

**IPH Limited**  
ACN 169 015 838

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

**Half Year ended 31 December 2022 (“HY23”)  
Results for announcement to the market**

<b>Results</b>	<b>Change</b>			<b>HY23 \$'000</b>	<b>HY22 \$'000</b>
Revenue from ordinary activities	Up	20%	to	223,948	186,756
Profit from ordinary activities after tax attributable to members	Up	16%	to	28,523	24,553
Profit for the period attributable to members	Up	16%	to	28,523	24,553

<b>Dividends</b>	<b>Amount per Share</b>	<b>Franked amount per Share</b>
Half year ended 31 December 2022 - Interim dividend	15.5c	6.2c
Half year ended 31 December 2021 - Interim dividend	14.5c	5.8c
Interim Dividend sourced from Conduit Foreign Income		9.3c
Record date for determining entitlements to the dividend		22 February 2023

The Company's Dividend Reinvestment Plan (DRP) will operate for the interim dividend. The discount applying to shares issued under the DRP for the interim dividend is 1.5%. The last date for receipt of a valid election notice by our Share Registry for participation in the DRP is 23 February 2023.

<b>Other</b>	<b>HY23</b>	<b>HY22</b>
Net tangible asset backing per share	\$(1.40)	\$0.01

A large proportion of the Company's assets are intangible in nature, relating to goodwill and identifiable intangible assets acquired through business combinations. These assets are excluded from the calculation of net tangible assets per share. Including intangible assets, net assets per share are \$2.14 (HY22: \$1.96)

**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 2022

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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 2022.

IPH is the leading intellectual property (IP) services group across Asia Pacific and Canada and 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 Peter Warne	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
Ms Vicki Carter	Non-executive Director (appointed 5 October 2022)



# Operational and Financial Review

## Operational and Financial Performance

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

The Directors believe it is important to include the financial information on an underlying basis as this reflects the ongoing or underlying activities of the Group and excludes items that are not expected to occur frequently and do not form part of the core activities of the Group.

The HY23 underlying earnings of the Group have been determined by adjusting statutory earnings amounts to eliminate the effect of business acquisition costs, restructuring expenses and IT SaaS implementations costs. As announced at the year end results share based payments expense is now included in underlying earnings and the HY22 figures have been restated to include share based payments expense for comparative purposes.

	Revenue HY23	Revenue HY22	Chg%	EBITDA HY23	EBITDA HY22	Chg%
Australian & New Zealand IP	142,817	144,086	(1%)	52,540	51,470	2%
Asian IP	59,551	52,752	13%	28,201	24,391	16%
Canadian IP	30,265	-		10,612	-	
	232,633	196,838	18%	91,353	75,861	20%
Adjacent Businesses	50	225		(33)	(272)	
Corporate Office	8,805	5,307		(7,872)	(11,005)	
Eliminations	(14,922)	(10,930)		(3,063)	(14)	
<b>Underlying Revenue / EBITDA</b>	<b>226,566</b>	<b>191,440</b>	<b>18%</b>	<b>80,385</b>	<b>64,570</b>	<b>24%</b>
Business acquisition costs				(7,799)	(1,919)	
Restructuring expenses	320			(779)	(1,821)	
Impairment of intangible assets				-	(4,655)	
IT SaaS implementation costs				(487)	(1,256)	
<b>Statutory Revenue / EBITDA</b>	<b>226,886</b>	<b>191,440</b>	<b>19%</b>	<b>71,320</b>	<b>54,919</b>	<b>30%</b>
Interest Income				166	23	
Interest Expense				(7,141)	(2,303)	
Depreciation and amortisation				(24,187)	(19,780)	
Net Profit Before Tax				40,158	32,859	22%
Tax				(11,635)	(8,306)	
<b>Net Profit After Tax</b>				<b>28,523</b>	<b>24,553</b>	<b>16%</b>



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## Statutory Results

Revenue and other income (excluding interest) of \$226.9 million increased by 19% on the prior corresponding period, reflecting the contribution of the Smart & Biggar business (acquired on 6 October 2022), continued organic growth in the Asian business and foreign currency benefits.

EBITDA increased by 30% to \$71.3 million.

Net Profit After Tax (NPAT) was \$28.5 million compared to \$24.6 million for the prior corresponding period.

## Underlying Results

Underlying EBITDA improved by 24% to \$80.4 million. Commencing from FY23 IPH includes share based payments expense in Underlying EBITDA which previously were excluded from Underlying results. For HY23 share based payments expense was \$2.1 million. Underlying EBITDA in HY22 has been restated to include share based payments expense of \$3.8 million which were previously excluded.

## Australian & New Zealand IP

Revenue in the Australian & New Zealand IP segment decreased by 1% to \$142.8 million.

IPH Group filings (ex innovation patents) declined by 7.7% for HY23 compared to a market decline of 4.3% for the same period.

The relative decline in IPH Group filings reflects a full six-month period of the integration of Spruson & Ferguson Australia and Shelston IP in HY23, compared to one month in HY22, as the integration commenced in December 2022 (we have previously noted the disruptive impact of integration activity on filings). It also reflects lower filings in Griffith Hack in HY23 compared to a strong HY22.

Underlying EBITDA increased by 2% to \$52.5 million at a margin of 36.8%, reflecting delivery of cost synergies and a foreign exchange benefit.

On a like-for-like basis, removing the effects of currency, revenue declined by 3% and EBITDA decreased by 6%.

## Asian IP

Asian IP segment revenue increased by 13% to \$59.6 million, reflecting continued organic growth across the IPH network.

The segment benefitted from a stronger USD against the SGD and a stronger SGD against the AUD. It also benefitted from filings in prior periods progressing to the next stage in the grant cycle.

Underlying EBITDA increased by 16% to \$28.2 million, including the impact of currency gains.

On a like-for-like basis, EBITDA improved by 10% with EBITDA margin increasing by 1.5%.

IPH patent filing growth across its Asia jurisdictions was steady in HY23 compared to the prior half. Filings were lower in China while IPH experienced filing growth in Hong Kong, Indonesia and Malaysia.

Based on preliminary data, the Singapore patent market decreased by 3.0% in CY22 YTD September compared to the previous corresponding period, reflecting a significant decline in filings from the market's top corporate group (an IPH client). Excluding this group, the market increased by 0.3%.



IPH Group filings decreased by 8.6% for the same period reflecting that IPH was more significantly impacted from the decline in filings from this one corporate group. Excluding this client, IPH Group filings increased by 4.3%. IPH Group maintained its number one patent market share of 23.4% in CY22 YTD September.

### Canadian IP

The Group completed the acquisition of Smart & Biggar, a leading IP firm in Canada on 6 October 2022. The financial results include revenue and earnings contribution from 6 October 2022 (HY22 nil).

Smart & Biggar recorded revenue of \$30.3 million and Underlying EBITDA of \$10.6 million.

The results were consistent with the Group's expectations at time of acquisition.

### Adjacent Businesses

Adjacent businesses for the prior period includes the autonomous time keeping software tool, WiseTime. The business was divested on 19 July 2022.

### Corporate Office

Excluding the impacts of foreign exchange, a \$2.9 million gain, reflecting the revaluation of USD cash and debt, Corporate costs declined by \$0.3 million. Share based payment expense, previously excluded from underlying earnings, is now included in Corporate expenses with a \$2.1 million charge in HY23 compared to a \$3.8 million charge in the HY22 comparative period. Adjusting for this item Corporate costs have increased by \$1.4 million due to increased insurance, IT and legal and consulting fees.

### Impact of Foreign Exchange Movements

The Group is impacted by movements in foreign exchange rates in the following ways:

(i) Net impact recorded in the P&L account

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 2022 the balance sheet contained US\$27 million in cash and US\$36 million in receivables. These US denominated assets were offset by a US\$19.5 million loan.

Realised foreign exchange gains of \$3.1 million and unrealised foreign exchange losses of \$2.8 million were recognised in the P&L account during the half year, resulting in a net foreign exchange gain of \$0.3 million (HY22 \$2.1 million gain).

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

	AUD/USD	AUD/SGD	AUD/CAD
<b>31 December 2021</b>	0.7262	0.9800	-
<b>30 June 2022</b>	0.6892	0.9588	-
<b>Smart &amp; Biggar Acquisition Date (6 Oct 22)</b>	-	-	0.8868
<b>31 December 2022</b>	0.6818	0.9145	0.9235



(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 47% 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 2022 was 0.67, while in the comparative period it was 0.73. Based on the USD profile in HY23, a 1c movement in the AUD/USD exchange rate equates to approximately \$2 million of revenue on services charges on an annualised basis.

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

	AUD/USD	AUD/SGD	AUD/CAD
<b>HY22</b>	0.7316	0.9913	-
<b>Smart &amp; Biggar Acquisition Date (6 Oct 22)</b>	-	-	0.8868
<b>HY23</b>	0.6706	0.9332	0.8908
<b>Movement</b>	(8.3%)	(5.9%)	(0.5%)

## Adjustments to Statutory Results

Adjustments to the statutory EBITDA have been made for:

- **Business acquisition costs** – costs incurred in the pursuit of acquisitions, primarily related to the acquisition of Smart & Biggar which was completed on 6 October 2022.
- **Restructuring costs** – costs of restructuring across the Group. This predominately included the costs associated with implementation of Group's new business process re-engineering programme, the IPH Way and exit of the former Shelston IP lease.
- **IT SaaS Implementation costs** – one off costs associated with the implementation of new SaaS based CRM project.

## Dividends

Since the end of the half year, the Directors have declared the payment of an interim ordinary dividend of 15.5 cents per share, franked at 40%. This represents 87% 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

16 February 2023  
Sydney



16 February 2023

The Board of Directors  
IPH Limited  
Level 22, Tower 2 Darling Park  
201 Sussex Street,  
Sydney NSW 2000

Dear Board Members

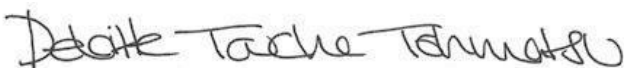
### Auditor's Independence Declaration to IPH Limited

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 2022, 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

	Note	Consolidated	
		31 Dec 2022	31 Dec 2021
		\$'000	\$'000
<b>Revenue</b>	4	223,948	186,756
Other income	5	3,104	4,707
<b>Expenses</b>			
Employee benefits expense		(74,145)	(64,820)
Agent fee expenses		(55,356)	(50,977)
Amortisation of acquired intangibles	6	(16,030)	(11,570)
Depreciation of right-of-use assets	6	(4,907)	(4,166)
Depreciation and amortisation of fixed assets and intangibles	6	(3,250)	(4,044)
Insurance expenses		(1,746)	(1,334)
Travel expenses		(1,528)	(189)
Occupancy expenses		(1,410)	(876)
Other expenses	6	(21,381)	(18,325)
Finance costs	6	(7,141)	(2,303)
<b>Profit before income tax expense</b>		<b>40,158</b>	<b>32,859</b>
Income tax expense		(11,635)	(8,306)
<b>Profit after income tax expense for the period</b>		<b>28,523</b>	<b>24,553</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		121	2,470
Fair value gain on hedging instruments		118	209
Other comprehensive income for the period, net of tax		239	2,679
<b>Total comprehensive income for the period</b>		<b>28,762</b>	<b>27,232</b>
Profit for the period is attributable to:			
Owners of IPH Limited		28,523	24,553
		<b>28,523</b>	<b>24,553</b>
Total comprehensive income for the period is attributable to:			
Owners of IPH Limited		28,762	27,232
		<b>28,762</b>	<b>27,232</b>
<b>Earnings per share</b>			
From continuing operations			
Basic earnings (cents per share)	11	12.85	11.28
Diluted earnings (cents per share)	11	12.56	11.24

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

## Statement of Financial Position

	Consolidated		
	Note	31 Dec 2022	30 Jun 2022
		\$'000	\$'000
<b>Current assets</b>			
Cash and cash equivalents		92,217	88,399
Trade and other receivables		125,097	92,760
Contract assets		18,968	6,765
Income tax receivable		-	3,211
Other financial assets		79	472
Other assets		6,681	4,756
<b>Total current assets</b>		<b>243,042</b>	<b>196,363</b>
<b>Non-current assets</b>			
Property, plant and equipment		14,351	8,622
Right-of-use assets		45,393	30,920
Intangibles	7	841,882	447,643
Deferred tax		1,592	2,974
Other financial assets		562	-
Other assets		544	1,215
<b>Total non-current assets</b>		<b>904,324</b>	<b>491,374</b>
<b>Total assets</b>		<b>1,147,366</b>	<b>687,737</b>
<b>Current liabilities</b>			
Trade and other payables		37,980	29,348
Income tax payable		8,040	7,653
Provisions		14,440	17,825
Interest bearing lease liabilities		11,184	11,621
Other financial liabilities		200	200
Deferred consideration		73,539	-
Contract liabilities		5,715	3,495
<b>Total current liabilities</b>		<b>151,098</b>	<b>70,142</b>
<b>Non-current liabilities</b>			
Borrowings	8	376,845	117,797
Deferred tax		88,289	33,024
Interest bearing lease liabilities		43,554	31,122
Other financial liabilities		-	2,038
Provisions		4,977	3,903
<b>Total non-current liabilities</b>		<b>513,665</b>	<b>187,884</b>
<b>Total liabilities</b>		<b>664,763</b>	<b>258,026</b>
<b>Net assets</b>		<b>482,603</b>	<b>429,711</b>
<b>Equity</b>			
Issued capital	9	481,894	424,809
Reserves		8,909	6,526
(Accumulated losses)/retained profits		(8,200)	(1,624)
<b>Total equity attributable to owners of IPH Limited</b>		<b>482,603</b>	<b>429,711</b>

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

## Statement of Cashflows

	Note	Consolidated	
		31 Dec 2022	31 Dec 2021
		\$'000	\$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		249,920	220,380
Payments to suppliers and employees		(186,392)	(155,197)
Interest received	5	166	23
Interest and other finance costs paid	6	(7,141)	(2,303)
Income taxes paid		(8,692)	(15,555)
<b>Net cash from operating activities</b>		<b>47,861</b>	<b>47,348</b>
<b>Cash flows from investing activities</b>			
Payments for purchase of subsidiaries, net of cash acquired	12	(272,961)	(4,992)
Proceeds of sale of subsidiaries, net of cash sold		843	-
Payments for property, plant and equipment		(1,437)	(1,995)
Payments for internally developed software	7	(1,451)	(2,178)
<b>Net cash used in investing activities</b>		<b>(275,006)</b>	<b>(9,165)</b>
<b>Cash flows from financing activities</b>			
Dividends paid	10	(30,108)	(28,710)
Proceeds of borrowings		268,492	-
Payment of lease liabilities		(6,646)	(5,326)
<b>Net cash from/ (used) in financing activities</b>		<b>231,738</b>	<b>(34,036)</b>
Net increase/(decrease) in cash and cash equivalents		4,593	4,147
Cash and cash equivalents at the beginning of the financial period		88,399	71,152
Effects of exchange rate changes on cash and cash equivalents		(775)	680
<b>Cash and cash equivalents at the end of the financial period</b>		<b>92,217</b>	<b>75,979</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 Reserves	Retained Profits	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<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 period	-	-	-	-	-	24,553	24,553
Effect of foreign exchange differences	-	2,470	-	-	-	-	2,470
Hedge revaluation net of tax	-	-	-	-	209	-	209
<b>Total comprehensive income for the period</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 9)	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>
<b>Balance as at 1 July 2022</b>	<b>424,809</b>	<b>533</b>	<b>(14,814)</b>	<b>15,050</b>	<b>5,757</b>	<b>(1,624)</b>	<b>429,711</b>
Profit after income tax expense for the period	-	-	-	-	-	28,523	28,523
Effect of foreign exchange differences	-	121	-	-	-	-	121
Hedge revaluation net of tax	-	-	-	-	118	-	118
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>121</b>	<b>-</b>	<b>-</b>	<b>118</b>	<b>28,523</b>	<b>28,762</b>
<i>Transactions with owners in their capacity as owners:</i>							
Dividend Reinvestment Plan (note 9)	4,991	-	-	-	-	-	4,991
Share-based payments charge	(19)	-	-	2,144	-	-	2,125
Issue of ordinary share as consideration for a business combination, net of transaction costs	52,113	-	-	-	-	-	52,113
Dividends paid (note 10)	-	-	-	-	-	(35,099)	(35,099)
<b>Balance as at 31 December 2022</b>	<b>481,894</b>	<b>654</b>	<b>(14,814)</b>	<b>17,194</b>	<b>5,875</b>	<b>(8,200)</b>	<b>482,603</b>

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

## **Note 1. General information**

IPH Limited ("Company") is a for-profit listed public company limited by shares, incorporated and domiciled in Australia, whose share are publicly traded on the Australian Securities Exchange ("ASX"). The condensed consolidated financial statements of the Company for the half-year ended 31 December 2022 ("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 16 February 2023.

## **Note 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 2022 and considered with any public announcements made by the Company during the half-year ended 31 December 2022 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 2022, 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 Group.

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

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

### **Rounding of amounts**

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

### **Prior period reclassification**

Certain prior period 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.

From FY23 onwards, consistent with market practice share based payments will no longer be shown as a non-underlying expense. Accordingly, the prior period comparatives in Note 3 - Operating Segments have been adjusted to reflect this, increasing HY22 overheads by \$3,777k with a corresponding reduction in the adjustments to the statutory results (the current year equivalent is \$2,144k). There has been no change to the reported statutory results.

## **Note 3. Operating segments**

### **Identification of reportable operating segments**

The Group is organised into four segments: Intellectual Property Services Australia & New Zealand; Intellectual Property Services Asia; Intellectual Property Services Canada and Adjacent Businesses. These operating segments are based on the 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 reviews profit before interest, income 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 reported to the CODM is on at least a monthly basis.

### **Intersegment transactions**

There are varying levels of integration between the 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		Canada				2022	2021	2022	2021	2022	2021
	2022	2021	2022	2021	2022	2021								
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>Revenue</b>														
Sales to external customers	136,218	137,481	57,544	49,275	30,186	-	-	-	-	-	-	-	223,948	186,756
Intersegment sales	505	519	2,912	3,231	59	-	-	-	-	-	(3,476)	(3,750)	-	-
Total sales revenue	136,723	138,000	60,456	52,506	30,245	-	-	-	-	-	(3,476)	(3,750)	223,948	186,756
Other income	6,094	6,086	(905)	246	20	-	50	225	8,805	5,307	(11,446)	(7,180)	2,618	4,684
<b>Total revenue and other income</b>	<b>142,817</b>	<b>144,086</b>	<b>59,551</b>	<b>52,752</b>	<b>30,265</b>	-	<b>50</b>	<b>225</b>	<b>8,805</b>	<b>5,307</b>	<b>(14,922)</b>	<b>(10,930)</b>	<b>226,566</b>	<b>191,440</b>
Less: Overheads <sup>1</sup>	(90,277)	(92,616)	(31,350)	(28,361)	(19,653)	-	(83)	(497)	(16,677)	(16,312)	11,859	10,916	(146,181)	(126,870)
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA), before adjustments</b>	<b>52,540</b>	<b>51,470</b>	<b>28,201</b>	<b>24,391</b>	<b>10,612</b>	-	<b>(33)</b>	<b>(272)</b>	<b>(7,872)</b>	<b>(11,005)</b>	<b>(3,063)</b>	<b>(14)</b>	<b>80,385</b>	<b>64,570</b>
Less: Depreciation	(4,016)	(4,981)	(1,181)	(1,249)	(1,130)	-	(1)	(11)	(639)	(217)	-	-	(6,967)	(6,458)
Less: Amortisation	(11,218)	(11,297)	(616)	(642)	(4,588)	-	(83)	(803)	(715)	(580)	-	-	(17,220)	(13,322)
Less: Management Charges	1,691	1,608	(6,921)	(4,907)	-	-	-	-	5,230	3,285	-	14	-	-
<b>Segment result: (Profit before interest, tax and adjustments)</b>	<b>38,997</b>	<b>36,800</b>	<b>19,483</b>	<b>17,593</b>	<b>4,894</b>	-	<b>(117)</b>	<b>(1,086)</b>	<b>(3,996)</b>	<b>(8,517)</b>	<b>(3,063)</b>	-	<b>56,198</b>	<b>44,790</b>
<b>Reconciliation of segment result</b>														
Segment result													56,198	44,790
Adjustments to statutory result:														
Business acquisition costs													(7,799)	(1,919)
Restructuring expenses													(779)	(1,821)
Impairment of intangible assets													-	(4,655)
IT SaaS Implementation Costs													(487)	(1,256)
<b>Total adjustments</b>													<b>(9,065)</b>	<b>(9,651)</b>
Interest income													166	23
Finance Costs													(7,141)	(2,303)
<b>Profit for the period before income tax expense</b>													<b>40,158</b>	<b>32,859</b>
<b>Reconciliation of segment revenue and other income</b>														
Segment revenue													226,566	191,440
Other income items excluded from segment result													320	-
Interest income													166	23
<b>Total revenue and other income</b>													<b>227,052</b>	<b>191,463</b>

1- HY22 overheads have been adjusted to include share based payments of \$3,777k, refer to Note 2 for further detail.

**Note 4. Sales revenue**

	Consolidated	
	31 Dec 2022	31 Dec 2021
	\$'000	\$'000
IP Services	203,523	179,336
Legal Services	20,425	7,420
	<b>223,948</b>	<b>186,756</b>

**Note 5. Other income**

	Consolidated	
	31 Dec 2022	31 Dec 2021
	\$'000	\$'000
Net realised foreign exchange gain/(loss)	3,129	2,944
Net unrealised foreign exchange gain/(loss)	(2,813)	(825)
Other income	1,302	653
Commission	1,320	1,912
Interest	166	23
	<b>3,104</b>	<b>4,707</b>

**Note 6. Expenses**

Profit before income tax includes the following specific expenses:

	Consolidated	
	31 Dec 2022	31 Dec 2021
	\$'000	\$'000
<b>Depreciation and amortisation:</b>		
Depreciation - Property, plant and equipment	2,060	2,292
Amortisation - Software development	1,190	1,752
	<b>3,250</b>	<b>4,044</b>
Depreciation - Right-of-use asset	4,907	4,166
Amortisation - Acquired Intangibles	16,030	11,570
Total depreciation and amortisation	<b>24,187</b>	<b>19,780</b>
<b>Employee benefits expense:</b>		
Share based payments	2,144	3,777
Superannuation expense	4,316	3,563
<b>Other expenses:</b>		
Advertising and marketing	910	476
Business acquisition costs	7,799	1,919
Impairment of intangibles	-	4,655
IT and communication	4,377	4,141
Office expenses	1,483	1,211
Professional fees	1,346	1,654
Staff welfare and training	733	613
Other	4,733	3,656
	<b>21,381</b>	<b>18,325</b>
<b>Finance costs</b>		
Interest on bank facilities - Loan	5,651	1,083
Other finance costs - Facility fees	802	399
	<b>6,453</b>	<b>1,482</b>
Interest on lease contracts	688	821
<b>Total finance costs</b>	<b>7,141</b>	<b>2,303</b>



## Note 7. Intangible Assets

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$'000	\$'000
Goodwill - at cost	497,444	299,954
Patents and trade marks - at cost	41,306	12,608
Less: Accumulated amortisation	-	(9)
	<b>538,750</b>	<b>312,553</b>
Capitalised software development - at cost	10,013	12,814
Less: Accumulated amortisation	(6,254)	(8,587)
	<b>3,759</b>	<b>4,227</b>
Software acquired - at cost	5,241	5,241
Less: Accumulated amortisation	(1,572)	(1,048)
	<b>3,669</b>	<b>4,193</b>
Customer Relationships	402,086	217,446
Less: Accumulated amortisation	(105,421)	(89,815)
Less: Impairment	(961)	(961)
	<b>295,704</b>	<b>126,670</b>
	<b>841,882</b>	<b>447,643</b>

### Reconciliations

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

	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 2021</b>	<b>296,434</b>	<b>17,288</b>	<b>148,669</b>	<b>5,697</b>	-	<b>468,088</b>
Additions	-	-	-	2,406	-	2,406
Additions through business combinations	1,797	-	-	-	5,241	7,038
Reclasses from PPE	-	-	-	51	-	51
Impairment <sup>1,2</sup>	-	(4,600)	-	(1,684)	-	(6,284)
Exchange differences	1,723	(86)	(159)	1,450	-	2,928
Amortisation expense	-	(3)	(21,840)	(3,693)	(1,048)	(26,584)
<b>Balance as at 30 June 2022</b>	<b>299,954</b>	<b>12,599</b>	<b>126,670</b>	<b>4,227</b>	<b>4,193</b>	<b>447,643</b>
Additions	-	-	-	1,451	-	1,451
Additions through business combinations (note 12)	203,356	29,883	191,701	-	-	424,940
Disposals	-	(73)	-	(768)	-	(841)
Exchange differences	(5,866)	(1,103)	(7,161)	39	-	(14,091)
Amortisation expense	-	-	(15,506)	(1,190)	(524)	(17,220)
<b>Balance as at 31 December 2022</b>	<b>497,444</b>	<b>41,306</b>	<b>295,704</b>	<b>3,759</b>	<b>3,669</b>	<b>841,882</b>

1. Patent and trade mark impairment relates to assets previously under the Shelston IP brand which merged with Spruson & Ferguson in the year ended 30 June 2022.

2. Capitalised software development impairment relates to assets under Practice Insight which were assessed in the year ended 30 June 2022 as part of the divestment completed after the reporting period

## Note 8. Non-current liabilities - borrowings

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$'000	\$'000
<b>Non Current</b>		
Multicurrency loan facility	376,845	117,797
	<b>376,845</b>	<b>117,797</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.

On 19 August 2022 the Group entered into an agreement for an additional CAD\$180m term loan facility with a maturity date of 19 August 2025.

## Note 9. Equity – issued capital

	Consolidated			
	31 Dec 2022	30 Jun 2022	31 Dec 2022	30 Jun 2022
	Shares	Shares	\$'000	\$'000
Ordinary Class shares – fully paid	225,418,130	218,819,232	481,894	424,809
	<b>225,418,130</b>	<b>218,819,232</b>	<b>481,894</b>	<b>424,809</b>

### Movements in ordinary share capital

	Date	Shares	\$'000
Opening balance	1 July 2021	217,203,866	417,079
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
Dividend reinvestment – interim dividend	18 March 2022	327,840	2,678
<b>Balance as at 30 June 2022</b>		<b>218,819,232</b>	<b>424,809</b>
Performance and retention rights exercised	22 August 2022	745,299	(19)
Dividend reinvestment – final dividend (note 10)	16 September 2022	535,619	4,991
Acquisition of Smart & Biggar (note 12)	6 October 2022	5,317,980	52,113
<b>Balance as at 31 December 2022</b>		<b>225,418,130</b>	<b>481,894</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 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 2022, the number of shares held by the trust was 1,535,360 (30 June 2022: 1,308,672). 745,299 shares were issued to the trust during the period.

## Note 10. Equity – dividends

	Consolidated		
		31 Dec 2022	31 Dec 2021
	Cents per share	\$'000	\$'000
Final dividend			
June 2021 – paid 17 September 2021	15.5	-	33,762
June 2022 – paid 16 September 2022	16.0	35,099	-

On 16 February 2023, the Company declared an ordinary dividend of 15.5 cents per share (franked at 40%) to be paid on 17 March 2023. The dividend value is \$34,940,000. No provision for this dividend has been recognised in the Statement of Financial Position as at 31 December 2022, as it was declared after the end of the financial year.

### Dividend Reinvestment Plan

The Dividend Reinvestment Plan was active during the financial period. 535,619 (2021: 546,902) shares were issued to participants totalling \$4,990,901 (2021: \$5,051,521).

## Note 11. Earnings per share

	Consolidated	
	31 Dec 2022	31 Dec 2021
	\$'000	\$'000
Profit after income tax	28,523	24,553
<b>Profit after income tax attributable to the owners of IPH Limited</b>	<b>28,523</b>	<b>24,553</b>

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share <sup>1</sup>	221,982,272	217,759,478
Options over ordinary shares	812,989	774,034
Deferred contingent consideration	4,246,923	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	227,042,184	218,533,512

	Cents	Cents
Basic earnings per share	12.85	11.28
Diluted earnings per share	12.56	11.24

1. Treasury shares of 179,889 (2021: 109,288) held by the employee share trust have been excluded from the weighted average number of shares in accordance with AASB 133 Earnings Per Share.

## Note 12. Business combinations

On 6th October 2022 the Group completed the acquisition of the IP agency practice of Smart & Biggar, which holds an interest in the legal practice of Smart & Biggar as permitted by Canadian regulation.

The consideration was settled by way of cash payments of C\$241m (A\$277m) funded by a drawdown on a new Canadian currency IPH debt facility (refer to note 8) and the issuance of 5,317,980 IPH shares.

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

The acquired business contributed revenues of A\$30.3m and profit after tax of A\$3.2m to the Group for the period from 6th October 2022 to 31 December 2022.

### Equity instruments issued

A\$52,116,204 of the purchase price was settled by way of the issue of 5,317,980 ordinary shares in IPH to the Vendors of S&B. The shares issued have been recorded in the financial statements at the acquisition date fair value of \$9.80 per share.

### Contingent consideration

Additional shares may be issued relating to deferred earn-out consideration, capped at C\$66m of new IPH shares. Earn-out consideration is payable dependent on the extent that Smart & Biggar's earnings in calendar years 2022 or 2023 outperform agreed thresholds broadly in-line with Smart & Biggar's pre-Covid earnings levels in 2019. The earn-out could be achieved in full or part in either of those years.

Contingent consideration of C\$66m has been included in the financial statements as it is anticipated that this will be paid in full via an issue of IPH shares.

### Consideration transferred

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

	\$'000
Cash	276,626
Equity Instruments	52,116
Deferred contingent consideration	74,425
<b>Total purchase consideration</b>	<b>403,167</b>

The Group incurred acquisition costs of \$7,799,493. 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	3,665
Trade receivables and other receivables	42,609
Other assets	6,485
Property, plant and equipment	6,307
Right of use assets	8,641
Intangible assets - customer relationships	191,701
Intangible assets - trademarks	29,883
Trade and other payables	(15,721)
Other current liabilities	(4,562)
Provisions	(1,701)
Interest bearing lease liabilities	(8,693)
Deferred Tax	(58,803)
Net assets acquired	199,811
Goodwill	203,356
<b>Acquisition-date fair value of total consideration transferred</b>	<b>403,167</b>
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of total consideration transferred	403,167
Less: shares issued by company as part of consideration	(52,116)
Less: deferred contingent consideration	(74,425)
Less: cash and cash equivalents acquired	(3,665)
<b>Net cash used</b>	<b>272,961</b>

### Applied Marks

On 1 July 2021, the Group completed the acquisition of Applied Marks Pty Ltd (Applied Marks).

The final accounting for the acquisition was finalised during the previous financial year.

**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 2022 that have impacted on the Group.

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

In the Directors' opinion:

(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 2011, 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 Directors made pursuant to section s.303(5) of the Corporations Act 2001.

On behalf of the Directors



**Dr Andrew Blattman**  
Managing Director  
16 February 2023  
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 2022, 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 2022 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.

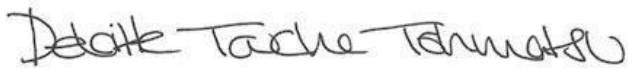
### *Directors' Responsibility for the Half-Year Financial Report*

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.

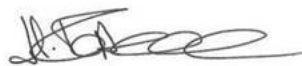
## *Auditor's Responsibility for the Review of the Half-year Financial Report*

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 2022 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

16 February 2023