



Bell Potter

Emerging Leaders Conference

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Presented by:

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01

About IPH



About the IPH Group

A leading international IP services group





02

FY22 results and highlights



Establishing a strong platform for future growth

Leveraging the power of the IPH network to deliver a strong result

Underlying EBITDA¹
\$137.4m

11% 



Delivering on our growth strategy

Canada's leading IP agency firm, Smart & Biggar to join IPH

Referrals from acquired companies into IPH Asia business²

4.5% 



Successfully integrated Shelston IP and Spruson & Ferguson Australia

Strengthening the largest IP firm in Australia

Full year dividend
(30.5 cents per share)³

3.4% 



Announced record number of Principal promotions

Including 50% increase in female Principal appointments from FY21

1) Underlying EBITDA excludes costs incurred in pursuit of acquisitions, restructuring, accounting charges for share-based payments, impairment and IT SaaS implementation costs

2) New case referrals from acquired ANZ businesses to IPH Singapore & China/Hong Kong based on internal filing data.

3) Represents 87% of cash NPAT



Financial overview

Strong Underlying Result assisted by currency benefit

Revenue
\$385.1m

6%



EBITDA
\$115.9m

2%



Statutory NPAT
\$52.6m

2%



Diluted EPS
24.0 cents per share

3%



Final Dividend¹
16.0 cents per share (50% franked)

3%



Underlying EBITDA²
\$137.4m

11%



Underlying NPAT²
\$86.7m

14%



Underlying Diluted EPS
39.5 cents per share

12%









1) Total FY dividend represents 87% of cash NPAT

2) FY22 Underlying EBITDA and NPAT excludes costs incurred in pursuit of acquisitions, restructuring, accounting charges for share-based payments, impairment, IT SaaS implementation costs and amortisation of acquired intangibles



Asia delivers double digit earnings growth on like-for-like basis

Organic growth and integration synergies drive like-for-like growth

Australia – New Zealand		Asia		Group	
Revenue	1% 	Revenue	10% 	Revenue	2% 
EBITDA	1% 	EBITDA	10% 	EBITDA	2% 
EBITDA margin	2% 	EBITDA margin	— 	EBITDA margin	— 

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





03

Smart & Biggar to join IPH



Smart & Biggar – Canada's leading IP agency firm to join IPH

Strategic transaction extends IPH's international network beyond the Asia Pacific



Growth
step-outs

**SMART
& BIGGAR**

- Smart & Biggar, Canada's leading IP agency firm will join the IPH group for consideration of CAD 348m (AUD 387m¹)
- A significant strategic transaction, further delivering on our vision to be the leading IP services group in secondary IP markets.
- Highly complementary, Smart & Biggar has leading market position in Canada, high quality professionals, exceptional reputation and rich heritage.
- The first IP agency firm in Canada to join a publicly listed IP group.
- The Canadian IP market is very similar to Australia in terms of size, governance and legal system.
- Expected underlying² EPS accretion of approximately 10% in the first full year of ownership.

1) AUD:CAD as at 17 August 2022

2) Consistent with the IPH group calculation of underlying EBITDA which excludes costs incurred in pursuit of acquisitions, restructuring, accounting charges for share-based payments, impairment and IT SaaS implementation costs



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Transaction summary

A compelling transaction for IPH, its clients, employees and shareholders

Smart & Biggar

- Smart & Biggar is Canada's leading IP firm by number of patent filings, filing over 6,200 patents and over 1,800 trade marks in 2021¹
- Smart & Biggar is a full service IP firm servicing large multinational corporations, universities, start-up companies and Canadian entrepreneurs
- Smart & Biggar recorded revenue of CAD 88.4m (AUD 96.3m) for the 12 months to June 2022^{2, 3}
- IPH will undertake the transaction by acquiring a new Quebec limited partnership that will conduct the business of the IP agency of Smart & Biggar and will own an interest in a new Quebec limited liability partnership formed by former Smart & Biggar partners that will acquire the legal practice of Smart & Biggar, in compliance with Quebec regulation

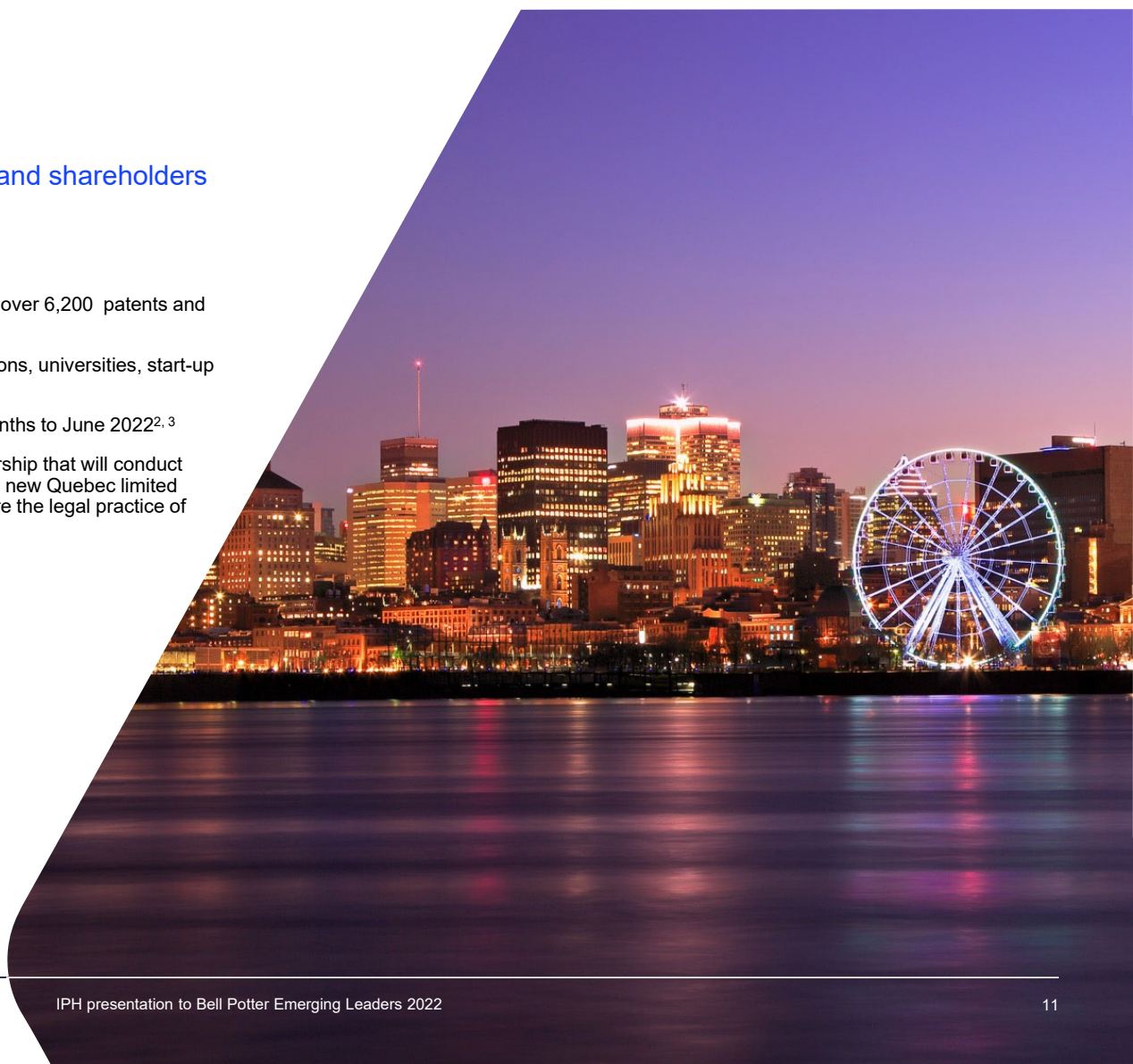
Year founded	1890
Core services	<ul style="list-style-type: none">• Patent• Trade mark• Industrial design• IP legal services
Patent filings (CY21)	>6,200 ¹
Patent filing market share (local market) (CY21)	>16% Canada #1 market position ⁴

¹ Management estimate based on Smart & Biggar internal filing data.

² Average AUD/CAD for the 12 months to June 2022

³ Smart & Biggar currently records disbursement income and expense (ie the payment of patent office fees and third party lodgement fees) on a "net" basis, whereas IPH group reporting practices presents these amounts on a "gross" basis (ie separate amounts in revenue and expenses). Post transaction Smart & Biggar will adopt the IPH group reporting practice.

⁴ Management estimate of market share based on Smart & Biggar internal filing data and CIPO published production statistics.



Financial impact and funding

Compelling financial benefits for IPH shareholders

Financial impact

Earnings	<ul style="list-style-type: none">Expected underlying¹ EPS accretion of approximately 10% in the first full year of ownership
Synergies	<ul style="list-style-type: none">Cost savings of approximately \$4-6m expected to be achieved over the first three years post acquisitionPlatform established for future consolidation opportunities
Funding	<ul style="list-style-type: none">Acquisition consideration will be funded with debt facilities, cash reserves and the issuance of IPH sharesIPH has agreed amended debt facilities with its existing bank financiers as a part of the transaction. IPH's pro forma total drawn debt post transaction will be approximately AUD 390mFollowing the transaction IPH's pro forma group leverage ratio will be 1.8x²At completion of the transaction IPH intends to enter into interest rate hedging for the equivalent of AUD 350m. These interest rate hedges will have varying maturity profiles. The interest rate hedging will provide greater certainty for the Group's interest rate expense in the near term5.3m new IPH shares will be issued upon the transaction, representing 2.4% of existing shares on issue (escrowed for 2 years)³Additional new IPH shares are expected to be issued in the first quarter of calendar year 2023 or the first quarter of calendar year 2024 if earn-out consideration is achieved (escrowed for 2 years)⁴

¹ Consistent with the IPH group calculation of underlying EBITDA which excludes costs incurred in pursuit of acquisitions, restructuring, accounting charges for share-based payments, impairment and IT SaaS implementation costs
² Calculated as IPH drawn debt net of cash as at June 2022 plus estimated additional debt drawn at acquisition as at completion divided by underlying EBITDA for IPH for the 12 months to June 2022 and pro forma adjusted EBITDA for Smart & Biggar for the last twelve months to June 2022. Pro forma adjusted EBITDA is calculated as Smart & Biggar's reported earnings before interest, depreciation and amortisation before partner draws, (on a pre-IFRS-16 basis), adjusted for estimated pro forma partner base salaries (excluding any incentive payments) (to date partners receive profit drawings rather than salaries) and the estimated impact of IFRS-16
³ 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 AUD8.51 per share, being the 20 day VWAP to 17 August 2022
⁴ IPH shares issued as a part of the potential earn-out will be escrowed for two years from the start of the calendar year following the calendar year in which the relevant earn-out was achieved, subject to certain exceptions. Any such shares will be issued at a price equal to the 20 day VWAP of IPH shares ending on the last trading day of the year in which the relevant earn-out was achieved



Smart & Biggar financial performance

Significant contribution of legal revenue

Financial summary

The financial summary below is based on Smart & Biggar management's unaudited financial accounts for the 12 months to June 2022. Pro forma adjustments have been estimated by IPH for illustrative purposes and have not been audited or reviewed in accordance with Australian Accounting Standards.

CAD m	12M to June 2022
IP agency revenue	60.3
IP legal revenue	28.1
Service charge disbursements ¹	22.5
Total revenue¹	110.9
Operating expenses ¹	(67.9)
Reported EBITDA before partner draws²	43.0
Pro forma adjustments²	
Less: Partner salaries ³	(11.4)
Add: Lease costs (IFRS 16)	2.8
Pro forma adjusted EBITDA	34.4

¹ Smart & Biggar currently records disbursement income and expense (ie the payment of patent office fees and third party lodgement fees) on a "net" basis, whereas IPH group reporting practices presents these amounts on a "gross" basis (ie separate amounts in revenue and expenses). Post transaction Smart & Biggar will adopt the IPH group reporting practice.

² Pro forma adjustments to Smart & Biggar financials provided in this presentation are based on IPH estimates at the date of the presentation, are unaudited, and are provided for illustrative purposes only and is not representative of IPH's future financial performance post ownership of Smart & Biggar and do not include the detailed adjustments required to present Smart & Biggar's financial information in accordance with IPH's accounting and reporting practices. The financial information in this presentation is an abbreviated format and does not represent detailed financial statement reporting as required by the Australian Accounting Standards and the majority of professional reporting requirements applicable to special purpose financial reports prepared in accordance with the Corporations Act

³ Adjusted for estimated pro forma partner base salaries (excluding any incentive payments) Currently Smart & Biggar partners receive profit drawings rather than salaries

Basis of Smart & Biggar financial reporting

Smart & Biggar currently reports on a calendar year basis

Smart & Biggar reports EBITDA before partner draws pre IFRS 16 lease treatment (i.e. pre AASB-16 basis)

Post transaction, Smart & Biggar revenue and EBITDA will be impacted by a number of adjustments including but not limited to:

- Additional expenses including partner salaries (estimated to be approximately CAD 11.4m base salary costs, excluding any potential employee incentive plan costs)
- The accounting impact of the application of IFRS 16 (reduced operating expenses to adjust for lease costs in accordance with IFRS 16, estimated to be approximately CAD 2.8m)
- IP agency revenue represents patent filing, trade mark filing and other IP agency revenue and was approximately 68% of total revenue in the 12 months to June 2022

IP legal revenue represents IP legal advice and IP litigation revenue and was approximately 32% of total revenue in the 12 months to June 2022. This revenue is subject to greater variability based on case load

The Canadian IP services market has experienced similar growth to Australia and is a mature IP market. Accordingly, Smart & Biggar's revenue is expected to grow at similar rates to IPH's Australian revenue for the coming financial year



Management and vendor alignment

IPH has a strong track record of successfully integrating IP services firms into its network

Management

- Smart & Biggar's leadership team has an outstanding international reputation and is well known to IPH
- A Smart & Biggar representative will join the IPH Group Leadership Team
- Smart & Biggar's eligible principals and professional staff will join the IPH group incentive plan providing opportunities for IPH equity ownership and alignment with Smart & Biggar's professional staff on an ongoing basis

Integration to the IPH Group network

- IPH will leverage its existing international network to expand the offering available to Smart & Biggar clients

Vendor alignment

- The transaction structure and consideration achieves ongoing alignment between vendor partners and the group
- Vendor partners may be entitled to earn-out consideration, payable to the extent Smart & Biggar's adjusted earnings for CY2022 and CY2023 outperform agreed thresholds broadly in-line with its pre-COVID earnings levels in CY2019¹
- Partners will receive IPH shares as a part of the upfront and potential earn-out consideration
- IPH shares issued as a part of the transaction will be escrowed for two years subject to certain exceptions
- Smart & Biggar vendor equity partners will generally enter into four year minimum term employment agreements as a part of the transaction

¹) IPH shares issued as a part of the potential earn-out will be escrowed for two years from the start of the calendar year following the calendar year in which the relevant earn-out was achieved, subject to certain exceptions. Any such shares will be issued at a price equal to the 20 day VWAP of IPH shares ending on the last trading day of the year in which the relevant earn-out was achieved.





04

Delivering on our strategy



Strong results in Asia demonstrate organic growth

China patent growth of 15.3 % and network referrals up 4.5%



Organic
growth

- IPH patent filings in China increased by 15.3%.
- IPH maintains number one market share position in Singapore in CY22 YTD Mar.
- Growth in all key Asian jurisdictions, except Hong Kong, with patent filings (outside of Singapore) up 9.4%.
- 4.5% increase in client referrals to IPH Asian hubs (Singapore, China/Hong Kong) from acquired IPH businesses.
- The network offering continues to be attractive, with multiple large corporate clients increasing filing activity across key Asian jurisdictions (outside of Singapore).
- 7% increase in high margin translation services in Asia.
- Centralised BD and Marketing team now in place. The fully aligned team is focussed on supporting the firms to achieve growth targets, aligning key marketing and BD initiatives to revenue generating activities.



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AJ Park case study

Proven track record of acquiring and integrating firms while capturing synergies and improving margins

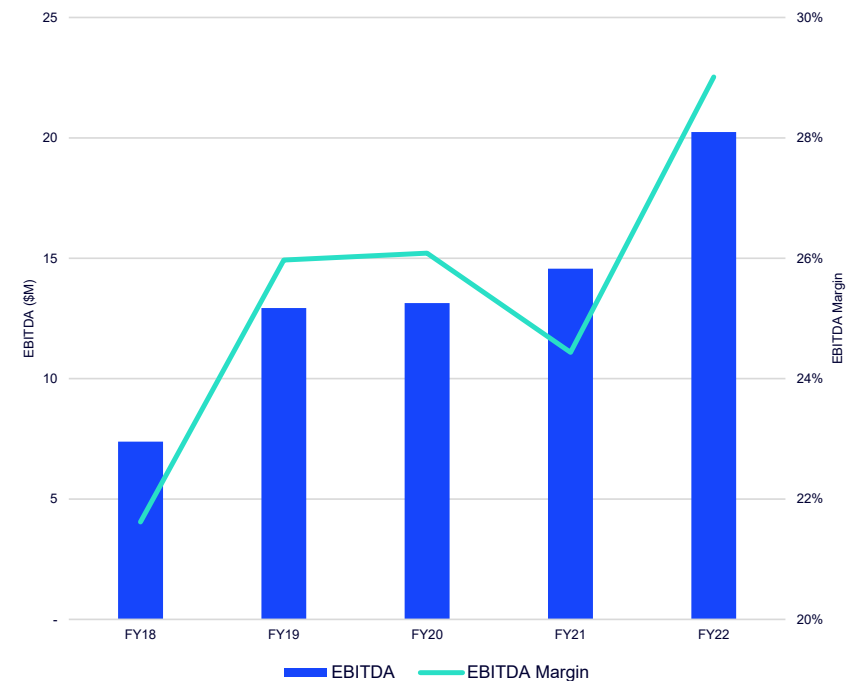


Consolidate
acquisitions

AJ Park

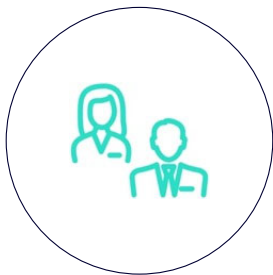
- At the time of acquisition, AJ Park was a successful privately held firm operating at an EBITDA margin of 21.6% (17% pre-adoption of AASB16).
- The firm now operates at a margin of 29%, an improvement of 34% from the time of acquisition. There was a drop in EBITDA margin in FY21 following the acquisition of Baldwins IP.
- This significant improvement has been achieved by:
 - Synergies captured through right-sizing the business.
 - Reduction in overheads through application of corporate lens.
 - Reduction in rental footprint.
- In addition to EBITDA and margin improvements, AJ Park is a significant referrer of work into IPH Asian hubs.
- AJ Park has retained leading patent and trade mark position in the New Zealand market and was recognised as 'IP Specialist Law Firm of the Year' and an 'Employer of Choice' at the 2021 NZ Law Awards.

AJ Park EBITDA and Margin Accretion Post Acquisition



Enablers – our people

Strengthening our people offering



Building group-wide people and leadership capability

- Record year for promotions – including 14 Principal appointments.
- Ongoing investment in professional development.
- 1,100+ hours of content delivered via our Professional Development Workshops.
- 140+ participants in our Leadership Excellence Program since launching the program in FY21.
- People Leadership Community Connect Events available to over 100 People Leaders.
- >AU\$260,000 invested across member firms to support 40+ trainees to complete their Master of IP and become registered attorneys.

Initiatives to support health & wellness

- Established a partnership with Smiling Mind to deliver a series of mindfulness workshops.
- Participated in STEPtember 2021.
- Continued partnership with our Employee Assistance Provider with resources and webinars now available via a Wellbeing Gateway app.

60+

New Principal appointments Since 2014

40+

Trainees supported to complete their Masters of IP

50%

increase on female Principal promotions on FY21





05

Looking ahead for FY23



Summary and Priorities for FY23

Leveraging our enhanced platform for further growth

- IPH is now one of the largest IP services groups in secondary IP markets with an expanded international platform.
- Consolidate and grow our position in our core geographies:
 - > Australia/New Zealand
 - > Asia
 - > Canada
- Continued investment in business development to support member firms to achieve growth targets.
- Harness our digital expertise and capability generate growth and further operational efficiencies.
- Assessment of growth opportunities in IP adjacencies to complement core IP offering.
- Continued operational discipline and focus on further shareholder value creation.



Q&A





Thank you

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06

Appendix

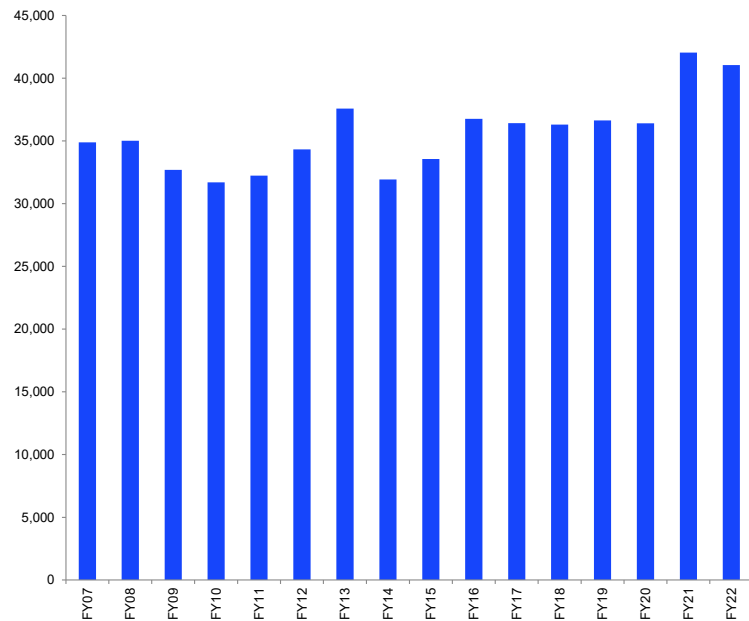


Patent market trends

No discernible impact to long-term trends

Australian Patent Filings¹

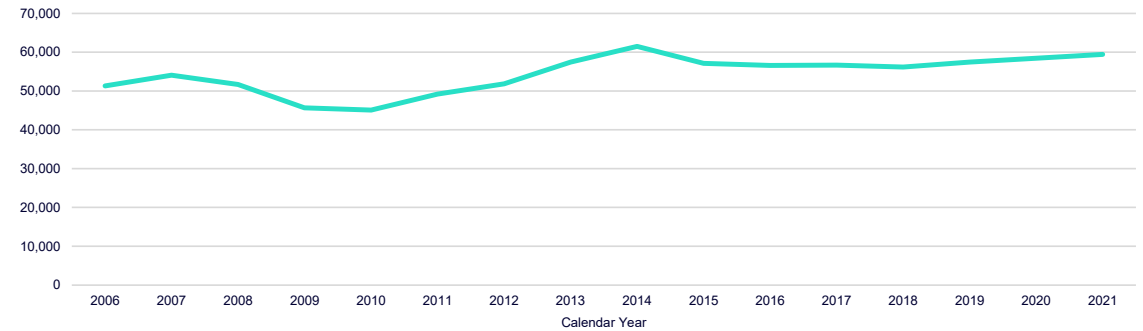
CAGR 15 Yr (FY07 to FY22) = 1.1%
CAGR Post-GFC (FY10 to FY22) = 2.2%



¹) Management estimate based on IP Australia filing data as at 1/8/22 (FY22), 13/7/21 (FY21), 14/7/20 (FY20), 1/8/19 (FY19) and 3/8/2018 (FY18). Chart includes all types of patent applications.

US PCT Applications²

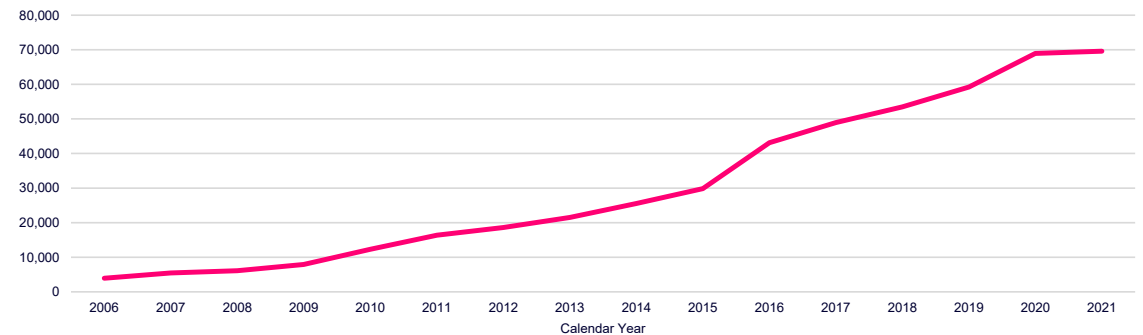
CAGR 15 Yr (CY06 to CY21) = 1.0%
CAGR Post-GFC (CY10 to CY21) = 2.5%



²) PCT applications originating from US filed at any receiving office by filing date from WIPO IP Statistics Data Center as at 1/8/22.

China PCT Applications³

CAGR 15 Yr (CY06 to CY21) = 21.1%
CAGR Post-GFC (CY10 to CY21) = 17.1%



³) PCT applications originating from China filed at any receiving office by filing date from WIPO IP Statistics Data Center as at 1/8/22.



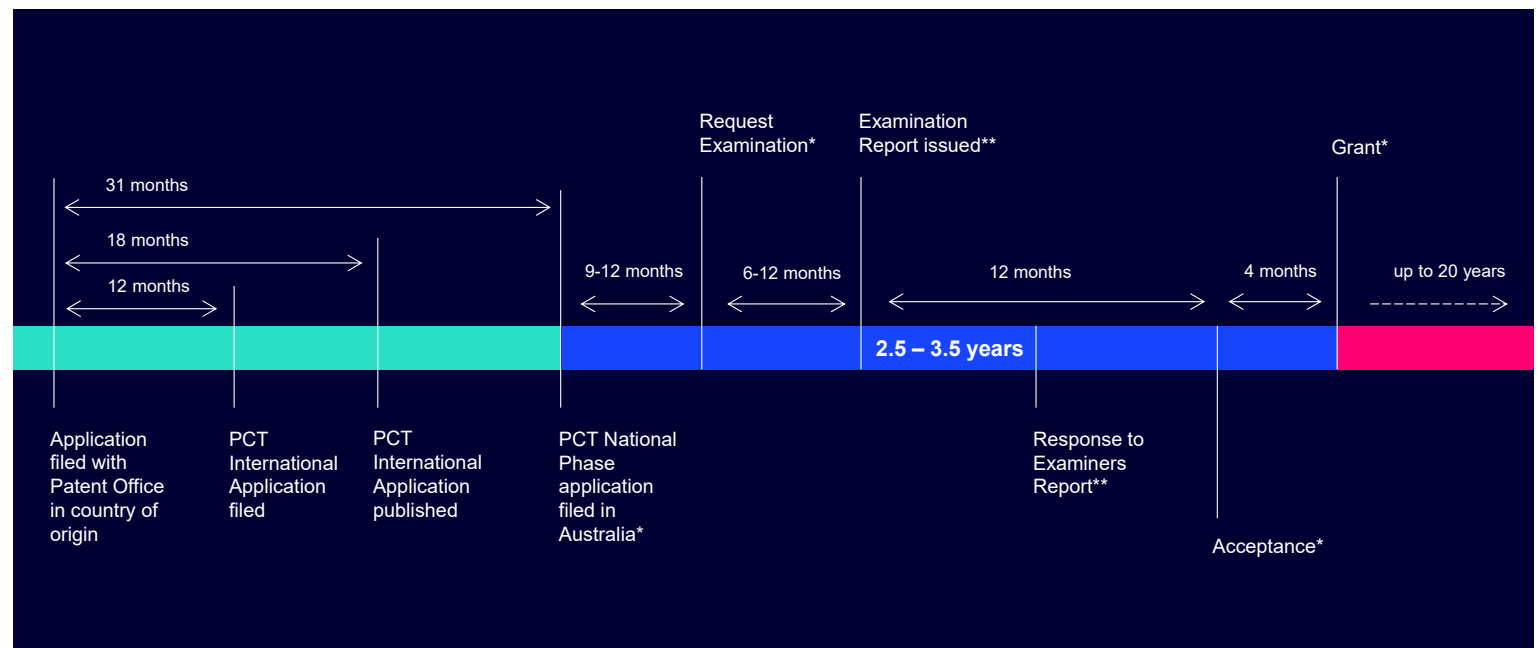
Patent lifecycle

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 FY22.

* Revenue event – typically flag fall.

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

