



Morgans – Value in the Vines 2022

18 November 2022

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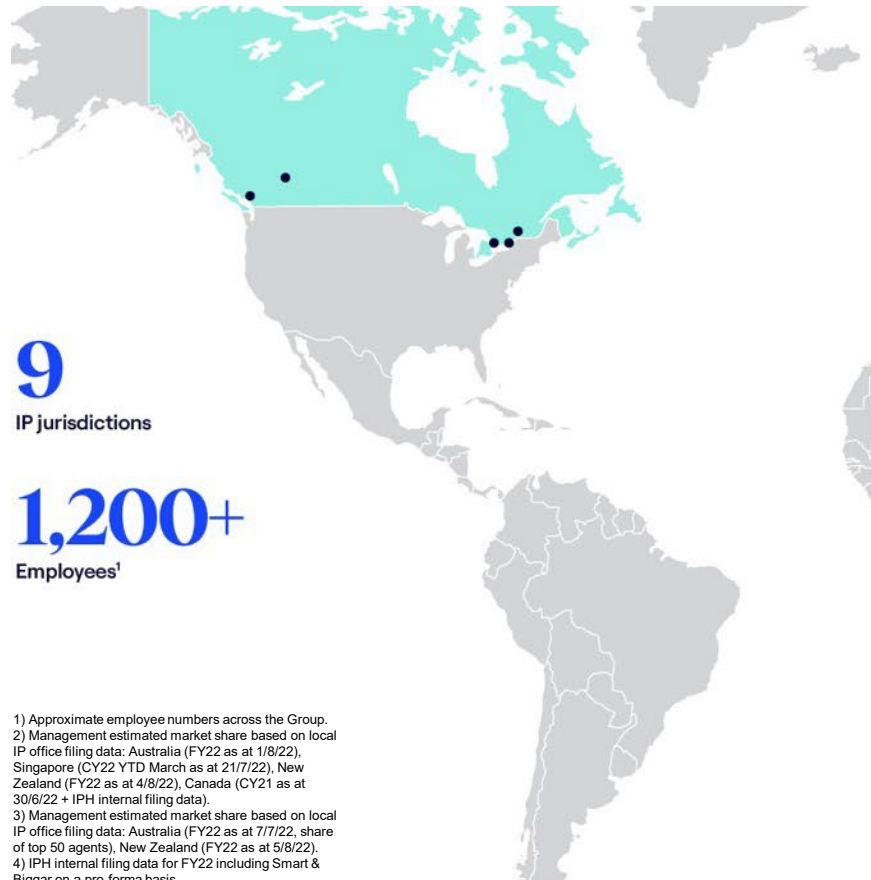
01

About IPH



About the IPH Group

A leading international IP services group



6 brands

AJPark

applied marks

GRIFFITH—HACK

PIZZEYS

SMART & BIGGAR

SPRUSON & FERGUSON
INTELLECTUAL PROPERTY



Nº 1

Patent group
in Australia, Canada, New Zealand and Singapore²

Trade mark group
in Australia and New Zealand³

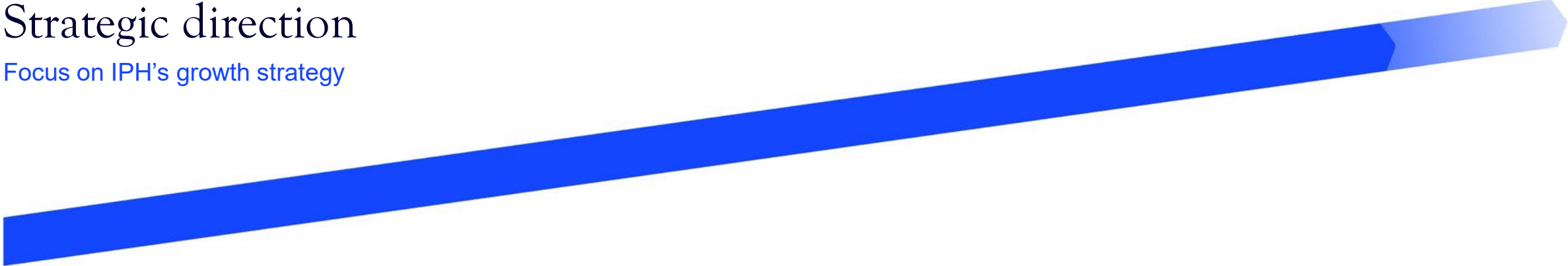
33k+
Patent filings⁴

11k+
Trade mark filings⁴



Strategic direction

Focus on IPH's growth strategy



Organic growth



Consolidate acquisitions



Growth step-outs

Enablers



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



Targeted expansion across Asia-Pacific



Focus on our people – attract, motivate and retain



Expand service offering to existing Australian and New Zealand corporates



Smart & Biggar joins IPH

A significant strategic transaction for IPH, further delivering on its vision to be the leading IP services group in secondary IP markets

SMART & BIGGAR

- Smart & Biggar, Canada's leading Intellectual Property (IP) agency firm has joined the IPH group for consideration of CAD 348m (AUD 387m¹)
- Highly complementary, Smart & Biggar has a 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
- Provides a platform for IPH to participate in further growth opportunities
- The transaction completed on 6 October 2022 (Canadian time)

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



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}

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.



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



AJ Park case study

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

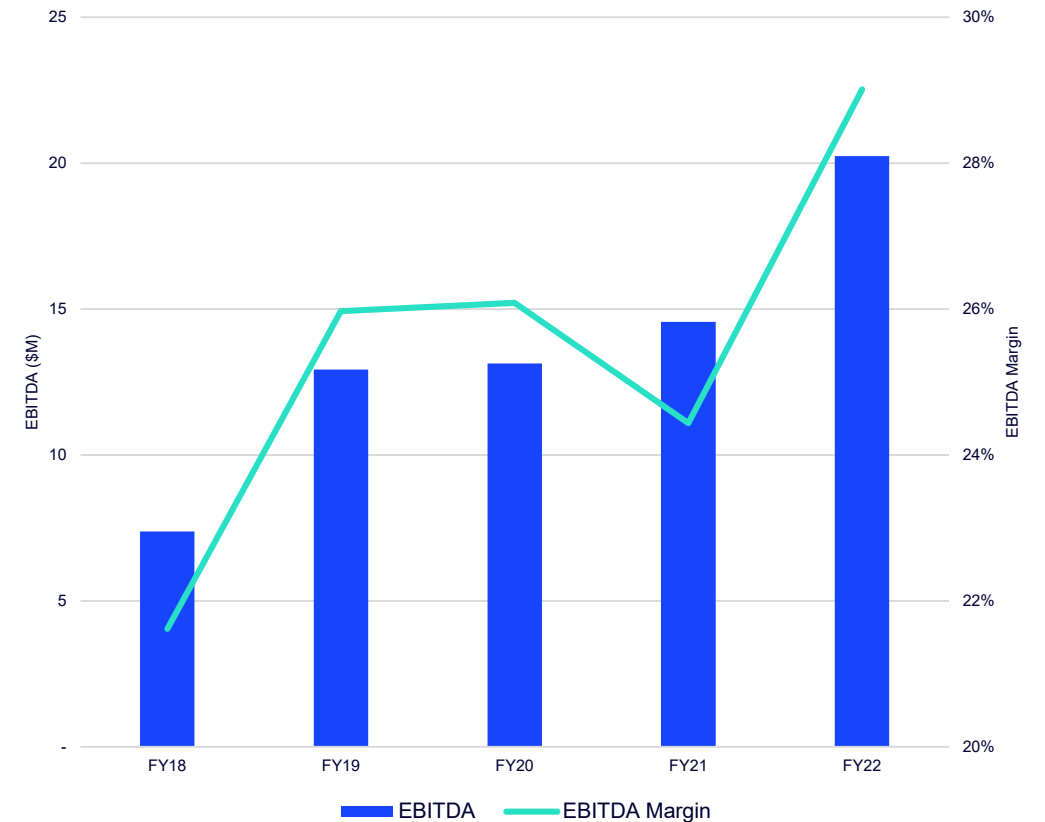


Consolidate
acquisitions

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



02

The IPH Way



Introducing the IPH Way

The next phase in our strategy to deliver ongoing margin improvements

Situation and objectives

- The IPH Way is a business process re-engineering programme, designed to standardise case management processes across the IPH group's AU/NZ member firms
- Currently, each member firm conducts case management processes differently and leverages unique operating models. As a result, when comparing the handling time for the same process, there is a considerable range observed
- Recognising the significant variation across the group, there is a verified opportunity to standardise and optimise processes to establish one way of working – the IPH Way – effectively improving processes and releasing capacity
- This will support the IPH growth strategy, both in terms of consolidating acquisition and growth step-outs as well as aligning to the brand strategy of combined power, smarter working and enabling growth
- The cost of the programme will be approximately \$3m in both FY23 and FY24, which will be treated as a **non-underlying expense**

The annual ongoing net benefit is expected to be between \$5m and \$6m from FY25

Key objectives:

Standardise and improve processes across the group

Increase case management process efficiency

Increase the productivity of administrative teams

Enhance the client experience



03

IP market trends



Market trends in IP

IP demand in times of crisis

Demand for IP holds driven by Science & Technology and Asia

- Overall small worldwide increase in patent filings in 2020 (1.6%) and PCT increase in 2021 (0.9%). In that period, the world economy decreased by 3.6%
- China returned to growth in patent filings in 2020
- Trade mark filings increased 13.7% in 2020
- Asia's share of worldwide IP applications increased from 51.1% in 2010 to 66.6% in 2020 (North America – 19.3%, Europe – 10.9%)
- Positive signs for continued growth:
 - R&D and Venture Capital increased 3.3% and 46% respectively globally in 2020
 - Asian and Pacific countries rising and forming clear third bloc to US and Europe

What this means for IPH

- Investment in R&D and Science & Technology, leads to investment in IP protection in both primary and secondary IP markets
- IPH is strongly established in Asia and ideally positioned to continue to benefit from the growth in Asia



Market trends in IP

China-US strategic competition

- Enhanced China-US competition through Science & Technology
- US CHIPS and Science Act enacted and signed into law by President Joe Biden in August 2022. Largest ever investment historically by the US Government in Science & Technology - \$280 billion committed over 10 years
- President Xi Jinping, Introductory Speech to 20th Party Congress in October, *“Technology is the prime production force, talent is the prime resource and innovation is a prime driving force”*
- China focussed on increasing its domestic production of semiconductors – the share of Chinese-made chips went from a negligible amount in 1990 to 15% in 2020, while US production declined in the same period

What this means for IPH

- Competition will continue to drive IP
- The US Government’s investment in Science & Technology is a positive for the IP industry
- Investment in IP protection in primary markets like the US and China inevitably flows through to secondary IP markets



Q&A





Thank you

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