

**IPH Limited**  
ACN 169 015 838

**Appendix 4D – Half Yearly Financial Report**

**Half Year ended 31 December 2021 (“HY22”)  
Results for announcement to the market**

<b>Results</b>	<b>Change</b>			<b>HY22 \$'000</b>	<b>HY21 \$'000</b>
Revenue from ordinary activities	Up	6.5%	to	191,463	179,820
Profit from ordinary activities after tax attributable to members	Down	8.4%	to	24,553	26,798
Profit for the period attributable to members	Down	8.4%	to	24,553	26,798

<b>Dividends</b>	<b>Amount per Share</b>	<b>Franked amount per Share</b>
Half year ended 31 December 2021 - Interim dividend	14.5c	5.8c
Half year ended 31 December 2020 - Interim dividend	14c	7c
Interim Dividend sourced from Conduit Foreign Income		8.7c
Record date for determining entitlements to the dividend		23 February 2022

The Dividend Reinvestment Plan will be in operation for the HY22 interim dividend

<b>Other</b>	<b>HY22</b>	<b>HY21</b>
Net tangible asset backing per share	\$0.01	\$(0.08)

**Explanation of Result**

Please refer to the commentary in the Directors' Report included in the Half Year Financial Report for an explanation of the result.

Additional information requiring disclosure under listing rule 4.2A.3 is contained in the Half Year Financial Report.



IPH Limited and its  
Controlled Entities  
Half Year  
Financial Report

For the Half Year ended 31 December 2021

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The Directors present their report, together with the financial statements, of the consolidated entity (referred to hereafter as the 'Group') consisting of IPH Limited (referred to hereafter as the 'Company' or 'Parent Entity') and the entities it controlled at the end of, or during, the half year ended 31 December 2021.

IPH is the leading intellectual property ("IP") services group in the Asia-Pacific region offering a wide range of IP services and products to a diverse client base including some of the world's leading companies, multi-nationals, universities, public sector research organisations, foreign associates and other corporate and individual clients.

IPH was the first IP services group to list on the Australian Securities Exchange.

## Directors

The following persons were Directors of IPH Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Name	Office
Mr Richard Grellman, AM	Non-executive Chairman
Dr Andrew Blattman	Managing Director and Chief Executive Officer
Mr John Atkin	Non-executive Director
Ms Robin Low	Non-executive Director
Ms Jingmin Qian	Non-executive Director
Mr Peter Warne	Non-executive Director (appointed 18 <sup>th</sup> November 2021)



# Operational and Financial Review

## Operational and Financial Performance

The summary financial analysis below shows the results on a statutory and underlying basis.

The HY22 underlying earnings of the Group have been determined by adding back to statutory earnings amounts eliminating the effect of business acquisition costs, restructuring costs, non-cash share-based payments expenses, IT SaaS implementation costs and impairment associated with the merger of the Shelston business into Spruson & Ferguson.

	Revenue HY22	Revenue HY21	Chg%	EBITDA HY22	EBITDA HY21	Chg%
Australian & New Zealand IP	144,086	135,585	6%	51,470	45,242	14%
Asian IP	52,752	47,335	11%	24,391	20,987	16%
	196,838	182,920	8%	75,861	66,229	15%
Adjacent Businesses	225	245		(272)	(34)	
Corporate Office	5,307	3,266		(7,228)	(4,397)	
Eliminations	(10,930)	(6,637)		(14)	(84)	
<b>Underlying Revenue / EBITDA</b>	<b>191,440</b>	<b>179,794</b>	<b>6%</b>	<b>68,347</b>	<b>61,714</b>	<b>11%</b>
Business acquisition costs				(1,919)	(1,102)	
Restructuring expenses				(1,821)	(1,255)	
Share based payments				(3,777)	(2,654)	
Impairment of intangible assets				(4,655)		
IT SaaS implementation costs				(1,256)		
<b>Statutory Revenue / EBITDA</b>	<b>191,440</b>	<b>179,794</b>	<b>6%</b>	<b>54,919</b>	<b>56,703</b>	<b>(3%)</b>
Interest Income				23	26	
Interest Expense				(2,303)	(2,878)	
Depreciation and amortisation				(19,780)	(18,762)	
Net Profit Before Tax				32,859	35,089	(6%)
Tax				(8,306)	(8,291)	
<b>Net Profit After Tax</b>				<b>24,553</b>	<b>26,798</b>	<b>(8%)</b>

## Statutory Results

Revenue of \$191.4m increased by 6% on the prior corresponding period, reflecting organic growth, revenue from new businesses and foreign exchange gain.

Statutory EBITDA decreased by 3% to \$54.9m from \$56.7m in HY22.



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Statutory Net Profit After Tax (NPAT) was \$24.6m compared to \$26.8 million for the prior comparable period.

The Statutory results include the negative impact of the increase in non-cash amortisation of intangible assets, related to acquisitions, to \$11.6 million and the non-cash write-down of the intangible value of the Shelston IP brand of \$4.6 million following its integration with Spruson & Ferguson Australia during the period.

Underlying EBITDA increased by 11% to \$68.3 million while Underlying NPAT lifted by 15% to \$43.2 million.

### **Australian & New Zealand IP**

The Australian & New Zealand IP segment delivered revenue growth of 6% to \$144.1m which includes an additional 3 months' revenue from Baldwins IP in HY22 which was acquired in mid-October 2020.

Total patent filings (excluding innovation patents) increased by 8.9% for the period. IPH Group's filings (excluding innovation patents) increased by 1.4%. IPH filing growth was impacted by a decline in filings from the largest filer in the Australian market, reflecting the fluctuating nature of individual clients' filing patterns and some short term disruption from the integration of Shelston IP and Spruson & Ferguson Australia. Excluding filings from the combined Spruson & Ferguson and Shelston IP for the period, IPH Group filing growth of 8.3% was in line with the total market growth of 8.9%.

Underlying EBITDA increased by 14% to \$51.5m at a margin of 36%. The increase reflects organic growth, continued delivery of cost synergies and a foreign exchange benefit compared to a foreign exchange loss in the prior year.

On a like-for-like basis, removing the effects of acquisitions and currency, EBITDA increased by 5% together with a 4% increase in Underlying EBITDA margin.

### **Asian IP**

Asian IP segment sales revenue increased by 11% to \$52.8m, reflecting strong organic growth across the IPH network. The Group continues to leverage its presence across the region, with increased client referrals assisting in generating margin accretion.

Client referrals from IPH businesses to its Asian business increased by 17% for the period.

Like-for-like EBITDA improved by 10% with EBITDA margin increasing by 1%.

IPH experienced patent filing growth of 16% across its Asian jurisdictions (excluding Singapore) in the first half, with growth across all key jurisdictions (except Hong Kong SAR).

On the latest available data the Group has maintained its number one patent market share position (all patent applications filed in Singapore).

### **Adjacent Businesses**

Adjacent businesses include the autonomous time keeping software tool, WiseTime.



## Corporate Office

Net corporate segment expense is \$7.2m compared to \$4.4m in the prior period. Excluding the impacts of foreign exchange (\$2m), corporate costs increased by \$0.8m, reflecting continued investment in the Group's key functions and increased insurance costs.

## Impact of Foreign Exchange Movements

The Group's results include net FX gains of \$2.1m (\$2m loss in the comparative period). The Group is impacted by movements in foreign exchange rates in the following ways:

### (i) Revaluation of foreign denominated assets and liabilities

Group companies invoice a significant proportion of their revenue in USD reflecting the preference of the client base. Accordingly, the Group carries a material amount of USD denominated cash and receivables. As at 31 December 2021 the balance sheet contained US\$28.9m in cash and US\$32.7m in receivables. These US denominated assets were offset by US\$19.5m of drawn debt.

The net unrealised loss arising from assets and liabilities denominated in foreign currencies totals \$0.8m compared to a gain of \$3.3m in the comparative period.

Period end foreign exchange rates used to translate balance sheet accounts were:

	AUD/USD	AUD/EUR	AUD/SGD
<b>31 December 2020</b>	0.7708	0.6285	1.0189
<b>30 June 2021</b>	0.7507	0.6320	1.0095
<b>31 December 2021</b>	0.7262	0.6402	0.9800

### (ii) P&L impact of trading in foreign currencies

Revenue derived by the Group is recorded at the rate of the day of transaction. The Group invoiced 54% of its revenue in USD during the current period, with a relatively low proportion of USD denominated expenses.

The average exchange rate at which this USD revenue was derived during the six months to 31 December 2021 was 0.7316, while in the comparative period it was 0.7232.

Realised foreign exchange gains of \$2.9m were recognised in the P&L account during the half year, compared to a loss of \$5.3m in the comparative period.

Average foreign exchange rates used to translate earnings throughout the period were:

	AUD/USD	AUD/EUR	AUD/SGD
<b>HY21</b>	0.7232	0.6124	0.9836
<b>HY22</b>	0.7316	0.6301	0.9913
<b>Movement</b>	1.2%	2.9%	0.8%



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## Adjustments to Statutory Results

Adjustments to the statutory EBITDA have been made for:

- **Business acquisition costs** – costs incurred in the pursuit of acquisitions which have been completed or are currently in progress.
- **Restructuring costs** – costs of restructuring across the Group. This predominately included the costs associated with the integration of the Shelston brand into Spruson & Ferguson in the current period.
- **Share-based payments** – accounting charges for the share-based incentive plans.
- **IT SaaS Implementation costs** – one off costs associated with the implementation of new SaaS based general ledger and HRIS. This was new for FY21 following clarification of the treatment of upfront configuration and customisation costs incurred in implementing SaaS arrangements by the IFRS Interpretations Committee (IFRIC). Previous treatment would be to capitalise these costs which would subsequently flow through the statement of profit & loss as amortisation.

## Dividends

Since the end of the half year, the Directors have declared the payment of an interim ordinary dividend of 14.5 cents per share, franked at 40%. This represents 90% of cash adjusted NPAT (this is NPAT adjusted for net acquisition intangibles amortisation and net share-based payment expense).

## Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.



**Dr Andrew Blattman**  
Managing Director

17 February 2022  
Sydney



17 February 2022

The Board of Directors  
IPH Limited  
Level 24, Tower 2 Darling Park  
201 Sussex Street,  
Sydney NSW 2000

Dear Board Members

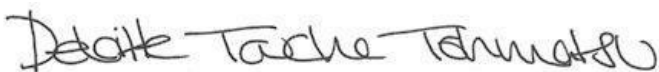
### Auditor's Independence Declaration to IPH Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of IPH Limited.


As lead audit partner for the review of the half year financial report of IPH Limited for the half year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- any applicable code of professional conduct in relation to the review.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



H Fortescue  
Partner  
Chartered Accountants



## Statement of Profit or Loss and Other Comprehensive Income

		Consolidated	
	Note	31 Dec 2021	31 Dec 2020
		\$'000	\$'000
<b>Revenue</b>	4	186,756	179,721
Other income	5	4,707	99
<b>Expenses</b>			
Employee benefits expense		(64,820)	(57,288)
Agent fee expenses		(50,977)	(52,294)
Amortisation of acquired intangibles	6	(11,570)	(10,767)
Depreciation of right-of-use assets	6	(4,166)	(4,444)
Depreciation and amortisation of fixed assets and intangibles	6	(4,044)	(3,551)
Insurance expenses		(1,334)	(1,186)
Travel expenses		(189)	(34)
Occupancy expenses		(876)	(978)
Other expenses	6	(18,325)	(11,311)
Finance costs	6	(2,303)	(2,878)
<b>Profit before income tax expense</b>		<b>32,859</b>	<b>35,089</b>
Income tax expense		(8,306)	(8,291)
<b>Profit after income tax expense for the year</b>		<b>24,553</b>	<b>26,798</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		2,470	(6,797)
Fair value gain on hedging instruments		209	10
Other comprehensive income for the year, net of tax		2,679	(6,787)
<b>Total comprehensive income for the year</b>		<b>27,232</b>	<b>20,011</b>
Profit for the year is attributable to:			
Owners of IPH Limited		24,553	26,798
		<b>24,553</b>	<b>26,798</b>
Total comprehensive income for the year is attributable to:			
Owners of IPH Limited		27,232	20,011
		<b>27,232</b>	<b>20,011</b>
<b>Earnings per share</b>			
From continuing operations			
Basic earnings (cents per share)	11	11.28	12.44
Diluted earnings (cents per share)	11	11.24	12.40

These statements should be read in conjunction with the following notes.

## Statement of Financial Position

	Consolidated		
	Note	31 Dec 2021	30 Jun 2021
		\$'000	\$'000
<b>Current assets</b>			
Cash and cash equivalents		75,979	71,152
Trade and other receivables		70,241	83,366
Contract assets		11,464	6,329
Income tax receivable		7,704	137
Other assets		6,172	4,045
<b>Total current assets</b>		<b>171,560</b>	<b>165,029</b>
<b>Non-current assets</b>			
Property, plant and equipment		10,343	10,178
Right-of-use assets		28,667	30,639
Intangibles	7	461,101	468,088
Deferred tax		41	34
Other assets		1,535	856
<b>Total non-current assets</b>		<b>501,687</b>	<b>509,795</b>
<b>Total assets</b>		<b>673,247</b>	<b>674,824</b>
<b>Current liabilities</b>			
Trade and other payables		21,699	24,021
Income tax payable		6,001	2,768
Provisions		15,381	21,821
Interest bearing lease liabilities		10,904	10,012
Other financial liabilities		200	200
Contract liabilities		2,099	1,972
<b>Total current liabilities</b>		<b>56,284</b>	<b>60,794</b>
<b>Non-current liabilities</b>			
Borrowings	8	117,035	116,159
Deferred tax		33,501	36,300
Interest bearing lease liabilities		30,331	33,223
Other financial liabilities		2,244	503
Provisions		4,761	1,053
<b>Total non-current liabilities</b>		<b>187,872</b>	<b>187,238</b>
<b>Total liabilities</b>		<b>244,156</b>	<b>248,032</b>
<b>Net assets</b>		<b>429,091</b>	<b>426,792</b>
<b>Equity</b>			
Issued capital	9	422,131	417,079
Reserves		4,956	(1,500)
Retained profits		2,004	11,213
<b>Total equity attributable to owners of IPH Limited</b>		<b>429,091</b>	<b>426,792</b>

These statements should be read in conjunction with the following notes.

## Statement of Cashflows

	Consolidated		
	Note	31 Dec 2021	31 Dec 2020
		\$'000	\$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		220,380	209,976
Payments to suppliers and employees		(155,197)	(147,147)
Interest received	5	23	26
Interest and other finance costs paid	6	(2,303)	(2,878)
Income taxes paid		(15,555)	(8,984)
<b>Net cash from operating activities</b>		<b>47,348</b>	<b>50,993</b>
<b>Cash flows from investing activities</b>			
Payments for purchase of subsidiaries, net of cash acquired	12	(4,992)	(4,659)
Payments for property, plant and equipment		(1,995)	(1,086)
Payments for internally developed software	7	(2,178)	(2,266)
<b>Net cash used in investing activities</b>		<b>(9,165)</b>	<b>(8,011)</b>
<b>Cash flows from financing activities</b>			
Dividends paid	10	(28,710)	(25,697)
Repayment of borrowings		-	(32,700)
Payment of lease liabilities		(5,326)	(5,529)
<b>Net cash used in financing activities</b>		<b>(34,036)</b>	<b>(63,926)</b>
Net increase/(decrease) in cash and cash equivalents		4,147	(20,944)
Cash and cash equivalents at the beginning of the financial year		71,152	82,910
Effects of exchange rate changes on cash and cash equivalents		680	(2,189)
<b>Cash and cash equivalents at the end of the financial year</b>		<b>75,979</b>	<b>59,777</b>

*These statements should be read in conjunction with the following notes.*

## Statement of Changes in Equity

Consolidated	Issued Capital	Foreign Currency Translation Reserve	Minority Interest Acquisition Reserve	Equity Settled Employee Benefits Reserve	Other Reserve	Retained Profits	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance as at 1 July 2020</b>	<b>402,149</b>	<b>3,342</b>	<b>(14,814)</b>	<b>7,149</b>	<b>4,791</b>	<b>20,045</b>	<b>422,662</b>
Profit after income tax expense for the year	-	-	-	-	-	26,798	26,798
Effect of foreign exchange differences	-	(6,797)	-	-	-	-	(6,797)
Hedge revaluation	-	-	-	-	10	-	10
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(6,797)</b>	<b>-</b>	<b>-</b>	<b>10</b>	<b>26,798</b>	<b>20,011</b>
<i>Transactions with owners in their capacity as owners:</i>							
Issue of ordinary shares as consideration for a business combination, net of transaction costs	2,447	-	-	-	-	-	2,447
Dividend Reinvestment Plan (note 10)	6,462	-	-	-	-	-	6,462
Share-based payments charge	-	-	-	2,140	-	-	2,140
Dividends paid (note 10)	-	-	-	-	-	(32,159)	(32,159)
<b>Balance as at 31 December 2020</b>	<b>411,058</b>	<b>(3,455)</b>	<b>(14,814)</b>	<b>9,289</b>	<b>4,801</b>	<b>14,684</b>	<b>421,563</b>
<b>Balance as at 1 July 2021</b>	<b>417,079</b>	<b>(1,959)</b>	<b>(14,814)</b>	<b>10,200</b>	<b>5,073</b>	<b>11,213</b>	<b>426,792</b>
Profit after income tax expense for the year	-	-	-	-	-	24,553	24,553
Effect of foreign exchange differences	-	2,470	-	-	-	-	2,470
Hedge revaluation	-	-	-	-	209	-	209
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>2,470</b>	<b>-</b>	<b>-</b>	<b>209</b>	<b>24,553</b>	<b>27,232</b>
<i>Transactions with owners in their capacity as owners:</i>							
Dividend Reinvestment Plan (note 10)	5,052	-	-	-	-	-	5,052
Share-based payments charge	-	-	-	3,777	-	-	3,777
Dividends paid (note 10)	-	-	-	-	-	(33,762)	(33,762)
<b>Balance as at 31 December 2021</b>	<b>422,131</b>	<b>511</b>	<b>(14,814)</b>	<b>13,977</b>	<b>5,282</b>	<b>2,004</b>	<b>429,091</b>

These statements should be read in conjunction with the following notes.

## 1. General information

IPH Limited ("Company") is a for-profit listed public company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange ("ASX"). The condensed consolidated financial statements of the Company for the half-year ended 31 December 2021 ("the interim financial report") comprises the Company and its controlled entities ("Group"). IPH Limited is the ultimate parent entity in the Group.

The financial statements were authorised for issue in accordance with a resolution of Directors, on 17 February 2022.

## 2. Significant accounting policies

### Basis of preparation

This general purpose interim financial report has been prepared in accordance with *AASB 134 Interim Financial Reporting* and the *Corporations Act 2001*.

The interim financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position, and financing and investing activities of the Group as the annual financial report.

It is recommended that the interim financial report be read in conjunction with the annual financial report for the year ended 30 June 2021 and considered with any public announcements made by the Company during the half-year ended 31 December 2021 in accordance with the continuous disclosure obligations of the ASX listing rules.

The interim financial report has been prepared on the bases of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the interim financial report are consistent with those adopted and disclosed in the company's annual financial report for the year ended 30 June 2021, except for the impact of the standards and Interpretations described below. These accounting policies are consistent with the Australian Accounting Standards and with International Financial Reporting Standards.

### Changes to Accounting Standards for the current reporting period

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to their operation and effective for the current half-year.

No new or revised Standards and Interpretations effective for the period under review are considered to materially impact the Company.

### Accounting Standards and Interpretations in issue not yet adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the period ended 31 December 2021.

### Rounding of amounts

The Company is of a kind referred to ASIC Corporations (Rounding in Financial/Directors Reports) Instrument dated 24 March 2016 and in accordance with that Instrument amounts in the interim financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

### Prior period reclassifications

Certain prior year amounts have been reclassified for consistency with the current period presentation and to align with the IPH Limited financial report. These reclassifications had no effect on the reported results of the Group.

## Note 3. Operating segments

### Identification of reportable operating segments

The Group is organised into three segments: Intellectual Property Services Australia & New Zealand; Intellectual Property Services Asia; and Adjacent Businesses. Adjacent Businesses at 31 December 2021 include the operations of Wisetime. These operating segments are based on internal reports that are reviewed and used by the senior executive team and Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM review profit before interest, tax and adjustments to the statutory reported results. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements. The information is reported to the CODM on at least a monthly basis.

### Intersegment transactions

There are varying levels of integration between segments. The integration includes provision of professional services, shared technology and management services. Intersegment transactions were made at market rates. Intersegment transactions are eliminated on consolidation.

**Note 3. Operating Segments (continued)**

Consolidated	Intellectual Property Services				Adjacent Businesses		Corporate		Intersegment eliminations / unallocated		Total	
	Australia & NZ		Asia		2021	2020	2021	2020	2021	2020	2021	2020
	2021	2020	2021	2020								
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Revenue</b>												
Sales to external customers	137,481	133,601	49,275	46,120	-	-	-	-	-	-	186,756	179,721
Intersegment sales	519	438	3,231	2,590	-	-	-	-	(3,750)	(3,028)	-	-
Total sales revenue	138,000	134,039	52,506	48,710	-	-	-	-	(3,750)	(3,028)	186,756	179,721
Other revenue	6,086	1,546	246	(1,375)	225	245	5,307	3,266	(7,180)	(3,609)	4,684	73
<b>Total revenue</b>	<b>144,086</b>	<b>135,585</b>	<b>52,752</b>	<b>47,335</b>	<b>225</b>	<b>245</b>	<b>5,307</b>	<b>3,266</b>	<b>(10,930)</b>	<b>(6,637)</b>	<b>191,440</b>	<b>179,794</b>
Less: Overheads	(92,616)	(90,343)	(28,361)	(26,348)	(497)	(279)	(12,535)	(7,663)	10,916	6,553	(123,093)	(118,080)
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA), before adjustments</b>	<b>51,470</b>	<b>45,242</b>	<b>24,391</b>	<b>20,987</b>	<b>(272)</b>	<b>(34)</b>	<b>(7,228)</b>	<b>(4,397)</b>	<b>(14)</b>	<b>(84)</b>	<b>68,347</b>	<b>61,714</b>
Less: Depreciation	(4,981)	(4,808)	(1,249)	(1,205)	(11)	(46)	(217)	(92)	-	-	(6,458)	(6,151)
Less: Amortisation	(11,297)	(10,487)	(642)	(647)	(803)	(1,029)	(580)	(459)	-	11	(13,322)	(12,611)
Less: Management Charges	1,608	2,790	(4,907)	(5,336)	-	-	3,285	2,463	14	83	-	-
<b>Segment result: (Profit before interest, tax and adjustments)</b>	<b>36,800</b>	<b>32,737</b>	<b>17,593</b>	<b>13,799</b>	<b>(1,086)</b>	<b>(1,109)</b>	<b>(4,740)</b>	<b>(2,485)</b>	<b>-</b>	<b>10</b>	<b>48,567</b>	<b>42,952</b>
<b>Reconciliation of segment result</b>												
Segment result											48,567	42,952
Adjustments to statutory result:												
Business acquisition costs											(1,919)	(1,102)
Restructuring expenses											(1,821)	(1,255)
Impairment of intangible assets											(4,655)	-
Share based payments											(3,777)	(2,654)
IT SaaS Implementation Costs											(1,256)	-
Total adjustments											(13,428)	(5,011)
Interest income											23	26
Finance Costs											(2,303)	(2,878)
<b>Profit for the period before income tax expense</b>											<b>32,859</b>	<b>35,089</b>
<b>Reconciliation of segment revenue</b>												
Segment revenue											191,440	179,794
Interest income											23	26
<b>Total revenue</b>											<b>191,463</b>	<b>179,820</b>

#### Note 4. Sales revenue

	Consolidated	
	31 Dec 2021	31 Dec 2020
	\$'000	\$'000
Revenue from the rendering of services	186,756	179,721
	<b>186,756</b>	<b>179,721</b>

#### Note 5. Other income

	Consolidated	
	31 Dec 2021	31 Dec 2020
	\$'000	\$'000
Net realised foreign exchange gain/(loss)	2,944	(5,302)
Net unrealised foreign exchange gain/(loss)	(825)	3,277
Other income	653	815
Commission	1,912	1,283
Interest	23	26
	<b>4,707</b>	<b>99</b>

#### Note 6. Expenses

Profit before income tax includes the following specific expenses:

	Consolidated	
	31 Dec 2021	31 Dec 2020
	\$'000	\$'000
<b>Depreciation and amortisation:</b>		
Depreciation - Property, plant and equipment	2,292	1,707
Amortisation - Software development	1,752	1,844
	<b>4,044</b>	<b>3,551</b>
Depreciation - Right-of-use asset	4,166	4,444
Amortisation - Acquired Intangibles	11,570	10,767
Total depreciation and amortisation	<b>19,780</b>	<b>18,762</b>
<b>Employee benefits expense:</b>		
Share based payments	3,777	2,654
Government Covid-19 stimulus grants <sup>1</sup>	-	(1,028)
<b>Other expenses:</b>		
Advertising and marketing	476	479
Bank charges	469	473
IT and communication	4,141	3,143
Office expenses	1,211	958
Professional fees	1,654	1,237
Staff welfare and training	613	750
Impairment of intangibles	4,655	-
Other	5,106	4,271
	<b>18,325</b>	<b>11,311</b>
<b>Finance costs</b>		
Interest on bank facilities - Loan	1,083	1,394
Other finance costs - Facility fees	399	459
	<b>1,482</b>	<b>1,853</b>
Interest on lease contracts	821	1,025
<b>Total finance costs</b>	<b>2,303</b>	<b>2,878</b>

1. Grants received from Asian governments in response to the impact of Covid-19.

## Note 7. Intangible Assets

	Consolidated	
	31 Dec 2021	30 Jun 2021
	\$'000	\$'000
Goodwill - at cost	299,879	296,434
Patents and trade marks - at cost	12,726	17,293
Less: Accumulated amortisation	(7)	(5)
	<b>312,598</b>	<b>313,722</b>
Capitalised software development - at cost	17,248	15,067
Less: Accumulated amortisation	(11,162)	(9,370)
	<b>6,086</b>	<b>5,697</b>
Software acquired - at cost	5,241	-
Less: Accumulated amortisation	(524)	-
	<b>4,717</b>	-
Customer Relationships	218,010	218,284
Less: Accumulated amortisation	(79,349)	(68,654)
Less: Impairment	(961)	(961)
	<b>137,700</b>	<b>148,669</b>
	<b>461,101</b>	<b>468,088</b>

### Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Consolidated					
	Goodwill	Patents and trade marks	Customer relationships	Capitalised software development	Software Acquired	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance as at 1 July 2020</b>	<b>298,038</b>	<b>17,232</b>	<b>163,219</b>	<b>4,770</b>	-	<b>483,259</b>
Exchange differences	(3,590)	61	296	(35)	-	(3,268)
Additions	-	-	-	4,364	-	4,364
Additions through business combinations	1,986	-	6,756	-	-	8,742
Amortisation expense	-	(5)	(21,602)	(3,402)	-	(25,009)
<b>Balance as at 30 June 2021</b>	<b>296,434</b>	<b>17,288</b>	<b>148,669</b>	<b>5,697</b>	-	<b>468,088</b>
Additions	-	-	-	2,178	-	2,178
Additions through business combinations (note 12)	1,797	-	-	-	5,241	7,038
Impairment <sup>1</sup>	-	(4,600)	-	(55)	-	(4,655)
Exchange differences	1,648	33	75	18	-	1,774
Amortisation expense	-	(2)	(11,044)	(1,752)	(524)	(13,322)
<b>Balance as at 31 December 2021</b>	<b>299,879</b>	<b>12,719</b>	<b>137,700</b>	<b>6,086</b>	<b>4,717</b>	<b>461,101</b>

1. Impairment relates to assets previously under the Shelston IP brand which merged with Spruson & Ferguson during HY22.

## Note 8. Borrowings

	Consolidated	
	31 Dec 2021	30 Jun 2021
	\$'000	\$'000
<b>Non Current</b>		
Multicurrency loan facility	117,035	116,159
	<b>117,035</b>	<b>116,159</b>

On 28 June 2021, the Group entered into a facilities agreement ('Agreement') with HSBC, Westpac, ANZ and CBA which refinanced the facilities previously outstanding with HSBC and Westpac. The facilities under the Agreement comprise:

- A \$115m multicurrency revolving loan facility;
- A \$70m acquisition term loan facility; and
- A \$25m revolving credit facility for the general corporate purposes of the Group.

The Agreement matures on 4 July 2024.



## Note 9. Equity - issued capital

	Consolidated		Consolidated	
	31 Dec 2021	30 Jun 2021	31 Dec 2021	30 Jun 2021
	Shares	Shares	\$'000	\$'000
Ordinary Class shares - fully paid	218,491,392	217,203,866	422,131	417,079
	<b>218,491,392</b>	<b>217,203,866</b>	<b>422,131</b>	<b>417,079</b>

### Movements in ordinary share capital

	Date	Shares	\$'000
Opening balance	1 July 2020	214,396,164	402,149
Performance and retention rights exercised	11 September 2020	553,071	-
Dividend reinvestment - final dividend (note 10)	18 September 2020	950,862	6,462
Acquisition of Baldwins Intellectual Property	16 October 2020	335,016	2,447
Dividend reinvestment - interim dividend	19 March 2021	968,753	6,021
<b>Balance as at 30 June 2021</b>		<b>217,203,866</b>	<b>417,079</b>
Performance and retention rights exercised	23 August 2021	615,061	-
Performance and retention rights exercised	15 September 2021	125,563	-
Dividend reinvestment - final dividend (note 10)	17 September 2021	546,902	5,052
<b>Balance as at 31 December 2021</b>		<b>218,491,392</b>	<b>422,131</b>

### Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

### Employee Share Trust

On 1 July 2017, IPH established the Employee Share Trust for the purpose of acquiring and allocating shares granted through the IPH Employee Incentive Plan. As at 31 December 2021, the number of shares held by the trust was 1,308,672 (30 June 2021: 866,186). 740,624 shares were issued to the trust during the year.

## Note 10. Equity - dividends

	Consolidated		
	31 Dec 2021	31 Dec 2020	
	Cents per share	\$'000	\$'000
Final dividend			
June 2020 - paid 18 September 2020	15.0	-	32,159
June 2021 - paid 17 September 2021	15.5	33,762	-

On 17 February 2022, the Company declared an ordinary dividend of 14.5 cents per share (franked at 40%) to be paid on 18 March 2022. The dividend value is \$31,681,000. No provision for this dividend has been recognised in the Statement of Financial Position as at 31 December 2021, as it was declared after the end of the half year.

### Dividend Reinvestment Plan

The Dividend Reinvestment Plan was active during the financial half year. 546,902 (2020: 950,862) shares were issued to participants totalling \$5,051,521 (2020: \$6,460,695).

## Note 11. Earnings per share

	Consolidated	
	31 Dec 2021	31 Dec 2020
	\$'000	\$'000
Profit after income tax	24,553	26,798
<b>Profit after income tax attributable to the owners of IPH Limited</b>	<b>24,553</b>	<b>26,798</b>

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share <sup>1</sup>	217,759,478	215,405,630
Options over ordinary shares	774,034	667,312
Weighted average number of ordinary shares used in calculating diluted earnings per share	218,533,512	216,072,942

	Cents	Cents
Basic earnings per share	11.28	12.44
Diluted earnings per share	11.24	12.40

1. Treasury shares of 109,288 held by the employee share trust have been excluded from the weighted average number of shares in accordance with AASB 132 Earnings Per Share.

## Note 12. Business combinations

### Applied Marks

On 1 July 2021 the Group completed the acquisition of Applied Marks Pty Ltd (Applied Marks). The final agreed purchase price was cash consideration of \$5,000,000 and an additional contingent consideration estimated to be \$2,037,987 at reporting date. Founded in 2008, Applied Marks is a leading Australian online automated trade mark application platform, also providing automated registration and intelligence services relating to companies and domain names, both directly to customers and through channel partners.

The initial accounting for the acquisition has been provisionally determined at the end of the reporting period.

#### Consideration transferred

The following table summarises the acquisition date fair value of each major class of consideration transferred.

	\$'000
Cash	5,000
Deferred contingent consideration	2,038
<b>Total purchase consideration</b>	<b>7,038</b>

The Group incurred acquisition costs of \$26,500. These costs have been included in business acquisition expenses in the Statement of Profit or Loss.

#### Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	Fair value
	\$'000
Cash	8
Other Assets	13
Intangible assets - software acquired	5,241
Other Liabilities	(21)
Net assets acquired	5,241
Goodwill	1,797
<b>Acquisition-date fair value of total consideration transferred</b>	<b>7,038</b>
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of total consideration transferred	7,038
Less: acquired cash	(8)
Less: deferred contingent consideration	(2,038)
<b>Net cash used</b>	<b>4,992</b>

### Baldwins Intellectual Property

On 16 October 2020, the Group completed the acquisition of New Zealand intellectual property firm Baldwins Intellectual Property (Baldwins).

The final accounting for the acquisition was finalised during the previous financial year. There were no acquisition adjustments recorded during the year ended 31 December 2021.

## Note 13. Contingent Liabilities

From time to time failures or defects in the lodgement or prosecution of intellectual property rights by Group businesses or their associates may occur. Whilst in most cases the failure or defect is able to be remedied with the relevant intellectual property offices, the Group maintains professional indemnity insurances to insure against loss arising from such events. Any material matters which could result in a possible outflow to the Group are disclosed with appropriate provisions made for probable outflows.

## Note 14. Events after the reporting period

There were no significant events post 31 December 2021 that have impacted on the Group.

IPH LIMITED  
ABN 49 169 015 838  
**Directors' Declaration**

The directors declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

(b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors



**Dr Andrew Blattman**

Managing Director

17 February 2022

Sydney

## Independent Auditor's Review Report to the Members of IPH Limited

### *Conclusion*

We have reviewed the half-year financial report of IPH Limited (the "Company") and its subsidiaries (the "Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2021, and the condensed consolidated statement of profit and loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- Complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

### *Basis for Conclusion*

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of the Company, would be in the same terms if given to the Directors as at the time of this auditor's review report.

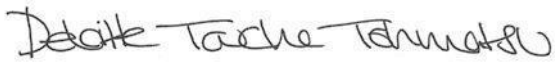
### *Directors' Responsibility for the Half-Year Financial Report*

The Directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

## *Auditor's Responsibility for the Review of the Half-year Financial Report*

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



DELOITTE TOUCHE TOHMATSU



H Fortescue  
Partner  
Chartered Accountants  
Sydney, 17 February 2022