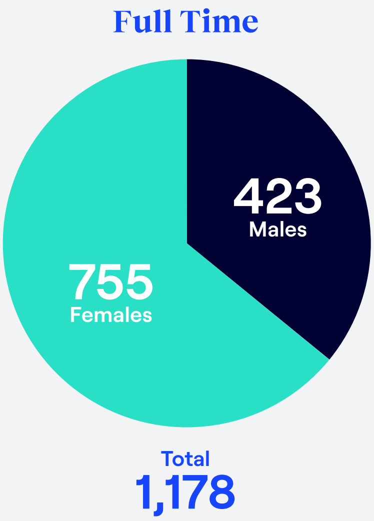
In recognising that the path to parenthood is not always straightforward, we have also introduced additional paid leave entitlements for miscarriage or loss of a child on top of existing leave entitlements mandated by the government.

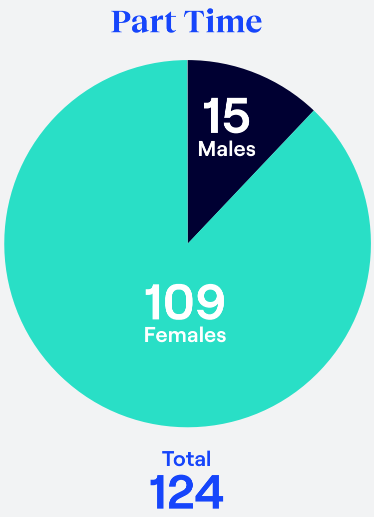
The following table shows the uptake of parental leave within our group businesses for the period 1 July 2022 to 30 June 2023. This material references Disclosure 401-3 from *GRI 401: Employment 2016*.

Parental leave

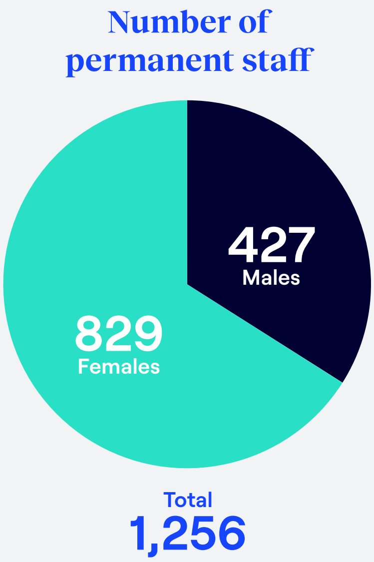
	Male	Female	All
Commenced parental leave in FY23	6	34	40
Returned from leave in FY23	8	28	36
Still on leave as at 30 June 2023	2	15	17

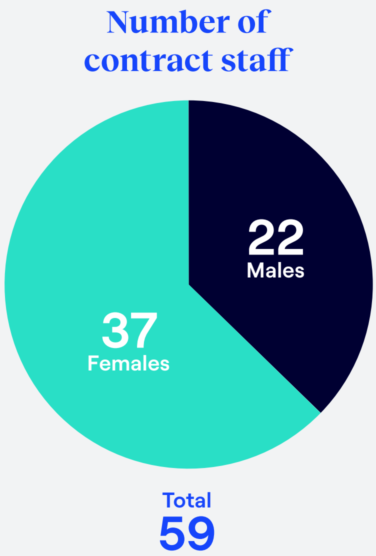
Gender diversity of full-time vs part-time employees





Gender diversity of employees by contract type

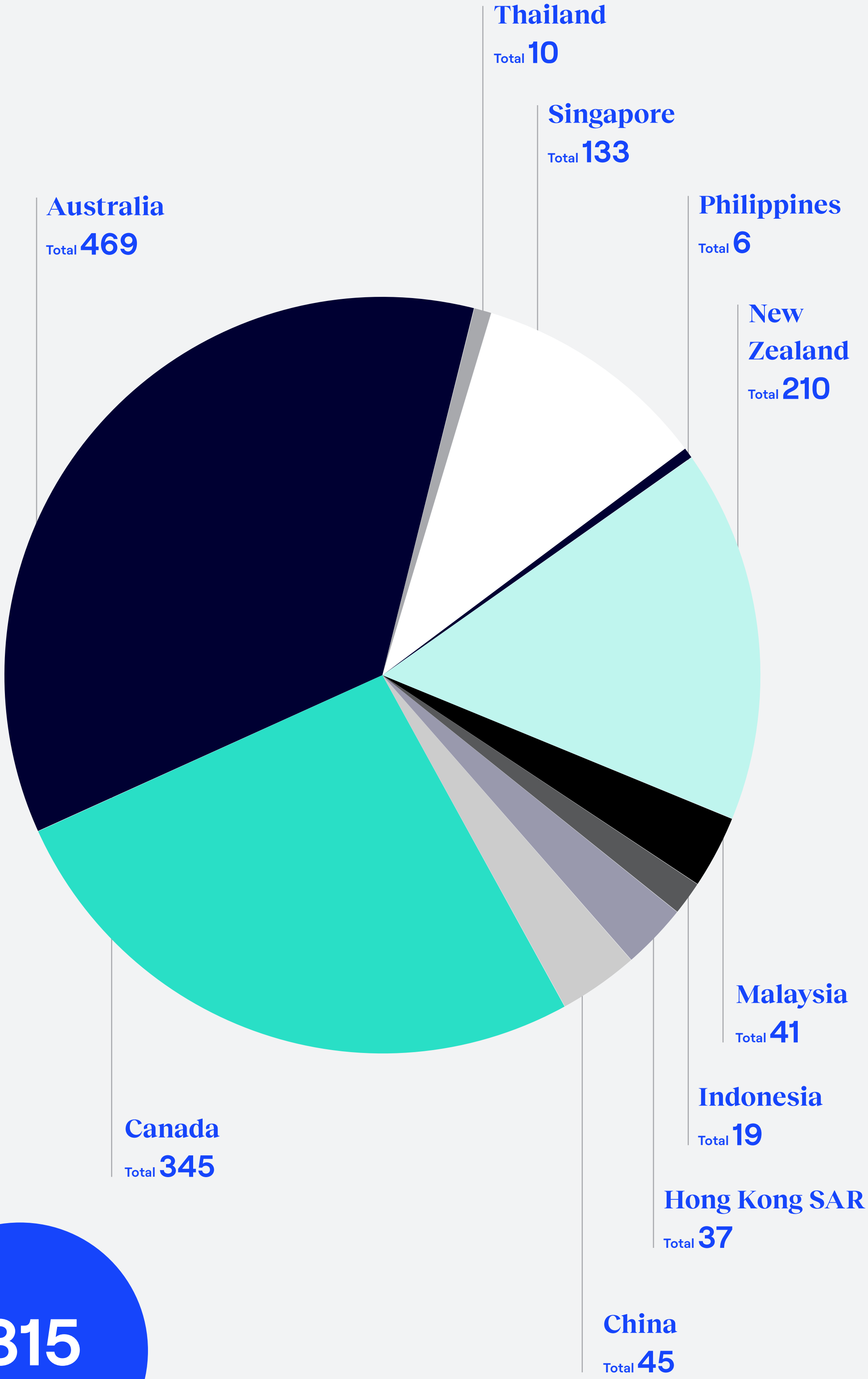




Approximate employee numbers as at 30 June 2023.

7 Principal appointments **3** Female **4** Male

Workforce by region

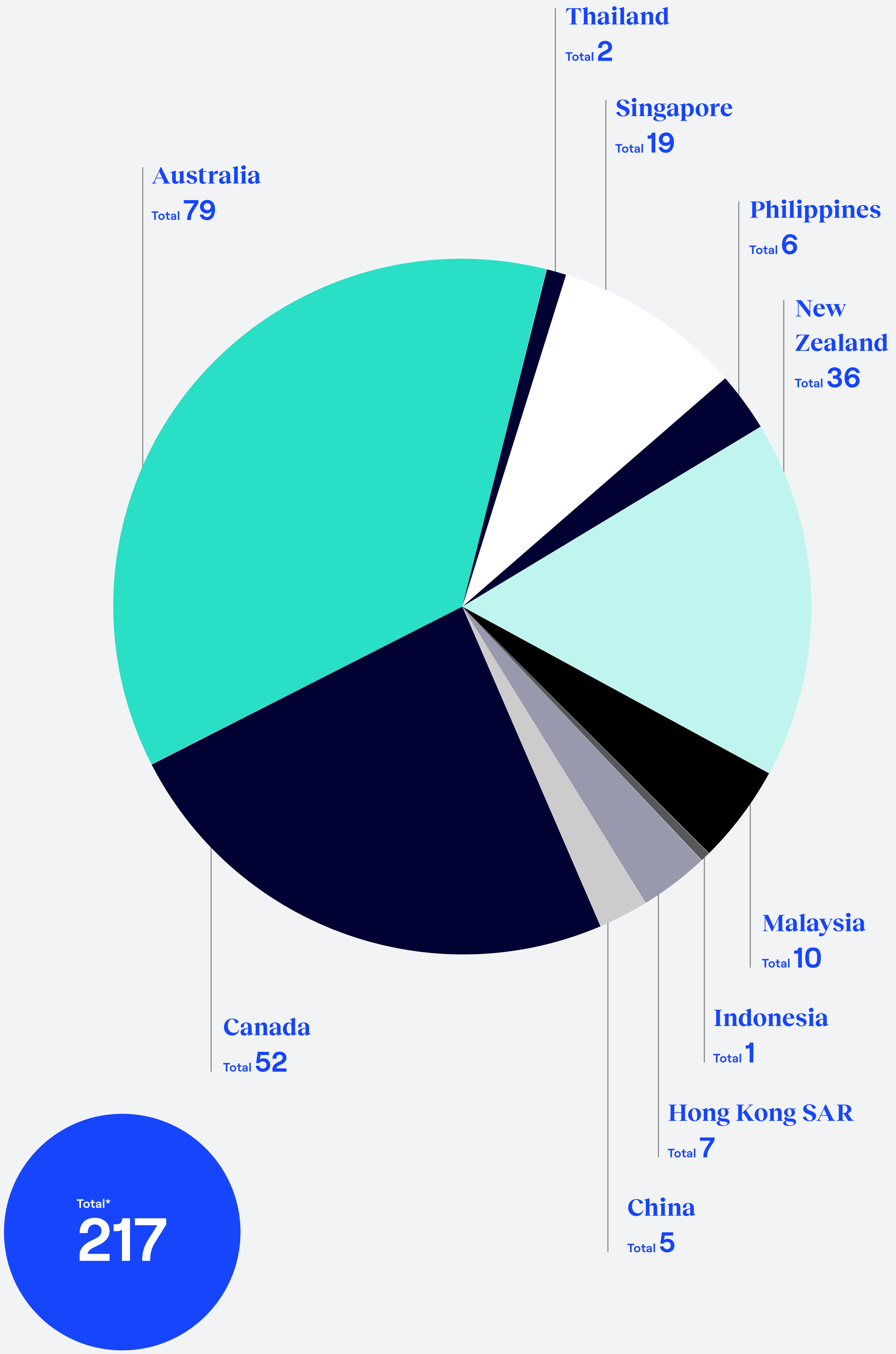


Total*

1,315

* Includes all permanent, contract and casual employees.

New hires by region



Mentoring students to inspire career pathways

In FY23 we continued our flagship community partnership with Australian not-for-profit organisation Beacon Foundation, following our commitment in 2022 of $500,000 over a five-year period to support Beacon Foundation in fulfilling its mission to support young people to have the aspiration, motivation, and ability to determine their working future.

Beacon Foundation has been delivering career readiness programs across Australia to students in Years 7-12 for 35 years. All programs connect industry volunteers to students and are delivered either face-to-face in the classroom or on-site with industry representatives. Beacon works in schools in lower socio-economic areas, providing support to young people who need it most.

Employees in our Australian-based businesses participate in the program as volunteer mentors, working with disadvantaged students through programs run by Beacon and hosted within our offices.

This program is supported by our Volunteering Policy which entitles all maximum term and permanent employees access up to a maximum of one day per annum to engage in workplace volunteering with Beacon Foundation during working hours.

In FY23, we've participated in a number of Beacon Foundation initiatives, including:

- High Impact Programs with students ranging from year 9 to year 11 both across the IPH group offices, and within schools. Groups of up to 30 students were introduced to the offices of IPH Sydney, Griffith Hack Melbourne and Perth, and Spruson & Ferguson Sydney and Brisbane for a day of networking and workshops, helping them break down barriers between school and the world of work. To date more than 50 people across the group have volunteered as mentors in Beacon programs.
- Beacon Foundation programs that are facilitated in schools in regional areas.

"Beacon's partnership with IPH has provided increased capacity to support more young Australians to feel empowered to transition to further education, training or employment after school. IPH's Volunteering Policy has provided a great opportunity for staff to participate as volunteers at Beacon programs. IPH staff have been extremely welcoming, engaging and proactive during our programs and have shown a real interest in the students which is what makes Beacon programs even more impactful."

Scott Harris
CEO
Beacon Foundation

AUD$500k

committed to a 5-year partnership with Beacon Foundation

"I'm passionate about mentoring young people, so when the Beacon mentoring program came up, I jumped at the opportunity. I see it as a great introductory program to anyone who's never mentored but is interested in doing so."

Anne Ye
Commercial Finance Manager
IPH Limited

Active in our communities

In FY23, our IPH and member firm community, charity and pro bono participation included, but was not limited to, the following initiatives:

» IPH and member firms participated in Wear It Purple Day, a youth led initiative to raise awareness and support safe, empowering and inclusive environments for rainbow young people, and R U OK? Day, encouraging meaningful connection and conversations with colleagues, friends or family members who may be struggling with life.

» IPH and member firms participated in a number of Beacon Foundation initiatives, including High Impact Programs with groups of up to 30 students ranging from year 9 to 11 introduced to the offices of IPH Sydney, Griffith Hack Melbourne and Perth, and Spruson & Ferguson Sydney and Brisbane for a day of networking and workshops, helping them break down barriers between school and the world of work.

» IPH participated in STEPtember 2022, Australia's leading virtual health and wellness fundraising challenge dedicated to raising funds for people living with cerebral palsy, with 29,871,248 steps taken.

» AJ Park entered a three-year partnership with the Graeme Dingle Foundation, and employees have volunteered at Kiwi Can class, attended the National Excellence Awards, and hosted an internal quiz fundraiser.

» AJ Park staff frequently volunteer in the community and hold internal fundraising events for causes such as the NZ Flood Relief Fund.

» AJ Park hosted networking drinks with Rainbow Wellington at Wellington office in November 2022.

» Griffith Hack provided pro bono IP legal assistance to Creality, a Western Australian-based community arts initiative, and continued its support of the Arts Law Centre of Australia through the provision of pro bono document review services.

» Griffith Hack provided pro bono assistance to Heart Research Australia, Integra Service Dogs Australia and Activ Foundation on various trade mark matters.

» Griffith Hack is a member of the Diversity Council of Australia, held internal events for National Reconciliation Week, NAIDOC Week, and held a seminar facilitated by educational provider Acknowledge This! on how to give an authentic Acknowledgement of Country.

» Smart & Biggar donated to Food Banks Canada during the winter holidays in addition to local office community giving initiatives including food banks, toy drives, and winter clothing drives.

» Smart & Biggar teams raised funds in Charity Runs in Toronto and Ottawa for Campfire Circle and Amyotrophic Lateral Sclerosis (ALS).

» Spruson & Ferguson hosted the 2022 Millennium Women Leader Accelerator by EL-LEAD Global Centre of Excellence for Leadership, Engagement and Development.

» Spruson & Ferguson sponsored the Global Women's Breakfast organised by Women in Chemistry NSW and the Royal Australian Chemical Institute.

» Spruson & Ferguson sponsored the GEDITT EDIT Breakfast at the AUTM conference.

» Spruson & Ferguson sponsored the Bridge Program.

Case Study

Supporting New Zealand students to a brighter future

Member firm AJ Park launched its successful partnership with the Graeme Dingle Foundation (the Foundation), an organisation working with New Zealand's tamariki and rangatahi at different life stages.

Working directly with schools and communities, the Foundation programs help build self-esteem, and promote good values which teach valuable life, education and health skills.

The partnership was kicked off in October 2022 and AJ Park employees have since been presented with a range of ways to get involved and support the good work of the Foundation. From volunteering with existing Foundation programs to attending or hosting fundraising events, the partnership has so far been a success with the opportunity to build on this in FY24.

In November, AJ Park Managing Director and two AJ Park representatives attended the National Excellence Awardees evening. The evening showcased the far-reaching impact that the Foundation has on so many young Kiwis and celebrated the talented rangatahi, mentors, and volunteers.

Papatoetoe West Primary in Auckland welcomed AJ Park volunteers to experience a Graeme Dingle Foundation Kiwi Can class. The theme for the program was 'respect', where the Foundation Leaders used games, conversation, and activities to illustrate the importance of respecting one another. These important life lessons create a foundation for these children to thrive in their communities and contribute to a better world.

The AJ Park social club hosted a quiz evening in the Auckland and Wellington offices to raise funds for the Foundation. Teams were encouraged to donate to the cause through various ways, including purchasing clues to quiz questions. The event had a successful turn out and all money raised was donated to the Foundation.

AJ Park looks forward to its continued involvement with the Foundation into FY24 with additional initiatives in the pipeline, including facilitating young tamariki to gain exposure to the various career options available to them, including intellectual property law.

"For over 27 years, we have positively impacted the lives of young people across Aotearoa. Through AJ Park's financial support and engagement, the Foundation has been able to support more tamariki and rangatahi through its programs, resulting in a better New Zealand."

Sir Graeme Dingle
Founder
Graeme Dingle Foundation

Committed to reconciliation

Another initiative undertaken as part of our commitment to equity and inclusion is the work we have commenced in supporting First Nations people.

In FY23, IPH established a Reconciliation Working Group with representatives from our Australian member firms. The Working Group researched with our clients and a range of external providers how we could meaningfully contribute towards reconciliation.

The Working Group concluded that the first step in our reconciliation action plan is to develop a partnership to improve outcomes in science for First Nations school students. We are currently engaging with Reconciliation Australia on our draft Reconciliation Action Plan, to be released later in FY24.

During National Reconciliation Week 2023, we announced a partnership with DeadlyScience, a not for profit organisation with a vision to create STEM equity for Aboriginal and Torres Strait Islander learners. Working with primary and high schools in regional and remote communities, DeadlyScience provides Science, Technology, Engineering and Mathematics (STEM) resources and programs to create effective learning.

In 2020, Australia's STEM Workforce Report highlighted that the percentage of Aboriginal and Torres Strait Islander people with a University STEM qualification is 0.5%. For non-Indigenous Australians, 5.2% have a STEM qualification - over 10 times as many as Aboriginal and Torres Strait Islander people.

The DeadlyLearners program provides one-hour STEM related learning opportunities to primary and high school students. School teachers request sessions based on topics within the state syllabus. DeadlyScience then locates the most appropriate STEM Legends (STEM experts from research, education, or industry) to conduct the session. These sessions are designed to give First Nations students the chance to learn key ideas, meet STEM professionals, ask questions and share knowledge.

Under the partnership IPH team members will provide their time to support DeadlyScience's learning programs, including DeadlyLearners, and assist to grow capacity within DeadlyScience.

Image credit: DeadlyScience

Education & training

Build a culture of continuous and holistic learning and development

IPH is committed to investment in its people to help our staff maximise their own potential.

Our focus in FY23 has been on building our current and future talent and organisational capability through further investment, enabling us to continue to progress towards becoming an employer of choice. This material references Disclosure 404-2 from GRI 403: Training and Education 2016.

Group Staff Development - During FY23, IPH has invested in the design and delivery of new online and facilitated development sessions to further develop key capabilities among employees in all roles. As part of the group's investment in leading systems, we have also focused on providing training and broader support to enable our people to effectively transition to new ways of working. During FY23, over 3,200 hours of staff development training have been delivered to IPH group staff.

Group Professional Development Program – IPH's Professional Development Working Group promotes collaboration in education and professional development to deliver an extensive program of sessions to ensure that our people are up to date with legal frameworks, case law and developments across the IP spectrum. During FY23, we have delivered over 1,200 hours of continuous professional education to over 400 colleagues working in our member firms.

Group Leadership Development - In FY23 we continued to focus on building our People Leadership capability across the group. A further 26 leaders completed our bespoke People Leadership Excellence Program with over 240 leaders having completed this development program since its launch in FY21. A new program has been developed and successfully piloted to build our leaders' coaching capability to further enhance our employee experience. We plan to roll this program out more broadly in FY24.

We have also continued to invest in building the capability of newly promoted Principals and Senior Associates with both cohorts participating in bespoke programs which are specifically tailored for their respective roles. Already, 38 leaders

across our member firms have completed one of these programs and we are looking forward to rolling out new development opportunities to other cohorts in FY24.

Over 1,100 hours of formal leadership development training has been delivered across the group during FY23.

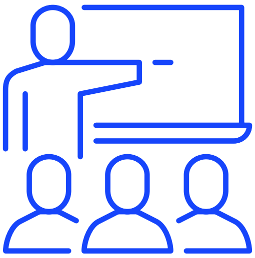
Junior Talent – During FY23, the group launched its Graduate Program with an initial cohort of IT graduates joining the business in February 2023. We have also designed a broader curriculum to support Trainee Attorneys, which focusses on building the required competencies to support the progression through our defined career pathway and empowering our emerging talent.

Capability Framework – IPH's capability framework provides a defined career pathway for those entering the IP profession as a trainee all the way through to Practice Group Leader. The framework continues to be used to shape our approach to support recruitment, talent and succession planning, and the design and delivery of development programs for those at various stages of their career.

Learning & Development Academies – Our member firms continue to deliver training locally through their own Learning & Development academies with areas of activity including systems training and professional development, ensuring we maximise opportunities to develop our people through exposure and experience.

Financial support for study – Across the group, in FY23, member firms invested a combined total of over AUS $570K supporting 64 trainees to complete their Masters in Intellectual Property, enabling them to become registered attorneys.

The Dome – Launched in July 2021, the Intranet continues to provide employees across a number of our member firms access to centralised training resources, learning and development resources, career opportunities across the group, and the latest group news and information.



240+

leaders have participated in the People Leadership Excellence Program since FY21

IT Graduates make their home at IPH

In February, IPH welcomed two IT graduates as part of the IPH Graduate Program.

The Graduate Program was launched in FY23, alongside a broader curriculum developed to support Trainee Attorneys focusing on building required competencies to support progression through our defined career pathway and empowering our emerging talent. Over an 18 month period, our IT graduates will rotate through a variety of IT functions, starting in Service Desk, and moving to Process Improvement and Project Management.

They were warmly welcomed with a morning tea to introduce them to colleagues from across the IPH team, in addition to induction training and e-learning, and a number of meet and greets with different departments to get to know the business.

"I highly recommend this program to students who are finishing their studies and have little experience in the field. With its comprehensive curriculum and hands-on approach, the Graduate Program provides a well-structured and immersive experience that bridges the gap between theoretical knowledge and practical application, preparing individuals for the challenges and opportunities that await in their careers. One particular aspect that stands out to me is the mentorship provided in the program. Having mentors to turn to for advice and direction has instilled confidence in me and helped me navigate the program more effectively. I feel fortunate to be part of a program that invests in its participants' development."

Saad Raja
Graduate

"I've really enjoyed working with many different people across IPH and our member firms. While I'm currently working in the Service Desk role, I'm also looking forward to learning new things in Process Improvement and Project Management. I hope that by experiencing the various rotations in the Graduate Program I'll be able to identify what I enjoy the most and pursue that for my career. The Graduate Program provides me with the opportunity to experience various roles in IT, I have been supported very well throughout the program and would recommend the program to others."

Gavin Zhang
Graduate

Promotions

IPH announced 25 promotions across member firms AJ Park, Griffith Hack, Pizzeys, Smart & Biggar and Spruson & Ferguson, effective 1 July 2023. This included 7 Principal appointments. 43% of Principals promoted were women, and 44% of all fee earners promoted were women. In FY23, a total of 76 promotions were made, including 31 fee earner promotions, of which 68% were women. Women also accounted for 71% of non-fee earner promotions.

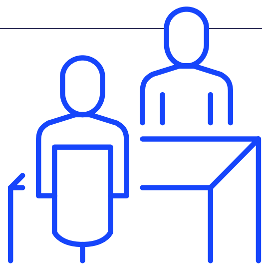
Employee referral program

Our group-wide employee referral program provides an attractive benefit to staff who refer potential candidates who are then successfully recruited into that business.

Employee Incentive Plan (EIP) participation

In FY23, 268 eligible staff participated in our (EIP), and we were able to achieve 44.3% of awards in cash incentives and 41.8% in shares incentives, through the program. In addition to the cash elements of the incentive plan, our EIP enables eligible employees receiving awards in the plan to become shareholders in IPH, thereby sharing in its success.

50 employee referrals via our Employee Referral Program



AUD$570k+ to support 64 trainees to complete their Masters of IP, and launched Graduate Program with initial cohort of IT graduates

Smart & Biggar's student program for aspiring IP lawyers

Smart & Biggar is the top choice in Canada for law school graduates wishing to build a career in IP law. Each year Smart & Biggar hires a wide range of students that are enrolled in, or have just graduated from, Canada's leading universities. They join Smart & Biggar for a four-month summer term or one-year articling term. Many of the students also have undergraduate and graduate degrees in science and engineering, giving them a rare combination of broad legal training and scientific knowledge that is ideal for a career in IP law.

Law students enjoy a unique work experience with exposure to all aspects of Intellectual Property law and agency practice. Each student gains invaluable hands-on experience working alongside Smart & Biggar lawyers and agents on matters in patents, trademarks, copyright and IP litigation. Each member of the student program receives mentorship to help them reach their full potential, as well as the opportunity to work directly with Principals and Associates on real cases from our high-profile roster of clients. The students also participate in a firm designed learning program that includes an introduction to client and practice management, business development and personal branding, thought leadership as well as practical skills and substantive knowledge across the many different areas of IP law.

Many students who participate in the student program enjoy career growth as the program prepares them for success from the start of their legal careers in IP. The scope of work students undertake during their time allows them to obtain unmatched experience and realise their potential alongside the best of the best in IP law.






Contribution to the IP profession

Involvement in, and contribution to, the development of the IP profession through taking part in industry events not only builds our internal talent, it also raises our profile as a market leader within the IP profession. We regularly contribute to various events, examples during FY23 include:

- IPH CEO, Dr Andrew Blattman, presented to industry leaders at the Institute of Patent and Trade Mark Attorneys of Australia (IPTA) annual conference, on the state of Australia's innovation on the world stage.
- IPH Strategic Advisor, Dr Francis Gurry, former head of the World Intellectual Property Organisation, presented to IPH clients and employees on international IP trends.
- AJ Park regularly engages with academia and industry bodies including University of Auckland, Legalwise and LESANZ to deliver IP training and share knowledge with the wider Trans-Tasman IP industry.
- AJ Park staff volunteered as invigilators for the IPTA IP Administrator's Course in Wellington and Auckland in April 2023.
- AJ Park employees sit on various Trans-Tasman industry boards and committees including AIPLA, AIPPI, Asian Patent Attorneys Association (APAA), American Chamber of Commerce in NZ, Auckland Women Lawyers Association, Copyright Tribunal of NZ, IPSANZ, IPONZ Technical Focus Group, INTA, NZ Sustainable Business Network, and NZIPA.
- Multiple Griffith Hack Principals lecture on subjects in the University of Melbourne's Masters of Intellectual Property program.
- A Griffith Hack Principal completed a two-year term as the President of IPTA, and a Griffith Hack Consultant is President of the APAA.
- Griffith Hack team members sit on committees for various organisations including APAA, IPTA, AmCham Australia, International Trade Mark Association (INTA), and the Intellectual Property Society of Australia & New Zealand
- Griffith Hack team members spoke at the World Renewable Energy Congress, IPBC Australasia, APAA General Assembly, various Knowledge Commercialisation Australia events, and the Fragment-Based Drug Design Conference.
- Griffith Hack sponsored Curtin University's Innovation Awards, the Western Australian Innovator of the Year Awards, and the Victorian Clean Tech Cluster.
- Smart & Biggar practitioners sit on various international IP industry boards and committees including AIPLA, AIPPI, INTA, IPO, and Marques, and within Canada including Intellectual Property Institute of Canada (IPIC), Canadian Bar Association Ontario (CBAO), Le Forum international de la propriété intellectuelle – Québec (FORPIQ) and BIOTECanada.




- Smart & Biggar team members gave IP presentations at Association of Corporate Counsel (ACC) Ontario, IPIC/McGill Summer IP Courses, Canadian International Internet Dispute Resolution Centre (CIIDRC), Bar Association of Quebec, the Canadian Lawyer LegalTech Summit and InvestOttawa, and at various CLE webinars offered by Intellectual Property Institute of Canada (IPIC), and AIPLA.
- LegalTech Summit and InvestOttawa, and at various CLE webinars offered by Intellectual Property Institute of Canada (IPIC), and AIPLA.
- A Spruson & Ferguson Associate spoke at the Hong Kong University of Science and Technology.
- A Spruson & Ferguson Principal spoke at the Ethics, Professional Skills, and Practice Management for the Modern Lawyer webinar hosted by Legalwise Seminars.
- A Spruson & Ferguson Principal spoke at the RACI Bioactive Discovery and Development event.
- Spruson & Ferguson Australia attended the KCA NSW End of Year Networking event and were silver sponsor for IP Week.

Global conference participation further provides a forum to network with peers and share knowledge with other IP professionals. In FY23, staff have attended or presented at local and international conferences, including, but not limited to:

- IPTA 2023 Annual Conference
- INTA 2023 Annual Conference
- BIO International Convention Boston 2023
- BIO International Convention Korea 2023
- QLD Biocheers 2023
- NSW Biocheers 2023
- Intellectual Property Business Conference (IPBC) Australasia 2023
- American Intellectual Property Law Association (AIPLA) 2023
- Asian Patent Attorneys Association (APAA) 2023
- International Association of University Technology Managers (AUTM) Conference 2023
- AmCham Australia Boardroom Series - The Presidio – 2023
- Fragment-Based Drug Discovery Conference 2022
- World Renewable Energy Conference 2022
- International Association for the Protection of Intellectual Property (AIPPI) Conference 2022
- Intellectual Property Owners Association (IPO) Conference 2022
- National Cleantech Conference 2022

IPH group employees also hold positions on professional associations, including but not limited to, the New Zealand Institute of Patent Attorneys, the Institute of Patent and Trade Mark Attorneys of Australia (IPTA) and the Intellectual Property Institute of Canada (IPIC).

Trainee experiences life on the client-side

Griffith Hack trainee patent attorney Mitchell Stott is a technically qualified astrophysicist with a deep interest in advanced technologies, so when a secondment at Silicon Quantum Computing (SQC) was offered to him, he knew it was a unique opportunity to immerse himself in one of Australia's leading quantum technology companies.

With an astrophysics and mechanical engineering degree from Macquarie University, Mitchell's understanding of the theoretical principles of physics allows him to interpret many of the technical concepts and theories behind quantum computing technology. And through his experience and training at Griffith Hack, he has been able to apply this knowledge through the lens of IP – assisting SQC's in-house Intellectual Property team with its IP portfolio and IP roadmap.

For Mitchell, the opportunity to be embedded within SQC has accelerated his development as a patent attorney and highlighted the importance of client relationships. The experience has also helped improve his working relationship with clients by providing a better understanding of the position clients are in when they are providing instructions on IP matters.

Griffith Hack is proud to work with SQC as they develop life enhancing, human-centred and world changing technology – and help position Australia as a global leader in innovation.

"Silicon Quantum Computing is developing technology at the cutting edge of science, so to have the opportunity to undertake a six-month secondment with them has been an exciting opportunity. I've also really enjoyed being on the other side of the attorney-client relationship."

Mitchell Stott
Trainee Patent Attorney
Griffith Hack

Wellbeing & flexibility

Create healthy flexible and engaged teams, built on autonomy and trust

Health, safety and security of employees

We are committed to providing a safe work environment and flexible work options that support the diverse individual, team and geographic circumstances of our people across the IPH group. During FY23, we have maintained a strong focus on supporting flexible working arrangements for our staff, promoting mental health and wellbeing, and providing management with resources to drive staff engagement.

Health and wellbeing

Our partnership with Assure, our Employee Assistance Provider (EAP) for Australia, New Zealand and Asia and HumanaCare our Employee Assistance Provider for Canada continue to provide benefits for our staff and enables the provision of comprehensive employee support and wellbeing services. Assure offer support to our people via the Wellbeing Gateway application, which provides virtual counselling services and materials accessible on the IPH group Intranet. The application includes resources and webinars in support of physical, social, and emotional health including workouts, mindfulness activities, healthy eating and other health and wellbeing resources. HumanaCare offer employee and family support services in the areas of short term support, counselling, financial, legal and stress-related health matters as well as support for eldercare and community support.

During FY23, we delivered several initiatives to support health and wellbeing across Australia, New Zealand and Asia, including but not limited to:

» **Mental health awareness** – initiatives included participation in RU OK? Day, an initiative driven by an Australian non-profit suicide prevention organisation; and a session focused on managing uncertainty due to the global pandemic. More than 400 group employees participated in one or both of these events.

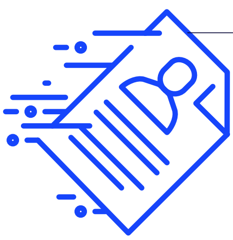
» **Counselling services** – as noted above, working with our partner Assure, we provided a comprehensive range of resources, including access to free professional and confidential counselling services for employees and their immediate family members. The annual utilisation rate of the Assure service for FY23 was 6.83%.

» **Member firm initiatives** - our member firms facilitated numerous wellbeing initiatives including flu vaccinations programs, health insurance benefits, seminars and providing healthy food in offices.

» **Community-based initiatives** - initiatives included the group-wide involvement in the “STEPtember” event in September 2022, with 29,871,248 steps taken.

Hybrid working approach

Our Hybrid Working Policy has been in place since FY22, to support our people and their diverse working arrangements. In FY23, the vast majority of our workforce across the group worked flexibly, reflecting our commitment to hybrid working.



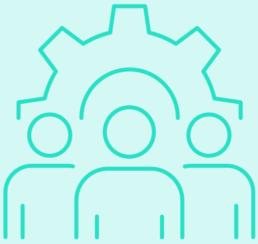
17% staff turnover across the group in FY23

IPH Engagement Pillars

What IPH will be focussed upon to improve the Employee Experience:

Embedding our Shared Services Model

Work with our employees and stakeholders to embed our shared services strategies and delivery model.

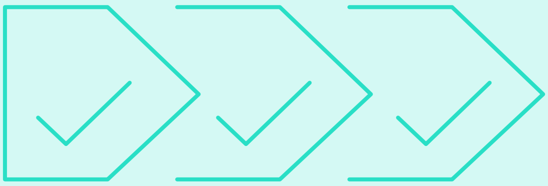


Values and Behaviour Program

Review and relaunch our values and behaviour program to underpin our new EVP.

Succession Planning

Focused approach to supporting career transitions and embedding our succession planning methodology across the group.



Sustainability

Embedding our refreshed Sustainability Strategy and related framework across the group.

Employee engagement and motivation

Engagement surveys

We are committed to providing the best possible employee experience for our people. In 2020, we launched a partnership with Culture Amp to facilitate regular employee engagement surveys to track engagement within each of our member firms. Annual surveys are conducted both at a group level and within each member firm, providing insights on staff satisfaction and highlighting areas of focus to enhance our employee experience.

Based on results and feedback from our 2022 surveys, we introduced several initiatives to drive employee engagement and satisfaction during FY23.

Our FY23 employee engagement survey, conducted in March 2023 across the group, highlighted the positive impacts of these actions, with group-wide improvements across the following key themes:

- **Leadership** – Increased levels of satisfaction with the quality of people leadership and the impact of support our people receive from their local leader.
- **Work / life blend** – High levels of support for, and engagement with, the group's flexible work arrangements assisting our people to balance their commitments outside of work.
- **Development opportunities** – Positive feedback about the evolution of development offerings and ability to grow and develop capability within roles.

In FY23, we also consulted widely among employees to develop our Employee Value Proposition (EVP). Our new EVP is due to launch in early FY24, alongside the introduction of refreshed recognition programs and some adjustments, where needed, for our remuneration and benefits offerings.

Looking ahead to FY24

As noted before, during FY23 we finalised the group's new Sustainability Strategy, following collaboration with sustainability and impact specialists, Republic of Everyone.

We also worked with external advisor, South Pole, to help us conduct Greenhouse Gas (GHG) emissions measurement for the IPH group, comprising direct and indirect emissions sources (Scope 1, 2, 3) of our international operations, including our member firms.

South Pole's GHG accounting methodology aligns to the International Greenhouse Gas Protocol, which is also the framework that underpins carbon accounting under the ISSB, Climate Reporting Standard (IFRS S2).

We are pleased to have a new Sustainability Strategy in place and look forward to continuing to strengthen our sustainability activities in FY24 and beyond.

In FY24, we will continue to advance the initiatives under each of our six sustainability strategic priorities: Governance, Privacy and Data Security; Client Experience; Impact & Innovation; Diversity, Equity & Inclusion; Education & Training; and Wellbeing & Flexibility.

We will also look to progress alignment with the ISSB standards and to understand the emerging jurisdictional requirements in markets in which we operate.

Directors' Report

The Directors present their report, together with the financial statements, of the consolidated entity (referred to hereafter as the 'Group') consisting of IPH Limited (referred to hereafter as the 'Company' or 'Parent Entity') and the entities it controlled at the end of, or during, the year ended 30 June 2023.

IPH is a leading international intellectual property ("IP") services group offering a wide range of IP services and products to a diverse client base including some of the world's leading companies, multi-nationals, universities, public sector research organisations, foreign associates and other corporate and individual clients. IPH was the first IP services group to list on the Australian Securities Exchange.

1. Directors

The following persons were Directors of IPH Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Name	Office
Mr Peter Warne	**Non-executive Director and Chairman**
Dr Andrew Blattman	**Managing Director and Chief Executive Officer**
Mr John Atkin	**Non-executive Director**
Ms Vicki Carter	**Non-executive Director (appointed 5 October 2022)**
Ms Robin Low	**Non-executive Director**
Ms Jingmin Qian	**Non-executive Director**

1.1 Information on Directors

The skills, experience, and expertise of each person who is a director of the Company at the end of the financial year is provided below, together with details of the company secretary as at year end.

Name:	Peter Warne
Title:	Non-executive Director (appointed 18th November 2021) and Chairman (appointed 28th February 2022)
Qualifications:	BA (Actuarial Studies), FAICD
Experience and expertise:	Peter has extensive knowledge of, and experience in, financial services and investment banking, gained through a number of senior roles at Bankers Trust Australia Limited, including as head of its Global Financial Markets Group from 1988 to 1999. Peter was a director of the Sydney Futures Exchange (SFE) from 1990 to 1999, and from 2000 to 2006, and served as its Deputy Chairman from 1995 to 1999.
Other current directorships:	Peter is Non-executive Director of UniSuper, Argo Investments Limited, Allens, and NSW Net Zero Emissions and Clean Economy Board, Non-executive Chairman of St Andrews Cathedral School Foundation. He is also a member of the ASIC Corporate Governance Consultative Panel, and an adviser to the board of Virgin Australia Airlines.
Former directorships (last 3 years)	Director of Macquarie Group Limited and Macquarie Bank Limited (2007 to 2022), Chairman (2016 to 2022), Director of ASX Limited (2006-2020)
Interests in shares:	40,000
Special responsibilities:	Chairman. Member – People, Remuneration and Nominations Committee.

Name:	Dr Andrew Blattman
Title:	Managing Director and Chief Executive Officer (appointed 20 November 2017)
Qualifications:	BScAgr (Hons 1), PhD, GraDipIP
Experience and expertise:	Andrew has nearly 30 years' experience in the intellectual property profession, having joined IPH Group member firm Spruson & Ferguson in 1995. He was appointed as a Principal in 1999 and served as CEO from 2015 to 2017, during which time the firm significantly expanded its footprint in both the Australian and Asian IP markets, opening new offices in Melbourne, Beijing, Hong Kong SAR, Jakarta and Bangkok. Since Spruson & Ferguson's incorporation and the listing of IPH on the ASX in 2014, Andrew has played a key role in the development and growth of the IPH Group. He has a deep knowledge and understanding of the IPH business and the environment in which the company operates.
Memberships of Professional Associations:	FIPTA, APAA, AIPPI, FICPI and IPSANZ
Other current directorships:	St Paul's College Foundation
Interests in shares:	2,142,844
Interests in rights:	575,217
Special responsibilities:	CEO

Name:	John Atkin
Title:	Non-executive Director (appointed 23 September 2014)
Qualifications:	LLB (1st Class Hons), BA (Pure Mathematics) (1st Class Hons), FAICD
Experience and expertise:	John was CEO & Managing Director of The Trust Company Limited from 2009–2013 prior to its successful merger with Perpetual Limited. A former lawyer, he was Managing Partner and Chief Executive of Blake Dawson from 2002–2008 and also practised at Mallesons Stephen Jaques (as it was then known) as a Mergers & Acquisitions Partner for 15 years from 1987–2002.
Other current directorships:	John is Chairman of the Australian Institute of Company Directors, and Qantas Superannuation Limited, as well as a Non-executive director of Integral Diagnostics Limited. He served as Chairman of Outward Bound Australia for over 12 years and has been the Vice Chairman of Outward Bound International since 2017.
Former directorships (last 3 years)	Commonwealth Bank Officers Superannuation Corporation Pty Limited
Interests in shares:	129,841
Special responsibilities:	Chairman – People, Remuneration and Nominations Committee. Member - Audit Committee, Risk Committee, Projects Committee.

Name:	Vicki Carter
Title:	Non-executive Director (appointed 5 October 2022)
Qualifications:	BA (Social Sciences), GradDipMgmt
Experience and expertise:	Vicki was previously Executive Director, Transformation Delivery at Telstra and held senior executive roles at National Australia Bank including Executive General Manager – Retail Bank, Executive General Manager – Business Operations and Executive General Manager – People and Culture, as well as roles at MLC, ING and Prudential Assurance Co. Ltd.
Other current directorships:	Vicki is currently a Non-executive Director of ASX Limited, Bendigo and Adelaide Bank Limited and Non-executive Director and Chair of Sandhurst Trustees Limited.
Interests in shares:	Nil
Special responsibilities:	Chair – Projects Committee. Member – Audit Committee, People, Remuneration and Nominations Committee and Risk Committee.

Name:	Robin Low
Title:	Non-executive Director (appointed 23 September 2014)
Qualifications:	BCom, FCA, GAICD
Experience and expertise:	Robin was with PricewaterhouseCoopers for 28 years and was a Partner from 1996 to 2013, specialising in audit and risk.
Other current directorships:	Robin is a Director of ASX listed companies: AUB Group Limited, Appen Limited and Marley Spoon SE. She is also on the boards of Guide Dogs NSW/ACT and the Sax Institute. Robin is a member of the University of New South Wales audit committee.
Interests in shares:	74,214
Special responsibilities:	Chair - Audit Committee. Member – People, Remuneration and Nominations Committee, Risk Committee, Projects Committee.

Name:	Jingmin Qian
Title:	Non-executive Director (appointed 1 April 2019)
Qualifications:	BEc, MBA, CFA, FAICD
Experience and expertise:	Jingmin previously held senior roles with L.E.K. Consulting, Boral Limited, and Leighton Holdings. She brings a broad range of commercial experience covering strategy, mergers and acquisitions, capital planning, investment review and Asian expansion.
Other current directorships:	Jingmin is a Non-executive Director of Abacus Property Group, Trustee Director of HMC Capital Partners Fund, a member of Macquarie University Council, a Non-executive Director and National Vice President of the Australia China Business Council. She is also a senior advisor to leading global and Australian organisations and Director of Jing Meridian Advisory Pty Ltd. Jingmin is a member of Chief Executive Women (CEW).
Interests in shares:	8,000
Special responsibilities:	Chair - Risk Committee. Member – Audit Committee, People, Remuneration and Nominations Committee, Projects Committee.

The non-executive directors hold no interest in options, performance rights or contractual rights to the securities of IPH Limited as at the date of this report.

1.2 Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2023, and the number of meetings attended by each Director were:

Name	Board of Directors (Scheduled)		Board of Directors (Unscheduled)		People, Remuneration and Nominations Committee		Audit Committee		Risk Committee	
	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held
Peter Warne	6	7	4	6	4	4	-	-	-	-
Andrew Blattman	7	7	5	6	-	-	-	-	-	-
John Atkin	7	7	6	6	4	4	4	4	3	3
Vicki Carter	4	4	6	6	2	2	3	3	1	1
Robin Low	7	7	6	6	4	4	4	4	3	3
Jingmin Qian	7	7	6	6	4	4	4	4	3	3

Held: represents the number of meetings held during the time the Director held office. A number of the unscheduled Board meetings were related to the cyber incident and called on short notice so not all Board members were able to attend. Whilst not a member of the committees Andrew Blattman was in attendance except in circumstances of a conflict of interest. Peter Warne was also in attendance at meetings of committees of which he was not a member.

2. Company secretary

Philip Heuzenroeder, BEc, LLB, LLM, GAICD (Order of Merit). Philip was appointed Group General Counsel and Company Secretary on 29 April 2016.

Philip has nearly 30 years' experience as a solicitor and governance professional, both in private practice and in-house. His expertise covers a broad range of areas of law including commercial law, competition law, ICT, intellectual property and litigation. Philip is a former Director of the Cure Brain Cancer Foundation.

3. Principal activities

During the year the principal activities of the Group consisted of IP services related to provision of filing, prosecution, enforcement and management of patents, designs, trademarks and other IP in Australia, New Zealand, Asia, Canada and other countries.

From 1 July to 19 July 2022, the group was also involved in the development of autonomous timekeeping software under a subscription licence model whereby the software is licensed and paid for on a recurring basis, until Practice Insight Pty Ltd was divested to Anaqua, Inc., which completed on 19 July 2022.

Other than as set out above, there were no significant changes in the nature of activities of the Group during that period.

4. Operational and Financial Review

4.1 Operations and financial performance

The summary financial analysis below shows the results on a statutory and underlying basis. The Directors believe it is important to include the financial information on an underlying basis as this reflects the ongoing or underlying activities of the Group and excludes items that are not expected to occur frequently and do not form part of the core activities of the Group.

The FY23 underlying earnings of the Group have been determined by adjusting statutory earnings amounts to eliminate the effect of changes in deferred consideration, business acquisition costs, costs associated with managing the cyber incident, restructuring expenses and IT SaaS implementations costs.

As previously announced, share-based payments expense is now included in underlying earnings and the FY22 underlying results have been restated to include share based payments expense for comparative purposes. Share based payments may be included in non-underlying results where they are directly related to a non-underlying item. For FY23 total share based payment expense was $6.1 million (FY22 $4.8 million) of which $1.6 million (FY22 Nil) was recorded as non-underlying business acquisition costs.

	Revenue[1] FY23	Revenue[1] FY22	Change %	EBITDA FY23	EBITDA FY22	Change %
Australian & New Zealand IP	289,843	286,016	1.3%	103,257	101,619	
Asian IP	118,900	110,208	7.9%	54,261	50,939	
Canadian IP	93,750	-		31,444	-	
	502,493	396,224	26.8%	188,962	152,558	23.9%
Adjacent Businesses	50	638		(33)	(493)	
Corporate Office	12,455	9,744		(17,830)	(19,534)	
Eliminations	(24,899)	(21,519)		(1,069)	39	
Underlying Revenue / EBITDA	**490,099**	**385,087**	**27.3%**	**170,030**	**132,570**	**28.3%**
Business acquisition costs				(10,791)	(3,747)	
Restructuring expenses	194			(2,779)	(1,814)	
Changes in deferred consideration	6,270			6,270	-	
Costs associated with cyber security	(381)			(2,822)	-	
Divestment of Practice Insight				-	(2,170)	
Impairment of intangibles				-	(4,654)	
Impairment of right-of-use assets and fixed assets				-	(2,387)	
IT SaaS implementation costs				(868)	(1,858)	
Statutory Revenue[1] / EBITDA	**496,182**	**385,087**	**28.8%**	**159,040**	**115,940**	**37.2%**
Interest income				1,960	46	
Interest expense				(20,194)	(4,709)	
Depreciation and amortisation				(53,351)	(39,563)	
Net profit before tax				87,455	71,714	21.9%
Tax				(22,914)	(19,150)	
Net Profit After Tax				**64,541**	**52,564**	**22.8%**

1 - Total revenue and other income excluding interest

Statutory Results

Revenue and other income (excluding interest) of $496.2 million increased by 29% on the prior year. This increase included the contribution of the Smart & Biggar business (acquired on 6 October 2022), and foreign currency benefits.

EBITDA increased by 37% to $159.0 million. Net Profit After Tax (NPAT) also increased by 23% to $64.5 million (FY22: $52.6 million).

Underlying Results

Underlying EBITDA increased by 28% to $170.0 million, including the contribution of Smart & Biggar from 6 October 2022.

Australian & New Zealand IP

Revenue in the Australian & New Zealand IP segment increased by 1% to $289.8 million.

Group filings (ex innovation patents, which were phased out in Australia in Aug 2021) declined by 7.8% for FY23 compared to a market decline of 3.3% for the same period. The relative decline in Group filings in Australia reflects a full year of the integration of Spruson & Ferguson Australia and Shelston IP in FY23, compared to seven months in FY22. The Company has previously noted the disruptive impact of member firm integrations on filing activity.

Group filings began to stabilise in 2HFY23 while both Spruson & Ferguson Australia and Griffith Hack recorded improved filing performance in 2HFY23.

Underlying EBITDA increased by 2% to $103.3 million at a margin of 35.6%. On a like-for-like basis, removing the effects of currency, revenue declined by 1% and EBITDA decreased by 5%. This represented an improvement from the first half (where revenue had declined 3% and EBITDA down 6%) notwithstanding some disruption from managing the response to the cyber incident during March/April 2023.

Asian IP

Asian IP segment revenue increased by 8% to $118.9 million. The segment benefitted from a stronger SGD against the AUD.

Underlying EBITDA increased by 7% to $54.3 million, including the impact of currency gains. On a like-for-like basis, EBITDA was steady on the prior year.

The Singaporean hub continued to deliver improved results with like-for-like revenue up by 8% and underlying earnings growth of 7%. However, this was offset by a significant decline in patent and trade mark revenue in Hong Kong/China. One of the Group's larger clients exited operations in China which reflects recent industry supply chain de-risking as some corporates seek alternative manufacturing locations to China. Continued geopolitical impacts in the region caused a decline in patent and trade mark revenue in Hong Kong with a decline in translation revenue.

Canadian IP

The Group completed the acquisition of Smart & Biggar, a leading IP firm in Canada, on 6 October 2022.

The FY23 financial results include revenue and earnings contribution from 6 October 2022 (FY22: nil). Smart & Biggar recorded revenue of $93.8 million and Underlying EBITDA of $31.4 million.

The results were marginally ahead of the Group's expectations at time of acquisition.

Adjacent Businesses

Adjacent businesses includes the autonomous time keeping software tool, WiseTime. The business was divested on 19 July 2022.

Corporate Office

Excluding the impacts of foreign exchange, a $1.2 million gain, reflecting the revaluation of USD cash and debt, and adjusting for the inclusion of share based payments $0.7m in FY23 against $2.4m in FY22, Corporate costs increased by $1.1 million in FY23 due to increased IT, legal and consulting fees.

Impact of Foreign Exchange Movements

The Group is impacted by movements in foreign exchange rates in the following ways:

(i) Net impact recorded in the P&L account

Group companies invoice a significant proportion of their revenue in USD reflecting the preference of the client base. Accordingly, the Group carries a material amount of USD denominated cash and receivables. As at 30 June 2023, the balance sheet contained US$32m in cash and US$39m in receivables. These US denominated assets were offset by a US$19.5m loan.

Realised foreign exchange gains of $3.1m and unrealised foreign exchange gains of $0.2m were recognised in the P&L account during the year, resulting in a net foreign exchange gain of $3.3m (FY22 $6.0m gain).

Period end foreign exchange rates used to translate balance sheet accounts were:

	AUD/USD	AUD/SGD	AUD/CAD
FY21	0.7507	1.0095	-
FY22	0.6892	0.9588	-
Smart & Biggar Acquisition Date (6 Oct 22)	-	-	0.8868
FY23	0.6640	0.8994	0.8798

(ii) P&L impact of trading in foreign currencies

Revenue derived by the Group is recorded at the rate of the day of transaction. The Group invoiced 40% of its revenue in USD during the current period, with a relatively low proportion of USD denominated expenses.

The average exchange rate at which this USD revenue was derived was 0.67, while in the comparative period it was 0.73. Based on the USD profile in FY23, a 1c movement in the AUD/USD exchange rate equates to approximately $2m of revenue on services charges on an annualised basis.

Average foreign exchange rates used to translate earnings throughout the period were:

	AUD/USD	AUD/SGD	AUD/CAD
FY22	0.7256	0.9865	-
Smart & Biggar Acquisition Date (6 Oct 22)	-	-	0.8868
FY23	0.6733	0.9182	0.9048
Movement	(7.8%)	(7.4%)	2%

Cyber Incident

The Group announced on 13 March 2023 that it detected a portion of its IT environment had been subject to unauthorised access. The Company immediately enacted its cyber response and business continuity plans to address this incident including establishing new network infrastructure, restoring system functionality and implementing enhanced cyber security measures.

A forensic investigation identified that a limited set of data was downloaded by an unauthorised third-party during the incident. The downloaded dataset originated from the Spruson & Ferguson Australia business and primarily contained data relating to a small number of clients of Spruson & Ferguson Lawyers and certain historical financial and corporate information.

The Company has conducted a comprehensive post incident review into the incident and has identified further learnings and opportunities which will be incorporated into strengthening our cyber security measures and ensuring the strengthening of controls.

IPH has not experienced any known loss of client relationships as a result of this incident and the Company has also completed a review of regulatory requirements.

The financial impact of the incident is consistent with the Company's previous announcements. For the month of March 2023, business disruption contributed to a service charge budget shortfall of approximately $4.4 million (in aggregate) for the impacted businesses of Spruson & Ferguson Australia and Griffith Hack. In the subsequent months, Griffith Hack and Spruson & Ferguson Australia collectively exceeded budget by approximately $1.5 million. No further backlog of filings is expected for either firm. IPH incurred $2.8 million (pre-tax) in non-underlying costs in FY23 including costs for specialist third parties as part of management and remediation of IT systems, legal and other costs.

Adjustments to Statutory Results

Adjustments to the statutory EBITDA have been made for:

- Changes in deferred consideration – A non-cash $6.3m gain on the remeasurement of the fair value of the Smart & Biggar earnout due to movements in the Company share price, and the balance being the remeasurement of the Applied Marks earnout to an achievement of 80%.
- Business acquisition costs ($10.8m)– costs incurred in the pursuit of acquisitions, primarily related to the acquisition of Smart & Biggar which was completed on 6 October 2022.
- Restructuring expenses ($2.8m) – costs of restructuring across the Group. This predominately included the costs associated with implementation of Group's new business process re-engineering programme, the IPH Way and exit of the former Shelston IP lease.
- IT SaaS Implementation costs ($0.9m) – costs associated with the implementation SaaS based projects.
- Cyber Security Costs ($2.8m) - costs associated with the Group's response to the cyber incident during 2H23.

Dividends

Since the end of the year, the Directors have declared the payment of a final ordinary dividend of 17.5 cents per share, franked at 35%. This represents 85% of cash adjusted NPAT (NPAT adjusted for net acquisition intangibles amortisation, the movements in deferred consideration and net share-based payment expense).

4.2 Business model, strategy and outlook

4.2.1 Business model

The Company is an intellectual property group operating a number of professional services businesses providing intellectual property services (“IP Services”). Up until 19 July 2022, it also operated the WiseTime business, an autonomous time-keeping software application. WiseTime was divested to Anaqua Inc. on 19 July 2022.

In the Group’s IP Services businesses in Australia, Canada, New Zealand and Asia, revenue is derived from fees charged for the provision of professional IP Services by each firm as related to securing, enforcing and managing IP rights in the country (directly or through an agent) in which registration is sought by the client. The business model allows the Group to generate recurring revenue streams throughout all stages of the IP lifecycle from its long-standing and diverse client base.

Factors that affect the performance of each business include, amongst others, the performance of the global and relevant local economies, client activity levels, competitor activity, and the regulatory environment in which the services are provided.

4.2.2 Strategy and outlook

More information on the Company’s strategy and outlook is included in the “About IPH” and “FY23 Year in Review” section of the 2023 IPH Annual Report.

4.3 Risks

During FY23 the Company took steps to identify, assess and manage risks in accordance with its risk management framework. This section provides a summary of the material risks identified by the Company which may have an impact on the Company’s ability to achieve its operational, financial and strategic targets and the Company’s approach to the management of such risks.

Risk	Description	Management of risk
Strategic planning and implementation	The Company conducts its operations in a market that has undergone significant changes with the development of corporatised service providers, to which the market continues to adjust. This provides the Group with both opportunities and risks requiring development and communication of a clear strategic vision and objectives.	The Board is closely involved in identifying, reviewing and confirming strategic objectives and reviewing implementation, including assessing opportunities and risks, and in providing direction to management.
Competition and changing market conditions	The sectors in which the Company operates are subject to vigorous competition, based on factors including price, service, innovation and the ability to provide the customer with an appropriate range of IP services in a timely manner. Scope exists for market conditions to change over time reflecting economic, political or other circumstances.	Effective client service, comprising a high level of expertise at competitive prices delivered in a timely manner. The IPH Group continues to implement leading IT systems to support client services. Regular marketing visits or, where travel is not possible, virtual meetings or other forms of communication, to maintain and develop client relationships and understand potential changes in client needs, and internal and external pressures. IPH also provides a broad range of IP services and its operations are geographically widespread, reducing exposure to any one form of IP country or jurisdiction in which it operates.
Regulatory environment	The Company is subject to significant regulatory and legal oversight.	Senior executives ensure that all regulatory and legal issues affecting IPH's business are monitored and that any changes to the business operations necessary to comply with regulatory and legal changes are undertaken in a timely manner. Careful management and oversight of the Group's internal case management systems. Compliance with a professional work approval process for outgoing work. The approval process is correlated to the complexity and level of potential risk associated with the work. Internal audit program for periodic review of compliance in areas of identified risk.
Regulatory reforms	The Group's service offerings are subject to changes to government legislation, regulation and practices including particularly, if implemented, proposals to streamline multi-jurisdictional patent filing and examination processes.	The Company is proactive in any review or evaluation of regulations likely to affect its operations materially, and works with regulators or review authorities to ensure a clear understanding of facts and circumstances, and consideration of all stakeholder perspectives. The Company seeks to offer its services in a range of secondary markets. Many of these markets have less developed IP regulations and systems, and require translations into languages other than English, and are therefore less likely to be affected by such proposals if they were to be implemented than developed or primary markets. Other factors which help safeguard the Company's role are effective technology, excellent client service and efficient operations and the likely need for IP applicants to continue to be required to record a local address for service of documents with the local IP office for examination and prosecution purposes. The Company also continues to consider the development of revenue streams from adjacent markets.

Personnel	The Company depends on the talent and experience of its personnel. The loss of any key personnel, or a significant number of personnel generally may have an adverse effect on the Company including loss of knowledge and relationships. Employee costs represent a significant component of the Group's total cost base.	Retention practices including conducting regular employee surveys and implementing initiatives to improve the employee experience, appropriate remuneration, incentive programs (both short and long term having regard to appropriate key performance indicators), retention awards, working environment and rewarding work. Learning and development programs are in place to attract, develop and build the capability of our workforce to meet our current and future needs of clients. Remove single point of failure by, where practicable, maintaining relationships with clients through multiple contact points. Dilute the dependency on personnel by providing value-add services through technology. Careful management of staff numbers and salary levels and consideration of resourcing requirements as the Company grows.
Disintermediation, adjacent service providers and third party aggregation	The Group acts as an intermediary agent between its clients and IP offices. The removal of intermediaries in the IP application and registration process would have an adverse impact on the Group. It is possible that third party service providers that currently only provide services with respect to limited aspects of IP protection may seek to extend their relationships with clients into other aspects of the provision of IP services that the Group currently services causing a diminution of relationships with clients. Third party aggregators, such as third parties offering IP provider "brokerage"-like services may have an adverse impact on the Group's relationships with clients.	IPH's intermediary role is safeguarded by clients' reliance on the Group's expertise (both general IP expertise and local expertise) and regulatory barriers such as exclusive rights of patent attorneys to provide various IP related services and requirements for IP applicants to record a local address for service of documents with the local IP office. Other factors which help safeguard the Company's intermediary role are effective technology, excellent client service and efficient operations. The Company also seeks to offer its services in a range of secondary markets. Many of these markets have less developed IP regulations and systems and require translations into languages other than English and are therefore less likely to be affected by disintermediation or expansion by other providers. The "network effect" provided by the Group in bringing together a portfolio of member firms supported by leading infrastructure and providing services across multiple jurisdictions may reduce the risk of disintermediation and third party aggregation and may provide an opportunity for the Group to secure its own additional clients.
Case management and technology systems	The Group's internally customised systems represent an important part of its operations upon which the Group is reliant.	The Company has in place business continuity procedures as well as a cyber response plan. A new standardised disaster recovery system is currently being set up to further reduce risk. The Company conducts appropriate reviews of its information technology systems, operations and human resourcing (including as part of its internal audit program). The Company continually invests in system enhancements and engages third party suppliers to assist with its systems development and maintenance. Cloud has been the first choice for new systems implemented within the Group. This has allowed the Group to build a future-proof systems architecture that integrates well with the expanding business in different parts of the world. Standardisation, ongoing documentation of IT architecture, removal of technical debts and the introduction of IT change control stabilises the systems and improves reliability. Remediation work continues to further strengthen general access controls, segregation of duties and to enforce control awareness across the group.

Technology disruption	The increasing use of electronic systems and processes and technology by regulatory authorities in some markets, as well as general developments in technology, may provide opportunities for technology disruption in the industry.	The need for the Company's services is safeguarded by the reliance of target clients on the Group's expertise (both general IP expertise and local expertise) and regulatory barriers such as exclusive rights of patent attorneys to provide various IP related services, and requirements for IP applicants to record a local address for service of documents with the local IP office. Targeted acquisitions of new technologies also increase the services offered by the Group. Other factors which help safeguard the Company against technology disruption include its own investment in and awareness of effective technology development, and investment in the efficiency in operations. The Company also seeks to offer its services in a range of secondary markets. Many of these markets have less developed IP regulations and electronic systems, are less advanced technologically and require technical translations into languages other than English.
Cyber security risk	The increasing reliance on technology in conducting the operations of the Group gives rise to the risk that the Group may be exposed to loss resulting from a cyber incident or data breach.	The Company has in place business continuity procedures as well as a cyber response plan. A new standardised disaster recovery system is currently being set up to further reduce risk. Following the cyber incident which impacted a portion of the Group's IT environment, which was announced on 13 March 2023, the Company subsequently established new network infrastructure following a methodical restoration process. Supported by leading external cyber security experts, the Company also applied enhanced cyber security measures, including additional preventative and detective controls to protect the IT network. The Company has conducted a comprehensive post incident review into this incident and has identified further learnings and opportunities which will be incorporated into strengthening our cyber security and to ensure a strengthening of controls.
Foreign exchange risk	The Group's financial reports are prepared in Australian dollars. However, a substantial proportion of the Group's sales revenue, expenditure and cash flows are generated in, and assets and liabilities are denominated in, US dollars, Euros, Singapore dollars and Canadian dollars.	The Company monitors the foreign currency exposures that arise from its foreign currency revenue, expenditure and cash flows and from the foreign currency assets and liabilities held on its balance sheet. The Company undertakes regular sensitivity analyses of these exposures. The Company has foreign currency hedging facilities available as part of its bank facilities and has engaged in appropriate use of foreign currency denominated finance facilities to reduce exposure. The Chief Financial Officer regularly reports to the Board in respect of the Company's foreign currency exposures. The Board reviews its hedging policy in respect of the foreign currency exposures from time to time. Currently the Group does not directly hedge against its foreign currency exchange risk.
Conflict of duties	Australian and New Zealand patent and trademark attorneys are required to abide by the *Code of Conduct for Trans- Tasman Patent and Trade Marks Attorneys 2018* (Code of Conduct) that requires them to act in accordance with the law, in the best interests of their client, in the public interest, and in the interests of the registered attorney's profession as a whole. Similar	The Company has been proactive in any review or evaluation of regulations likely to affect its operations materially and works with regulators or review authorities to ensure a clear understanding of facts and circumstances, and consideration of all stakeholder perspectives. The Company has sought detailed advice on issues of conflict of interest and compliance with related professional obligations. The Company actively assists its

	professional codes of conduct also apply to patent and trademark attorneys located in other jurisdictions across the Group. There may be circumstances in with the Company is required to act in accordance with these duties contrary to other corporate responsibilities and against the interests of shareholders and the short term profitability of IPH. An amendment to the Code of Conduct or similar codes of conduct may affect the manner in which the Group conducts its activities, particularly with the expansion of the Group to include additional member firms.	member firms to implement appropriate processes and procedures for compliance, including relevant professional standards bodies' Codes of Conduct and Professional Rules. Compliance with the Code of Conduct has been the subject of an internal audit program review.
Professional liability and uninsured risks	The provision of patent and trademark services and legal services by the Company gives rise to the risk of potential liability for negligence or other similar client or third party claims.	The Company maintains file management processes which are automated, safeguarded, controlled and regularly reviewed. The Company has comprehensive quality assurance processes to ensure appropriate standards of professional work are maintained. The Group has in place a comprehensive insurance program which includes professional indemnity insurance, which is reviewed each year. To support its professional indemnity insurance arrangements, the Group has internal processes to ensure timely notification to the underwriters of any potential claim arising from its business activities.
Acquisitions	The Company's growth strategy may include the acquisition of other IP businesses. Risks arise in ensuring that potential acquisitions are appropriately selected and issues affecting the value of individual acquisitions are identified and reflected in the purchase considerations.	The Company assesses potential acquisition opportunities against the Company's strategic objectives, values and culture. Where an appropriate potential acquisition is identified, the Company undertakes an extensive due diligence process and, where appropriate, engages competent professional experts to assist with the due diligence process and appropriate documentation of the transaction. The Company's Board is involved in the review of, and approves, all corporate acquisitions.
Integration of acquired businesses	Following the acquisition of new businesses, risks arise in ensuring the acquired business is properly integrated into the IPH Group, including addressing people and culture issues that may arise and ensuring key staff are retained and value maintained.	The Company seeks to identify potential post- acquisition risks when assessing potential acquisitions, including for cultural fit and matching of expectations, and to mitigate such risks by appropriate transaction and post-acquisition management structures. Steps are taken following acquisition to review and ensure appropriate on-boarding of new acquisitions with IPH governance, policies, processes and practices and levels of financial control and reporting, and to integrate Company and Group approaches to retention of key staff and utilisation of appropriate information technology platforms. The integration of new acquisitions is regularly reviewed by the Company's Board and relevant Board Committees and has been the subject of an internal audit program review.

Management of an expanded group	With the expansion of the Group to include new businesses with multiple offices and across multiple jurisdictions risk may arise with respect to ensuring the appropriate structuring and resourcing of key management and shared services functions and appropriate reporting and oversight of Group operations.	As the Group expands, with the oversight of the Board, the Company continues to review and adapt existing management structures to ensure appropriate oversight, reporting requirements, support and resourcing is in place, and that the Company is attracting, retaining and motivating appropriate skilled personnel across an expanded Group. To ensure future state capability, in terms of the management of the expanding group the Company is reviewing its operating model.
Global or regional economic, health or physical events	Risk may arise as a result of global or regional events in the nature of natural disasters or other physical events, global or regional health events, including the global Covid-19 Pandemic, or global or regional economic shocks or downturns which may impact on the level of demand for IP services by clients and their ability to provide or confirm instructions, the capability and timing for IP regulatory authorities to accept, review and progress the prosecution of IP rights, and the ability of the Group to provide its services.	The nature of the Group's customer base means that it receives revenue from a large number of customers located in a range of jurisdictions such that no one customer accounts for more than a small percentage of the overall revenue of the Group. Further, much of the demand for patent related services arises from research and development programs conducted over longer periods that are likely to be less susceptible to economic impacts in the short term. The IP prosecution process also generally extends over longer timeframes and is usually subject to certain fixed milestone steps which are known in advance and required to be met to preserve rights, providing a degree of protection against short term decisions to cease or delay prosecution. The Company has in place business continuity procedures and a cyber response plan. The Company's transition of its IT systems to offsite 'cloud-based' systems enables remote conduct of its business by employees, where required. Similarly, the ability of many customers and IP offices to continue their core operations in a remote environment facilitates the ongoing provision of instructions and responses.

5. Remuneration Report (Audited)

Introduction from the Nominations and Remuneration Committee Chair

Dear Shareholders,

On behalf of the Board, I am pleased to present the Remuneration Report for the 2023 financial year.

In assessing remuneration outcomes, it is important to consider them in the context of the outcomes achieved for the Company and its shareholders. During this financial year:

- The largest transaction in the history of the group was completed, with the acquisition of Smart & Biggar, Canada's leading IP Agency firm, in October 2022. This acquisition is consistent with the group's vision to be the leading IP Services Group in secondary markets and represented the culmination of three years work made more challenging by COVID-19.
- Like-for-like revenue in the Australian and New Zealand businesses declined by 1% with like-for-like EBITDA declining 5% as our market share declined in a contracting market.
- The Asian business based in our Singapore hub performed at an equivalent level with historical growth rates, however the Hong Kong and China hub suffered from the loss of a key client as they shifted their focus from China as well as a decrease in trademark revenue most likely as a result of the geo-political factors affecting the region.
- In March 2023 we detected unauthorised access to a portion of our IT environment in ANZ. While management responded well to limit the impact of this incursion, the incident and recovery highlighted the need to continue to strengthen the security and maturity of our IT systems and controls.

Taking into account the above factors and foreign exchange tailwinds the reported financial outcome for FY23 was satisfactory, however it did not reach a level at which the financial component of the Short-Term Incentive Payment ("**STIP**") was achieved. Both the CEO and the CFO received a portion of their potential STIP referable to the achievement of their Strategic (including People Engagement and Growth) KPIs.

The 3-year EPS CAGR for FY21-23 was 6.8%. The LTIP payout ratio was 42.4% as outlined in the report. The impact of the cyber incident negatively affected the result in the last three months of a 3-year testing period.

The Board has reviewed the Long-Term Incentive (LTI) Earnings Per Share (EPS) targets, taking into account appropriate levels of growth for IPH to pursue in the markets in which the Group operates. As a result, the LTI targets for the 2023 plan have been re-calibrated to align with internal objectives and external expectations whilst maintaining an appropriate level of stretch.

Across all our business units we saw accelerating market pressure on fixed remuneration reflective of the current inflationary environment leading to higher than normal increases. The IPH Executive fixed remuneration increases were increased to be consistent with those across the business.

The Board did not undertake a further external review of the remuneration mix provided to the CEO, CFO and IPH Executive team in the 2023 Financial year instead utilising the Aon Hewitt Executive survey as the benchmark to ensure our framework remained competitive.

As the Company continues to grow and mature, we will continue to review the remuneration framework and settings for all executives and professional staff, including KMP, to ensure its ability to attract, motivate and retain the talent necessary to run the business, and simultaneously drive behaviour that aligns with the creation of sustainable shareholder value. The Committee intends to carry out a thorough review of the Executive Remuneration Framework in FY24.

We look forward to your support and welcome your feedback on our Remuneration Report.

Yours sincerely,

John Atkin
People, Remuneration and Nominations Committee Chair

The Remuneration Report details the key management personnel ('KMP') remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including all Directors.

The Remuneration Report is set out under the following main topics:

- Overview of Executive Remuneration Framework and Guiding Principles
- Overview of Executive Remuneration
- 2023 Remuneration Outcomes
- Overview of Non-Executive Director Remuneration
- Details of Remuneration of Key Management Personnel
- Service Agreements
- Additional Disclosures Relating to Key Management Personnel

5.1 Overview of Executive Remuneration Framework and Guiding Principles

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders. The Board of Directors (the Board) ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness, fairness and reasonableness;
- acceptability to shareholders and other stakeholders;
- performance linkage and alignment of executive compensation with remuneration provided across the Group; and
- transparency.

The People, Remuneration and Nominations Committee ('PRNC') is responsible for reviewing and making recommendations to the Board on remuneration packages and policies related to the Directors and other KMP and to ensure that the remuneration policies and practices are consistent with the Group's strategic goals and people objectives. The performance of the Group depends on the quality of its directors and other KMP. The remuneration philosophy is to attract and retain high quality people and motivate high performance.

The PRNC has structured an executive remuneration framework that is market competitive and complementary to the strategy of the Group.

a) Alignment to shareholders' interests:

- focuses on sustained growth in earnings per share as well as focusing the executive on key non-financial drivers of value; and
- attracts and retains high calibre executives.

b) Alignment to participants' interests:

- rewards capability, experience and performance;
- reflects competitive reward for contribution to growth in shareholder wealth; and
- provides a clear structure for earning rewards.

5.2 Overview of Executive Remuneration

The Group aims to reward executives with a level and mix of remuneration based on their position and responsibility, which has both fixed and variable components.

The executive remuneration and reward framework for executive KMP for FY23 had the following components:

- base salary, short and long-term incentives and non-monetary benefits; and
- other remuneration such as superannuation and long service leave.

The combination of these comprises the executive KMP's total remuneration.

In broad terms, fixed remuneration is set at or above median market levels compared to peers with similar revenues and market capitalisation and having regard to performance in role, while the short-term incentive component is set significantly below median levels.

Fixed Remuneration

Fixed remuneration, consisting of base salary, superannuation and any non-monetary benefits, are reviewed annually by the PRNC, based on individual performance, the overall performance of the Group and comparable market remuneration. Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example, motor vehicle benefits) where any additional costs to the Group are included in the calculation of the fixed remuneration.

Based on performance the Directors increased the executive KMP's fixed remuneration for FY23 by 5%, inclusive of the increase in the Superannuation Guarantee Contribution.

Variable Remuneration

i) Short term incentive

Financial KPI – The KMP (maximum 50% of STIP Opportunity) have the attainment of the Group Underlying EBITDA budget (on an FX adjusted or constant currency basis) as their financial target. Group Underlying EBITDA was selected as it is the most common measure used to assess the group's financial performance.

Strategic KPI's – The KMP (maximum 50% of STIP Opportunity) have the attainment of a number of individual objectives in line with the Board approved strategy of:

- Consolidation of acquisitions; organic growth; and growth step-outs. (30%)
- People and engagement (20%)

ii) Long term incentive

Under the long-term incentive plan, the CEO and CFO are issued Performance Rights which entitle the holder at the Vesting Date (as determined by the Board post the finalisation of the audited results in FY26) to an equivalent number of Shares subject to satisfying defined vesting conditions.

Performance Rights will vest on the Vesting Date subject to the Company's achievement of a minimum compound annual growth rate (CAGR) in Earnings Per Share over the Performance Period (3 Financial Years). EPS performance will be assessed on the basis of the Company's EPS performance during the relevant Performance Period compared to the EPS targets for that period as determined by the Board.

The Board will determine a target for EPS for the Performance Period (EPS Target) and a minimum target for EPS for the Performance Period (Minimum EPS Target) prior to any issue from year to year. For vesting to occur, EPS for the Performance Period must be at least equal to the Minimum EPS Target. The relevant targets are outlined below.

As noted in previous reports, the Board also considered the possible inclusion of additional performance conditions based on alternative measures including those based upon capital returns however assessed they were not appropriate for inclusion. The Board will ensure that management continues to apply a disciplined approach to investing the Group's capital when evaluating acquisitions, other investment opportunities and transformation projects.

From time to time, the Committee evaluates the impact on incentive outcomes of certain material approved projects, to ensure that any costs incurred are taken into account, as well as the benefits which will ultimately flow through the incentive outcomes. To that end, any costs incurred on The IPH Way program (announced during the financial year) in FY23 and FY24 will be capitalised for LTIP purposes and amortized over 4 years commencing in FY25.

Change to threshold and stretch EPS target

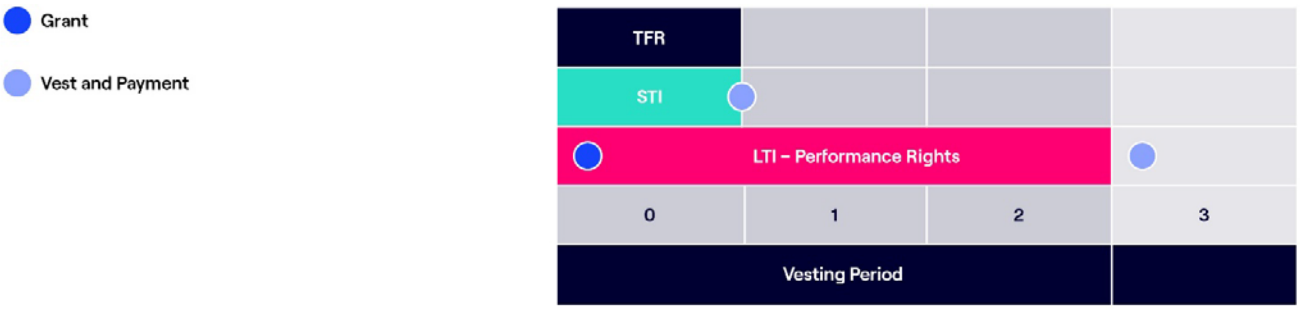
The Board has reviewed the Long-Term Incentive (LTI) Earnings Per Share (EPS) targets, taking into account appropriate levels of growth for IPH to pursue in the markets in which the Group operates. As a result, the LTI targets for the 2024 plan have been re-calibrated to align with internal objectives and external expectations whilst maintaining an appropriate level of stretch.

The table below outlines how Performance Rights issued in calendar 2023 (the FY24 Plan) will vest based on the Company's EPS performance over the Performance Period (measured by calculating the CAGR between EPS for FY23 and EPS for FY26. The Committee intends to carry out a thorough review of the Executive Remuneration Framework in FY24.

EPS in FY26	Percentage of Performance Rights that Vest
Less than 4% CAGR in EPS over the Performance Period	Nil vesting
Equal to 4% CAGR in EPS over the Performance Period	25% vesting
CAGR in EPS greater than 4%, up to and including 10% CAGR in EPS over the Performance Period	Pro-rated vesting on a straight-line basis
At or above 10% CAGR in EPS over the Performance Period	100% vesting

Dividends are not paid on Performance Rights.

Summary of plan design



Overview	An emphasis on long term value creation results in a maximum short term incentive below the median of our peer group offset by fixed remuneration and long term incentive above median.				
CEO Pay Mix		**38%** TFR | **12%** STIP | **50%** LTIP			
CFO Pay Mix		**48%** TFR | **12%** STIP | **40%** LTIP			
STIP	Performance Measures	Strategic:	**50%**	**30%** Strategic Pillars	**20%** People
		Financial:	**50%**	Achievement: **97.5%** **100%** **102.5%**	Payout Ratio: **50%** **75%** **100%**
	Gateway	Professional Conduct			
LTIP	Performance Measures	3 YR EPS CAGR:		**4%** Threshold **10%** Stretch	

The maximum short incentive remained constant at 33% of the fixed remuneration for the CEO and 25% of the fixed remuneration for the CFO for both FY23 and FY22. The maximum long-term incentive was increased for FY23 with the FY23 LTIP for the CEO to 133% of the fixed remuneration, and to 85% of the fixed remuneration for the CFO.

5.3 2023 Remuneration Outcomes

The Group aims to align its Executive remuneration to its strategic objectives and the creation of sustainable shareholder value. The alignment of the Group's remuneration policy with the improvement in the business over the last five financial years can be seen in the table below:

	2019	2020	2021	2022	2023
NPAT ('000)	53,112	54,752	53,600	52,564	64,541
EPS (cents per share)	26.9	25.9	24.8	24.0	28.4
Underlying EPS (cents per share)	31.7	36.6	35.0	39.5	43.6
Dividends Paid ('000)	51,360	61,015	62,432	65,401	70,006
Total Dividends (cents per share)	25.0	28.5	29.5	30.5	33.0
Share Price (30 June closing price)	$7.46	$7.46	$7.80	$8.16	$7.83

*In 2023 SBP were included within the "underlying" results. ** EPS calculated for the purposes of LTIP vesting is calculated below.

2023 STIP Outcomes – Performance commentary

The Group achieved an Underlying EBITDA of $170.0m which included FX tailwinds. The average AUD/USD rate in FY22 was 67.3c versus a rate of 72.6c in the prior year. A 1c movement in this rate impacts service charges by approximately $2m on an annualised basis. Whilst the result was acceptable, when adjusted for FX compared to the budget, the performance did not meet the minimum financial KPI target threshold.

Financial KPI

The financial KPI is calculated on a constant currency basis and has a base, target and a stretch, as outlined in the table below.

Achievement	Payout Ratio
97.5%	50%
100%	75%
102.5%	100%

The purpose of a constant currency calculation is to remove the impact of the difference between actual exchange rates incurred and the budgeted rate. The key exposure of the Group is to the USD. The budgeted AUD:USD for FY23 was 70.0c. The actual average rate incurred was 67.3c.

The table below outlines the calculation of the constant currency EBITDA for comparison to budget EBITDA:

- the base is the "underlying" EBITDA;
- the first adjustment removes FX gains and losses recorded in the financial accounts while the second reflects the difference in exchange rates at which revenue and expense items were recorded versus the budgeted rate; and
- this is then compared to the Group budget.

Reported Group Underlying EBITDA	170.0
Accounting FX adjustment	(3.3)
Budgetary FX adjustment	(6.6)
Constant Currency Underlying EBITDA	160.1
IPH Group EBITDA Budget	**168.4**
Financial KPI Budget Achievement	**95.1%**

Strategic KPI

In making short term incentive decisions for the KMP, the Board set out to balance achievement with reasonable business risk and shareholder outcomes.

The Board agreed strategic plan objectives remained in the areas of consolidating acquisitions, growth steps outs (acquisitive growth) as well as people and culture objectives to build a high performance organisation with superior capability and leadership.

Unfortunately whilst the group displayed resilience in the face of the cyber incident and has actively identified and rectified issues and improved controls to prevent recurrence, it is important that we hold relevant executives accountable including the KMP as improved performance in these areas will drive shareholder value.

The KMP were awarded 37% of their maximum short term incentive opportunity.

Performance highlights included:

Consolidating acquisitions – During the year Smart and Biggar integrated into the group, successfully transitioning it from a partnership structure into a corporate model.

Organic growth – During the year the group consolidated systems in Finance to improve efficiency across our Australian, New Zealand and Asian operations. A client relationship management (CRM) system was also launched. We also grew our client portfolio with the addition of a number of significant clients to the Group.

Growth step-outs – The completion of the Smart & Biggar acquisition represented the culmination of a three-year, complex, foreign transaction in a new jurisdiction, significantly adding to the Group's global footprint. Further progress has been made in expanding the Group in secondary IP markets.

People and Culture - In 2023, the KMP were assessed as having met the majority of the people and culture key performance indicators. This included the emphasis on building capability with the continued roll out of the leadership excellence programs, more robust approach to improving employee engagement, greater focus on succession planning and movement towards driving greater organisational performance through the improvements in key performance indicator setting and monitoring. For the first time all people and culture outcomes were contingent on the completion of risk and compliance training across the group to ensure we build a sustainable and accountable culture.

2023 STIP Outcomes – Individual KMP outcome

	2023			2022		
Executive	STI Forgone %	STI Paid (%)	STI Payment ($)	STI Forgone %	STI Paid (%)	STI Payment ($)
Andrew Blattman	63	37	163,718	45	55	231,776
John Wadley	63	37	59,635	50	50	76,750

2021 LTIP Grant Outcomes – tested at the conclusion of the 2023 financial year

The performance period for the 2021 LTIP commenced on 1 July 2020 and concluded on 30 June 2023. Performance was assessed at the end of the 2023 financial year and as a result of performance over the period, there was a partial vesting.

In determining the calculation of the Underlying EPS, adjustments are made to statutory profit after tax. Since the grant of the 2021 LTIP, the Group has changed the way it reports non-cash share-based payments. Previously, they were excluded from the calculation of Underlying EPS. Therefore, they are added back to assess target achievement on a consistent basis. The outcome for FY23 is as follows:

Statutory Net Profit after tax ($M)	64,541
Net amount of non-cash amortisation expenses of acquired intangibles	26,673
Net amount of non-cash share based payments as part of the share incentive plan	3,273
Net amount of adjustment to statutory results as disclosed in the Operational and Financial Review	7,641
Underlying Net Profit after tax	**102,128**
Underlying EPS (cents per share)	**45.0**

Grant	Performance Period	Measure	Minimum	Maximum	Performance Achieved
2021	1 July 20 – 30 June 23	Underlying EPS CAGR	5%	12.5%	6.8%

On the basis of the underlying EPS achieved, the Underlying EPS CAGR equated to 6.8%, which led to a pay-out of 42.4% of the maximum award. The basis for calculation of the proportion of the award is detailed in note 33 of the financial statements.

In making this assessment, the Board did note the significant impact of the adjustments for non-underlying items. However, the quantum of each of the items included was objectively determined and the calculation made consistent with the principles applied in past years. The Board did not exercise any discretion in determining the level of achievement.

Executive	Maximum Award[1] ($)	Rights	% Vested	% Forfeited	Vested ($)[2]	Expensed ($)[3]
Andrew Blattman	1,250,000	163,613	42	58	543,182	408,954
John Wadley	450,000	58,901	42	58	195,547	147,224

1. Maximum remuneration attributable to rights
2. Value of shares vesting at 30 June 2023 share price
3. Expensed in the IPH Group P&L account over the life of the award

5.4 Overview of Non-Executive Director Remuneration

Fees and payments to non-executive Directors reflect the demands and responsibilities of their role. Non-executive Directors' fees and payments are reviewed periodically by the PNRC. The PNRC may, from time to time, receive advice from independent remuneration consultants to ensure Non-executive Directors' fees and payments are appropriate and in line with the market.

The Chairman's fees are determined independently from the fees of other non-executive Directors based on comparative roles in the external market. Non-executive Directors do not receive share options or other incentives and their remuneration must not include a commission on, or a percentage of, operating revenue.

Non-executive Director fees paid (Directors' fees and committee fees) (inclusive of superannuation) for the year ended 30 June 2023 are summarised as follows:

Name - Position	FY23 Fees ($)
Peter Warne – Chairman	330,000
John Atkin - Director	165,000
Robin Low - Director	165,000
Jingmin Qian - Director	165,000
Vicki Carter – Director (appointed 5th October 2022)	122,440
	947,440

The non-executive Directors are not entitled to participate in any employee incentive scheme (including the LTIP).

Directors may also be reimbursed for expenses reasonably incurred in attending to the Company's affairs.

5.5 Details of Remuneration of Key Management Personnel

Amounts of remuneration

The key management personnel of the Group consisted of the following directors of IPH Limited:

- Peter Warne – Non-executive Chairman
- Andrew Blattman – Managing Director and Chief Executive Officer
- John Atkin – Non-executive Director
- Robin Low – Non-executive Director
- Jingmin Qian – Non-executive Director
- Vicki Carter – Non-executive Director (appointed 5th October 2022)

and the following person:

- John Wadley – Chief Financial Officer

Statutory Remuneration Table - KMP

		Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
Non-executive Directors		Cash salary and fees $	Cash bonus $	Employee Leave[1] $	Super annuation $	Employee Leave[2] $	Equity-Settled[3] $	Total $
Peter Warne[4]	2023	304,708	-	-	25,292	-	-	330,000
	2022	144,758	-	-	12,117	-	-	156,875
John Atkin	2023	149,321	-	-	15,679	-	-	165,000
	2022	150,000	-	-	15,000	-	-	165,000
Robin Low	2023	149,321	-	-	15,679	-	-	165,000
	2022	150,000	-	-	15,000	-	-	165,000
Jingmin Qian	2023	149,321	-	-	15,679	-	-	165,000
	2022	150,000	-	-	15,000	-	-	165,000
Vicki Carter[5]	2023	110,806	-	-	11,635	-	-	122,440
Former Director:								
Richard Grellman[6]	2022	198,855	-	-	20,091	-	-	218,946
Executive Directors:								
Andrew Blattman	2023	1,305,203	163,718	(4,002)	25,292	52,844	228,225	1,771,281
	2022	1,249,350	231,776	50,657	23,568	(96,223)	540,429	1,999,557
Other Key Management Personnel:								
John Wadley	2023	614,578	59,635	(6,295)	25,292	16,685	60,867	770,763
	2022	588,516	76,750	(18,674)	23,568	(7,073)	192,791	855,878

1. Employee Leave balances represent the movement in the accrued annual leave balance during the year.
2. Employee Leave balances represent the movement in accrued long service leave balances during the year. Negative movements reflect a remeasurement of Long Service Leave discount rates during FY22.
3. Accounting charge based on the fair value of the award at date of grant. Total number of rights are included in the performance rights holding table at the end of this report.
4. Peter Warne commenced as a Non-Executive director on 18th November 2021. FY22 balances represent remuneration from that date.
5. Vicki Carter commenced as a Non-Executive director on 5th October 2022. Balances represent remuneration from that date
6. Richard Grellman ceased to be a Non-executive director on 28th February 2022. Balances represent remuneration to that date

Remuneration Outcomes Table – Executive KMP

The following table summarises the remuneration outcomes for the CEO and CFO for the year ended 30 June 2023. The remuneration outcomes detailed in this table reflect actual value received by the participants.

		Cash salary[1] $	Cash bonus[2] $	Other Benefits[3] $	Vesting LTIP Award (Shares)[4] $	Total $
Andrew Blattman	**2023**	**1,305,203**	**163,718**	**74,134**	**543,182**	**2,086,237**
	2022	**1,249,350**	**231,776**	**(21,998)**	**763,205**	**2,222,333**
John Wadley	**2023**	**614,578**	**59,635**	**35,682**	**195,547**	**905,442**
	2022	**588,516**	**76,750**	**(2,179)**	**274,755**	**937,842**

1. Base pay less superannuation. (Superannuation is shown in Other Benefits
2. STIP payment based on outcome of FY23 performance.
3. Other benefits include superannuation and movement in long and short term leave balances
4. Value of shares of the LTIP vesting in FY23 based on the IPH share price at 30 June 2023 of $7.83. (FY22: IPH Share price at 30 June 2022 of $8.16)

5.6 Service Agreements

Remuneration and other terms of employment for KMP are formalised in service or employment agreements. Details of these agreements are as follows:

Dr Andrew Blattman, Managing Director and Chief Executive Officer.

- Remuneration package (inclusive of superannuation) applicable from 1 September 2022 of $1,340,850. Annual superior performance bonus of up to 33% of remuneration and a long-term incentive opportunity of 133% of remuneration.
- Remuneration package (inclusive of superannuation) applicable from 1 September 2023 of $1,407,893. Annual superior performance bonus of up to 33% of remuneration and a long-term incentive opportunity of 133% of remuneration.

John Wadley, Chief Financial Officer.

- Remuneration package (inclusive of superannuation) applicable from 1 September 2022 of $644,700. Annual superior performance bonus of up to 25% of remuneration and a long-term incentive opportunity of 85% of remuneration.
- Remuneration package (inclusive of superannuation) applicable from 1 September 2023 of $676,935. Annual superior performance bonus of up to 25% of remuneration and a long-term incentive opportunity of 85% of remuneration.

Executive KMP may terminate their employment contract by giving six months' notice in writing. Contracts may be terminated by the Company with six months' notice. In the event of serious misconduct or other specific circumstances warranting summary dismissal, the Company may terminate the employment contract immediately and without notice or payment in lieu of notice. Upon termination of the employment contract, the KMP will be subject to a restraint of trade period of 12 months throughout Australia, New Zealand and Singapore. The enforceability of the restraint is subject to all usual legal requirements. KMP have no entitlement to termination payments in the event of removal for misconduct. Andrew Blattman receives five weeks annual leave.

5.7 Additional Disclosures Relating to Key Management Personnel

The following disclosures relate only to equity instruments in the Company or its subsidiaries.

Shareholding

The number of shares in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

30 June 2023	Balance at the start of the year	Additions	Disposals	Balance at the end of the year
Ordinary shares				
Peter Warne	-	40,000	-	40,000
Andrew Blattman	2,449,314	93,530	(400,000)	2,142,844
John Atkin	125,247	4,594	-	129,841
Robin Low	74,214	-	-	74,214
Jingmin Qian	-	8,000	-	8,000
Vicki Carter	-	-	-	-
John Wadley	73,834	33,671	(32,505)	75,000
	2,722,609	179,795	(432,505)	2,469,899

30 June 2022	Balance at the start of the year	Additions	Disposals	Balance at the end of the year
Ordinary shares				
Richard Grellman[1]	54,108	902	(55,010)	-
Peter Warne	-	-	-	-
Andrew Blattman	2,323,751	125,563	-	2,449,314
John Atkin	121,053	4,194	-	125,247
Robin Low	74,214	-	-	74,214
Jingmin Qian	-	-	-	-
John Wadley	36,165	37,669	-	73,834
	2,609,291	168,328	(55,010)	2,722,609

[1]Richard Grellman ceased to be a Director on 28 February 2022. Disposal represents no longer being designated as a Director, not necessarily a disposal of holding

Option holding

No options over ordinary shares in the Company were held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties.

Performance rights holding

The number of performance rights issued to KMPs is set out below:

Executive	Plan[1]	Balance at Start of Year	Granted During Year	Vested		Forfeited		FY23 Expense[3]	Unvested at end of year	Future P&L Expense
				No	%[2]	No	%			
Andrew Blattman	2020	93,530	-	(93,530)	-	-	-	(106,968)	-	-
	2021	163,613	-	-	-	(94,241)	58	(215,639)	69,372	22,249
	2022	177,264	-	-	-	-	-	148,057	177,264	321,670
	2023	-	234,340	-	-	-	-	402,775	234,340	806,654
John Wadley	2020	33,671	-	(33,671)	-	-	-	(38,509)	-	-
	2021	58,901	-	-	-	(33,927)	58	(77,631)	24,974	8,010
	2022	63,893	-	-	-	-	-	53,238	63,893	115,665
	2023	-	72,010	-	-	-	-	123,768	72,010	247,875
		590,872	306,350	(127,201)	-	(128,168)	-	289,091	641,853	1,522,123

1. Financial year in which the award is granted.
2. % of maximum award
3. Expense for the 2020 award includes an adjustment for the forfeited award expensed in prior years.

This concludes the remuneration report, which has been audited.

6. Shares under performance rights

Details of unissued shares or interests under performance rights across all incentive plans of the Group at the date of this report are:

Issuing Entity	Type	Number of Shares	Class	Exercise Price	Expiry Date
IPH Limited	Performance	2,530,339	Ordinary	0.00	Up to Sept 2025

7. Shares under option

There were no unissued ordinary shares of IPH Limited under option at the date of this report.

8. Dividends

Dividends paid during the financial year were as follows:

Final dividend of 16.0 cents per share for the year ended 30 June 2022, paid on 16 September 2022 (50% Franked) (A$'000s)	35,099
Interim dividend of 15.5 cents per share for the year ended 30 June 2023, paid on 17 March 2023 (40% Franked) (A$'000s)	34,907

9. Significant changes in the state of affairs

There were no other significant changes in the state of affairs of the Group during the financial year.

10. Matters subsequent to the end of the financial year

IPH has continued to assess complementary acquisition opportunities in Canada and in other core secondary IP markets. In Canada, IPH believes a number of further consolidation opportunities exist to expand patent market share.

In line with its previously announced strategy, IPH is in discussions with parties regarding such potential opportunities, with one potential opportunity expected to be announced post publication of FY23 results, and another opportunity being actively pursued.

IPH is also continuing to pursue other acquisition opportunities, and is involved in discussions in relation to such opportunities.

11. Environmental regulation

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

12. Indemnity and insurance of officers

The Company has indemnified the Directors and executives of the Company for costs incurred, in their capacity as a Director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the Directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

13. Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

14. Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

15. Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 24 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in note 24 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

16. Officers of the Company who are former partners of Deloitte Touche Tohmatsu

There are no officers of the Company who are former partners of Deloitte Touche Tohmatsu.

17. Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors Reports) Instrument dated 24 March 2016 and in accordance with that Instrument amounts in the annual financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

18. Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

19. Auditor

Deloitte Touche Tohmatsu continues in office in accordance with section 327 of the Corporations Act 2001. This report is made in accordance with a resolution of Directors, pursuant to section 298(2) (a) of the Corporations Act 2001.

Dr Andrew Blattman
CEO and Managing Director
17 August 2023
Sydney

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Quay Quarter Tower
Level 46, 50 Bridge Street
Sydney NSW 2000

Tel: +61 2 9322 7000
www.deloitte.com.au

17 August 2023

The Board of Directors
IPH Limited
Level 22, Tower 2, Darling Park
201 Sussex Street
Sydney NSW 2000

Dear Board Members,

Auditor's Independence Declaration to IPH Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of IPH Limited.

As lead audit partner for the audit of the financial report of IPH Limited for the year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- Any applicable code of professional conduct in relation to the audit.

Yours faithfully,

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU

Delaney
X Delaney
Partner
Chartered Accountants

Financial **Statements**

Statement of Profit or Loss and Other Comprehensive Income

	Note	Consolidated 30 Jun 2023 $'000	30 Jun 2022 $'000
Revenue	5	482,865	374,330
Other income	6	15,277	10,803
Expenses			
Employee benefits expense		(167,099)	(123,412)
Agent fee expenses		(120,372)	(103,440)
Amortisation of acquired intangibles	7	(36,873)	(22,891)
Depreciation of right-of-use assets	7	(9,632)	(8,671)
Depreciation and amortisation of fixed assets and intangibles	7	(6,846)	(8,001)
Insurance expenses		(5,455)	(2,682)
Travel expenses		(3,457)	(1,057)
Occupancy expenses		(2,965)	(1,756)
Other expenses	7	(37,794)	(36,800)
Finance costs	7	(20,194)	(4,709)
Profit before income tax expense		**87,455**	**71,714**
Income tax expense	8	(22,914)	(19,150)
Profit after income tax expense for the year		**64,541**	**52,564**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		9,297	2,492
Fair value gain on hedging instruments		4,128	684
Other comprehensive income for the year, net of tax		13,425	3,176
Total comprehensive income for the year		**77,966**	**55,740**
Profit for the year is attributable to:			
Owners of IPH Limited			
		64,541	**52,564**
Total comprehensive income for the year is attributable to:			
Owners of IPH Limited			
		77,966	**55,740**
Earnings per share			
From continuing operations			
Basic earnings (cents per share)	31	28.62	24.09
Diluted earnings (cents per share)	31	28.43	23.99

These statements should be read in conjunction with the following notes.

Statement of Financial Position

		Consolidated	
	Note	30 Jun 2023	30 Jun 2022
		$'000	$'000
Current assets			
Cash and cash equivalents	9	103,267	88,399
Trade and other receivables	10	141,831	92,760
Contract assets	11(a)	21,778	6,765
Income tax receivable		3,371	3,211
Other financial assets	22	215	472
Other assets	11(b)	7,509	5,436
Total current assets		**277,971**	**197,043**
Non-current assets			
Property, plant and equipment	12(a)	12,767	8,622
Right-of-use assets	12(b)	45,748	30,920
Intangibles	12(c)	842,070	447,643
Deferred tax	13	11,550	2,974
Other financial assets	22	6,149	-
Other assets		370	1,215
Total non-current assets		**918,654**	**491,374**
Total assets		**1,196,625**	**688,417**
Current liabilities			
Trade and other payables	14	38,783	29,348
Income tax payable		12,456	7,653
Provisions	15	20,420	17,825
Interest bearing lease liabilities	12(b)	9,732	11,621
Other financial liabilities		1,880	200
Contract liabilities		3,827	3,495
Total current liabilities		**87,098**	**70,142**
Non-current liabilities			
Borrowings	16	387,744	118,477
Deferred tax	13	95,874	33,024
Interest bearing lease liabilities	12(b)	43,809	31,122
Other financial liabilities		-	2,038
Provisions	17	4,974	3,903
Total non-current liabilities		**532,401**	**188,564**
Total liabilities		**619,499**	**258,706**
Net assets		**577,126**	**429,711**
Equity			
Issued capital	18	558,120	424,809
Reserves	19	26,095	6,526
(Accumulated losses)	20	(7,089)	(1,624)
Total equity attributable to owners of IPH Limited		**577,126**	**429,711**

These statements should be read in conjunction with the following notes.

Statement of Cashflows

		Consolidated	
	Note	30 Jun 2023	30 Jun 2022
		$'000	$'000
Cash flows from operating activities			
Receipts from customers		518,597	417,887
Payments to suppliers and employees		(385,257)	(294,306)
Interest received	6	1,960	46
Interest and other finance costs paid		(21,031)	(4,709)
Income taxes paid		(22,479)	(24,039)
Net cash from operating activities		**91,790**	**94,879**
Cash flows from investing activities			
Payments for purchase of subsidiaries, net of cash acquired	28	(275,515)	(4,992)
Proceeds of sale of subsidiaries, net of cash sold		843	-
Payments for property, plant and equipment	12(a)	(4,120)	(4,784)
Payments for internally developed software	12(c)	(2,772)	(2,406)
Net cash used in investing activities		**(281,564)**	**(12,182)**
Cash flows from financing activities			
Dividends paid	21	(55,536)	(57,671)
Proceeds of borrowings		268,492	-
Payment of lease liabilities		(13,500)	(11,007)
Net cash from/ (used) in financing activities		**199,456**	**(68,678)**
Net increase in cash and cash equivalents		9,682	14,019
Cash and cash equivalents at the beginning of the financial period		88,399	71,152
Effects of exchange rate changes on cash and cash equivalents		5,186	3,228
Cash and cash equivalents at the end of the financial period	**9**	**103,267**	**88,399**

These statements should be read in conjunction with the following notes.

Statement of Changes in Equity

Consolidated	Issued Capital	Foreign Currency Translation Reserve	Minority Interest Acquisition Reserve	Equity Settled Employee Benefits Reserve	Other Reserve	Retained Profits	Total Equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance as at 1 July 2021	**417,079**	**(1,959)**	**(14,814)**	**10,200**	**5,073**	**11,213**	**426,792**
Profit after income tax expense for the year	-	-	-	-	-	52,564	**52,564**
Effect of foreign exchange differences	-	2,492	-	-	-	-	**2,492**
Hedge revaluation net of tax	-	-	-	-	684	-	**684**
Total comprehensive income for the year	**-**	**2,492**	**-**	**-**	**684**	**52,564**	**55,740**
Transactions with owners in their capacity as owners:							
Dividend Reinvestment Plan (note 21)	7,730	-	-	-	-	-	**7,730**
Share-based payments charge	-	-	-	4,850	-	-	**4,850**
Dividends paid (note 21)	-	-	-	-	-	(65,401)	**(65,401)**
Balance as at 30 June 2022	**424,809**	**533**	**(14,814)**	**15,050**	**5,757**	**(1,624)**	**429,711**
Balance as at 1 July 2022	**424,809**	**533**	**(14,814)**	**15,050**	**5,757**	**(1,624)**	**429,711**
Profit after income tax expense for the year	-	-	-	-	-	64,541	**64,541**
Effect of foreign exchange differences	-	9,297	-	-	-	-	**9,297**
Hedge revaluation net of tax	-	-	-	-	4,128	-	**4,128**
Total comprehensive income for the year	**-**	**9,297**	**-**	**-**	**4,128**	**64,541**	**77,966**
Transactions with owners in their capacity as owners:							
Dividend Reinvestment Plan (note 21)	14,470	-	-	-	-	-	**14,470**
Share-based payments charge	(18)	-	-	6,144	-	-	**6,126**
Issue of ordinary shares as consideration for a business combination, net of transaction costs	118,859	-	-	-	-	-	**118,859**
Dividends paid (note 21)	-	-	-	-	-	(70,006)	**(70,006)**
Balance as at 30 June 2023	**558,120**	**9,830**	**(14,814)**	**21,194**	**9,885**	**(7,089)**	**577,126**

These statements should be read in conjunction with the following notes.

Note 1. General information

The financial statements cover IPH Limited as a Group consisting of IPH Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is IPH Limited's functional and presentation currency.

IPH Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 22, Darling Park Tower 2, 201 Sussex Street, Sydney NSW 2000

A description of the nature of the Group's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 17 August 2023.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new, revised or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

Any new, revised or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Statement of compliance

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the AASB and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Basis of preparation

The financial statements have been prepared under the historical cost convention except for certain financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 27.

Note 2. Significant accounting policies (continued)

Principles of consolidation

The consolidated financial statements are those of the consolidated entity ("the Group"), comprising the financial statements of the parent entity and all of the entities the parent controls. The Company controls an entity when it has power over the investee and the Group 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 activities of the entity.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Foreign currency translation

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group entity are expressed in Australian dollars ('$'), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on transactions entered into in order to hedge certain foreign currency risks which are recognised in reserves; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment.

Note 2. Significant accounting policies (continued)

For the purpose of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Australian dollars as follows:

- Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used;
- Assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the balance date; and
- All resulting exchange differences are recognised in other comprehensive income, in the foreign currency translation reserve.

Goodwill and fair value accounting adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

IP services

The Group provides professional services in relation to the protection, commercialisation, enforcement and management of all forms of intellectual property. Delivery of these services represent separate performance obligations. Upon completion of each performance obligation, which is satisfied at a point in time, the Group is entitled to payment for the services performed. Fees for completion of each performance obligation are determined by reference to a scale of charges and revenue is recognised.

Legal services

The Group provides IP-related legal advice including commercialisation, and litigation services which assert and protect IP assets. Legal services revenue received has performance obligations that are satisfied over time. The Groups performance of legal services does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed. Revenue arising from services that relate to performance obligations satisfied over time are recognised on a progressive basis using the input method. The input method is used by assessing the cost of time and materials incurred on an engagement.

All revenue is stated net of the amount of goods and services tax (GST).

Other Income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is recognised on an accruals basis.

Commission income is received via the referral of clients onto complementary services related to IP.

All other income is recognised when it is received or when the right to receive payment is established.

All other income is stated net of the amount of goods and services tax (GST).

Contract assets

Contract assets represent costs incurred net of GST and profit recognised on client assignments and services that are in progress at balance date. Contract assets are valued at net realisable value after providing for any foreseeable losses. Contract assets are subsequently assessed for impairment using the expected credit loss under AASB 9 *Financial Instruments*.

Note 2. Significant accounting policies (continued)

Income Tax

The income tax expense or benefit is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the Statement of Profit or Loss and Other Comprehensive Income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity.

The Company and its wholly owned Australian resident entities are part of a tax-consolidated group which was formed on 3 September 2014. As a consequence, all members of the tax-consolidated group are taxed as a single entity. The head entity within the tax consolidated group is IPH Limited.

Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax consolidated group using the "separate taxpayer within group" approach.

Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group).

Note 2. Significant accounting policies (continued)

Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the Company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax consolidated group in accordance with the arrangement. Where the tax contribution amount recognised by each member of the tax consolidated group for a particular period is different to the aggregate of the current tax liability or asset and any deferred tax asset arising from unused tax losses and tax credits in respect of that period, the difference is recognised as a contribution from (or distribution to) equity participants.

Financial instruments

Financial assets

Financial assets are classified as either financial assets at amortised cost, at fair value through other comprehensive income (FVTOCI) or at fair value through profit or loss (FVTPL). Financial assets are initially recognised at fair value on the trade date, including, in the case of instruments not recorded at fair value through profit or loss, directly attributable transaction costs. Subsequently, financial assets are carried at fair value (equity investments and derivatives) or amortised cost adjusted for any loss allowance (loans, trade receivables and other receivables).

Derivative financial instruments

A derivative is a type of financial instrument typically used to manage risk. A derivative's value changes over time in response to underlying variables including interest rates or exchange rates and is entered into for a fixed period. A hedge is where a derivative is used to manage an underlying exposure and the Group uses derivatives to manage its exposure to interest rates and foreign exchange risk accordingly.

All derivatives are measured through the Statement of Profit and Loss and Other Comprehensive Income unless designated and effective as a hedge where the hedge accounting provisions apply.

Impairment of financial assets

The impairment approach is based on lifetime expected credit losses (ECL model) for financial assets held at amortised cost. Therefore, it is not necessary for a loss event to have occurred before credit losses are recognised. Instead, a loss allowance is always recognised for ECL and is re-measured at each reporting date for changes in those expected credit losses. The expected credit losses are estimated via a provision matrix based on the Group's historical credit loss experience. This is then adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecasted direction of conditions at the reporting date, including time value of money where appropriate.

For financial assets, a credit loss is the present value of the difference between: (i) the contractual cash flows that are due under the contract; and (ii) the cash flows expected to be received.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated Statement of Financial Position.

Note 2. Significant accounting policies (continued)

Trade and other receivables

Trade and other receivables include amounts due from customers for services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are measured at amortised cost using the effective interest method and is subject to impairment. Impairment losses are recognised in profit or loss and reflected in an allowance against trade receivables. The Group recognises an allowance for expected credit losses (ECLs) in trade and other receivables which are derived from the difference between the contractual cash flows in accordance with the contracts and the expected cash flows to be received.

Financial liabilities

Financial liabilities include trade payables, other creditors and loans from third parties including intra group balances.

Non derivative financial liabilities are recognised at amortised cost using the effective interest method.

Trade accounts payable comprise the original debt less principal payments plus where applicable any accrued interest.

Financial liabilities are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

Trade and other payables

Trade and other payables represent the liabilities for goods and services received that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 90 days of recognition of the liability.

Contract Liabilities

Contract liabilities represent billing made to clients where revenue recognition criteria has not yet been fully met to merit recording revenue as at the balance date.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Note 2. Significant accounting policies (continued)

Item	Years
Leasehold improvements	6-15 years
Plant and equipment	2-20 years
Furniture, fixtures and fittings	5-20 years
Computer equipment	2-5 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are measured at their fair value at the date of the acquisition.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired and it is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit and loss and not subsequently reversed.

Intangible assets acquired separately

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses.

Customer Relationships

Customer relationships are the assessed value of the supply of goods and services that exist at the date of acquisition. In valuing customer relationships, consideration is given to historic customer retention and decay statistics, projected future cash flows and appropriate capital charges.

Customer relationships are amortised over a period of 10 years. The estimated useful lives, residual values and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Trademarks

Trademarks are intangible assets with indefinite useful lives that are acquired separately and are carried at cost less accumulated impairment losses.

Software acquired

Software acquired through a business combination is assessed as the identifiable value of that software at the date of acquisition. Acquired software is amortised over a period of 5 years.

Internally generated intangible assets

Internally generated intangible assets, including software, arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;

Note 2. Significant accounting policies (continued)

- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

The useful lives of internally generated intangible assets are as follows:

Software	3 years

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit or loss when the asset is derecognised.

Sofware-as-a-Service (SaaS) arrangements

SaaS arrangements are service contracts providing the Group with the right to access the cloud provider's application software over the contract period. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses when the services are received.

Impairment of assets

Goodwill and other assets that have an indefinite useful life are not amortised but are tested annually for impairment in accordance with AASB 136 'Impairment of Assets'. Assets subject to annual depreciation or amortisation are reviewed for impairment whenever events or circumstances arise that indicates that the carrying amount of the asset may be impaired.

An impairment loss is recognised where the carrying amount of the asset exceeds its fair value less costs of disposal. The recoverable amount of an asset is defined as the higher of its fair value less costs of disposal and value in use.

For the purposes of impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

For the purpose of impairment testing, goodwill acquired in a business combination shall, from the acquisition date, be allocated to each of the acquirer's cash-generating units, or groups of cash-generating units, that is expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Note 2. Significant accounting policies (continued)

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Leases

The Group recognises a right-of use-asset and a lease liability at the lease commencement date. The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Group applies AASB 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Impairment of assets' policy.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under AASB137. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset.

As a practical expedient, AASB 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable; and
- Lease payments that depend on an index rate, initially measured using the index or rate at the commencement date.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate; or
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

To determine the incremental borrowing rate, the Group makes adjustments specific to the lease including factors such as lease term, country, currency and security. The weighted average incremental borrowing rate applied to lease liabilities was 3.66% (2022: 3.31%).

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are disclosed in note 12(b).

Note 2. Significant accounting policies (continued)

Employee benefits

Short and long-term employee benefit

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Liabilities recognised in respect of long term employee benefits are measured at the present value of the estimated future cash outflows to be made by the Group in respect of services provided by the employees up to reporting date.

Retirement benefit costs

Payments to defined contribution plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Borrowing costs

Borrowing costs can include interest, amortisation of discounts or premiums relating to borrowings, ancillary costs incurred in connection with arrangement of borrowings, foreign exchange losses net of hedged amounts on borrowings. Borrowings are initially recognised at fair value, net of transaction costs and subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the consolidated Statement of Financial Position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Share based payments

Equity settled share based compensation benefits are provided to employees. Equity settled transactions are awards of shares, options or rights, which are provided in exchange for the rendering of services. Equity settled share based payments are measured at the fair value of the equity instruments at the grant date.

The fair value at the grant date of the equity settled share based payments is expensed on a straight line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity settled employee benefits reserve.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Note 2. Significant accounting policies (continued)

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements (note 22). Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends

Dividends are recognised when declared during the financial year.

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss. Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

Note 2. Significant accounting policies (continued)

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase, the difference is recognised as a gain directly in profit or loss on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and any previously held equity interest.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. Contingent consideration is classified either as equity or a financial liability. Amounts classified as financial liability are subsequently remeasured to fair value with changes to fair value recognised in profit or loss.

Business combinations are initially accounted for on a provisional basis. The Group retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the Group receives all the information possible to determine fair value.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of IPH Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors Reports) Instrument dated 24 March 2016 and in accordance with that Instrument amounts in the annual financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Prior period reclassification

Certain prior period amounts have been reclassified for consistency with the current period presentation and to align with the IPH Limited financial report. The below reclassification had no effect on the reported results of the Group.

From FY23 onwards, consistent with market practice share based payments will no longer be shown as a non-underlying expense. Share based payments may be included in non-underlying results where they are directly related to a non-underlying item. Accordingly, the prior period comparatives in Note 4 – Operating Segments have been adjusted to reflect this, increasing FY22 overheads by $4,850k with a corresponding reduction in the adjustments to the statutory results. There has been no change to the reported statutory results.

Adoption of new accounting standards

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 July 2022.

Note 2. Significant accounting policies (continued)

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses.

Going Concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Group have adequate resources, and the ability to extend all debt facilities, to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Note 3. Critical accounting judgements, estimates and assumptions

Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Contract assets and receivables

Judgement is required when estimating the expected credit losses for contract assets and receivables by using a matrix based on past default experience of the receivables, general economic conditions, and an assessment of both the current and the forecast direction of conditions at the reporting date.

In relation to contract assets, judgement is required when estimating the value of the services carried out at the balance sheet date which is based on the value of time spent to date and management's assessment of the recoverability of that value. Refer to the accounting policy in note 2, trade and other receivables note 10, and contract assets note 11(a).

Goodwill and other indefinite life intangible assets

The Group tests annually, or more frequently if events of changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2.

Customer relationships are finite intangible assets and are amortised over their expected life. Assets subject to amortisation are reviewed for impairment whenever events or circumstances arise that indicates that the carrying amount of the asset may be impaired.

Determination of control of subsidiaries

In the current year, the IPH Group completed the acquisition of the IP agency practice of Smart & Biggar ('S&B'), which holds a 49.9% interest in the S&B LLP Law entity as well as a number of other legal entities ('S&B Group'). The professional code of conduct and Quebec laws and regulations for lawyers and law firms in Canada requires ownership to reside with local individuals that are registered as a lawyer. Therefore, the assessment of control is a significant judgement in the financial statements.

The IPH Group controls an entity where it has:

- Power to direct the relevant activities;
- Exposure, or rights to, variable returns, and
- The ability to utilise power to affect the entity's returns.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

The determination of control is based on the current facts and circumstances and is continuously reassessed. IPH has power over an entity when it has existing substantive rights that provide it with the current ability to direct the entity's relevant activities. IPH also considers the entity's purpose and design. If IPH determines it has power over an entity, IPH then evaluates its exposure, or rights, to variable returns by considering the magnitude and variability associated with its economic interests.

The substance of the arrangement is that IPH has the power over the relevant activities that influence the variable returns of the S&B Group. While IPH only holds 49.9% of the S&B LLP Law entity, this power is established by IPH holding a majority representation of the Governance Board that has the ability to set budgets, approve acceptance of any clients or client engagements, determine nature and pricing of services, provision of critical intellectual property and other services which are necessary to conduct such a business. In addition, IPH is exposed to all residual returns of the S&B Group after remunerating the managing partners (who are the holders of the remaining interest). As a result, there is no non-controlling interest that is recognised in relation to the acquisition of S&B Group.

See note 28 for a summary of the acquisition of S&B Group completed during the year ended 30 June 2023.

Note 4. Operating segments

Identification of reportable operating segments

The Group is organised into four segments: Intellectual Property Services Australia & New Zealand; Intellectual Property Services Asia; Intellectual Property Services Canada; and Adjacent Businesses. Adjacent Businesses includes the operations of Wisetime[1]. These operating segments are based on the internal reports that are reviewed and used by the senior executive team and Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

Segment	Activity
Intellectual Property Services Australia & New Zealand	Related to the provision of filing, prosecution, enforcement and management of patents, designs, trademarks and other IP in Australia & New Zealand.
Intellectual Property Services Asia	Related to the provision of filing, prosecution, enforcement and management of patents, designs, trademarks and other IP in Asia.
Intellectual Property Services Canada	Related to the provision of filing, prosecution, enforcement and management of patents, designs, trademarks and other IP in Canada.
Adjacent Businesses	Adjacent businesses include Wisetime[1] the autonomous time-keeping tool.

1. IPH Ltd's investment in Practice Insight Pty Limited which included the Wisetime application was divested in the FY23 financial period.

The CODM reviews profit before interest, income tax and adjustments to the statutory reported results. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements. The information reported to the CODM is on at least a monthly basis.

Note 4. Operating segments (continued)

Intersegment transactions

There are varying levels of integration between the segments. The integration includes provision of professional services, shared technology and management services. Intersegment transactions were made at market rates. Intersegment transactions are eliminated on consolidation.

Reliance on major customers

Maximum revenue from any customer is less than 10% (2022: 10%) of overall revenue of the Group.

Note 4. Operating segments (continued)

Consolidated	Intellectual Property Services Australia & NZ	Intellectual Property Services Asia	Intellectual Property Services Canada	Adjacent Businesses	Corporate	Inter-segment Elimination / Unallocated	Total
	2023	2023	2023	2023	2023	2023	2023
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue							
Sales to external customers	275,578	113,930	93,738	-	-	-	483,246
Intersegment sales	1,000	5,931	223	-	-	(7,154)	-
Total sales revenue	276,578	119,861	93,961	-	-	(7,154)	483,246
Other income	13,265	(961)	(211)	50	12,455	(17,745)	6,853
Total revenue and other income	**289,843**	**118,900**	**93,750**	**50**	**12,455**	**(24,899)**	**490,099**
Less: Overheads	(186,586)	(64,639)	(62,306)	(83)	(30,285)	23,830	(320,069)
Earnings before interest, tax, depreciation and amortisation (EBITDA), before adjustments	**103,257**	**54,261**	**31,444**	**(33)**	**(17,830)**	**(1,069)**	**170,030**
Less: Depreciation	(7,464)	(2,491)	(2,891)	(1)	(1,228)	-	(14,075)
Less: Amortisation	(22,300)	(1,403)	(13,944)	(83)	(1,546)	-	(39,276)
Less: Management Charges	432	(10,157)	-	-	9,725	-	-
Segment result: (Profit before interest, tax and adjustments)	**73,925**	**40,210**	**14,609**	**(117)**	**(10,879)**	**(1,069)**	**116,679**

Reconciliation of segment result	
Segment result	116,679
Adjustments to statutory result:	
Business acquistion costs[1,2]	(10,791)
Restructuring expenses[2]	(2,779)
Changes in deferred consideration	6,270
Costs associated with cyber incident	(2,822)
IT SaaS implementation costs	(868)
Total adjustments	**(10,990)**
Interest income	1,960
Finance costs	(20,194)
Profit for the period before income tax expense	**87,455**

1 - Business acquisition costs include $1.6m of share-based payment expense resulting from the acquisition of Smart & Biggar.

2 - Business acquisition and restructuring expenses are apportioned across employee benefit expenses, occupancy expenses and other expenses on the Statement of Profit or Loss and Other Comprehensive Income.

	Consolidated
	30 Jun 2023
	$'000
Reconciliation of segment revenue and other income	
Segment total revenue and other income	490,099
Revenue and other income items excluded from segment result	6,083
Interest income	1,960
Total revenue and other income	**498,142**

Note 4. Operating segments (continued)

Consolidated	Intellectual Property Services			Adjacent Businesses	Corporate	Inter-segment Elimination / Unallocated	Total
	Australia & NZ	Asia	Canada				
	2022	2022	2022	2022	2022	2022	2022
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue							
Sales to external customers	271,789	102,541	-	-	-	-	374,330
Intersegment sales	1,079	6,256	-	-	-	(7,335)	-
Total sales revenue	272,868	108,797	-	-	-	(7,335)	374,330
Other income	13,148	1,411	-	638	9,744	(14,184)	10,757
Total revenue and other income	**286,016**	**110,208**	**-**	**638**	**9,744**	**(21,519)**	**385,087**
Less: Overheads[1]	(184,397)	(59,269)	-	(1,131)	(29,278)	21,558	(252,517)
Earnings before interest, tax, depreciation and amortisation (EBITDA), before adjustments	**101,619**	**50,939**	**-**	**(493)**	**(19,534)**	**39**	**132,570**
Less: Depreciation	(9,702)	(2,422)	-	(23)	(832)	-	(12,979)
Less: Amortisation	(22,375)	(1,271)	-	(1,727)	(1,211)	-	(26,584)
Less: Management Charges	3,365	(11,373)	-	-	7,990	18	-
Segment result: (Profit before interest, tax and adjustments)	**72,907**	**35,873**	**-**	**(2,243)**	**(13,587)**	**57**	**93,007**
Reconciliation of segment result							
Segment result							93,007
Adjustments to statutory result:							
Business acquistion costs[2]							(3,747)
Restructuring expenses[2]							(1,814)
Divestment of Practice Insight							(2,170)
Impairment of intangible assets							(4,654)
Impairment of right-of-use assets and fixed assets							(2,387)
IT SaaS implementation costs							(1,858)
Total adjustments							**(16,630)**
Interest income							46
Finance costs							(4,709)
Profit for the period before income tax expense							**71,714**

1 - FY22 overheads have been adjusted to include share based payments of $4,850k, refer to Note 2 for further detail.

2 - Business acquisition and restructuring expenses are apportioned across employee benefit expenses, occupancy expenses and other expenses on the Statement of Profit or Loss and Other Comprehensive Income.

	Consolidated
	30 Jun 2022
	$'000
Reconciliation of segment revenue and other income	
Segment total revenue and other income	385,087
Revenue and other income items excluded from segment result	-
Interest income	46
Total revenue and other income	**385,133**

Note 5. Sales Revenue

	Consolidated	
	30 Jun 2023	30 Jun 2022
	$'000	$'000
IP services	435,649	358,231
Legal services	47,216	16,099
	482,865	**374,330**

Note 6. Other income

	Consolidated	
	30 Jun 2023	30 Jun 2022
	$'000	$'000
Net realised foreign exchange gain/(loss)	3,102	4,413
Net unrealised foreign exchange gain/(loss)	216	1,539
Other income	1,280	1,673
Deferred consideration fair value adjustment	6,270	-
Commission	2,449	3,132
Interest	1,960	46
	15,277	**10,803**

Note 7. Expenses

Profit before income tax includes the following specific expenses:

	Consolidated	
	30 Jun 2023	30 Jun 2022
	$'000	$'000
Depreciation and amortisation:		
Depreciation - Property, plant and equipment	4,443	4,308
Amortisation - Software development	2,403	3,693
	6,846	8,001
Depreciation - Right-of-use asset	9,632	8,671
Amortisation - Acquired Intangibles	36,873	22,891
Total depreciation and amortisation	53,351	39,563

Note 7. Expenses (continued)

	Consolidated	
	30 Jun 2023	30 Jun 2022
	$'000	$'000
Employee expenses:		
Share based payments	6,130	4,850
Superannuation expense	9,387	7,064
Other expenses:		
Advertising and marketing	1,791	1,071
Business acquisition costs	6,515	3,747
Restructuring costs	3,953	3,106
Impairment of right-of-use assets and revaluation of lease liabilities arising from onerous leases	-	514
Impairment and loss on disposal of fixed assets	-	1,964
Impairment on trademarks and capitalised software development	-	6,284
IT and communication	9,225	8,325
Office expenses	2,685	2,142
Professional fees	2,985	3,177
Staff welfare and training	1,909	1,454
Bank fees	1,136	901
Subscriptions and memberships	734	483
Business development	862	220
Foreign tax	599	474
Expected credit loss expense	1,724	807
Other	3,676	2,131
	37,794	**36,800**
Finance costs		
Interest on bank facilities - Loan	17,081	2,243
Other finance costs - Facility fees	1,277	822
	18,358	**3,065**
Interest on lease contracts	1,836	1,644
Total finance costs	**20,194**	**4,709**

Note 8. Income tax expense

	Consolidated	
	30 Jun 2023	30 Jun 2022
	$'000	$'000
Income tax expense		
Current tax	28,476	25,596
Deferred tax	(5,573)	(6,508)
Under provided in prior years	11	62
Aggregate income tax expense	**22,914**	**19,150**
Deferred tax included in income tax expense comprises:		
(Decrease)/Increase in deferred tax assets	1,598	839
Decrease/(Increase) in deferred tax liabilities	(7,171)	(7,347)
	(5,573)	**(6,508)**

	Consolidated	
	30 Jun 2023	30 Jun 2022
	$'000	$'000
Reconciliation of invoice tax expense and tax at the statutory rate		
Profit before income tax expense	87,455	71,714
Tax at the statutory rate of 30%	26,237	21,514
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Permanent differences	419	(84)
Equity settled share based payments	634	294
Acquisition costs	1,134	1,648
Difference in overseas tax rates	(5,692)	(4,720)
Under provision with respect to current tax in prior years	11	62
Under/(Over) provision with respect to deferred tax in prior years	447	(146)
Effect of income that is exempt from tax	(276)	-
Practice Insight deferred tax write off	-	582
Income tax expense	**22,914**	**19,150**

Note 9. Current assets - Cash and cash equivalents

	Consolidated	
	30 Jun 2023	30 Jun 2022
	$'000	$'000
Cash on hand	40	43
Cash at bank	103,227	88,356
Closing balance	**103,267**	**88,399**

Note 10. Current asset - Trade and other receivables

	Consolidated	
	30 Jun 2023	30 Jun 2022
	$'000	$'000
Trade receivables from contracts with customers	150,699	95,702
Less: Loss allowance	(8,868)	(2,942)
Closing balance	**141,831**	**92,760**

Impairment of receivables

The Group has recognised a loss of $1,724,000 (2022: $806,000) in profit or loss in respect of the loss allowance for the year ended 30 June 2023.

The Group measures the loss allowance for trade receivables at an amount equal to the lifetime expected credit loss (ECL). The expected credit losses are estimated via a provision matrix based on the Group's historical credit loss experience. The provision is then adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecasted direction of conditions at the reporting date, including time value of money where appropriate.

Expected credit losses for ageing categories[1]

	Consolidated	
	30 Jun 2023	30 Jun 2022
	$'000	$'000
Loss allowance for trade receivables past due more than 91 days	7,257	2,795

1 - Ageing brackets not covered are deemed immaterial

Movements in the loss allowance for impairment of receivables are as follows:

	Consolidated	
	30 Jun 2023	30 Jun 2022
	$'000	$'000
Opening balance	2,942	2,870
Additional provisions recognised	1,724	806
Provisions recognised as part of business combinations	4,852	-
Receivables written off during the year as uncollectable	(650)	(734)
Closing balance	**8,868**	**2,942**

Trade receivable ageing

The ageing of trade receivables are as follows:

	Consolidated	
	30 Jun 2023	30 Jun 2022
	$'000	$'000
Current	98,375	71,617
0 to 60 days overdue	11,940	7,114
61 to 90 days overdue	8,807	5,129
Past due more than 91 days	22,709	8,900
	141,831	**92,760**

Ageing has been calculated with reference to the trading terms of local clients (30 days) and international clients (90 days). No interest is charged on outstanding trade receivables.

Note 11. Current assets - other

(a) Contract assets

	Consolidated	
	30 Jun 2023	30 Jun 2022
	$'000	$'000
Opening balance	6,765	6,329
Contract assets from business combinations (note 28)	5,511	-
Movement in contract assets[1]	9,502	436
Closing balance	**21,778**	**6,765**

1 - Movement in contract assets relates to the initial recognition of WIP, progression of WIP to trade receivables on billing, and the loss allowance of WIP based on recoverability.

Net movement in contract assets includes the impact of the addition of Smart and Biggar to the group from 6 October 2022.

(b) Other assets

	Consolidated	
	30 Jun 2023	30 Jun 2022
	$'000	$'000
Prepayments	6,549	3,287
Net investment in sub-lease	335	482
Other current assets	625	1,667
Closing balance	**7,509**	**5,436**

Note 12. Non-current assets

(a) Property, plant and equipment

	Consolidated	
	30 Jun 2023	30 Jun 2022
	$'000	$'000
Leasehold improvements - at cost	19,892	18,624
Less: Accumulated depreciation	(11,511)	(12,862)
	8,381	**5,762**
Plant and equipment - at cost	1,287	1,425
Less: Accumulated depreciation	(1,145)	(1,240)
	142	**185**
Furniture, fixtures and fittings - at cost	5,593	3,351
Less: Accumulated depreciation	(4,654)	(2,984)
	939	**367**
Computer equipment - at cost	26,855	21,466
Less: Accumulated depreciation	(23,550)	(19,158)
	3,305	**2,308**
	12,767	**8,622**

Note 12. Non-current assets (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Leasehold improv.	Plant and equipment	Furniture, fixtures and fittings	Computer equipment	Total
	$'000	$'000	$'000	$'000	$'000
Balance as at 1 July 2021	**5,779**	**246**	**1,090**	**3,063**	**10,178**
Additions	3,592	38	-	1,154	4,784
Reclasses	-	-	-	(51)	(51)
Impairment	(1,422)	-	(451)	-	(1,873)
Disposals	(51)	(3)	(8)	(29)	(91)
Exchange differences	(3)	2	(4)	(12)	(17)
Depreciation expense	(2,133)	(98)	(260)	(1,817)	(4,308)
Balance as at 30 June 2022	**5,762**	**185**	**367**	**2,308**	**8,622**
Additions	2,560	43	99	1,418	4,120
Additions through business combinations (note 28)	1,958	-	834	1,510	4,302
Transfers	7	(7)	(7)	7	-
Disposals	(5)	(15)	-	(3)	(23)
Exchange differences	163	-	11	15	189
Depreciation expense	(2,064)	(64)	(365)	(1,950)	(4,443)
Balance as at 30 June 2023	**8,381**	**142**	**939**	**3,305**	**12,767**

(b) Leases

The Group enters leases in relation to office space and office equipment.

The Statement of Financial Position shows the following amounts relating to leases:

	Premises	Equipment	Total
	$'000	$'000	$'000
Balance as at 1 July 2021	30,440	199	30,639
Additions	14,035	141	14,176
Depreciation expense	(8,545)	(126)	(8,671)
Impairment expense	(514)	-	(514)
Remeasurements	(212)	-	(212)
Disposals	(4,713)	-	(4,713)
Exchange differences	210	5	215
Balance as at 30 June 2022	**30,701**	**219**	**30,920**
Additions	16,889	85	16,974
Additions through business combinations (note 28)	7,153	797	7,950
Depreciation expense	(9,249)	(383)	(9,632)
Disposals	(582)	(31)	(613)
Exchange differences	145	4	149
Balance as at 30 June 2023	**45,057**	**691**	**45,748**

Note 12. Non-current assets (continued)

	Consolidated	
	30 Jun 2023	30 Jun 2022
	$'000	$'000
Lease liabilities		
Current	9,732	11,621
Non-current	43,809	31,122
Closing balance	**53,541**	**42,743**

The Statement of Profit or Loss and Other Comprehensive Income shows the following amounts relating to leases:

	Consolidated	
	30 Jun 2023	30 Jun 2022
	$'000	$'000
Depreciation charge - right-of-use assets	9,632	8,671
Interest expense (included in finance costs)	1,836	1,644
Expense relating to variable lease payments not included in lease liabilities (included in occupancy expenses)	2,965	1,756
Income from subleasing of right-of-use assets (included in other income)	(22)	(71)
Impairment of lease assets and remeasurement of lease liability	39	514

Total cash outflow for leases in 2023 was $15,336,000 (2022: $12,651,000) including $1,836,000 of interest payments (2022: $1,644,000).

(c) Intangibles

	Consolidated	
	30 Jun 2023	30 Jun 2022
	$'000	$'000
Goodwill - at cost	508,438	299,954
Patents and trade marks - at cost	42,734	12,608
Less: Accumulated amortisation	-	(9)
	551,172	**312,553**
Capitalised software development - at cost	11,388	12,814
Less: Accumulated amortisation	(7,519)	(8,587)
	3,869	**4,227**
Software acquired - at cost	5,241	5,241
Less: Accumulated amortisation	(2,096)	(1,048)
	3,145	**4,193**
Customer relationships	409,833	216,485
Less: Accumulated amortisation	(125,949)	(89,815)
	283,884	**126,670**
	842,070	**447,643**

Note 12. Non-current assets (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Goodwill	Patents and trade marks	Customer relationships	Capitalised software development	Acquired software	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Balance as at 1 July 2021	**296,434**	**17,288**	**148,669**	**5,697**	**-**	**468,088**
Additions	-	-	-	2,406	-	2,406
Additions through business combinations	1,797	-	-	-	5,241	7,038
Reclasses	-	-	-	51	-	51
Impairment[1,2]	-	(4,600)	-	(1,684)	-	(6,284)
Exchange differences	1,723	(86)	(159)	1,450	-	2,928
Amortisation expense	-	(3)	(21,840)	(3,693)	(1,048)	(26,584)
Balance as at 30 June 2022	**299,954**	**12,599**	**126,670**	**4,227**	**4,193**	**447,643**
Additions	-	-	-	2,772	-	2,772
Additions through business combinations (note 28)	204,170	29,883	191,700	-	-	425,753
Disposals	-	(73)	-	(768)	-	(841)
Exchange differences	4,314	325	1,339	41	-	6,019
Amortisation expense	-	-	(35,825)	(2,403)	(1,048)	(39,276)
Balance as at 30 June 2023	**508,438**	**42,734**	**283,884**	**3,869**	**3,145**	**842,070**

1. Patent and trade mark impairment relates to assets previously under the Shelston IP brand which merged with Spruson & Ferguson during HY22.
2. Capitalised software development impairment relates to assets under Practice Insight which were assessed as part of the divestment of that business.

For the purposes of impairment testing, goodwill is allocated to cash generating units (CGUs) that are an identifiable group of assets that generate cash associated with the goodwill.

A summary of the goodwill by CGU is set out below:

		Consolidated	
		30 Jun 2023	30 Jun 2022
CGU	Segment	$'000	$'000
Spruson & Ferguson Australia	Australia & NZ	90,484	90,484
Pizzeys	Australia & NZ	68,263	68,263
AJ Park	Australia & NZ	43,040	42,305
Spruson & Ferguson (Hong Kong)	Asia	35,809	34,460
Griffith Hack	Australia & NZ	54,362	54,362
Spruson & Ferguson Asia	Asia	10,331	9,715
Smart & Biggar[1]	Canada	205,795	-
Other	Asia	354	365
Closing balance		508,438	299,954

1. Smart & Biggar acquired during the financial year ended 30 June 2023

Note 12. Non-current assets (continued)

The recoverable amount of a CGU is determined primarily utilising a value-in-use calculation. Value-in-use calculations use cash flow projections based on financial budgets prepared by management and approved by the Board. Cashflows for future years are extrapolated using the estimated growth rates stated below. After five years a terminal growth rate is assumed and terminal value-in-use calculated. The terminal growth rates do not exceed the average growth rates that the business has experienced and are generally lower than the short term growth rates assumed.

	5 yr EBITDA CAGR		Terminal growth rates		Disount rates[1]			
					Pre-Tax	Pre-Tax	Post-Tax	Post-Tax
CGU	2023	2022	2023	2022	2023	2022	2023	2022
Spruson & Ferguson Australia	3.0%	4.4%	2.5%	2.5%	13.6%	14.3%	9.5%	10.0%
Pizzeys	3.5%	5.4%	2.5%	2.5%	13.6%	14.3%	9.5%	10.0%
AJ Park	4.0%	3.3%	2.0%	2.5%	13.9%	13.9%	10.0%	10.0%
Spruson & Ferguson (Hong Kong)	5.0%	12.8%	2.5%	2.5%	12.6%	14.4%	10.5%	12.0%
Griffith Hack	4.0%	5.2%	2.5%	2.5%	13.6%	14.3%	9.5%	10.0%
Spruson & Ferguson Asia	5.0%	8.0%	2.5%	2.5%	12.7%	13.3%	10.5%	11.0%
Smart & Biggar[2]	3.0%	N/A	2.0%	N/A	12.9%	N/A	9.5%	N/A

1. The post-tax discount rate has been applied to discount the future attributable post-tax cash flows.
2. Smart & Biggar is a new CGU in FY23 with the acquisition of that business (note 28).

At 30 June 2023, the assessed value-in-use for each CGU exceeded the carrying amounts of the CGU and no impairment loss was recognised.

Sensitivity analysis

Sensitivity analysis has been conducted on the assumptions above to assess the effect on the recoverable amount of changes in the key assumptions. For all CGU's with the exception of Pizzeys it has been determined that a reasonably possible change in key assumptions would not result in an impairment loss for any CGU.

For Pizzeys a decrease of the EBITDA CAGR by 1.56% or an increase in the post tax discount rate of 0.40% would result in the carrying value of the Pizzeys CGU to equal the recoverable amount.

As Smart & Biggar was recently acquired, its carrying value approximates its fair value. Adverse changes in macroeconomic factors or failure to achieve planned growth objectives including the realisation of Board approved synergies, may therefore lead to future impairment.

Note 13. Deferred tax assets/liabilities

	Opening balance	Acquired through business combinations	Recognised in equity	Recognised in profit or loss	Closing balance
	$'000	$'000	$'000	$'000	$'000
The net deferred tax comprises the following balances:					
Loss allowance	639	180	-	168	987
Property, plant and equipment	51	-	-	(604)	(553)
Provisions	5,091	-	-	(253)	4,838
Accrued expenses	529	-	-	(48)	481
Unbilled revenue	(1,643)	(1,200)	-	(1,289)	(4,132)
Prepayments	(3)	-	-	(1)	(4)
Foreign exchange	(379)	-	-	(466)	(845)
Transaction costs	2,641	-	-	(518)	2,123
Leased assets	2,934	240	-	(1,011)	2,163
Software	426	-	-	-	426
Intangible assets - Customer Relationships	(37,875)	(49,380)	-	9,532	(77,723)
Intangible assets - Trademarks	(2,925)	(7,919)	-	-	(10,844)
Sundry	606	-	-	63	669
Financial Instruments	(142)	-	(1,768)	-	(1,910)
Closing balance	**(30,050)**	**(58,079)**	**(1,768)**	**5,573**	**(84,324)**

	Consolidated	
	30 Jun 2023	30 Jun 2022
	$'000	$'000
Disclosed as:		
Deferred tax asset	11,550	2,974
Deferred tax liability	(95,874)	(33,024)
Closing balance	**(84,324)**	**(30,050)**

Note 14. Current liabilities - Trade and other payables

	Consolidated	
	30 Jun 2023	30 Jun 2022
	$'000	$'000
Trade payables	15,794	18,102
Sundry creditors and accruals	22,989	11,246
Closing balance	**38,783**	**29,348**

Note 15. Current liabilities - Provisions

	Consolidated	
	30 Jun 2023	30 Jun 2022
	$'000	$'000
Employee benefits	20,420	17,689
Provision for onerous contracts	-	136
Closing balance	**20,420**	**17,825**

Movement in provision for onerous contracts

	Consolidated	
	30 Jun 2023	30 Jun 2022
	$'000	$'000
Opening balance at beginning of financial year	136	370
Current / non-current reclasses	-	135
Payment of onerous contracts	(136)	(369)
Closing balance	**-**	**136**

Note 16. Non-current liabilities - Borrowings

	Consolidated	
	30 Jun 2023	30 Jun 2022
	$'000	$'000
Non Current		
Multicurrency loan facility	387,744	118,477
Closing balance	**387,744**	**118,477**

On 28 June 2021, the Group entered into a facilities agreement ('Agreement') with HSBC, Westpac, ANZ and CBA which refinanced the facilities previously outstanding with HSBC and Westpac. The facilities under the Agreement comprise:

- A $115m multicurrency revolving loan facility

- A $70m acquisition term loan facility: and

- A $25m revolving credit facility for the general corporate purposes of the Group.

The Agreement matures on 4 July 2024.

On 19 August 2022 the Group entered into an agreement for an additional CAD$180m term loan facility with a maturity date of 19 August 2025.

Assets pledged as security

The bank facility made available by HSBC, ANZ, CBA and Westpac is secured against assets from IPH Limited and a number of its wholly owned subsidiaries.

Note 16. Non-current liabilities - Borrowings (continued)

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated	
	30 Jun 2023	30 Jun 2022
	$'000	$'000
Total facilities		
Loan facilities	389,592	185,000
Working capital facility	25,000	25,000
	414,592	**210,000**
Used at the reporting date		
Loan facilities	387,744	118,477
	387,744	**118,477**
Bank guarantees drawn under working capital facility	11,652	10,008
Unused at reporting date		
Loan facilities	1,848	66,523
Working capital facility	13,348	14,992
	15,196	**81,515**

Note 17. Non-current liabilities - Provisions

	Consolidated	
	30 Jun 2023	30 Jun 2022
	$'000	$'000
Employee benefits	4,019	2,998
Other provisions	955	905
Closing balance	4,974	3,903

Provision for onerous contracts

	Consolidated	
	30 Jun 2023	30 Jun 2022
	$'000	$'000
Opening balance at beginning of financial year	-	135
Current / non-current reclasses	-	(135)
Closing balance	**-**	**-**

Note 18. Equity - Issued capital

			Consolidated	
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
	Shares	Shares	$'000	$'000
Ordinary class shares - fully paid	234,855,739	218,819,232	558,120	424,809
Closing balance	**234,855,739**	**218,819,232**	**558,120**	**424,809**

Movements in ordinary share capital

	Date	Shares	$'000
Opening balance at beginning of financial year		217,203,866	417,079
Performance and retention rights exercised	23 August 2021	615,061	-
Performance and retention rights exercised	15 September 2021	125,563	-
Dividend reinvestment - final dividend (note 21)	17 September 2021	546,902	5,052
Dividend reinvestment - interim dividend (note 21)	18 March 2022	327,840	2,678
Closing balance		**218,819,232**	**424,809**
Performance and retention rights exercised	22 August 2022	745,299	(18)
Dividend reinvestment - final dividend (note 21)	16 September 2022	535,619	4,991
Acquisition of Smart & Biggar (note 28)	6 October 2022	5,317,980	52,113
Dividend reinvestment - interim dividend (note 21)	17 March 2023	1,178,654	9,479
Smart & Biggar deferred consideration (note 28)	20 April 2023	8,258,955	66,746
Closing balance		**234,855,739**	**558,120**

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each shall have one vote.

Employee share trust

On 1 July 2017, IPH established the Employee Share Trust for the purpose of acquiring and allocating shares granted through the IPH Employee Incentive Plan. As at 30 June 2023, the number of shares held by the trust was 1,535,360 (30 June 2022: 1,308,672). 745,299 shares were issued to the trust during the year.

Share buy-back

There were no shares bought back during the year ended 30 June 2023.

Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment.

The Group is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

Shares subject to voluntary escrow

The restrictions on disposal of shares under the voluntary escrow arrangements that the Company has in place with the vendors of the business of Smart & Biggar give the Company a relevant interest in 13,576,935 shares. However, the company has no right to acquire these shares or to control the voting rights attaching to these shares.

Note 18. Equity - Issued capital (continued)

Dividend reinvestment plan

The group operates a dividend reinvestment plan. The issue price is the average of the daily volume weighted average market price of all shares sold by normal trade during the 10 trading days commencing on the second trading day following the dividend record date. The dividend reinvestment plan for 31 December 2022 was discounted by 1.5%.

Note 19. Equity - Reserves

	Consolidated	
	30 Jun 2023	30 Jun 2022
	$'000	$'000
Foreign currency reserve	9,830	533
Equity settled employee benefits reserve	21,194	15,050
Minority interest acquisition reserve	(14,814)	(14,814)
Other reserve	9,885	5,757
Closing balance	**26,095**	**6,526**

Foreign currency reserve

This reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Equity settled employee benefits reserve

This reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration, and other parties as part of their compensation for services. Specifically the reserve relates to performance rights issued by the Company to its employees under its LTIP and STIP (note 33).

Minority interest acquisition reserve

This reserve represents the difference between the amount by which non-controlling interests are adjusted and the fair value of the consideration paid or received, where there is no change in control and arose on the initial listing of IPH.

Other reserve

This reserve includes the following items:

- fair value gains or losses in investments in equity instruments designated as FVTOCI ($5,333,000 at 30 June 2023 (2022: $5,333,000)); and

- revaluation of hedging instruments ($4,552,000 at 30 June 2023 (2022: $424,000)).

Movements in reserves

Movements in each class of reserve during the current and previous financial year are presented in the Statement of Changes in Equity.

Note 20. Equity - Accumulated Losses

	Consolidated	
	30 Jun 2023	30 Jun 2022
	$'000	$'000
(Accumulated Losses)/Retained profits at the beginning of the financial year	(1,624)	11,213
Profit after income tax expense for the year attributable to owners of IPH Limited	64,541	52,564
Dividends paid	(70,006)	(65,401)
Closing balance	**(7,089)**	**(1,624)**

Note 21. Equity - Dividends

		Consolidated	
		30 Jun 2023	30 Jun 2022
	Cents per share	$'000	$'000
Interim dividend			
December 2021 - paid 18 March 2022	14.5	-	31,681
December 2022 - paid 17 March 2023	15.5	34,907	-
Final dividend			
June 2021 - paid 17 September 2021	15.5	-	33,720
June 2022 - paid 16 September 2022	16.0	35,099	-
		70,006	**65,401**

On 17 August 2023, the Company declared an ordinary dividend of 17.5 cents per share (franked at 35%) to be paid on 15 September 2023. The dividend value is $41,099,754. No provision for this dividend has been recognised in the Statement of Financial Position as at 30 June 2023, as it was declared after the end of the financial year.

Dividend Reinvestment Plan

The Dividend Reinvestment Plan was active during the financial year. 1,714,273 (2022: 874,742) shares were issued to participants totalling $14,470,000 (2022: $7,730,000).

Franking Credits

	Consolidated	
	30 Jun 2023	30 Jun 2022
	$'000	$'000
Franking credits available for subsequent financial years based on a tax rate of 30%	1,072	3,145

Note 22. Financial instruments

Financial risk management objectives

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group's principal financial instruments, other than derivatives, comprise of cash and bank loan facilities. The main purpose of financial instruments is to manage liquidity and hedge the Group's exposure to financial risks, namely:

- foreign currency risk;
- interest rate risk;
- liquidity risk; and
- credit risk.

The Group uses derivatives to reduce the Group's exposure to fluctuations in interest rates . These derivatives create an obligation or a right that effectively transfers one or more of the risks associated with an underlying financial instrument, asset or obligation. Derivative financial instruments that the Group uses to hedge its risks include only interest rate swaps.

The Group does not trade in derivative instruments for speculative purposes. The Group uses different methods to measure the different types of risks to which it is exposed, including sensitivity analysis in the case of interest rate and foreign exchange and ageing analysis for credit risk.

i) Market risk

Foreign currency risk

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting. The focus is on minimising exposure to fluctuations in the rate of the United States Dollar ("USD"), Canadian Dollar ("CAD") and the European Union's Euro ("EUR") which represent most of the Group's foreign currency exposure.

Note 22. Financial instruments (continued)

The Group's net asset exposure at the reporting date was as follows:

	A$'000	US$'000	€'000	S$000	CAD$'000	NZD$000	Other[1]
30 June 2023	502,894	46,754	3,387	(89)	(317)	46	(1,317)
Net asset exposure (Local Currency)							
30 June 2022	369,565	39,030	3,740	(153)	(617)	25	(2,630)
Net asset exposure (Local Currency)							

1. Australian dollar equivalent.

The sensitivity of the Group's Australian dollar denominated Profit or Loss account and Statement of Financial Position to foreign currency movements is based on a 10% fluctuation (2022: 10% fluctuation) on the average rates during the financial year. This analysis assumes that all other variables including interest rates remain constant. A 10% movement in the average foreign exchange rates would have impacted the Group's profit after tax and equity as follows:

	Consolidated - 10% increase		Consolidated - 10% decrease	
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
	$'000	$'000	$'000	$'000
USD	6,401	5,148	(7,824)	(5,663)
Euro	505	516	(617)	(567)
SGD	(9)	785	11	(864)
CAD	(33)	(63)	40	69
NZD	4	581	(5)	(640)
Other currencies	(120)	345	146	(379)
Closing Balance	**6,748**	**7,312**	**(8,249)**	**(8,044)**

Interest rate risk

The Group's main interest rate risk arises from its borrowings. Borrowings issued at variable rates expose the Group to interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's policy is to seek to reduce its interest rate exposure using interest rate swaps. Instruments in place at year end are summarised in the table below:

	Carrying amount	Notional amount	Hedge ranges	Average maturity
	$'000	$'000	% p.a.	profile years
as at 30 June 2023				
Interest rate swaps	6,364	354,592	3.74-4.08	<5
as at 30 June 2022				
Interest rate swaps	472	50,000	0.79-0.92	<5

As at the reporting date, the Group had the following variable rate borrowings outstanding:

	30 Jun 2023		30 Jun 2022	
	Weighted average interest rate[1]	Balance	Weighted average interest rate	Balance
	%	$'000	%	$'000
Multicurrency loan facility	6.21	387,744	2.83	118,477
		387,744		**118,477**

1 - Weighted average interest rate includes the banks margin applied to the borrowings

The sensitivity analysis below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the reporting date was outstanding for the whole year. A 1 per cent increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

Note 22. Financial instruments (continued)

If interest rates has been 1 per cent higher/lower and all other variables were hold constant, the Group's:
- Profit for the year ended 30 June 2023 would decrease/increase by $0.4 million (2022: $0.7 million). This is mainly attributable to the Groups hedging on its variable rate borrowings

The Group's sensitivity to interest rates has decreased during the current year mainly due to the increased interest rate hedging introduced in response to the increase in borrowings from FY22.

ii) Liquidity risk

Liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Refer to the Remaining Contractual Maturities section in this note for a breakdown of future cash commitments of the Group.

iii) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group may obtain payment in advance or restrict the services offered where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of Financial Position and notes to the financial statements. The Group does not have any material credit risk exposure to any single debtor or group of debtors and does not hold any collateral.

iv) Price risk

The Group is not exposed to any significant price risk.

Offsetting financial assets and financial liabilities

The Group presents its derivative assets and liabilities on a gross basis.

Derivative financial instruments

Fair value hedge

A fair value hedge is a hedge of the exposure to changes in fair value of an asset or liability that is attributable to a particular risk and could affect the Statement of Comprehensive Income. Changes in the fair value of derivatives (hedging instruments) that are designated as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk (hedged item).

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity using a recalculated effective interest rate.

Cashflow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows attributable to a particular risk of a highly probable forecast transaction or a recognised asset or liability. The effective portion of changes in the fair value of derivatives that are designated as cash flow hedges is recognised in other comprehensive income in equity via the cash flow hedge reserve. Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss. Any gain or loss related to ineffectiveness is recognised in profit or loss immediately.

At inception of a hedge relationship the Group formally designates and documents the relationship between the hedging instrument and the hedged item, along with the risk management objectives and strategy for undertaking the hedge transaction. Both at inception and on an ongoing basis the hedging instrument is effective in offsetting changes in cash flows and fair values of the hedged item attributable to the hedged risk, which is when the hedging relationship meets all of the following hedge effectiveness requirements:

- an economic relationship between the hedged item and the hedging instrument;
- effect of credit risk does not dominate the value changes that result from that economic relationship; and
- hedge ratio of the designated hedge is the same; that is the Group hedges the same quantity of the hedging instrument and the hedged item.

Hedge accounting is discontinued when the hedging instrument expires, is terminated, is no longer in an effective hedge relationship, or the forecast transaction is no longer expected to occur. The fair value gain or loss of derivatives recorded in equity is recognised in profit or loss over the period that the forecast transaction is recorded in profit or loss. If the forecast transaction is no longer expected to occur, the cumulative gain or loss in equity is recognised in profit or loss immediately.

Note 22. Financial instruments (continued)

Effects of hedge accounting on the financial position and performance

The effects of the interest rate swaps on the Group's financial position and performance are as follows:

	Consolidated	
	30 Jun 2023	30 Jun 2022
	$'000	$'000
Carrying amount	6,364	472
Notional amount	354,592	50,000
Maturity date	Up to 2027	2023
Hedge ratio	1:1	1:1
Change in fair value of outstanding hedging instruments since inception of hedge	6,364	472
Change in value of hedged item used to determine hedge effectiveness	(6,364)	(472)
Weighted average hedged rate for the year	3.92%	-0.94%

The group has the following derivative financial instruments in the following line items in the Statement of Financial Position:

	Consolidated	
	30 Jun 2023	30 Jun 2022
	$'000	$'000
Current assets		
Interest rate swaps - cash flow hedges	215	472
	215	**472**
Non-current assets		
Interest rate swaps - cash flow hedges	6,149	-
	6,149	**-**

Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

The cash flows in the maturity analysis below are not expected to occur significantly earlier than contractually disclosed below:

Consolidated - 30 June 2023	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
		$'000	$'000	$'000	$'000	$'000
Non-derivatives						
Non-interest bearing						
Trade payables	0.00%	15,794	-	-	-	15,794
Sundry creditors and accruals	0.00%	22,989	-	-	-	22,989
Deferred consideration	0.00%	1,680	-	-	-	1,680
Interest-bearing - variable						
Lease liabilities	3.66%	11,519	9,967	25,441	13,445	60,372
Multi-option facility	6.21%	24,066	197,344	205,705	-	427,115
		76,048	**207,311**	**231,146**	**13,445**	**527,950**

Note 22. Financial instruments (continued)

Consolidated - 30 June 2022	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
		$'000	$'000	$'000	$'000	$'000
Non-derivatives						
Non-interest bearing						
Trade payables	0.00%	18,102	-	-	-	18,102
Sundry creditors and accruals	0.00%	11,246	-	-	-	11,246
Deferred consideration	0.00%	-	2,100	-	-	2,100
Interest-bearing - variable						
Lease liabilities	3.31%	12,933	7,691	17,388	10,103	48,115
Multi-option facility	2.83%	3,357	3,357	121,834	-	128,548
		45,638	**13,148**	**139,222**	**10,103**	**208,111**

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 Unobservable inputs for the asset or liability.

The Board considers that the carrying amount of financial assets and financial liabilities recognised in the financial statements approximate their fair value.

The table below shows the assigned level for each asset and liability held at fair value by the Group:

Consolidated - 30 June 2023	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
Financial assets measured at fair value				
Interest rate swaps - cashflow hedges	-	215	-	215
Total current assets	**-**	**215**	**-**	**215**
Interest rate swaps - cashflow hedges	-	6,149	-	6,149
Total non-current assets	**-**	**6,149**	**-**	**6,149**

Consolidated - 30 June 2022	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
Financial assets measured at fair value				
Interest rate swaps - cashflow hedges	-	472	-	472
Total current assets	**-**	**472**	**-**	**472**

Note 23. Key management personnel disclosures

Compensation

The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

	Consolidated	
	30 Jun 2023	30 Jun 2022
	$'000	$'000
Short-term employee benefits	2,996,315	2,971,988
Post-employment benefits	134,548	124,344
Long-term benefits	69,529	(103,296)
Share-based payments	289,092	733,220
	3,489,484	**3,726,256**

Note 24. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Deloitte Touche Tohmatsu, the auditor of the Company, and unrelated firms:

	Consolidated	
	30 Jun 2023	30 Jun 2022
	$'000	$'000
Audit services - Deloitte Touche Tohmatsu (Australia)		
Audit or review of the financial statements	735,000	539,400
Other assurance services	25,000	18,000
	760,000	**557,400**
Overseas Deloitte Touche Tohmatsu firms		
Audit or review of the financial statements	415,400	66,472
	415,400	**66,472**
Audit services - unrelated firms		
Audit or review of the financial statements	53,900	39,406
Other services - unrelated firms		
Corporate and taxation services	53,902	78,177
	107,802	**117,583**

Note 25. Contingent liabilities

The Group has given bank guarantees in respect of leased office premises as at 30 June 2023 of $10,267,556 (2022: $10,008,110).

From time to time failures or defects in the lodgement or prosecution of intellectual property rights by Group businesses or their associates may occur. Whilst in most cases the failure or defect is able to be remedied with the relevant intellectual property offices, the Group maintains professional indemnity insurances to insure against loss arising from such events. Any material matters which could result in a possible outflow to the Group are disclosed with appropriate provisions made for probable outflows.

Note 26. Related party transactions

Parent entity

IPH Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 30.

Key management personnel

Disclosures relating to key management personnel are set out in note 23 and the remuneration report in the Directors' report.

Transactions with related parties

There were no additional transactions with related parties.

Note 27. Parent entity information

Set out below is the supplementary information about the parent entity.

	Consolidated	
	30 Jun 2023	30 Jun 2022
	$'000	$'000
Statement of profit or loss and other comprehensive income		
Profit after income tax	57,462	59,568
Other comprehensive income	1,836	684
	59,298	**60,252**
Statement of financial position		
Total current assets	311,646	140,705
Total assets	984,646	585,476
Total current liabilities	9,342	6,688
Total liabilities	401,634	130,553
Equity		
Issued capital	558,120	424,809
Equity settled employee benefits reserve	14,550	13,816
Other reserves	9,866	5,741
Retained earnings	476	10,557
	583,012	454,923

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

Other than the security provided for the debt facility agreement as disclosed in note 16, the parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2023 apart from being party to the deed of cross guarantee as detailed in Note 34.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2023.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2023.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2.

Note 28. Business combinations

On 6 October 2022 the Group completed the acquisition of the IP agency practice of Smart & Biggar, which holds an interest in the legal practice of Smart & Biggar as permitted by Canadian regulation (refer to note 3).

The consideration was settled by way of cash payments of C$241m (A$277m) funded by a drawdown of on the existing IPH debt facility, the issuance of 5,317,980 IPH shares and a deferred earn-out capped at C$66m of new IPH shares.

The acquired business contributed revenues of A$94.0m and profit after tax of A$11.1m to the Group for the period from 6 October 2022 to 30 June 2023. For the period prior to ownership being 1 July 2022 to 5 October 2022, the acquired business generated revenues of A$34.0m and a profit after tax of A$4.0m.

Equity instruments issued

A$52,116,204 of the purchase price was settled by way of the full issue of 5,317,980 ordinary shares in IPH to the Vendors of S&B. The shares issued have been recorded in the financial statements at the acquisition date fair value of $9.80 per share.

Contingent consideration

Additional shares were issued relating to deferred earn-out consideration, capped at C$66m of new IPH shares. The earn-out consideration was payable dependent on the extent that Smart & Biggars earnings in CY22 or CY23 outperform agreed thresholds broadly in-line with its pre-Covid earnings levels in 2019. The earn-out could be achieved in full or part in either of those years.

Contingent consideration of C$66m was paid on 20 April 2023 with Smart & Biggar achieving the full earnout within the FY23 period with payment made in the form of 8,258,955 shares at a share price of $8.69 per share.

Consideration transferred

The following table summarises the acquisition date fair value of each major class of consideration transferred.

	$'000
Cash	276,626
Equity Instruments	52,116
Deferred contingent consideration	74,425
Total purchase consideration	**403,167**

The Group incurred acquisition costs of $8.6m. These costs have been included in business acquisition expenses in the Statement of Profit or Loss.

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	Fair Value
	$'000
Cash	1,111
Trade receivables and other receivables	41,690
Other assets	7,958
Property, plant and equipment	4,302
Lease assets	8,079
Intangible assets - customer relationships	191,700
Intangible assets - patents and trademarks	29,883
Trade and other payables	(16,222)
Other current liabilities	(1,507)
Provisions	(1,701)
Interest bearing lease liabilities	(8,217)
Deferred Tax	(58,079)
Net assets acquired	198,997
Goodwill	204,170
Acquisition-date fair value of total consideration transferred	**403,167**

Note 28. Business combinations (continued)

Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of total consideration transferred	403,167
Less: shares issued by company as part of consideration	(52,116)
Less: deferred contingent consideration	(74,425)
Less: cash and cash equivalents acquired	(1,111)
Net cash used	**275,515**

The acquisition accounting has been finalised. Since provisionally reported at 31 December 2022, adjustments to the opening values resulted in a decrease of the net assets of $0.8m and a corresponding increase in goodwill of the same amount.

Note 29. Events after the reporting period

IPH has continued to assess complementary acquisition opportunities in Canada and in other core secondary IP markets. In Canada, IPH believes a number of further consolidation opportunities exist to expand patent market share.

In line with its previously announced strategy, IPH is in discussions with parties regarding such potential opportunities, with one potential opportunity expected to be announced post publication of FY23 results, and another opportunity being actively pursued.

IPH is also continuing to pursue other acquisition opportunities, and is involved in discussions in relation to such opportunities.

Note 30. Interest in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policies described in note 2:

Name	Principal place of business/country of incorporation	Principal activities	Ownership interest	Ownership interest
			30 Jun 2023	30 Jun 2022
AJ Park IP Ltd	New Zealand	Patent attorneys	100.0%	100.0%
AJ Park IP Pty Ltd[2]	Australia	Patent attorneys	100.0%	100.0%
AJ Park Law Ltd[5]	New Zealand	Lawyers	0.0%	0.0%
Applied Marks Pty Ltd[2,3]	Australia	Patent attorneys	100.0%	100.0%
IPH Canadian Holdings Limited[6]	Canada	Non trading entity	100.0%	0.0%
Smart & Biggar LP[6]	Canada	Patent attorneys	99.9%	0.0%
Smart & Biggar LLP[6,8]	Canada	Lawyers	49.9%	0.0%
Smart & Biggar Alberta LLP[6,9]	Canada	Lawyers	0.0%	0.0%
IPH Canadian IP Holdings LP[6,10]	Canada	Non trading entity	75.0%	0.0%
Smart & Biggar Management Limited[6]	Canada	Support services	99.9%	0.0%
IPH US Inc.	United States of America	Support services	100.0%	100.0%
IPH Holdings (Asia) Pte Ltd	Singapore	Non trading entity	100.0%	100.0%
IPH (Thailand) Ltd[4]	Thailand	Non trading entity	49.0%	49.0%
Spruson & Ferguson Ltd	Thailand	Patent attorneys	100.0%	100.0%
Pizzeys Pte Ltd	Singapore	Patent attorneys	100.0%	100.0%
PT Spruson Ferguson Indonesia	Indonesia	Patent attorneys	100.0%	100.0%
IPH Services Pty Ltd[2,3]	Australia	Support services	100.0%	100.0%
Pizzeys Patent & Trade Mark Attorneys Pty Ltd[2,3]	Australia	Patent attorneys	100.0%	100.0%
Practice Insight Pty Limited[2,3,7]	Australia	Data analysis and software	0.0%	100.0%
WiseTime LLC[7]	United States of America	Data analysis and software	0.0%	100.0%

Note 30. Interest in subsidiaries (continued)

Spruson & Ferguson (Hong Kong) Ltd	Hong Kong	Patent attorneys	100.0%	100.0%
Beijing Pat SF Intellectual Property Agency Co Ltd[5]	China	Patent attorneys	0.0%	0.0%
Spruson & Ferguson Intellectual Property Agency (Beijing) Company Ltd	China	Patent attorneys	100.0%	100.0%
Spruson & Ferguson Pty Limited[2,3]	Australia	Patent attorneys	100.0%	100.0%
Spruson & Ferguson (Asia) Pte Limited	Singapore	Patent attorneys	100.0%	100.0%
Spruson & Ferguson (Philippines) Inc[6]	Philippines	Patent attorneys	99.0%	0.0%
Spruson & Ferguson Lawyers Pty Limited[2,3]	Australia	Lawyers	100.0%	100.0%
Spruson & Ferguson (M) SDN BHD	Malaysia	Patent attorneys	100.0%	100.0%
Spruson & Ferguson (NSW) Pty Limited[2,3]	Australia	Non trading entity	100.0%	100.0%
Xenith IP Group Pty Ltd[2,3]	Australia	Non trading entity	100.0%	100.0%
Griffith Hack Holdings Pty Ltd[2,3]	Australia	Non trading entity	100.0%	100.0%
GH PTM Pty Ltd[2,3]	Australia	Patent attorneys	100.0%	100.0%
GH Law Pty Ltd[2,3]	Australia	Lawyers	100.0%	100.0%
Intellectual Property Management Pty Ltd[2]	Australia	Non trading entity	100.0%	100.0%
Glasshouse Advisory Pty Ltd[2]	Australia	Non trading entity	100.0%	100.0%
Shelston IP Lawyers Pty Ltd[2]	Australia	Lawyers	100.0%	100.0%
Shelston IP Pty Ltd[2]	Australia	Patent attorneys	100.0%	100.0%
Watermark Holdings Pty Ltd[2]	Australia	Non trading entity	100.0%	100.0%
Watermark Advisory Services Pty Ltd[2]	Australia	Non trading entity	100.0%	100.0%
Watermark Australasia Pty Ltd[2]	Australia	Non trading entity	100.0%	100.0%
Watermark Intellectual Property Lawyers Pty Ltd[2]	Australia	Lawyers	100.0%	100.0%
Watermark Intellectual Property Pty Ltd[2]	Australia	Patent attorneys	100.0%	100.0%
Xenith IP Services Pty Ltd[2,3]	Australia	Support services	100.0%	100.0%

1. IPH Limited is the head entity within the tax consolidated group.
2. These companies are members of the tax consolidated group.
3. These wholly owned subsidiaries entered into a deed of cross guarantee with IPH limited pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 and are relieved from the requirements to prepare and lodge an audited financial report (note 34).
4. The Group holds 90.6% of the voting rights and thus has control of this entity.
5. These entities have Alliance Agreements with Group entities which results in consolidation in the IPH Group for Accounting purposes.
6. These entites were acquired or incorporated by IPH Group in the financial year ended 30 June 2023.
7. These entities were divested by IPH Group in the financial year ended 30 June 2023
8. This entity has exclusive services and licence agreements and terms of the partnership agreement which results in consolidation in the IPH Group for Accounting purposes.
9. This entity has exclusive services and licence agreements which results in consolidation in the IPH Group for Accounting purposes.
10. The remaining 25% is held by Smart & Biggar LLP.

Note 31. Earnings per share

	Consolidated	
	30 Jun 2023	30 Jun 2022
	$'000	$'000
Profit after income tax	64,541	52,564
Profit after income tax attributable to the owners of IPH Limited	**64,541**	**52,564**

	30 Jun 2023	30 Jun 2022
Weighted average number of ordinary shares used in calculating basic earnings per share1	225,496,338	218,169,060
Options over ordinary shares	1,492,275	954,781
Weighted average number of ordinary shares used in calculating diluted earnings per share	226,988,613	219,123,841

Note 31. Earnings per share (continued)

	30 Jun 2023	30 Jun 2022
Basic earnings per share	28.62	24.09
Diluted earnings per share	28.43	23.99

1. Treasury shares of 216,870 held by the employee share trust have been excluded from the weighted average number of shares in accordance with AASB 133 Earnings Per Share.

Note 32. Reconciliation of profit after income tax to net cash from operating activities

	Consolidated	
	30 Jun 2023	30 Jun 2022
	$'000	$'000
Profit after income tax	64,541	52,564
Statement of profit or loss and other comprehensive income		
Depreciation and amortisation	53,351	39,563
Impairment of intangible assets	-	6,284
Gain on sale of Practice Insight	(120)	-
Lease liability revaluations and loss on disposal of fixed assets	(431)	2,478
Prepaid line fees reclassed to borrowings	(837)	-
Unrealised foreign exchange	(662)	(1,539)
Tax on revaluation of hedges	(1,768)	-
Deferred consideration fair value adjustment	(6,270)	-
Share-based payments	6,130	4,850
Statement of profit or loss and other comprehensive income		
Decrease/(Increase) in trade and other receivables	(6,746)	(8,340)
(Decrease) in deferred tax liabilities (excl. FX mvmt)	(4,602)	(6,216)
(Increase) in other assets	(10,121)	(1,652)
(Decrease)/Increase in trade and other payables	(7,084)	4,109
Increase in provision for income tax	4,643	1,299
(Decrease)/Increase in deferred revenue	(297)	1,516
Increase/(Decrease) in provisions	2,063	(37)
	91,790	**94,879**

Note 33. Share-based payments

IPH Limited Employee Incentive Plan - November 2016

The IPH limited Employee Incentive Plan (the "Incentive Plan"), was approved at the AGM on 16 November 2016. This plan replaced the existing Long Term Incentive Plan and Retention Rights Plan. Each performance right issued under the Incentive Plan converts into one ordinary share of IPH Limited on exercise. No amounts are paid or payable by the recipient of the performance right, and the performance rights carry neither rights to dividends nor voting rights. The performance rights are treated as in substance options and accounted for as share-based payments.

The conditions attached to rights issued under the Incentive Plan can be in the form of a retention requirement or other Key Performance Indicator (KPI) metric for the Group, business unit and individual.

Note 33. Share-based payments (continued)

Movement in Performance Rights issued under the new Incentive Plan during the financial year were:

Grant date	Final vesting date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forefeited/ other	Balance at the end of the year
KPI - FY22 - 15 Sep 21	31 Aug 2022	$0.00	540,959	-	(524,550)	(16,409)	-
KPI - FY22 - 15 Sep 21	15 Sep 2023[1]	$0.00	6,943	-	-	-	6,943
KPI - FY23 - 15 Sep 22	31 Aug 2023[1]	$0.00	-	941,389	-	(77,238)	864,151
KPI - FY23 - 6 Dec 22	31 Aug 2023[1]	$0.00	-	14,395	-	(9,247)	5,148
KPI - FY23 - 6 Dec 22	30 Nov 2024[1]	$0.00	-	20,477	-	-	20,477
KPI - FY23 - 10 Mar 23	31 Aug 2023[1]	$0.00	-	279,991	-	-	279,991
Total performance rights			**547,902**	**1,256,252**	**(524,550)**	**(102,894)**	**1,176,710**

1. Vesting prior to this date at the Boards discretion

The performance rights that vest are converted into shares and held on behalf of the employee in the IPH Employee Share Trust for a further two years. The employees receive dividends whilst the shares are in trust but are unable to trade the shares. Shares are forfeited should the employee cease to be an employee during the two year holding period. A share based payment charge is recognised in the profit and loss account during this period of restriction.

A share based retention reward of C$2.4m was made to a number of employees following the acquisition of Smart & Biggar. This retention period runs from 6 October 2022 to 4 January 2024. At 30 June 2023 A$1.6m has been expensed for the award.

IPH Executives - Long Term Incentive

An executive long term incentive was introduced during FY18. Performance rights vest subject to achievement of a minimum compound annual growth rate in EPS over the period. The Board will determine a target for EPS for the performance period. For vesting to occur, EPS for the performance period must be at least equal to the Minimum EPS target.

EPS Targets for the FY19 plan are:
- Minimum EPS Target: 7% CAGR in EPS over the three year performance period ending on 30 June; and
- EPS Target: 15% CAGR in EPS over the three year performance period ending on 30 June.

Vesting of Rights is as follows:
- Less than 7% CAGR in EPS over the performance period - nil vesting
- Equal to 7% CAGR in EPS over the performance period - 20% vesting
- Greater than 7% CAGR in EPS up to and including 10% - straight line vesting between 20% and 65%
- Greater than 10% CAGR in EPS up to and including 15% CAGR - straight line vesting between 65% and 100%
- At or above 15% CAGR in EPS over the performance period - 100% vesting

EPS Targets for the FY20, FY21 , FY22 and FY23 plans are:
- Minimum EPS Target: 5% CAGR in EPS over the three year performance period ending on 30 June; and
- EPS Target: 12.5% CAGR in EPS over the three year performance period ending on 30 June.

Vesting of Rights is as follows:
- Less than 5% CAGR in EPS over the performance period - nil vesting
- Equal to 5% CAGR in EPS over the performance period - 25% vesting
- Greater than 5% CAGR in EPS up to and including 12.5% - pro-rated vesting on a straight line basis
- At or above 12.5% CAGR in EPS over the performance period - 100% vesting

Grant date	Final vesting date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forefeited/ other	Balance at the end of the year
LTI - 22 Nov 19	1 Sep 2022	$0.00	200,587	-	(200,587)	-	-
LTI - 7 Dec 20	1 Sep 2023	$0.00	369,768	-	-	-	369,768
LTI - 15 Sep 21	30 Jun 2024	$0.00	261,029	-	-	-	261,029
LTI - 19 Nov 21	30 Jun 2024	$0.00	177,264	-	-	-	177,264
LTI - 6 Dec 22	30 Jun 2025	$0.00	-	545,568	-	-	545,568
Total performance rights			**1,008,648**	**545,568**	**(200,587)**	**-**	**1,353,629**

1. Vesting prior to this date at the Boards discretion

Note 33. Share-based payments (continued)

The weighted average share price during the financial year was $8.57 (2022: $8.33).
The weighted average remaining contractual life of rights outstanding at the end of the financial year was 0.7 years (2022: 0.9 years)
The weighted fair value of the rights granted during the year is $8.69 (2022: $8.82)

Valutation model inputs used to determine the fair value of rights at grant date, are as follows:

IPH Limited Incentive Plan - November 2016

Professional Staff and Senior Management

Grant date	Vesting date	Share price at grant date	Exercise price	Dividend yield	Risk-free interest rate	Fair value at grant date
KPI FY22 - 15 Sep 21	31 Aug 2022	$9.35	$0.00	3.90%	-0.02%	$9.02
KPI FY22 - 15 Sep 21	15 Sep 2023	$9.35	$0.00	3.90%	0.03%	$8.65
KPI - FY23 - 15 Sep 22	31 Aug 2023	$9.31	$0.00	3.60%	3.03%	$9.01
KPI - FY23 - 6 Dec 22	31 Aug 2023	$8.75	$0.00	3.60%	3.09%	$8.54
KPI - FY23 - 6 Dec 22	30 Nov 2024	$8.75	$0.00	3.60%	3.04%	$8.15
KPI - FY23 - 10 Mar 23	31 Aug 2023	$8.40	$0.00	3.90%	3.73%	$7.64

IPH Executives - Long Term Incentive

Grant date	Vesting date	Share price at grant date	Exercise price	Dividend yield	Risk-free interest rate	Fair value at grant date
LTI - 22 Nov 19	1 Sep 2022	$8.20	$0.00	3.90%	0.74%	$7.36
LTI - 7 Dec 20	1 Sep 2023	$6.62	$0.00	4.60%	0.12%	$5.84
LTI - 15 Sep 21	30 Jun 2024	$9.35	$0.00	3.90%	0.17%	$8.34
LTI - 19 Nov 21	30 Jun 2024	$9.30	$0.00	3.90%	0.88%	$8.36
LTI - 6 Dec 22	30 Jun 2025	$8.75	$0.00	3.60%	3.06%	$7.94

Amounts recognised in the Financial Statements

During the financial year ended 30 June 2023, an expense of $6,130,000 was recognised in the Statement of Profit or Loss in relation to equity settled share based payment awards (2022: $4,850,000).

Note 34. Deed of cross guarantee

The members of the Group party to the deed of cross guarantee are details in note 30. The consolidated Statement of Profit or Loss and Other Comprehensive Income and consolidated Statement of Financial Position of the entities party to the deed of cross guarantee are:

	30 Jun 2023	30 Jun 2022
	$'000	$'000
Revenue	205,733	205,664
Other income	77,031	65,082
Expenses		
Employee benefits expense	(75,594)	(76,550)
Depreciation of right-of-use assets	(4,408)	(5,387)
Depreciation and amortisation of fixed assets and intangibles	(22,688)	(29,703)
Occupancy expenses	(879)	(1,277)
Business acquisition costs	(3,404)	(4,495)
Agent fee expenses	(59,158)	(59,722)
Insurance expenses	(2,481)	(2,316)
Travel expenses	(1,885)	(842)
Other expenses	(3,365)	(21,622)
Finance costs	(24,061)	(3,919)
Profit before income tax expense	**84,841**	**64,913**
Income tax expense	(10,086)	(10,200)
Profit after income tax expense for the year	**74,755**	**54,713**
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Other comprehensive income for the year, net of tax	4,128	684
Total comprehensive income for the year	**78,883**	**55,397**
Profit for the year is attibutable to:		
Owners of IPH Limited	74,755	54,713
Profit after income tax expense for the year	**74,755**	**54,713**
Total comprehensive income for the year is attibutable to:		
Owners of IPH Limited	78,883	55,397
Profit after income tax expense for the year	**78,883**	**55,397**

Note 34. Deed of cross guarantee (continued)

	30 Jun 2023	30 Jun 2022
	$'000	$'000
Current assets		
Cash and cash equivalents	61,286	57,701
Trade and other receivables	233,101	61,159
Income tax receivable	3,024	2,889
Other financial assets	-	472
Other assets	17,470	7,899
Total current assets	**314,881**	**130,120**
Non-current assets		
Property, plant and equipment	3,721	4,249
Right-of-use assets	20,645	22,202
Intangibles	236,058	260,298
Investments in subsidiaries	347,406	128,239
Deferred tax	8,608	12,355
Total non-current assets	**616,438**	**427,343**
Total assets	**931,319**	**557,463**
Current liabilities		
Trade and other payables	15,988	15,825
Provisions	12,248	13,223
Interest bearing lease liabilities	4,118	6,053
Deferred revenue	2,912	14,206
Total current liabilities	**35,266**	**49,307**
Non-current liabilities		
Borrowings	388,581	118,477
Deferred tax liability	23,142	27,015
Interest bearing lease liabilities	22,002	25,694
Other financial liabilities	-	-
Provisions	3,981	3,800
Total non-current liabilities	**437,706**	**174,986**
Total liabilities	**472,972**	**224,293**
Net assets	**458,347**	**333,170**
Equity		
Issued capital	417,182	312,232
Reserves	33,777	13,961
Retained profits	7,388	6,977
Total equity	**458,347**	**333,170**

Directors Declaration

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;

- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

At the date of this declaration, the company is within the class of companies affected by ASIC Corporations (Wholly-owned Companies) Instrument 2016/785. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

In the directors' opinion, there are reasonable grounds to believe that the company and the companies to which the ASIC Corporations Instrument applies, as detailed in note 34 to the financial statements, will as a group, be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors

Dr Andrew Blattman

Managing Director

17 August 2023

Sydney

Independent Auditor's **Report**

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Quay Quarter Tower
50 Bridge Street
Sydney NSW 2000

Tel: +61 2 9322 7000
www.deloitte.com.au

Independent Auditor's Report to the Members of IPH Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of IPH Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Deloitte.

<table>
<tr><th>Key Audit Matter</th><th>How the scope of our audit responded to the Key Audit Matter</th></tr>
<tr><td>
Accounting for the acquisition of Smart & Biggar (“S&B”)
As disclosed in note 28, on 6 October 2022, IPH Limited acquired the IP agency practice of S&B, which includes a number of legal entities. In accordance with Australian Accounting Standards, IPH have recorded the fair value of the assets acquired and assumed liabilities on acquisition date. Total consideration was $403 million and goodwill of $204 million was recognised on acquisition.
Accounting for an acquisition is complex and requires significant judgement, requiring management to determine:

whether IPH controls all the entities within the S&B consolidated group;
the fair value of the consideration including any contingent amounts; and
the fair value of the identifiable intangible assets such as customer relationships and trademarks which are recognised separately from goodwill.

The acquisition of S&B is a key audit matter due to the complexity and judgements involved in accounting for the business combination and the fair value of the assets acquired and assumed liabilities at the date of acquisition.
</td><td>
Our procedures performed included, but were not limited to:

Obtaining a detailed understanding of the terms and conditions of the related purchase agreements including the determination of the nature and the amount of any contingent consideration;
Reviewing the technical accounting position papers prepared by management's external expert, in respect of whether IPH has acquired control over all the entities within the S&B consolidated group in accordance with Australian Accounting Standards;
Evaluating the competence, capability and objectivity of management’s external experts used to determine the accounting treatment, referred to above, and those used to determine the fair value of the acquired intangible assets and the associated purchase price accounting. Performing a detailed review of management’s external expert’s valuation report to understand the scope of their engagement and any limitations in the report;
Evaluating the methodology used by management to ascertain the fair value of the purchase consideration at acquisition date, including the probability of EBITDA hurdles being achieved by S&B and hence likelihood of payment of the contingent consideration;
In conjunction with our valuation specialists, evaluated the appropriateness of the fair values attributed to the acquired tangible and intangible assets, and liabilities (including contingent liabilities) assumed as part of the business acquisition by:

assessing the identification and valuation of customer relationships and trademarks;
performing procedures on the intangible asset valuations, including;

analysing cash flow assumptions such as revenue growth rates, gross margin and contributory asset charges,
assessing the discount rate used; and
challenging the reasonableness of the valuation outputs.

</td></tr>
</table>

Deloitte.

	• We have obtained and assessed management's position paper setting out the accounting treatment and calculation of the contingent consideration; • In conjunction with our tax specialists, reviewed the work performed by management's expert in respect of the income tax cost base of assets and liabilities and any associated deferred tax assets and liabilities recognised; and • Evaluated the adequacy of disclosures made in the financial report against relevant accounting standards.

Recoverable value of Pizzeys and S&B cash generating units
 	
Goodwill relating to the Pizzeys cash generating unit ("CGU") and S&B CGU as disclosed in note 12(c) was $68 million and $206 million, respectively. Management has applied a 'value in use' approach for impairment testing purposes to both CGUs.
 	
As set out in note 12(c), for the Pizzeys CGU, a decrease of the EBITDA CAGR by 1.56% or an increase in the post-tax discount rate of 0.40% would result in the carrying value of the Pizzeys CGU to equal the recoverable amount.
 	
As set out in note 12 (c), for the S&B CGU, as it was acquired in the current financial year, its carrying value approximates its fair value. Adverse changes in macroeconomic factors or failure to achieve planned growth objectives including the realisation of Board approved synergies, may therefore lead to future impairment.
 	
The determination of the recoverable value requires management to exercise significant judgement, in particular in determining the key assumptions used in the cash flow projections such as:
• short-term forecast revenue and costs;
• long-term growth rates; and
• discount rates.
 	
Changes to these assumptions can impact the recoverable value for each CGU.
	Our procedures performed included, but were not limited to:
	• Obtaining an understanding of the design and implementation of management's process to assess the recoverable value of each CGU including the budgeting and forecast process and the preparation of discounted cash flow models;
	• Evaluating management's assessment of whether there are indicators of impairment;
	• Agreeing the assumptions used in the discounted cash flow models to Board approved budgets and forecasts;
	• Considering the impact of broader economic conditions on future forecast cash flows, with specific focus on revenue and cost forecasts;
	• Assessing the historical accuracy of management's forecasting by comparing actual results to budgeted results for preceding years;
	• Reviewing management reporting to understand performance for the year against budget;
	• In conjunction with our valuation specialists:
	  ◦ assessing the appropriateness of the methodology used in management's discounted cash flow models; and
	  ◦ challenging the key assumptions and estimates used by management in their discounted cash flow models, including analysis of long-term growth rates with reference to industry data and external economic outlook and determining our independent expectation of an appropriate discount rate range;

Deloitte.

	• Challenging and evaluating the appropriateness of management's sensitivity analysis; and • Evaluating the adequacy of disclosures made in the financial report against the relevant accounting standards.
Operation of financial reporting Information Technology (IT) controls The Group's IT systems are key to the daily operations and the integrity of the financial reporting process. Ensuring these systems have appropriate access controls is fundamental to mitigating the potential for fraud and/or error as a result of change/s to an application or underlying data. We have assessed the general control environment, taking consideration of the recent cyber incident. A number of deficiencies were identified, some of which were carried forward from previous years. Following the cyber incident and in response to the deficiencies identified, the Group has designed a remediation plan and are in the process of implementing this plan.	In conjunction with our IT specialists our procedures included, but were not limited to: • Obtaining an understanding of key business processes and their associated IT systems, general access, application and IT dependent manual controls; • Evaluating and testing the design and implementation of any relevant general, application and IT dependent manual controls with the assistance of our IT audit specialists related to key business processes; • Obtaining an understanding of the remediation of the general access control deficiencies; • Considering the broader IT environment including the governance process and controls to monitor and enforce control awareness across the Group; and • Responding to the identified control findings by varying the nature, timing and extent of the substantive procedures we performed.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in Section 5 of the Directors' Report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of IPH Limited for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Delaney

X Delaney
Partner
Chartered Accountants
Sydney, 17 August 2023

Shareholder **Information**

Shareholder information

The shareholder information set out below was applicable as at 31 July 2023.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

Range		Securities	%	No. of holders
100,001 and Over		211,554,449	90.08	95
10,001 to 100,000		9,597,386	4.09	407
5,001 to 10,000		4,893,942	2.08	676
1,001 to 5,000		7,385,572	3.14	2,948
1 to 1,000		1,424,390	0.61	3,217
	Total	**234,855,739**	**100.00**	**7,343**

Geographic distribution

Range	Securities	%	No. of holders	%
AUSTRALIA	220,719,293	93.98	7,205	98.12
AUST CAPITAL TERRITORY	457,509	0.19	125	1.70
NEW SOUTH WALES	155,913,824	66.39	2,898	39.47
NORTHERN TERRITORY	69,218	0.03	32	0.44
QUEENSLAND	6,429,426	2.74	1,645	22.40
SOUTH AUSTRALIA	1,299,699	0.55	429	5.84
TASMANIA	192,886	0.08	76	1.03
VICTORIA	54,764,106	23.32	1,516	20.65
WESTERN AUSTRALIA	1,592,625	0.68	484	6.59
CANADA	13,576,935	5.78	41	0.56
CHINA	4,105	0.00	1	0.01
HONG KONG	5,332	0.00	1	0.01
INDONESIA	2,982	0.00	1	0.01
JAPAN	974	0.00	1	0.01
MALAYSIA	15,850	0.01	4	0.05
NEW ZEALAND	400,533	0.17	67	0.91
PAPUA NEW GUINEA	1,000	0.00	1	0.01
PHILIPPINES	1,320	0.00	1	0.01
SINGAPORE	58,520	0.02	7	0.10
SWEDEN	1,657	0.00	1	0.01
THAILAND	8,000	0.00	1	0.01
UNITED KINGDOM	52,566	0.02	7	0.10
UNITED STATES	6,672	0.00	4	0.05
Total	**234,855,739**	**100.00**	**7,343**	**100.00**

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest registered holders of quoted equity securities as at 31 July 2023 are listed below:

Rank	Name	A/C designation	31 Jul 2023	%IC
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED		78,053,168	33.23
2	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED		36,356,185	15.48
3	CITICORP NOMINEES PTY LIMITED		28,067,308	11.95
4	NATIONAL NOMINEES LIMITED		19,002,450	8.09
5	BNP PARIBAS NOMS PTY LTD	<DRP>	7,329,751	3.12
6	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	<GSCO CUSTOMERS A/C>	2,891,392	1.23
7	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2		2,130,797	0.91
8	SETDOR PTY LIMITED		2,100,000	0.89
9	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	<NT-COMNWLTH SUPER CORP A/C>	2,085,504	0.89
10	UBS NOMINEES PTY LTD		1,927,898	0.82
11	BNP PARIBAS NOMINEES PTY LTD	<AGENCY LENDING DRP A/C>	1,612,506	0.69
12	PACIFIC CUSTODIANS PTY LIMITED	IPH EMP SHARE TST	1,504,004	0.64
13	TALABAH PTY LIMITED		1,367,175	0.58
14	CITICORP NOMINEES PTY LIMITED	<COLONIAL FIRST STATE INV A/C>	1,101,510	0.47
15	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD	<DRP A/C>	1,059,801	0.45
16	WOMBEE PTY LTD	<IRANI FAMILY A/C>	1,000,654	0.43
17	BKI INVESTMENT COMPANY LIMITED		665,000	0.28
18	WILLIAM STACE LLOYD		567,200	0.24
19	FRANCOIS GUAY		549,201	0.23
20	O'BRIENTRUS PTY LIMITED		514,814	0.22
		Total	**189,886,318**	**80.85**
		Balance of register	**44,969,421**	**19.15**
		Grand total	**234,855,739**	**100.00**

Unquoted equity securities

	No. on Issue	No. of holders
Performance Rights	2,530,339	159

Substantial holders

The names of substantial shareholders of the Company's ordinary shares as at 31 July 2023 (holding no less than 5%) who have notified the Company in accordance with section 671B of the *Corporations Act 2001* are:

Holder	Date of last notice received	No. of securities	Percentage of issued capital
IPH Ltd and its related bodies corporate[1]	20 Apr 2023	15,112,295	6.43%

1) The restrictions on disposal of shares under the voluntary escrow arrangements that the Company has in place with the vendors of the business of Smart & Biggar give the Company a relevant interest in 13,576,935 shares. However, the Company has no right to acquire these shares or to control the voting rights attaching to these shares. The remaining 1,535,360 shares are held by the IPH Limited employee share trust.

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

Restricted securities

There are no restricted securities.

Securities subject to voluntary escrow

Class	Expiry date	No. of securities
Ordinary	6 Oct 2024	5,317,980
Ordinary	1 Jan 2025	8,255,153

Annual General Meeting (AGM)

IPH will hold its 2023 Annual General Meeting on Wednesday 15 November 2023. Details of the meeting will be included with the Notice of Annual General meeting which will be distributed to shareholders.

IPH Limited is listed on the Australian Securities Exchange (ASX) and its ordinary shares are quoted under the ASX code 'IPH'.

Annual report

Amendments to the *Corporations Act 2001* have changed the obligations of companies regarding the provision of annual reports to shareholders. The default option for receiving annual reports has changed from a printed copy to an electronic copy via IPH's website at www.iphltd.com.au.

Verification process

IPH has in place processes to verify the periodic corporate reports it has prepared and released during FY23, where those reports were not subject to audit or review by an external auditor, to satisfy itself that each report was materially accurate and balanced and provided investors with appropriate information to make investment decisions. This verification process was applied to the sections of this Annual Report not audited or reviewed by an external auditor. The verification processes used included documenting the sources of information and undertaking consultation within IPH or with external parties. The Board or, where appropriate, Board Committees, have reviewed and approved each periodic corporate report prepared and released by IPH during FY23.

Online voting

Shareholders can lodge voting instructions electronically either as a direct vote or by appointing a proxy for the 2023 Annual General Meeting. The information required to log on and use online voting will be shown on the voting form which will be distributed to shareholders with the Notice of Annual General meeting.

Voting rights

At a general meeting, a shareholder present in person or by proxy, attorney or representative has one vote on a show of hands and on a poll has one vote for each fully paid share held.

In accordance with the requirements of the Corporations Act, the Chairman will demand a poll in relation to all substantive resolutions at a meeting of shareholders. If there are two or more joint holders of a share and more than one of them is present at a general meeting, in person or by proxy, attorney or representative, and tenders a vote in respect of the share, the Company will count only the vote cast by, or on behalf of, the shareholder by the joint holder whose name appears first in the Company's register of shareholder.

The quorum required for a meeting of members is the lesser (by number) of: five shareholders present in person; or shareholders present in person representing at least 10 per cent of the voting shares.

Shareholder questions

Shareholders can submit a written question to the Company or the Company's auditor in regard to the AGM or any of the proposed resolutions to be considered at the AGM, using the form supplied which will accompany the Notice of Annual General Meeting to be distributed to shareholders.

Information about IPH

Information about IPH Group Limited including company announcements, presentations and reports can be accessed at www.iphltd.com.au.

IPH Limited

Level 22
Tower 2, Darling Park
201 Sussex Street,
Sydney, NSW 2000
Australia

P +61 2 9393 0301
E info@iphltd.com.au