

ASX Announcement

17 August 2023

FY23 Results Investor Presentation

Attached is a copy of the IPH Limited FY23 Results Investor Presentation.

An analyst/shareholder briefing will be held at 10.30am (AEST). The briefing will be webcast and accessible on the IPH website at www.iphltd.com.au.

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Authorised for release to ASX by:

The Board of Directors of IPH

About IPH Limited

IPH is an international intellectual property services group, comprising a network of member firms working in ten IP jurisdictions and servicing more than 25 countries. The group includes leading IP firms AJ Park, Griffith Hack, Pizeys, Smart & Biggar, Spruson & Ferguson and online IP services provider Applied Marks. IPH employs more than 1,300 people working in Australia, Canada, China, Hong Kong SAR, Indonesia, Malaysia, New Zealand, Philippines, Singapore and Thailand.



2023 Full Year Results Investor Presentation

Full year ended 30 June 2023

Presented by:

Dr. Andrew Blattman
Managing Director & CEO, IPH Limited

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iphltd.com.au



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About the IPH Group

A leading international IP services group

Nº 1

Patent group
in Australia, Canada, New Zealand and Singapore²

Trade mark group
in Australia and New Zealand³

10
IP jurisdictions

1,300+
Employees¹

31k+
Annual patent filings⁴

12k+
Annual trade mark filings⁴

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.

6 brands

AJPark



GRIFFITH—HACK

PIZZEYS

SMART & BIGGAR



01

FY23 year in review



Strong underlying result

Building on growth step-outs

Underlying EBITDA¹
\$170.0m

28%



Consolidating our acquisitions
Smart & Biggar exceeding expectations



Underlying NPAT¹
\$99.0m

20%



Delivering on growth step-outs
Continued to assess complementary acquisition opportunities in Canada and in other core secondary IP markets



Final year dividend
(17.5 cents per share)²

9%



Progressing on sustainability
New sustainability strategic priorities and GHG emissions reporting



1) Underlying EBITDA and NPAT excludes costs incurred in pursuit of acquisitions, restructuring, costs associated with the cyber incident, IT SaaS implementation costs and amortisation of acquired intangibles
2) Represents 85% of cash NPAT



02

FY23 financial results



Financial overview

Earnings improvement assisted by Smart & Biggar contribution and currency benefit

Revenue¹
\$496.2m

29%



Final Dividend²
17.5 cents per share (35% franked)

9%



EBITDA
\$159.0m

37%



Underlying EBITDA³
\$170.0m

28%



Statutory NPAT
\$64.5m

23%



Underlying NPAT²
\$99.0m

20%



Diluted EPS
28.4 cents per share

19%



Underlying Diluted EPS
43.6 cents per share

16%



1) Revenue and other income, excluding interest

2) Total FY dividend represents 85% of cash NPAT

3) Underlying EBITDA and NPAT excludes costs incurred in pursuit of acquisitions, restructuring, costs associated with the cyber incident, IT SaaS implementation costs and amortisation of acquired intangibles



Like-for-Like earnings

Continued solid performance from Singapore hub; China / Hong Kong impacted by supply chain de-risking

Australia – New Zealand

Revenue

-1%



EBITDA

-5%



EBITDA margin

-5%



Asia

Revenue

4%



EBITDA

Steady



EBITDA margin

-4%



Group

Revenue

Steady



EBITDA

-3%



EBITDA margin

-3%



1) Like for like Revenue and Underlying EBITDA adjusted for the impact of acquisitions, movements in realised and unrealised foreign exchange and performance had the prior year's exchange rates applied



Resilient in the face of cyber security challenge

Effective response and business continuity implemented



What happened

- On 13 March 2023, IPH detected a portion of its IT environment was subject to unauthorised access:
 - Document management systems of IPH head office, Spruson & Ferguson Australia and Griffith Hack
 - Practice management systems of member firms above.

How we responded

- Immediately isolated systems, enacted business continuity and worked with cyber experts.
- Established new network infrastructure, restored system functionality and enhanced cyber security measures.
- Conducted comprehensive post incident review and completed review of regulatory requirements.

Outcomes of the investigation and post incident review

- Identified a limited set of data was downloaded by an unauthorised third-party.
- Data originated from Spruson & Ferguson Australia, data relating to a small number of clients of Spruson & Ferguson Lawyers; and some historical financial and corporate information.
- Conducted comprehensive post incident review to identify further learnings and opportunities to strengthen our cyber security measures and ensure the strengthening of controls.



Financial update

- For March 2023, this disruption contributed to a service charge budget shortfall of c\$4.4 million (in aggregate) for the impacted businesses of Griffith Hack and Spruson & Ferguson Australia.
- 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.
- \$2.8 million (pre-tax) has been incurred as non-underlying costs in FY23 accounts related to this incident, with no further costs expected.
- No known loss of client relationships as a result of the incident.



Underlying Results

Underlying EBITDA up 28%

	FY23 Statutory Income Statement	Adjustments	Underlying Earnings FY23 ³
Total revenue¹	496.2	(6.1)	490.1
Total expenses	(337.2)	17.1	(320.1)
EBITDA	159.0		170.0
EBITDA %	32.1%		34.7%
Depreciation & Amortisation	(53.4)	36.9	(16.5)
EBIT	105.6		153.5
Net Finance Costs	(18.2)		(18.2)
NPBT	87.4		135.3
Tax (expense)/benefit	(22.9)	(13.4)	(36.3)
NPAT	64.5	34.5	99.0
Diluted EPS (cents)²	28.4		43.6

1) Total Revenue and other income excluding interest.

2) Diluted EPS includes performance rights that are yet to vest.

3) Underlying EBITDA and NPAT excludes costs incurred in pursuit of acquisitions, restructuring, costs associated with the cyber incident, IT SaaS implementation costs and amortisation of acquired intangibles

Share based payments

As announced in the FY22 results share based payments expense is no longer excluded from underlying earnings unless identified specifically as a non-underlying expense. The amount included in compensation in FY23 is \$6.1m (FY22 \$4.8m). Of the \$6.1m, \$1.6m relates to non-underlying cost associated with the acquisition of Smart & Biggar.

Adjustments	Millions
Remeasurement of deferred consideration	(6.3)
Other	0.2
Adjustments to revenue	(6.1)
Business acquisition costs	10.7
Restructuring Expenses	2.8
Costs associated with cyber incident	2.8
SaaS Implementation	0.8
Adjustments to expenses	17.1

- Remeasurement of deferred consideration relates primarily to a fair value gain on settlement of earn out for Smart & Biggar due to changes in the IPH share price.
- Business acquisition costs relate primarily to the completion of Smart & Biggar and other opportunities.
- Restructure expenses include \$1.7m for the IPH Way project. As previously announced total IPH Way spend over the project expected to be \$6m by the end of FY24.
- Cyber costs include costs for specialist third parties as part of management and remediation of IT systems, forensic investigation, legal and other costs.
- SaaS Implementation includes a new CRM system.



Cash flow statement

Cash conversion impacted by one-off accounting items

- Cash conversion remains high at 88%.
- Operating non-cash items in both periods consists of share based payments.
- FY23 Non-operating adjustments include a non-cash gain of \$6.3 million in EBITDA relating to the remeasurement of deferred consideration and \$0.7 million in FX gains.
- FY22 Non-operating adjustments include \$8.7 million in impairment expenses due to restructuring (Shelston integration) and \$1.2 million in FX gains.
- Factors impacting the increase in working capital in FY23 include:
 - The cash payment of make-good provisions expensed in prior periods relating to the group's initiative to reduce its rental footprint; and
 - Normalisation of Smart & Biggar net asset position post acquisition; and
 - Larger WIP balances at year end for Spruson & Ferguson and Griffith Hack resulting from the cyber incident.

The cash conversion calculation methodology has been amended from prior periods to more accurately reflect the rate of cash conversion by removing the effects of non-operating activities from the calculation. Comparatives have been restated to reflect the amended methodology.

	FY23 Cash Flow Statement	FY22 Cash Flow Statement
\$'m		
Statutory EBITDA	159.0	115.9
Non-operating adjustments	(7.5)	7.6
Operating EBITDA	151.5	123.5
Operating non-cash movements	6.2	4.9
Change in working capital	(24.3)	(4.8)
Operating cashflows excluding financing activities and tax	133.4	123.6
Cash conversion ratio	88%	100%
Income taxes paid	(22.5)	(24.0)
Net interest paid	(19.1)	(4.7)
Capital expenditure	(6.9)	(7.2)
Free cash flow	84.9	87.7
Dividend paid (net of DRP)	(55.5)	(57.7)
Undistributed free cash flow	29.4	30.0
Acquisitions, disposals, investments & intangibles	(274.7)	(5.0)
Lease payments	(13.5)	(11.0)
Net borrowing proceeds/(repayments)	268.5	-
Net cash flow	9.7	14.0



Balance sheet

Growth in balance sheet following acquisition of Smart & Biggar

As a result of the acquisition of Smart & Biggar and subsequent identification and valuation of intangible assets the following new assets have been recorded:

- \$192m customer relationships (these will be amortised over 10 years)
 - \$30m Smart & Biggar brand
 - \$204m goodwill
 - The brand and goodwill will not be amortised but subject to impairment testing
 - Smart & Biggar acquisition accounting has been finalised at 30 June 2023.
- New borrowings of \$269m include CAD\$180m to fund acquisition. As some of the borrowings are denominated in foreign currency, these amounts will vary.
 - Increase in deferred tax liabilities predominantly relates to new customer relationships and lease assets upon acquisition.
 - Net debt sits at \$284m with balance sheet leverage¹ at 1.8 times following the acquisition of Smart & Biggar, which lies within the indicated target range of 1.5-2 times.
 - Other liabilities include \$1.7m deferred consideration from the Applied Marks consideration. This will settle post year end and represents 80% achievement of the earn-out.

1) Net debt / 12 month EBITDA

	Balance Sheet as at 30 Jun 2023	Balance Sheet as at 30 Jun 2022
\$'m		
Cash and cash equivalents	103.3	88.4
Trade and other receivables	141.8	92.8
Other current assets	32.9	15.8
Total current assets	278.0	197.0
Property, plant and equipment	12.8	8.6
Right-of-use assets	45.7	30.9
Intangibles	842.1	447.7
Deferred tax	11.6	3.0
Other non-current assets	6.4	1.2
Total assets	1,196.6	688.4
Trade and other payables	38.8	29.3
Lease liabilities	53.5	42.7
Deferred tax	95.9	33.0
Borrowings	387.7	118.5
Other liabilities	43.6	35.2
Total liabilities	619.5	258.7
Net assets	577.1	429.7
Equity		
Issued capital	558.1	424.8
Reserves	26.1	6.5
Accumulated losses	(7.1)	(1.6)
Total equity	577.1	429.7



Foreign currency sensitivity

Earnings currency sensitivity

- Based on the USD profile in FY23 in the IPH Group, a 1c movement in the AUD/USD exchange rate equates to approximately \$2 million of revenue on services charges on an annualised basis. The acquisition of Smart & Biggar did not materially impact this calculation as the business invoices the vast majority of its clients in CAD.
- This sensitivity fluctuates on the basis of acquisitions, their timing and their mix of currencies.
- 40% of the Group's invoicing is denominated in USD¹. This proportion has decreased from 54% following the acquisition of Smart & Biggar.
- The Group currently does not undertake foreign currency hedging on its operating transaction exposure. The Group continues to monitor this position.

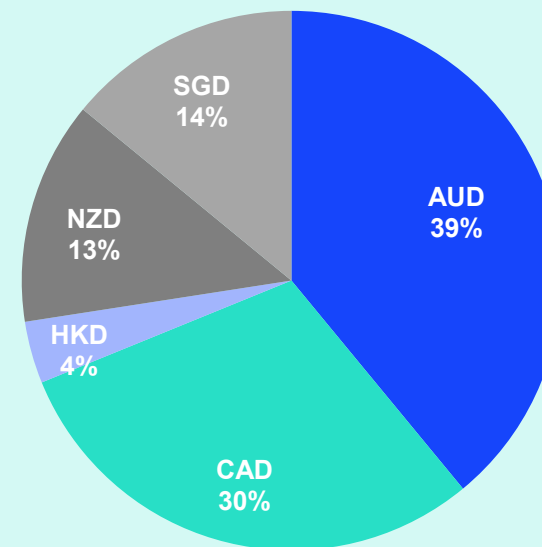
Balance sheet sensitivity

- The Group is also exposed to FX on the level of its foreign denominated cash and receivables in the balance sheet, the largest of which is USD, balances of which fluctuate.
- Average USD cash² held US\$26m.
- Average USD net assets (including cash)³ US\$43m.

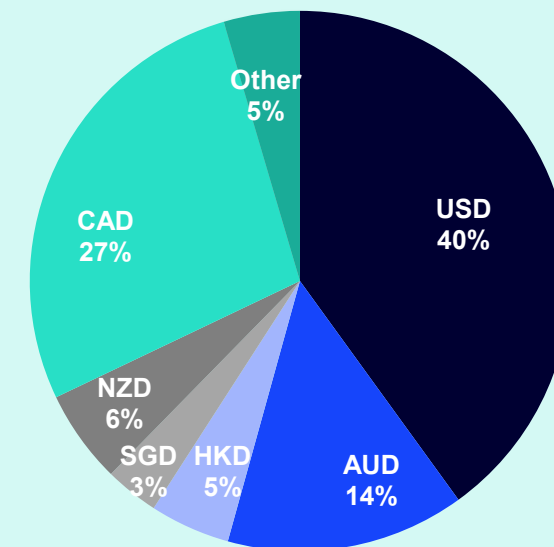
FX Rates (average)	USD	SGD
FY23	0.673	0.918
FY22	0.726	0.986
Variance	7.4%	7.0%

1) Excludes USD billing in SF Hong Kong where HKD is pegged to USD. IPH exposure is to HKD.
 2) Average of closing monthly USD cash balance.
 3) Average of opening and closing USD denominated assets.
 4) Annualised based on FY23 performance.

FY23 Operating Expenses⁴



FY23 Service Charges⁴



03

Market update

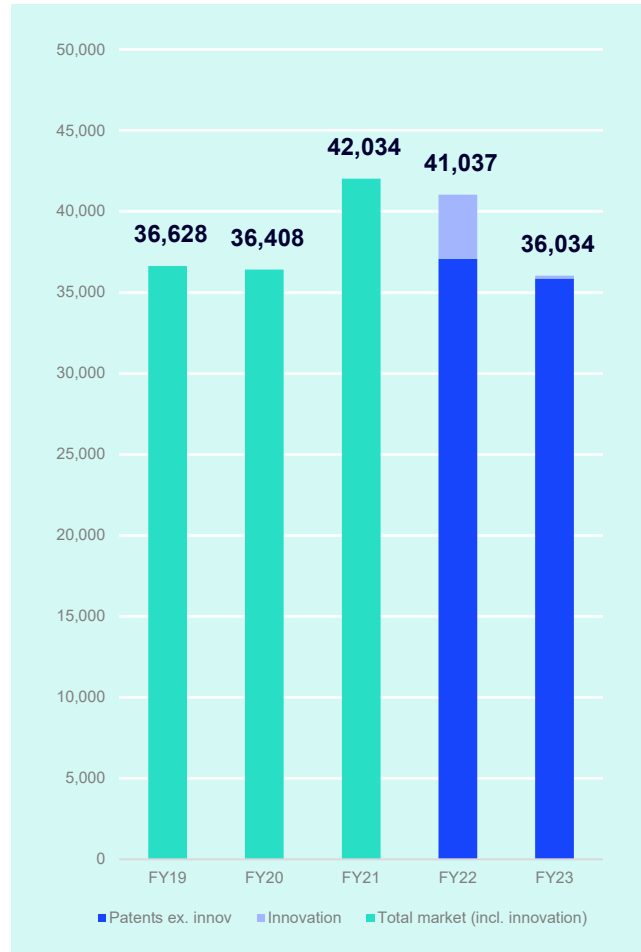


Patent market – Australia

IPH Group filings began to stabilise in second half

Australian patent filings – market¹

- Australian patent market (excluding innovation patents) decreased by 3.3% in FY23 compared with the previous corresponding period.



1) Management estimate based on IP Australia filing data as at 16/7/23 (FY23), 1/8/22 (FY22), 13/7/21 (FY21), 14/7/20 (FY20), and 1/8/19 (FY19). Chart includes all types of patent applications.

IPH Group market share (excluding innovation patents)²

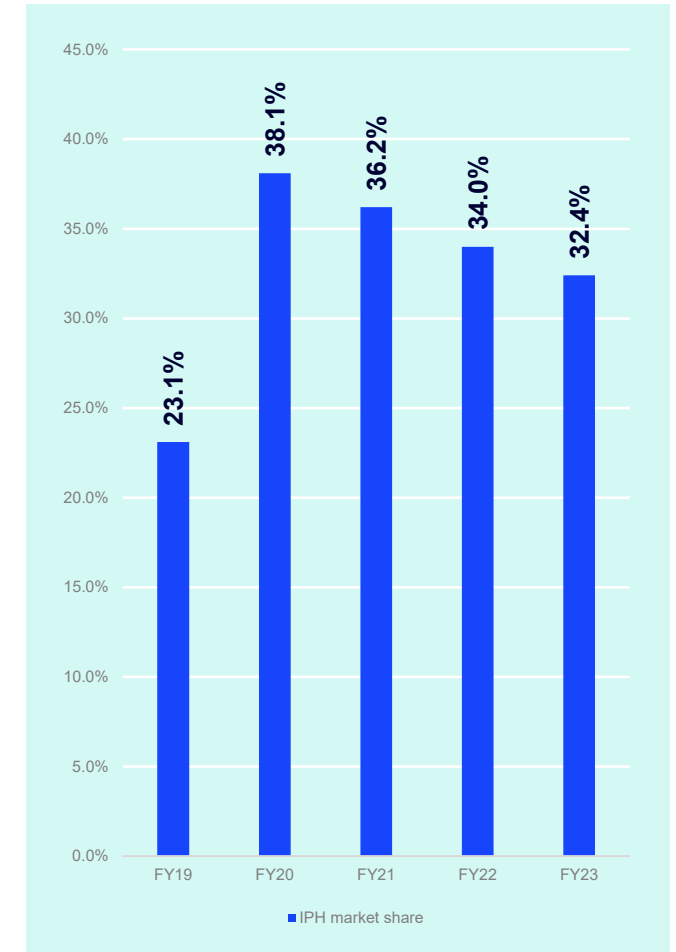
- IPH filings in FY23 decreased 7.8% on the previous corresponding period.³
- IPH Group's filings began to stabilise in 2H, with Spruson & Ferguson and Griffith Hack improving performance in 2H.⁴
- Relative decline in IPH Group filings in Australia reflects a full year of the integration of Spruson & Ferguson Australia and Shelston IP in FY23, compared to seven months in FY22. We previously noted the disruptive impact of member firm integrations on filing activity. This impact has now washed through.
- No known loss of client relationships as a result of cyber incident.
- 800+ patent cases transferred to IPH from 2 Australian clients in FY23.⁵

2) Management estimates of Group market share based on IP Australia filing data excl. innovation patents (which ceased Aug 21). Data captured at end of each financial period and may not reflect subsequent changes of agent. Chart includes IPH acquired entities from 1 Jul of the acquisition year.

3) Any IPH acquired entities are included in both periods on a pro-forma basis for filings comparison.

4) Improved filing performance in 2H23 vs 2H22 compared with 1H23 vs 1H22.

5) Transferred patents relate to cases filed or pending filing worldwide including Australia.

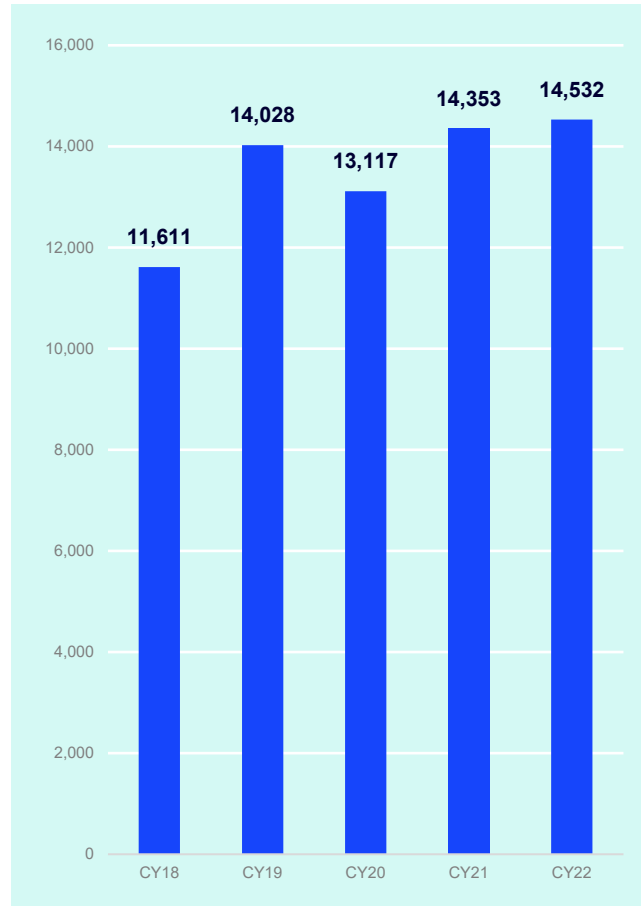


Patent market – Singapore

Maintained #1 position; strong performance with Singapore hub like-for-like revenue up 8% and EBITDA up 7%

Singapore patent filings – market¹

- Latest CY22 data indicates Singapore patent market increased by 1.2% compared with CY21.
- Market impacted by significant filing decline from the top corporate group in the market in CY21 (an IPH client). Excluding this group, the market increased 3.8% in CY22.

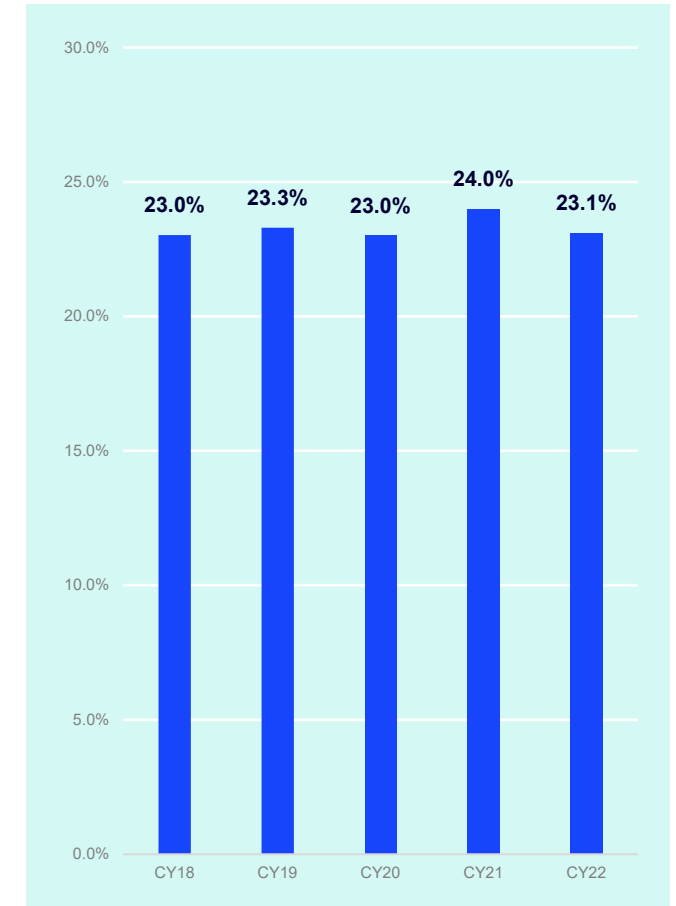


1) IPH Management estimate based on IPOS filing data as at 20/7/23 (CY23 YTD April and CY22), 2/02/22 (CY21), 2/05/21 (CY20), 3/08/20 (CY19). Note, CY23 data is preliminary and may change due to data release timings.

IPH Group market share²

- IPH grew share of market in CY23, based on preliminary data. For the first 4 months of CY23 IPH increased its market share to 23.2% (Jan-April 2023) from 22.7% (Jan-April 2022).
- IPH maintains number one market share position in CY22.
- Excluding a top corporate group, IPH grew nearly twice the rate of the market in CY22.
- IPH more strongly impacted by the decline from the top corporate group than the rest of the market. Excluding this corporate group, IPH's filings increased 7.7% in CY22.
- Including the top corporate group, IPH filings decreased by 2.7% in CY22 compared with CY21.

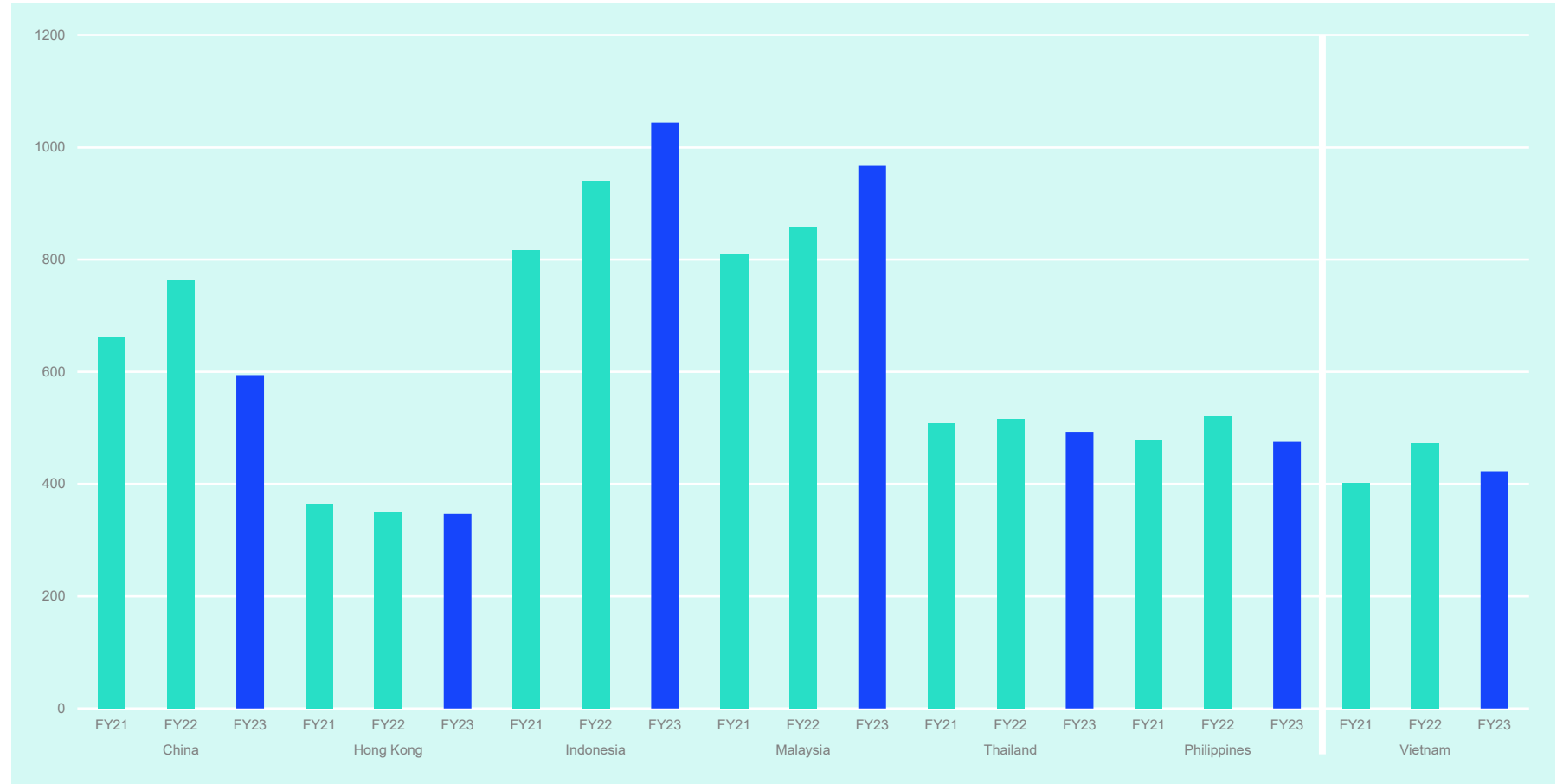
2) IPH Management estimates of Group market share based on IPOS filing data. Data captured at end of each financial period and may not reflect subsequent changes of agent. IPH share includes Singapore offices of Spruson & Ferguson and Pizzey's.



IPH patent filings – Asia¹

Solid growth in Indonesia and Malaysia offset by lower filings into China

- Patent filings in Asia decreased by 1.7% in FY23 against a strong prior year.
- IPH patent filings in Malaysia up 13%, Indonesia up 11%. Hong Kong was flat and China down 22%.
- IPH shows longer term filing growth in China with CAGR of 16% since FY18.
- IPH established a presence in the Philippines in FY23, establishing a new office in Manila in May 2023.
- Network continues to be attractive to large clients with multiple large clients increasing filings across a number of jurisdictions in FY23.



1) Total patent cases lodged in key jurisdictions in Asia (excl. Singapore) by IPH entities (or external agents in the case of the Philippines and Vietnam). Data based on internal filing statistics excl. Smart & Biggar.



Expanding in Asia, pursuing growth in ANZ

Key business development initiatives targeting organic growth



Organic
growth

Expanding in Asia:

- In May, IPH announced the establishment of a new team and office in Manila, Philippines, expanding IPH's presence to 10 IP jurisdictions.
- The new Manila office is the 10th office for Spruson & Ferguson across the Asia Pacific region, and the 7th in Asia.

Business Development initiatives in AU & NZ, specifically:

- Tailored BD plans for Practice Groups and individual fee earners
- Client plans for top 30-50 clients
- Kick-off FY24 BD focus program with incentive plans rewarding fee-earner BD activity
- Roll out of Client Relationship Management to enhance client interactions
- Sales playbooks for member firms



04

Delivering on our strategy



Smart & Biggar performance exceeding expectations

Enhances IPH's international network with opportunity for further consolidation in Canada



**Consolidate
acquisitions**

- Smart & Biggar is the number one patent filer in Canada.¹
- Initial synergies of in excess of CAD 3.0m have been identified since acquisition (of which c. CAD 1.0m relates to reduction in rental charges below the EBITDA line).
- Clear pathway has been developed to realise \$4-6m in synergies (inclusive of rental savings) over the first three years as previously advised to the market.
- Revenue for FY23 of CAD 87m for the period of ownership was ahead of the annualised pro forma revenue at the time of acquisition.
- Legal services represented 29.8% of service charges.
- Generating c. 220 referrals between Smart & Biggar and IPH offices in Asia Pacific in FY23.²
- IPH operational capabilities now in place: IPH Operating Model, new Smart & Biggar executive leadership team, Client Voice Survey, high-level IT roadmap, member firm referral program, Group Employee Incentive Plan (EIP), Short-Term Incentive Payment (STIP) and learning program.
- FY23-25 strategy focused on creating an environment where our people flourish; with profitable client growth and strong national alignment, as part of the IPH group.

1) IPH Management estimate of patent filing market share for CY19-CY22 YTD June, based on CIPO bulk dataset as at approximately June 2023.

2) Case referrals to/from Smart & Biggar and IPH offices in Asia, Australia and New Zealand in FY23, based on internal data.



Our strengthened commitment to sustainability

Refreshed sustainability strategic priorities and stronger environmental impact measurement

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; and establishment of new Projects 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.

- Women represent 50% of the IPH Board, 30% of Senior Executive and Principal roles and 55% of other fee earners
- 76 promotions across the group, with 67% of fee earners promoted in FY23 being women
- New partnership commenced with DeadlyScience as part of our commitment to reconciliation



Education & Training

Build a culture of continuous and holistic learning and development.

- 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
- AUD\$570k+ to support 64 trainees to complete their Masters of IP



Wellbeing & Flexibility

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

- Hybrid working policy remains in place since FY22, with the vast majority of our workforce currently working flexibly
- Partnership with Assure (AU, NZ) and HumanaCare (Canada) providing comprehensive range of resources, including free professional and confidential counselling services



Building capability and supporting our people

Expert IP professionals, recognised in their field

76 promotions across the group in FY23



7 Principal promotions announced for FY24



67% of fee earner promotions in FY23 were women

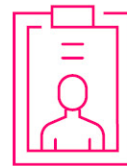
240+

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



110+

professional staff received industry awards

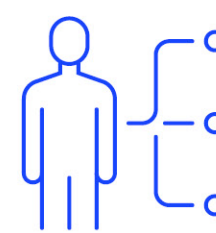
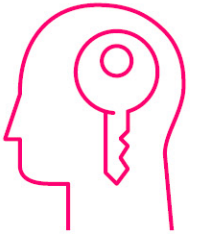


217

new hires

AUD\$570k+

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

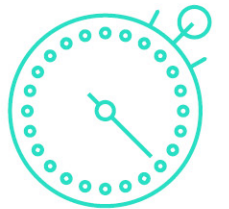


3,200+

hours of staff development training across the group in FY23

1,200+

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

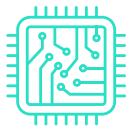


Generative AI changing the innovation ecosystem



AI will change the way we protect innovations

- **Protection of inventions with AI involvement:**
Key jurisdictions currently accept that technologies created solely by AI systems, without any human input, cannot be patented. However, complexity remains around human and AI collaboration.
- **Generative AI will mean more actors in the IP system:**
“By reducing the barrier to creating novelty, generative AI lowers the barrier to entry to the IP system.”
– **IP Australia**
- **AI will contribute to efficiencies in the administration of IP:**
“Automated matching of technologies, identifying infringement risks, validating patent strengths, and uncovering market trends are just a few ways in which AI can bolster IP strategy and enhance the value of patent portfolios.”
– **Aaron LePoidevin** | Managing Director, Griffith Hack



AI will shape the future of the IP profession

- **Streamline the patent process:**
Reducing friction in the patent process itself, from assisting in preparing patent specifications to automating infringement searches.
- **Extending commercialisation and monetisation of patents:**
Automated matching of technologies, identifying infringement risks, validating patent strengths, uncovering market trends.
- **Assessing impact on translation process:**
Machine learning is continually improving, though translation quality is highly variable. While AI translations will improve, the technical nature of patent applications requires expert review by patent attorneys (as occurs today, where language translation is outsourced to human translators).



05

Looking ahead to FY24



Summary and Priorities for FY24

Leveraging our enhanced platform for further growth

- Maintain stability and drive organic revenue growth in Australian / NZ business
- Continue to assess complementary acquisition opportunities in Canada and other core secondary IP markets:
 - In Canada, a number of further consolidation opportunities exist to expand patent market share, each in the region of c. 4-7% of the Canadian patent market.
 - In discussions with parties regarding potential opportunities, with one expected to be announced immediately post FY23 results, and another being actively pursued.
 - Continuing to pursue other acquisition opportunities and involved in discussions in relation to such opportunities.
- Focus on restoring growth in Asia
- Leverage Smart & Biggar presence across the international network and drive referrals
- Review operating model to ensure future state capability of the expanding IPH group





Thank you

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06

Appendix



Like-for-Like earnings

Continued solid performance from Singapore hub offset by lower performance in China / Hong Kong

	Underlying Revenue Jun 23	New Businesses	Accounting FX Movements	Currency Adjustment	Adjusted Revenue Jun 23	Underlying Revenue Jun 22	Chg%	Reported HY23
Australia & NZ IP	289.8		0.7	(7.2)	283.3	286.0	(1%)	(3%)
Asian IP	118.9		2.0	(5.8)	115.0	110.2	4%	9%
Canada IP	93.8	(93.8)						
WiseTime	0.1	0.6			0.6	0.6		
Corporate	12.5		(1.2)		11.3	9.6		
Eliminations	(24.9)		1.1		(23.7)	(21.3)		
	490.1	(93.2)	2.6	(13.0)	386.6	385.1	0%	0%

	Underlying EBITDA Jun 23	New Businesses	Accounting FX Movements	Currency Adjustment	Adjusted EBITDA Jun 23	Underlying EBITDA Jun 22	Chg%	Reported HY23
Australia & NZ IP	103.3		0.7	(7.8)	96.1	101.6	(5%)	(6%)
Asian IP	54.3		2.0	(3.8)	52.4	52.2	0%	10%
Canada IP	31.4	(31.4)						
WiseTime	(0.0)	(0.5)			(0.5)	(0.5)		
Corporate	(17.8)		(1.2)		(19.0)	(19.6)		
Eliminations	(1.1)		1.1		0.1	(1.1)		
	170.0	(31.9)	2.6	(11.7)	129.1	132.6	(3%)	0%

1) Underlying EBITDA excludes costs incurred in pursuit of acquisitions, restructuring, costs associated with the cyber incident, and IT SaaS implementation costs.

2) New business represents 9 months of Smart & Biggar. WiseTime was divested in July 2022.

3) Accounting FX movements represents change in realised and unrealised FX as reported in the financial statements.

4) Currency adjustment represents the performance had the prior period exchange rates applied.

5) Share-based payments are now included in like-for-like earnings in FY23 and the comparative period.



Underlying Results

Underlying EBITDA up 28% reflects Smart & Biggar contribution and currency benefit

	FY23 Statutory Income Statement	Adjustments	Underlying Earnings FY23 ³	FY22 Statutory Income Statement	Adjustments	Underlying Earnings FY22
Total revenue¹	496.2	(6.1)	490.1	385.1		385.1
Recoverable expenses	(120.4)		(120.4)	(103.4)		(103.4)
Compensation	(167.1)	3.3	(163.8)	(123.4)		(123.4)
Occupancy	(3.0)		(3.0)	(1.8)		(1.8)
Restructuring / acquisitions related expenses	(12.2)	12.2	-	(7.9)	7.9	-
Costs associated with the cyber incident	(1.5)	1.5	-	-		-
Impairment of intangible assets	-		-	(6.8)	6.8	-
Other	(33.0)	0.1	(32.9)	(25.9)	1.9	(24.0)
Total expenses	(337.2)		(320.1)	(269.2)		(252.5)
EBITDA	159.0		170.0	115.9		132.6
EBITDA %	32.1%		34.7%	30.1%		34.4%
Depreciation & Amortisation	(53.4)	36.9	(16.5)	(39.5)	22.8	(16.8)
EBIT	105.6		153.5	76.4		115.8
Finance Costs	(18.2)		(18.2)	(4.7)		(4.7)
NPBT	87.4		135.3	71.7		111.1
Tax (expense)/benefit	(22.9)	(13.4)	(36.3)	(19.1)	(9.5)	(28.7)
NPAT	64.5	34.5	99.0	52.6	29.9	82.4
Diluted EPS (cents)²	28.4		43.6	24.0c		37.7c

1) Total Revenue and other income excluding interest.

2) Diluted EPS includes performance rights that are yet to vest.

3) Underlying EBITDA and NPAT excludes costs incurred in pursuit of acquisitions, restructuring, costs associated with the cyber incident, IT SaaS implementation costs and amortisation of acquired intangibles



Supplementary information

Items below EBITDA

The table below details components included in Profit before Tax not included in EBITDA.

FY24 assumptions¹ are estimated and movements from FY23 to FY24 are predominately due to an additional 3 months of Smart & Biggar.

Category	FY23	FY24	Comments
Depreciation & Amortisation	4.4	5.0	Depreciation of PPE & Capitalised Software
Depreciation ROU Assets	9.6	10.0	Formerly treated as lease expense with EBITDA prior to the introduction of AASB16
Interest - Leases	1.8	2.0	
Amortisation – Acquired Intangibles	36.9	41.5	Amortisation of Intangible assets created through acquisitions ²
Interest Expense	18.4	24.0	Interest on Debt facility

1) Refer Disclaimer on slide 2

2) Based on completed acquisitions at 30 June 2023 at FY23 average exchange rates.

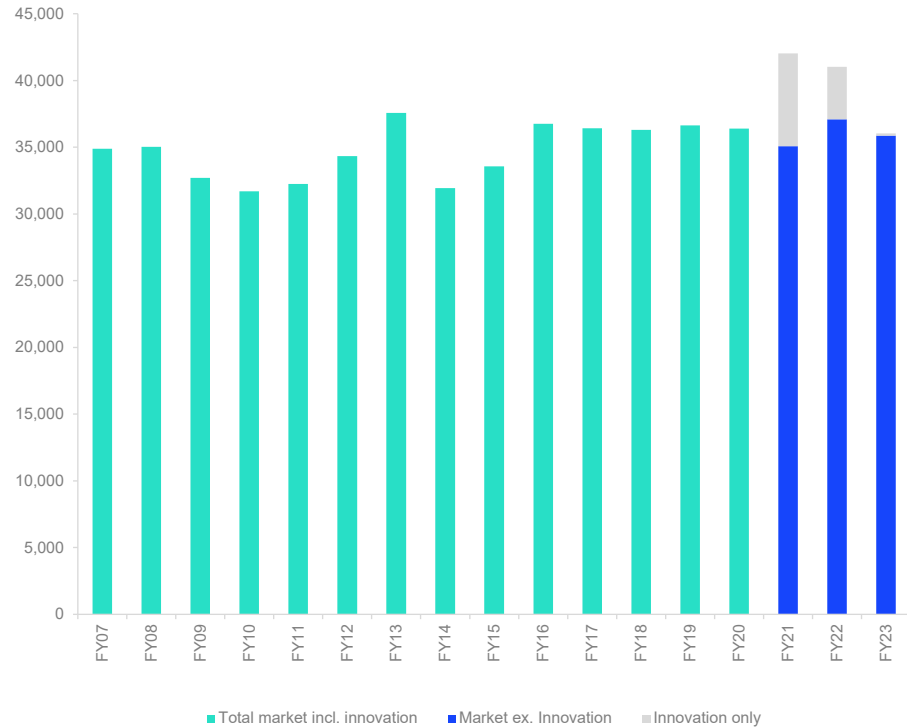


Patent market trends

Long-term trends stable

Australian Patent Filings¹

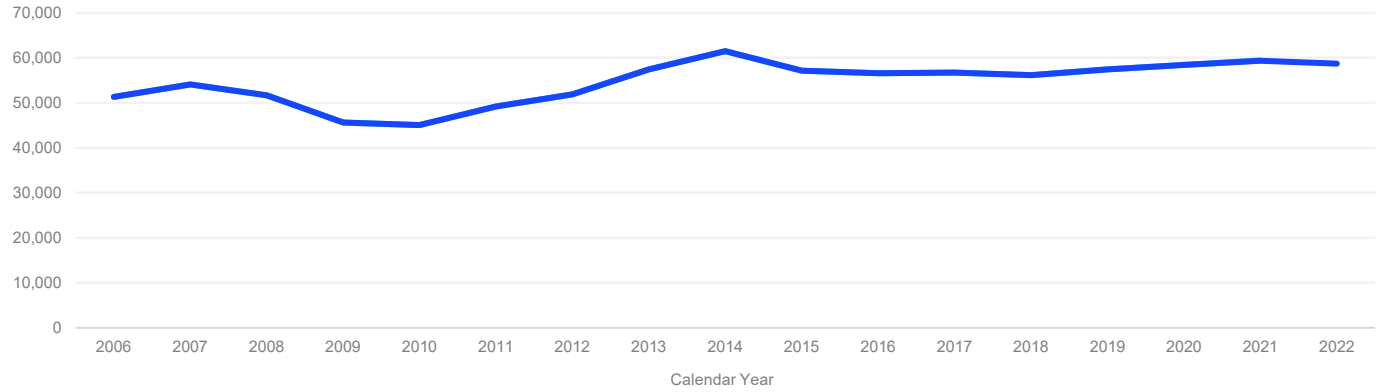
CAGR 15 Year (FY08 to FY23) = 0.2%
CAGR Post-GFC (FY10 to FY23) = 1.0%



1) Management estimate based on IP Australia filing data as at 16/7/23 (FY23), 1/8/22 (FY22), 13/7/21 (FY21), 14/7/20 (FY20), 1/8/19 (FY19) and 3/8/2018 (FY18). Filings for all years include innovations which ceased in August 21.

US PCT Applications²

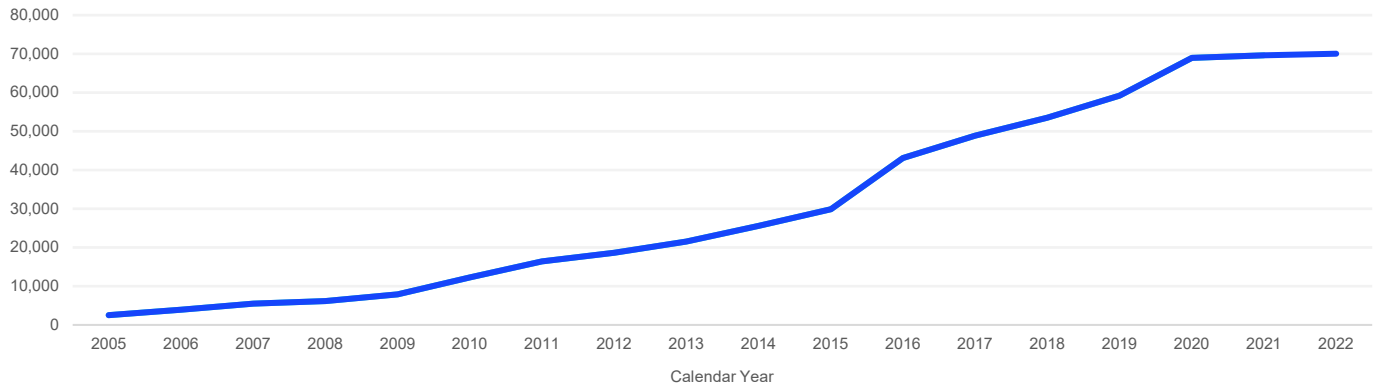
CAGR 15 Year (CY07 to CY22) = 0.6%
CAGR Post-GFC (CY10 to CY22) = 2.2%



2) PCT applications originating from US filed at any receiving office by filing date from WIPO IP Statistics Data Center as at 21/7/23.

China PCT Applications³

CAGR 15 Year (CY07 to CY22) = 18.5%
CAGR Post-GFC (CY10 to CY22) = 15.6%

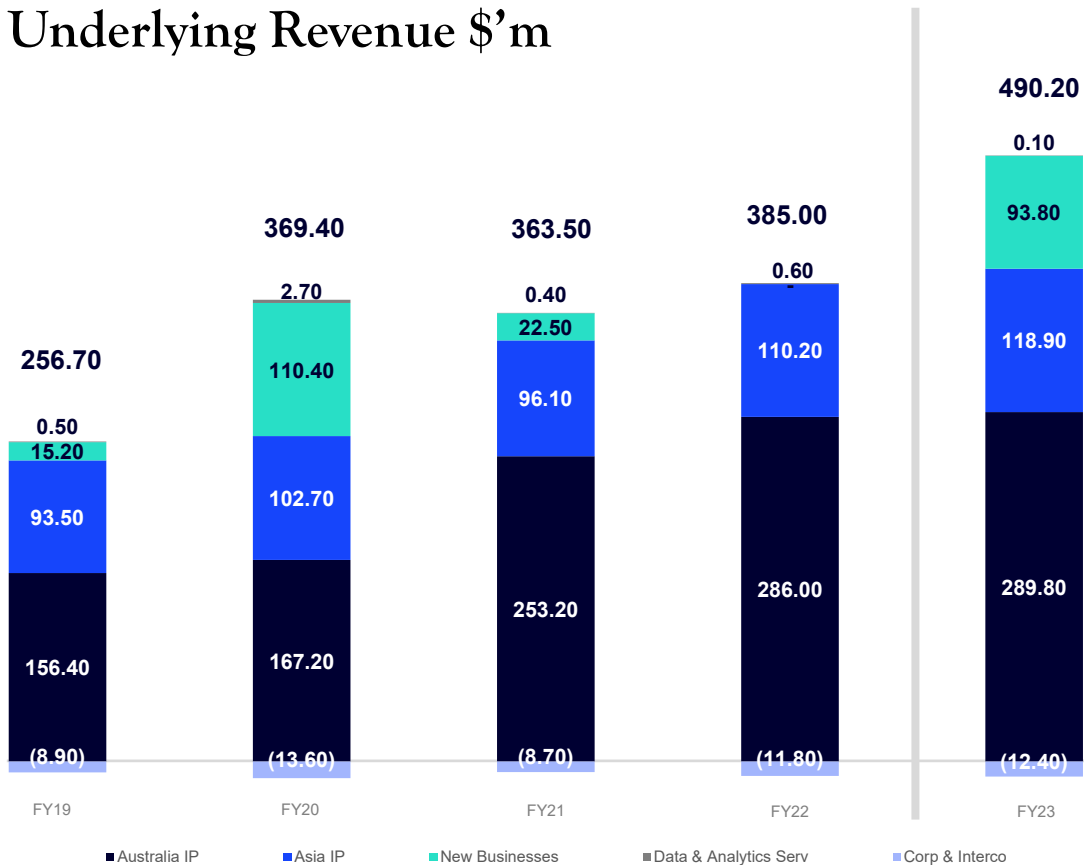


3) PCT applications originating from China filed at any receiving office by filing date from WIPO IP Statistics Data Center as at 21/7/23.

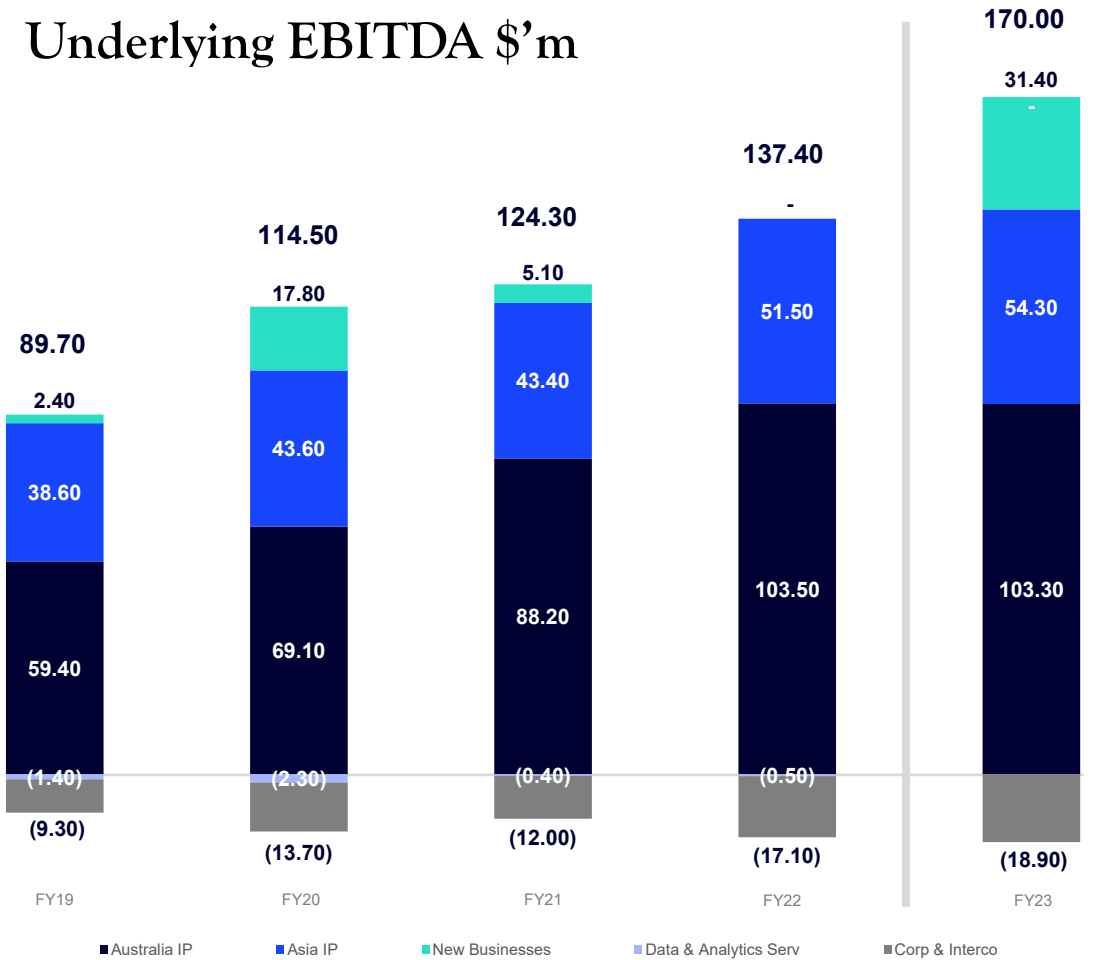


Revenue and EBITDA

Underlying Revenue \$'m



Underlying EBITDA \$'m



1) Underlying EBITDA in FY21, FY22 and FY23 is post-AASB16. FY19-FY20 are pre-AASB16.
 2) Underlying EBITDA excludes costs incurred in pursuit of acquisitions, revaluations of deferred settlements & earn outs, new business establishment costs, accounting charges for share-based payments (until and including FY22) and restructuring expenses.
 3) New Businesses FY23 represents 9 months of Smart & Biggar.



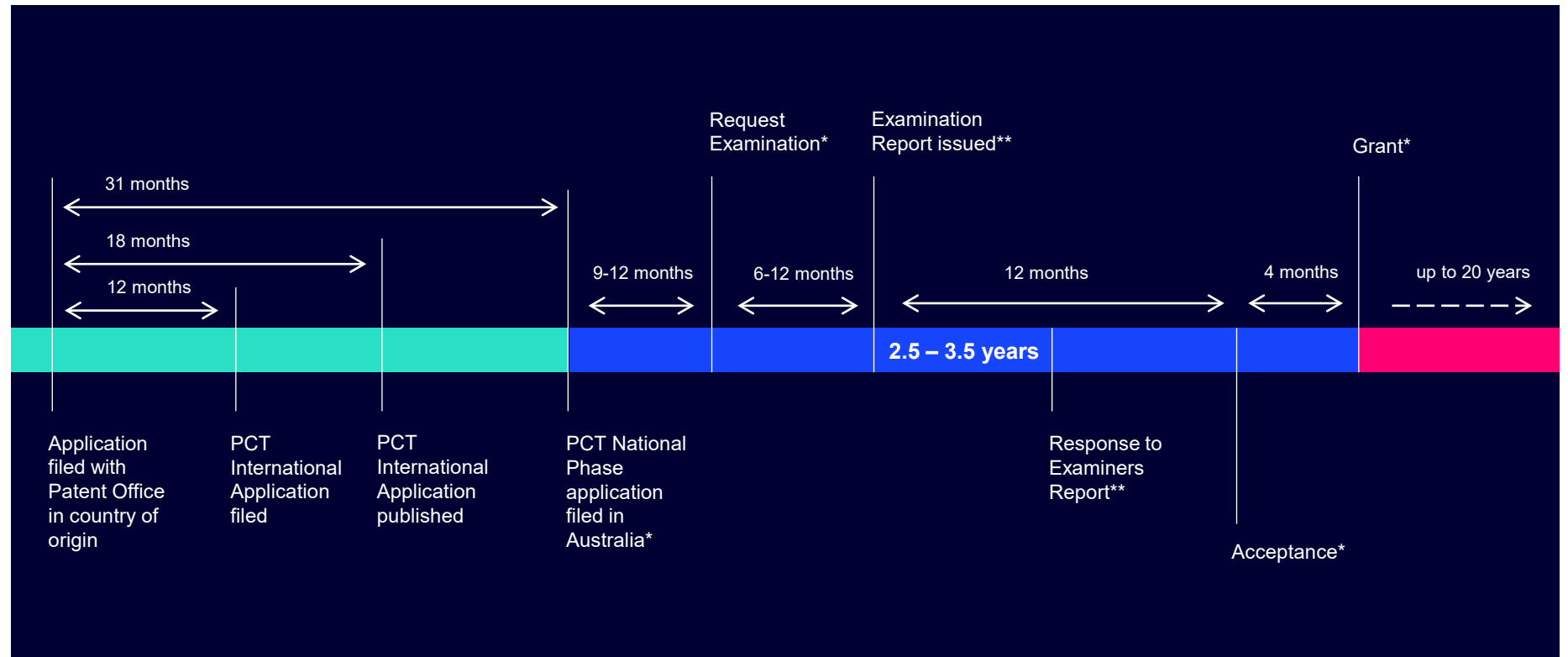
Patent lifecycle

Long-life cycle supports consistent revenues and earnings

Each year more than half⁺ of the total patent applications filed in Australia come through the PCT system in the form of PCT National Phase patent applications.

- The process from filing the Australian application (or entering the Australian national phase) to grant of a patent typically takes 2.5-3.5 years.
- Patents can be renewed by paying official renewal fee annually up until the expiry of the patent 20 years from the filing date of PCT International Application.

Typical (indicative) foreign patent route in Australia



⁺ Management estimate based on PCT National Phase entries from IP Australia filing data FY19 to FY23.

* Revenue event – typically flag fall.

** Revenue event – typically combination of flag fall and hourly charges

