

# ASX Announcement

21 November 2023

## Canadian IP firm, ROBIC to join the IPH group

### Further expands IPH presence in Canadian IP market

#### Transaction Highlights

- ROBIC will join the IPH group for consideration of approximately CAD 110.6m (AUD 124m)
- IPH's third acquisition in Canada, further expanding the group's presence in the North American region and as a leading international IP services group
- Expected to be underlying EPS accretive in first full year of ownership

IPH Limited (**IPH**) is pleased to announce that it has reached agreement to acquire the intellectual property (IP) agency practice of Canadian IP services firm, ROBIC, which will hold an interest in the legal practice of ROBIC as permitted by Canadian regulation.

Established in 1892, ROBIC is one of Canada's leading IP firms and the largest in Quebec, with a team of approximately 220 staff located in offices in Montreal and Quebec City.

In 2022, ROBIC filed in excess of 3,000 patents and 1,500 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 is IPH's third acquisition in Canada, following the acquisition of Smart & Biggar in October 2022 and Ridout & Maybee in September 2023.

ROBIC will add to IPH's strong and growing presence in the Canadian market and provides further diversification to our business as expansion into global secondary markets continues in line with our strategic direction.

#### Transaction summary

IPH will undertake the transaction by acquiring a new Quebec limited partnership that will conduct the IP agency practice of ROBIC and will own an interest in a new Quebec limited liability partnership formed by former ROBIC partners that will acquire the legal practice of ROBIC, in compliance with Quebec regulation.

Both the IP agency and law firm will continue to operate under the ROBIC brand.

Total purchase consideration for the transaction is approximately CAD 110.6m (approximately AUD 124m). The consideration comprises:

- Cash consideration of approximately CAD 68.3m (approximately AUD 76m);
- Initial issue of 6m new IPH shares to a value of approximately CAD 36.8m (approximately AUD 41m) (escrowed for two years) (representing 2% of existing shares on issue)<sup>1</sup>; and

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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 (subject to certain exceptions). These shares will be issued at a price of AUD 6.91 per share, being the 20 day VWAP to 17 November 2023.

- Deferred, earn-out consideration of up to CAD 5.6m (approximately AUD 6m), paid as a mix of cash and IPH shares, is payable dependent on ROBIC's earnings in the first 12 months following the transaction outperforming a threshold broadly in-line with its earnings level in the 12 months to March 2023.

ROBIC's unaudited revenue for the 12 months to August 2023 was CAD 56.5m (approximately AUD 63m) and pro forma adjusted EBITDA was CAD 12.5m (approximately AUD 14m<sup>2</sup>).

The purchase price represents a multiple of approximately 9x pro forma adjusted ROBIC EBITDA for the 12 months to August 2023<sup>3</sup>.

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

ROBIC equity partners will continue as Principals in the business, and will generally enter into four year minimum term employment agreements as a part of the transaction. The former partners and eligible professional staff will be invited to participate in the IPH group employee incentive plan from FY24 providing opportunities to earn incentives in the form of cash and performance rights, and share in the success of the IPH group.

## Funding

The transaction consideration will be funded from IPH debt facilities, existing cash reserves and the issuance of IPH shares to the vendors of ROBIC. Following the transaction IPH's pro forma leverage ratio will be approximately 2.2 times<sup>4</sup>. IPH targets a leverage ratio of 1.5 – 2.0 times through the cycle, and may exceed 2x for strategic acquisitions such as ROBIC with the Group's strong cash flow generation to support deleveraging to the target range in due course, expected by approximately December 2024.

At completion of the transaction IPH intends to enter into additional interest rate hedges (consistent with our approach on Smart & Biggar), and will be substantially hedged in the near term which will provide greater certainty for the Group's interest rate expense.

## Conditions

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 ROBIC 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.

The transaction is expected to be completed in mid December.

## Continued delivery of IPH growth strategy

IPH Managing Director & CEO, Dr Andrew Blattman said: "The acquisition of ROBIC further consolidates our position in the Canadian market, following the successful acquisitions of Smart & Biggar and Ridout & Maybee over the past year". This transaction is consistent with our strategy to grow our presence in key secondary IP jurisdictions and supports our vision to be the leading IP services group in secondary IP markets.

"ROBIC is a high quality business and we look forward to welcoming them to the IPH group and the positive opportunities this provides for clients and staff as part of the wider IPH network" he said.

ROBIC Executive Committee member, Dario Pietrantonio said: "Joining the IPH group will bolster our international service offering while enabling us to invest in and grow our business locally. We look forward to continuing to support our clients in Canada and around the world with all their intellectual property needs, now with the backing of the IPH group, and are equally excited about the career opportunities this announcement opens up for our people."

## Analyst/Investor Conference Call – Today 10:00 am (AEDT)

IPH is hosting a conference call at **10am (AEDT) today (Tuesday, 21 November 2023)**. To access the conference call, please use the following link: <https://s1.c-conf.com/diamondpass/10035253-vyp78r.html>.

<sup>2</sup> Pro forma adjusted EBITDA is calculated as ROBIC's unaudited 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.

<sup>3</sup> Calculated as the purchase price plus estimated lease liabilities divided by unaudited pro forma adjusted EBITDA for ROBIC for the 12 months to August 2023.

<sup>4</sup> Pro forma leverage is calculated as IPH drawn debt net of cash at June 2023 plus additional debt drawn in relation to acquisitions, divided by underlying EBITDA for IPH for the 12 months to June 2023 adjusted to reflect a full year contribution from Smart & Biggar and unaudited pro forma adjusted EBITDA for Ridout & Maybee and ROBIC, on a pre AASB-16 basis, consistent with IPH's debt facilities.



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

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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, Pizzeys, Smart & Biggar, Spruson & Ferguson and online IP services provider Applied Marks. IPH employs more than 1,400 people working in Australia, Canada, China, Hong Kong SAR, Indonesia, Malaysia, New Zealand, Philippines, Singapore and Thailand.

