

# ASX Announcement

17 August 2023

## Ridout & Maybee – Canadian IP firm to join Smart & Biggar

### Further consolidates IPH presence in Canadian IP market and consistent with growth strategy

#### Transaction Highlights

- Ridout & Maybee will join Smart & Biggar for consideration of CAD 65m (AUD 74m)
- Highly complementary IP businesses to operate as one firm under the Smart & Biggar brand
- Further consolidates IPH's presence in Canada and consistent with growth strategy and vision to be the leading IP services group in secondary IP markets
- Expected to be Underlying EPS accretive in first full year of ownership

IPH Limited (ASX:IPH) is pleased to announce that it has reached agreement to acquire IP services firm, Ridout & Maybee in Canada.

The acquisition brings together two leading Canadian IP firms and their highly qualified and experienced IP teams into one combined firm, which will operate under the Smart & Biggar brand.

Established in 1893, Ridout & Maybee is a well-known Canadian IP firm, with more than 30 high quality IP professional staff working from Toronto, Ottawa and Burlington offices.

In 2022, Ridout & Maybee filed in excess of 2,800 patents and 1,000 trade marks for its clients, which include large multi-national corporations, universities, government agencies, start-ups and individual inventors.

The transaction is consistent with IPH's strategy to pursue growth opportunities in secondary IP markets and follows the Company's acquisition of Smart & Biggar in Canada in October 2022.

#### Transaction summary

Total purchase consideration for the transaction is approximately CAD 65m (approximately AUD 74m). The consideration comprises:

- Cash consideration of CAD 46m (approximately AUD 52m); and
- Initial issue of 2.9m new IPH shares to a value of CAD 20m (approximately AUD 22m) (escrowed for two years) (representing 1% of existing shares on issue)<sup>1</sup>.

Ridout & Maybee's pro forma adjusted EBITDA for the 12 months to December 2022 was CAD 8.2m (approximately AUD 9.4m)<sup>2</sup>. Ridout & Maybee is expected to add in excess of approximately 25% to Smart &

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<sup>1</sup> IPH shares issued as a part of the upfront consideration will be escrowed for two years from completion. These shares will be issued at a price of AUD 7.82 per share, being the 20 day VWAP to 16 August 2023.

<sup>2</sup> Pro forma adjusted EBITDA is calculated as Ridout & Maybee's reported earnings before depreciation and amortisation and before partner draws (on a pre-IFRS-16 basis), adjusted for estimated pro forma partner salaries (excluding any incentive payments), the estimated impact of IFRS-16 and non-recurring items.

Biggar's underlying EBITDA, including cost efficiencies of approximately CAD 2m, expected to be achieved over three years<sup>3</sup>.

The transaction is expected to be underlying EPS accretive in the first full year of ownership.

The transaction consideration will be funded from IPH debt facilities, existing cash reserves and the issuance of IPH shares to the vendors. Following the transaction IPH's pro forma leverage ratio will be 1.8x.

The company will re-invest CAD 1m - 1.5m of expected synergies to strengthen IPH's group operating model, reflecting the increased geographic scale and scope of the business and future requirements.

Ridout & Maybee partners will join Smart & Biggar as Principals and will generally enter into four-year minimum term employment agreements as a part of the transaction. The continuing partners and eligible professional staff will, following completion, be invited to participate in the IPH group employee incentive plan providing opportunities to earn incentives in the form of cash and performance rights, and share in the success of the group.

Completion of the transaction is subject to satisfaction or waiver of a number of conditions, including there being no order or proceeding for the purpose of preventing completion, no material adverse change affecting Ridout & Maybee or IPH occurring, and other standard conditions. The transaction can be terminated if any of these conditions are not satisfied or waived and can also be terminated in certain other circumstances.

### **Continued delivery of IPH growth strategy**

IPH Managing Director & CEO, Dr Andrew Blattman said: "The acquisition of Ridout & Maybee is consistent with our growth strategy and supports our vision to be the leading IP services group in secondary IP markets. Following the successful acquisition of Smart & Biggar in October 2022, this transaction further consolidates our presence in the Canadian IP market and we look forward to Ridout & Maybee becoming part of Smart & Biggar and contributing to the wider IPH network."

Smart & Biggar Managing Director, Matthew Zischka said: "Ridout & Maybee is a quality IP firm with a leading team of IP specialists. We are delighted to be able to bring together the strengths of two Canadian IP businesses as one firm under Smart & Biggar."

Ridout & Maybee Partner, Peter Everitt said: "We are excited to join Smart & Biggar and believe this will best position our firm for the future, both in Canada and internationally. As a combined firm we can provide enhanced career opportunities for our people and an enhanced service offering for our clients as part of a larger firm."

Aquasia is acting as financial adviser and Cassels Brock & Blackwell, Lapointe Rosenstein Marchand Melançon and Bird & Bird are acting as legal advisers to IPH.

For more information, please contact:

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#### **Authorised for release to ASX by:**

The Company Secretary

#### **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.

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<sup>3</sup> Based on Smart & Biggar underlying EBITDA for FY2023, adjusted to represent a full year contribution and Ridout & Maybee pro forma adjusted EBITDA for the 12 months to December 2022.