

**IPH Limited**  
ACN 169 015 838

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

**Half Year ended 31 December 2023 (“HY24”)  
Results for announcement to the market**

<b>Results</b>	<b>Change</b>			<b>HY24 \$'000</b>	<b>HY23 \$'000</b>
Revenue from ordinary activities	Up	22%	to	273,497	223,948
Profit from ordinary activities after tax attributable to members	Down	(26)%	to	21,037	28,523
Profit for the period attributable to members	Down	(26)%	to	21,037	28,523

<b>Dividends</b>	<b>Amount per Share</b>	<b>Franked amount per Share</b>
Half year ended 31 December 2023 - Interim dividend	16.0c	5.6c
Half year ended 31 December 2022 - Interim dividend	15.5c	6.2c
Interim Dividend sourced from Conduit Foreign Income		10.4c
Record date for determining entitlements to the dividend		28 February 2024

The Dividend Reinvestment Plan will be in operation for the HY24 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 is 29th February 2024.

<b>Other</b>	<b>HY24</b>	<b>FY23</b>
Net tangible asset backing per share	\$(1.32)	\$(0.96)

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 these intangible assets, the net assets excluding deferred tax and ROU assets per share are \$2.74 (FY23 \$2.62).

**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 2023

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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 2023.

IPH is a leading international intellectual property ("IP") services group 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 Peter Warne	Non-executive Chairman
Dr Andrew Blattman	Managing Director and Chief Executive Officer
Mr John Atkin	Non-executive Director
Ms Vicki Carter	Non-executive Director
Ms Robin Low	Non-executive Director
Ms Jingmin Qian	Non-executive Director
Mr David Wiadrowski	Non-executive Director (appointed 15 <sup>th</sup> November 2023)



# 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 HY24 results reflect the acquisitions in Canada of Ridout & Maybee (29 September 2023) and ROBIC (15 December 2023) during the period, including their contribution to Group earnings. Accordingly, the statutory result also reflects an increase in amortisation charges relating to intangible assets recognised on acquisitions, increased finance costs associated with the acquisitions, together with one off acquisition and restructuring expenses. Given the timing of these acquisitions, the full year benefit of earnings will be realised in FY25 and beyond. Further detail on the reconciliation of Statutory to Underlying results is referenced below.

	Revenue <sup>1</sup> HY24	Revenue <sup>1</sup> HY23	Change %	EBITDA HY24	EBITDA HY23	Change %
Australian & New Zealand IP	148,624	142,817	4%	52,996	50,803	4%
Asian IP	60,372	59,551	1%	26,413	27,772	(5%)
Canadian IP	71,287	30,265	136%	22,432	10,612	111%
	280,283	232,633	20%	101,841	89,187	14%
Adjacent Businesses	-	50		-	(33)	
Corporate Office	8,380	8,805		(10,251)	(5,706)	
Eliminations	(14,306)	(14,922)		(1,144)	(3,063)	
<b>Underlying Revenue / EBITDA</b>	<b>274,357</b>	<b>226,566</b>	<b>21%</b>	<b>90,446</b>	<b>80,385</b>	<b>13%</b>
Business acquisition costs				(10,747)	(7,799)	
Restructuring expenses		320		(3,770)	(779)	
Impairment of right-of-use assets				(1,142)	-	
IT SaaS implementation costs				-	(487)	
<b>Statutory Revenue<sup>1</sup> / EBITDA</b>	<b>274,357</b>	<b>226,886</b>	<b>21%</b>	<b>74,787</b>	<b>71,320</b>	<b>5%</b>
Interest income				2,514	166	
Interest expense				(15,905)	(7,141)	
Depreciation and amortisation				(30,409)	(24,187)	
Net profit before tax				30,987	40,158	(23%)
Tax				(9,950)	(11,635)	
<b>Net Profit After Tax</b>				<b>21,037</b>	<b>28,523</b>	<b>(26%)</b>

1- Total revenue and other income excluding interest



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## Adjustments to Statutory Results

Adjustments to the statutory EBITDA have been made for:

- Business acquisition costs (\$10.7m) – costs related primarily to the completion of Ridout & Maybee, ROBIC, Smart & Biggar and other opportunities.
- Restructuring expenses (\$3.8m) – this predominately includes costs associated with the post-acquisition restructuring of Smart & Biggar and Ridout & Maybee, provisions relating to the planned exit of R&M offices, and previously advised spend for the IPH Way project.
- Impairment of Right of Use assets (\$1.1m) relating to the write down of the Right of Use asset on the planned exit of the existing R&M premises.

## Statutory Results

Revenue and other income (excluding interest) of \$274.4 million increased by 21% on the prior corresponding period, reflecting the contribution from the two acquisitions in the current reporting period in addition to the full period impact of the Smart & Biggar acquisition (acquired on 6 October 2022).

EBITDA increased by 5% to \$74.8 million.

Net Profit After Tax (NPAT) was \$21.0 million compared to \$28.5 million for the prior corresponding period. The decline in statutory NPAT reflects the non-recurring items related to the two Canadian acquisitions mentioned above, plus an increase in net interest expense and amortisation charges associated with these acquisitions.

## Underlying Results

Underlying EBITDA increased 13% to \$90.4 million (HY23: \$80.4 million). The increase in EBITDA reflects the additional earnings from Canadian acquisitions, a strong turnaround in the Australian/NZ business as this segment returned to growth, partially off-set by a market decline impacting the Asian result.

Underlying EBITDA was also negatively impacted by a net foreign exchange loss of \$1.1 million (HY23: \$0.3 million gain) which is detailed below.

Underlying Net Profit After Tax (NPAT) increased by 5% to \$50.8 million (HY23: \$48.6 million).

## Segment Results

The Company has three operating segments; Australia and New Zealand IP, Canada IP and Asian IP. In HY24, the share-based payments expense is recorded in the operating segments whereas this expense was recorded in the corporate segment in the prior comparative period. Segment results for HY23 have been adjusted accordingly for comparison purposes.



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## **Australian & New Zealand IP**

Revenue in the Australian & New Zealand IP segment increased 4% to \$148.6 million.

IPH Group patent filings (ex innovation patents) declined 2.8% for HY24 compared to a market decline of 0.8% for the same period. This represents an improvement from the FY23 results where IPH patent filings declined 7.8% compared to a market decline of 3.3% as IPH continues to narrow the gap between the Group's patent filings and the market.

Underlying EBITDA increased 4% to \$53.0 million reflecting an EBITDA margin of 35.7%, slightly ahead of the prior corresponding period.

On a like-for-like basis, removing the effects of currency movements and impact of acquisitions, the Australian segment returned to growth with revenue increasing 4% and EBITDA increasing 6%, and reflecting a lift in EBITDA margin by 1.4 percentage points.

## **Canada IP**

Revenue in the Canadian segment increased 136% to \$71.3 million. As detailed above, revenue in HY24 included the additional contribution from businesses acquired in the current period.

EBITDA increased 111% to \$22.4 million.

On a like-for-like basis, revenue declined 1%. Growth in IP agency revenue was partially offset by a decline in Legal revenue in Smart & Biggar. Legal revenue is typically related to case flow which can fluctuate.

The integration of Smart & Biggar and the more recent acquisitions of Ridout & Maybee and ROBIC continue to progress well with the cost synergies remaining on track. As a result, EBITDA increased by 5% with an uplift in EBITDA margin by 7 percentage points.

## **Asian IP**

Asian IP segment revenue increased 1% to \$60.4 million, including a currency benefit from a stronger SGD against the AUD during the period. Underlying EBITDA declined by 5% to \$26.4 million.

On a like-for-like basis, revenue declined 3% as a result of a decline in market filings across the region, while like-for-like EBITDA decreased 9%.

Singapore market patent filings for CY23 YTD October declined 5.5% with US applicants accounting for two thirds of the market decline. For the same period, IPH filings declined 6.6%. One IPH US client decreased filings notably in the market during the period. Adjusting for this client, IPH filings trended ahead of the market.

Lower Singapore market filings would be expected to negatively impact filings across other Asian jurisdictions, although Patent Office data is not available to confirm.

HY24 results were also cycling a stronger prior corresponding period. This included contribution from a large IPH client which exited operations in China and whose last substantial contribution was in October 2022.



## Corporate

Revaluing USD denominated debt and a portion of the Group's USD cash resulted in a \$1.0m gain in the current period compared to a \$2.9m gain in the prior period and disclosed in the Corporate segment. Excluding this foreign currency impact, Corporate costs increased \$2.7 million in HY24 due to the following:

- \$0.5m in additional share-based payment expense, noting that the comparative period included a P&L credit reflecting the write back of unvested rights as a result of performance outcomes.
- \$1m of IT expenses, including costs to enhance the disaster recovery plan and additional resource spend post the cyber incident in FY23.
- \$0.5m for Corporate structure and Board investment.
- \$0.3m relating to additional compliance and sustainability reporting.
- \$0.4m relating to staff costs including additional investment in staff and the impact of the annual remuneration reviews.

## 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 location of the client base. Accordingly, the Group carries a material amount of USD denominated cash and receivables. As at 31 December 2023, the balance sheet contained US\$38.8m in cash and US\$34.6m in receivables. These US denominated assets were offset by a US\$19.5m loan.

The existence of the USD loan partly provides a "natural" hedge against the P&L impact of revaluing these balances monthly. The Group will seek to further reduce this exposure by increasing the proportion of existing debt denominated in USD in the 2H.

Realised foreign exchange gains of \$2.1m and unrealised foreign exchange losses of \$3.1m were recognised in the P&L account during the period, resulting in a net foreign exchange loss of \$1.1m (HY23 \$0.3m gain).

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

	AUD/USD	AUD/SGD	AUD/CAD
<b>31 December 2022</b>	0.6818	0.9145	0.9235
<b>30 June 2023</b>	0.6640	0.8994	0.8798
<b>31 December 2023</b>	0.6812	0.8990	0.9027



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

Revenue derived by the Group is recorded at the rate of the day of the transaction. The Group invoiced 39% of its revenue in USD during the current period and has a low proportion of USD denominated expenses.

The average AUD/USD exchange rate at which this USD revenue was derived was 0.65, while in the comparative period it was 0.67. Based on the USD profile in HY24, a 1c movement in the AUD/USD exchange rate equates to approximately \$2m of revenue on services charges on an annualised basis. The Group currently does not undertake foreign currency hedging on its operating transaction exposure. The Group continues to monitor this position.

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

	AUD/USD	AUD/SGD	AUD/CAD
<b>HY23</b>	0.6706	0.9332	0.8908
<b>HY24</b>	0.6530	0.8812	0.8822
<b>Movement</b>	(2.6%)	(5.6%)	(1.0%)

## Strategy

IPH maintains a clear and consistent strategy which is to grow and consolidate its presence in key secondary IP jurisdictions to support its vision to be the leading IP services group in secondary IP markets.

The key elements of this strategy include continued organic growth; consolidating acquisitions; and growth step-outs. These are supported by continued investments to enable the Group to deliver these activities and harness the resources and network opportunity of the wider group.

The main activities in HY24 which aligned to these objectives are outlined below:

### **Organic Growth**

IPH is focused on leveraging its market-leading network across key IP jurisdictions to deliver organic growth. In Australia, following a period of business integrations which had some disruption to patent filings, the Group is focused on narrowing the gap between IPH and market filing growth. As the market leader, IPH expects to grow patent filings in line with the market. While the HY24 result has demonstrated that IPH has continued to narrow the gap, IPH remains focused on key activities to support filing growth in the second half and beyond, including:

- specific business development plans for Practice Groups and individual fee earners;
- client plans for top 30-50 group clients; and
- a specific program with incentive plans to reward fee-earner sales activity





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While the Asian region experienced a decline in market activity and filings in HY24, IPH is focused on restoring growth in Asia and the Group remains confident of the opportunity across the region and continues to be well-placed to leverage growth potential. IPH continues to invest in Asia, including the establishment of a new team and office in Manila, which expands the Company's presence to seven offices in the region.

### **Consolidate Acquisitions**

A core component of IPH's strategy is to consolidate recent acquisitions into the group to generate cost and revenue efficiencies. During the reporting period, IPH successfully consolidated its presence in the Canadian IP market with the acquisitions of Ridout & Maybee (29 September 2023) and ROBIC (15 December 2023). IPH's most recent focus has been the integration of Ridout & Maybee into Smart & Biggar. Cost synergies from these acquisitions remain on track, which helped deliver an improved performance during the current period, and also create momentum for FY24 and subsequent years.

### **Growth Step-Outs**

IPH continues to identify acquisition opportunities in key secondary IP markets. The successful acquisition of Ridout & Maybee and ROBIC adds to IPH's strong and growing presence in the Canadian IP market and provides further diversification to the Group.

### **Enablers**

IPH continues to invest in core areas of its business to ensure the Group fully leverages the opportunities which come from an expanded IPH network to service clients and enhance the capability to support its people.

The business has invested in a new Client Relationship Management System to enhance client interactions and leverage the network, and continues to invest in initiatives to build the capability of its people across the Group.

The IPH Way, which is a business process re-engineering programme, designed to standardise case management processes across the IPH group's member firms, is scheduled to commence in the fourth quarter of FY24 with net cost benefits expected in FY25.

A new Client Portal has been launched to member firms in Australia and New Zealand. A detailed roadmap is being developed to incorporate the feedback from clients and the rollout of other planned features. On the AI front, beta versions of document summarisation and drafting tools are in pilot phase with feedback gathered to understand possible efficiency gains from these tools.

### **Future Prospects**

The Group retains its market leading positions in Australia, NZ, Singapore and more recently Canada. The recent acquisitions in Canada have also added further resilience and diversity to the Group's revenue and earnings.

The Group's key areas of focus for FY24 include continued organic growth in Australia/NZ, integrating Canadian acquisitions into the Group and restoring growth in Asia.



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IPH maintains a strong balance sheet with a continued focus on capital management. The Company continues to generate strong cashflow and expects to return to its target gearing range during CY24.

## Risks

IPH continues to identify, assess and manage risks in accordance with its risk management framework.

The Group's Annual Report provides a summary of the material risks identified by the Group which may have an impact on the Group's ability to achieve its operational, financial and strategic targets and the Group's approach to the management of such risks.

In March 2023 the Group experienced a cyber incident where a portion of its IT environment was subject to unauthorised access. Following this incident, the Group conducted a comprehensive post incident review and has identified learnings and opportunities which are being incorporated to strengthen its cyber security and controls.

During HY24, the Group commenced work on a sustainability reporting project intended to ensure compliance with the recommendations set out in the International Sustainability Standards Board (ISSB) standards and the Australian Accounting Standards Board proposed exposure draft Australian Sustainability Reporting Standards, which the Group expects it will be required to report against from 1 July 2024. As part of this project, the Group will undertake a refreshed materiality assessment by considering the Group's economic, environmental and social impacts and the risks associated with these. Further details will be set out in the Group's FY24 Annual Report.

## Dividends

Since the end of the half year, the Directors have declared the payment of an interim ordinary dividend of 16 cents per share, franked at 35%. This represents 90% of cash adjusted NPAT.

## 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

22 February 2024  
Sydney



22 February 2024

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 2023, 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*  
DELOITTE TOUCHE TOHMATSU

*Delaney*

X Delaney  
Partner  
Chartered Accountants

## Statement of Profit or Loss and Other Comprehensive Income

Consolidated			
	Note	31 Dec 2023	31 Dec 2022
		\$'000	\$'000
<b>Revenue</b>	4	273,497	223,948
Other income	5	3,374	3,104
<b>Expenses</b>			
Employee benefits expense		(96,974)	(74,145)
Agent fee expenses		(67,051)	(55,356)
Amortisation of acquired intangibles	6	(22,299)	(16,030)
Depreciation of right-of-use assets	6	(5,094)	(4,907)
Depreciation and amortisation of fixed assets and intangibles	6	(3,016)	(3,250)
Insurance expenses		(2,138)	(1,746)
Travel expenses		(1,775)	(1,528)
Occupancy expenses		(2,839)	(1,410)
Other expenses	6	(28,793)	(21,381)
Finance costs	6	(15,905)	(7,141)
<b>Profit before income tax expense</b>		<b>30,987</b>	<b>40,158</b>
Income tax expense		(9,950)	(11,635)
<b>Profit after income tax expense for the period</b>		<b>21,037</b>	<b>28,523</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(6,486)	121
Fair value (loss)/gain on hedging instruments		(4,345)	118
Other comprehensive (loss)/income for the period, net of tax		(10,831)	239
<b>Total comprehensive income for the period</b>		<b>10,206</b>	<b>28,762</b>
Profit for the period is attributable to:			
Owners of IPH Limited			
		<b>21,037</b>	<b>28,523</b>
Total comprehensive income for the period is attributable to:			
Owners of IPH Limited			
		<b>10,206</b>	<b>28,762</b>
<b>Earnings per share</b>			
From continuing operations			
Basic earnings (cents per share)	13	8.84	12.85
Diluted earnings (cents per share)	13	8.79	12.56

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

## Statement of Financial Position

Consolidated			
	Note	31 Dec 2023	30 Jun 2023
		\$'000	\$'000
<b>Current assets</b>			
Cash and cash equivalents		126,442	103,267
Trade and other receivables	7	139,151	136,653
Contract assets	8	33,159	21,778
Income tax receivable		287	3,371
Other financial assets		51	215
Other assets		8,015	7,509
<b>Total current assets</b>		<b>307,105</b>	<b>272,793</b>
<b>Non-current assets</b>			
Property, plant and equipment		18,838	12,767
Right-of-use assets		52,037	45,748
Intangibles	9	999,208	842,070
Deferred tax		2,734	11,550
Other financial assets		292	6,149
Other assets		243	370
<b>Total non-current assets</b>		<b>1,073,352</b>	<b>918,654</b>
<b>Total assets</b>		<b>1,380,457</b>	<b>1,191,447</b>
<b>Current liabilities</b>			
Trade and other payables		43,568	33,605
Income tax payable		10,029	12,456
Provisions		17,129	20,420
Interest bearing lease liabilities		10,657	9,732
Other financial liabilities		200	1,880
Contract liabilities		1,800	3,827
<b>Total current liabilities</b>		<b>83,383</b>	<b>81,920</b>
<b>Non-current liabilities</b>			
Borrowings	10	506,581	387,744
Deferred tax		104,375	95,874
Interest bearing lease liabilities		50,556	43,809
Other financial liabilities		6,349	-
Provisions		5,273	4,974
<b>Total non-current liabilities</b>		<b>673,134</b>	<b>532,401</b>
<b>Total liabilities</b>		<b>756,517</b>	<b>614,321</b>
<b>Net assets</b>		<b>623,940</b>	<b>577,126</b>
<b>Equity</b>			
Issued capital	11	631,796	558,120
Reserves		19,417	26,095
(Accumulated losses)		(27,273)	(7,089)
<b>Total equity attributable to owners of IPH Limited</b>		<b>623,940</b>	<b>577,126</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 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 year	-	-	-	-	-	64,541	64,541
Effect of foreign exchange differences	-	9,297	-	-	-	-	9,297
Hedge revaluation net of tax	-	-	-	-	4,128	-	4,128
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>9,297</b>	<b>-</b>	<b>-</b>	<b>4,128</b>	<b>64,541</b>	<b>77,966</b>
<i>Transactions with owners in their capacity as owners:</i>							
Dividend Reinvestment Plan (note 12)	14,470	-	-	-	-	-	14,470
Share-based payments charge	(18)	-	-	6,144	-	-	6,126
Issue of ordinary shares as consideration for a business combination, net of transaction costs (note 11)	118,859	-	-	-	-	-	118,859
Dividends paid (note 12)	-	-	-	-	-	(70,006)	(70,006)
<b>Balance as at 30 June 2023</b>	<b>558,120</b>	<b>9,830</b>	<b>(14,814)</b>	<b>21,194</b>	<b>9,885</b>	<b>(7,089)</b>	<b>577,126</b>
<b>Balance as at 1 July 2023</b>	<b>558,120</b>	<b>9,830</b>	<b>(14,814)</b>	<b>21,194</b>	<b>9,885</b>	<b>(7,089)</b>	<b>577,126</b>
Profit after income tax expense for the year	-	-	-	-	-	21,037	21,037
Effect of foreign exchange differences	-	(6,486)	-	-	-	-	(6,486)
Hedge revaluation net of tax	-	-	-	-	(4,345)	-	(4,345)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(6,486)</b>	<b>-</b>	<b>-</b>	<b>(4,345)</b>	<b>21,037</b>	<b>10,206</b>
<i>Transactions with owners in their capacity as owners:</i>							
Dividend Reinvestment Plan (note 12)	12,257	-	-	-	-	-	12,257
Share-based payments charge	(13)	-	-	4,153	-	-	4,140
Issue of ordinary shares as consideration for a business combination, net of transaction costs (note 11)	61,432	-	-	-	-	-	61,432
Dividends paid (note 12)	-	-	-	-	-	(41,221)	(41,221)
<b>Balance as at 31 December 2023</b>	<b>631,796</b>	<b>3,344</b>	<b>(14,814)</b>	<b>25,347</b>	<b>5,540</b>	<b>(27,273)</b>	<b>623,940</b>

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

## Statement of Cashflows

Consolidated			
	Note	31 Dec 2023	31 Dec 2022
		\$'000	\$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		316,745	249,920
Payments to suppliers and employees		(217,004)	(186,392)
Interest received	5	2,514	166
Interest and other finance costs paid	6	(15,068)	(6,843)
Income taxes paid		(14,455)	(8,692)
<b>Net cash from operating activities</b>		<b>72,732</b>	<b>48,159</b>
<b>Cash flows from investing activities</b>			
Payments for purchase of subsidiaries, net of cash acquired	14	(129,990)	(272,961)
Proceeds of sale of subsidiaries, net of cash sold		-	843
Payments for property, plant and equipment		(5,847)	(1,437)
Payments for internally developed software	9	(1,481)	(1,451)
<b>Net cash used in investing activities</b>		<b>(137,318)</b>	<b>(275,006)</b>
<b>Cash flows from financing activities</b>			
Dividends paid	12	(28,964)	(30,108)
Proceeds of borrowings	10	127,901	268,194
Payment of lease liabilities		(4,740)	(6,646)
<b>Net cash from in financing activities</b>		<b>94,197</b>	<b>231,440</b>
Net increase in cash and cash equivalents		29,611	4,593
Cash and cash equivalents at the beginning of the financial period		103,267	88,399
Effects of exchange rate changes on cash and cash equivalents		(6,436)	(775)
<b>Cash and cash equivalents at the end of the financial period</b>		<b>126,442</b>	<b>92,217</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 2023 ("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 22 February 2024.

## 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 2023 and considered with any public announcements made by the Company during the half-year ended 31 December 2023 in accordance with the continuous disclosure obligations of the ASX listing rules.

The interim financial report has been prepared on the basis 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 2023, 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.

### Critical accounting judgements, estimates and assumptions

#### ROBIC control

In the current period, the IPH Group completed the acquisition of the IP agency practice of ROBIC LP ("ROBIC"), which holds a 49.9% interest in the ROBIC LLP law entity, as well as a number of other legal entities ("ROBIC Group"). The Quebec laws and regulations for lawyers and law firms requires majority ownership to reside with local individuals that are registered as a lawyer (or their professional corporations). Therefore, the assessment of control is a significant judgement in the financial statements.

The IPH Group controls an entity where it has:

- Power to direct the relevant activities;
- Exposure, or rights to, variable returns; and
- The ability to utilise power to affect the entity's returns.

The determination of control is based on the current facts and circumstances and is continuously reassessed. IPH has power over an entity when it has existing substantive rights that provide it with the current ability to direct the entity's relevant activities. In order to make this assessment, IPH also considers the entity's purpose and design. If IPH determines it has power over an entity, IPH then evaluates its exposure, or rights, to variable returns by considering the magnitude and variability associated with its economic interests.



## **Note 2. Significant accounting policies (continued)**

The substance of the arrangement is that IPH has the power over the relevant activities that influence the variable returns of the ROBIC Group. While IPH only holds 49.9% of the ROBIC LLP law entity, this power is established by IPH wholly owning ROBIC that has the ability to set budgets, approve acceptance of any clients or client engagements, determine nature and pricing of services, provision of critical intellectual property and other services which are necessary to conduct such a business. In addition, IPH is exposed to all residual returns of the ROBIC Group after remunerating the managing partners (who are the holders of the remaining interest). As a result, there is no non-controlling interest that is recognised in relation to the acquisition of ROBIC Group.

### **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 Corporations 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.

## **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 (includes acquisitions in this financial period of ROBIC and Ridout & Maybee) and Adjacent Businesses (Wisetime which was disposed of in the prior period). These operating segments are based on the internal reports that are reviewed and used by the Managing Director, Chief Financial Officer 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	Inter- segment Elimination / Unallocated	Total
	Australia & NZ	Asia	Canada				
	2023	2023	2023				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Revenue</b>							
Sales to external customers	141,690	60,717	71,090	-	-	-	273,497
Intersegment sales	3,231	323	102	-	-	(3,656)	-
<b>Total sales revenue</b>	<b>144,921</b>	<b>61,040</b>	<b>71,192</b>	<b>-</b>	<b>-</b>	<b>(3,656)</b>	<b>273,497</b>
Other income	3,703	(668)	95	-	8,380	(10,650)	860
<b>Total revenue and other income</b>	<b>148,624</b>	<b>60,372</b>	<b>71,287</b>	<b>-</b>	<b>8,380</b>	<b>(14,306)</b>	<b>274,357</b>
Less: Overheads	(95,628)	(33,959)	(48,855)	-	(18,631)	13,162	(183,911)
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA), before adjustments</b>	<b>52,996</b>	<b>26,413</b>	<b>22,432</b>	<b>-</b>	<b>(10,251)</b>	<b>(1,144)</b>	<b>90,446</b>
Less: Depreciation	(2,805)	(1,443)	(1,983)	-	(611)	-	(6,842)
Less: Amortisation	(11,195)	(717)	(10,757)	-	(898)	-	(23,567)
Less: Management Charges	(1,937)	(6,933)	-	-	8,870	-	-
<b>Segment result: (Profit before interest, tax and adjustments)</b>	<b>37,059</b>	<b>17,320</b>	<b>9,692</b>	<b>-</b>	<b>(2,890)</b>	<b>(1,144)</b>	<b>60,037</b>
<b>Reconciliation of segment result</b>							
Segment result							60,037
<i>Adjustments to statutory result:</i>							
Business acquisition costs <sup>1</sup>							(10,747)
Restructuring expenses <sup>1</sup>							(3,770)
Impairment of right-of-use assets							(1,142)
<b>Total adjustments</b>							<b>(15,659)</b>
Interest income							2,514
Finance costs							(15,905)
<b>Profit for the period before income tax expense</b>							<b>30,987</b>

1 - Business acquisition and restructuring expenses are included in employee benefit expenses, occupancy expenses and other expenses on the Statement of Profit or Loss and Other Comprehensive Income.

	Consolidated
	31 Dec 2023
	\$'000
<b>Reconciliation of segment revenue and other income</b>	
Segment total revenue and other income	274,357
Revenue and other income items excluded from segment result	-
Interest income	2,514
<b>Total revenue and other income</b>	<b>276,871</b>

Note 3. Operating segments (continued)

Consolidated	Intellectual Property Services			Adjacent Businesses	Corporate	Inter- segment Elimination / Unallocated	Total
	Australia & NZ	Asia	Canada				
	2022	2022	2022				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Revenue</b>							
Sales to external customers	136,218	57,544	30,186	-	-	-	223,948
Intersegment sales	505	2,912	59	-	-	(3,476)	-
<b>Total sales revenue</b>	<b>136,723</b>	<b>60,456</b>	<b>30,245</b>	<b>-</b>	<b>-</b>	<b>(3,476)</b>	<b>223,948</b>
Other income	6,094	(905)	20	50	8,805	(11,446)	2,618
<b>Total revenue and other income</b>	<b>142,817</b>	<b>59,551</b>	<b>30,265</b>	<b>50</b>	<b>8,805</b>	<b>(14,922)</b>	<b>226,566</b>
Less: Overheads	(92,014)	(31,779)	(19,653)	(83)	(14,511)	11,859	(146,181)
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA), before adjustments</b>	<b>50,803</b>	<b>27,772</b>	<b>10,612</b>	<b>(33)</b>	<b>(5,706)</b>	<b>(3,063)</b>	<b>80,385</b>
Less: Depreciation	(4,016)	(1,181)	(1,130)	(1)	(639)	-	(6,967)
Less: Amortisation	(11,218)	(616)	(4,588)	(83)	(715)	-	(17,220)
Less: Management Charges	1,691	(6,921)	-	-	5,230	-	-
<b>Segment result: (Profit before interest, tax and adjustments)</b>	<b>37,260</b>	<b>19,054</b>	<b>4,894</b>	<b>(117)</b>	<b>(1,830)</b>	<b>(3,063)</b>	<b>56,198</b>
<b>Reconciliation of segment result</b>							
Segment result							56,198
<i>Adjustments to statutory result:</i>							
Business acquisition costs <sup>1</sup>							(7,799)
Restructuring expenses <sup>1</sup>							(779)
IT SaaS implementation costs							(487)
<b>Total adjustments</b>							<b>(9,065)</b>
Interest income							166
Finance costs							(7,141)
<b>Profit for the period before income tax expense</b>							<b>40,158</b>

1 - Business acquisition and restructuring expenses are included in employee benefit expenses, occupancy expenses and other expenses on the Statement of Profit or Loss and Other Comprehensive Income.

Consolidated	
31 Dec 2022	
\$'000	
<b>Reconciliation of segment revenue and other income</b>	
Segment total revenue and other income	226,566
Revenue and other income items excluded from segment result	320
Interest income	166
<b>Total revenue and other income</b>	<b>227,052</b>

**Note 4. Sales Revenue**

	Consolidated	
	31 Dec 2023	31 Dec 2022
	\$'000	\$'000
IP services	249,834	203,523
Legal services	23,663	20,425
	<b>273,497</b>	<b>223,948</b>

**Note 5. Other income**

	Consolidated	
	31 Dec 2023	31 Dec 2022
	\$'000	\$'000
Net realised foreign exchange gain	2,072	3,129
Net unrealised foreign exchange (loss)	(3,140)	(2,813)
Other income	714	1,302
Commission	1,214	1,320
Interest	2,514	166
	<b>3,374</b>	<b>3,104</b>

**Note 6. Expenses**

Profit before income tax includes the following specific expenses:

	Consolidated	
	31 Dec 2023	31 Dec 2022
	\$'000	\$'000
<b>Depreciation and amortisation:</b>		
Depreciation - Property, plant and equipment	1,748	2,060
Amortisation - Software development	1,268	1,190
	<b>3,016</b>	<b>3,250</b>
Depreciation - Right-of-use assets	5,094	4,907
Amortisation - Acquired Intangibles	22,299	16,030
<b>Total depreciation and amortisation</b>	<b>30,409</b>	<b>24,187</b>
<b>Employee expenses:</b>		
Share based payments	4,153	2,144
Superannuation expense	5,086	4,316
<b>Other expenses:</b>		
Advertising and marketing	1,286	1,236
Business acquisition costs	9,643	7,799
Impairment of ROU assets	1,142	-
IT and communication	5,516	4,377
Office expenses	1,692	1,514
Professional fees	2,801	1,581
Staff welfare and training	1,714	733
Other	4,999	4,141
	<b>28,793</b>	<b>21,381</b>

**Note 6. Expenses (continued)**

	Consolidated	
	31 Dec 2023	31 Dec 2022
	\$'000	\$'000
<b>Finance costs</b>		
Interest on bank facilities - Loan	14,046	5,651
Other finance costs - Facility fees	879	802
	<b>14,925</b>	<b>6,453</b>
Interest on lease contracts	980	688
<b>Total finance costs</b>	<b>15,905</b>	<b>7,141</b>

**Note 7. Current asset - Trade and other receivables**

	Consolidated	
	31 Dec 2023	30 Jun 2023
	\$'000	\$'000
Gross trade receivables from contracts with customers	143,663	137,905
Less: Loss allowance	(10,842)	(8,868)
	<b>132,821</b>	<b>129,037</b>
Other receivables <sup>1,2</sup>	6,330	7,616
<b>Closing balance</b>	<b>139,151</b>	<b>136,653</b>

1 - Other receivables have been separated from trade receivables from contracts with customers, representing receivable balances unrelated to service charge revenue. The comparative data has also been adjusted. This balance contains items such as sales tax refunds, accrued interest receipts, and sundry debtors.

2 - \$5m has been reclassified in both periods above to trade and other payables, netting off a one off Canadian GST event with no impact on the consolidated results

**Movement in gross trade receivables from contracts with customers**

	Consolidated	
	6 months ended 31 Dec 2023	Year ended 30 Jun 2023
	\$'000	\$'000
Opening balance	137,905	85,083
Trade receivables from contracts with customers acquired as part of business combinations <sup>3</sup>	26,492	37,927
Receivables written off during the year as uncollectable <sup>4</sup>	(555)	(650)
Net movement in trade receivables with customers <sup>4</sup>	(20,179)	15,545
<b>Closing balance</b>	<b>143,663</b>	<b>137,905</b>

3 - Refer to trade receivables from contracts with customers acquired as part of business combinations below

4 - These balances will also include the net effect of FX on trade receivables from contracts with customers

## Note 7. Current asset – Trade and other receivables (continued)

### Impairment of receivables

The Group has recognised a loss of \$632,000 (2023: \$610,000) in profit or loss in respect of the loss allowance for the period ended 31 December 2023.

The Group measures the loss allowance for trade receivables at an amount equal to the lifetime expected credit loss (ECL). The expected credit losses are estimated via a provision matrix based on the Group's historical credit loss experience.

The provision is then adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecasted direction of conditions at the reporting date.

The calculation using this methodology is outlined below:

Consolidated – 31 December 2023					
	Current	0 to 60 days overdue	61 to 90 days overdue	Past due more than 90 days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Gross carrying amount	82,005	26,634	5,271	29,753	143,663
Specific credit loss provisions	(174)	(85)	(18)	(8,177)	(8,454)
Adjusted gross carrying amount	81,831	26,549	5,253	21,576	135,209
Historic credit loss rate (%) <sup>5</sup>	0.2%	0.6%	1.2%	9.2%	
Historical credit loss provision	(177)	(155)	(62)	(1,994)	(2,388)
<b>Net carrying amount</b>	<b>81,654</b>	<b>26,394</b>	<b>5,191</b>	<b>19,582</b>	<b>132,821</b>

Consolidated – 30 June 2023					
	Current	0 to 60 days overdue	61 to 90 days overdue	Past due more than 90 days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Gross carrying amount	86,563	12,378	8,999	29,965	137,905
Specific credit loss provisions	(900)	(379)	(134)	(4,790)	(6,203)
Adjusted gross carrying amount	85,663	11,999	8,865	25,175	131,702
Historic credit loss rate (%) <sup>5</sup>	0.1%	0.5%	0.7%	9.8%	
Historical credit loss provision	(82)	(59)	(58)	(2,466)	(2,665)
<b>Net carrying amount</b>	<b>85,581</b>	<b>11,940</b>	<b>8,807</b>	<b>22,709</b>	<b>129,037</b>

5 - Historic credit loss rate is derived from the historical write offs of trade receivables from contracts with customers.

Ageing has been calculated with reference to the trading terms of local clients (30 days) and international clients (90 days). No interest is charged on outstanding trade receivables. The Group's ageing profile reflects the international nature of the client base with a weighting towards North America where cheque payment is still common, thus lengthening the collection cycle. It also reflects the nature of the Group's relationship with other international attorney firms, whereby they will hold payment to IPH member firms until the ultimate client has paid them.

## Note 7. Current asset – Trade and other receivables (continued)

Movements in the loss allowance for impairment of receivables are as follows:

	Consolidated	
	6 months ended 31 Dec 2023	Year ended 30 Jun 2023
	\$'000	\$'000
Opening balance	8,868	2,942
Additional provisions recognised	632	1,724
Provisions recognised as part of business combinations <sup>6</sup>	1,897	4,852
Receivables written off during the year as uncollectable <sup>7</sup>	(555)	(650)
<b>Closing balance</b>	<b>10,842</b>	<b>8,868</b>

6 - Refer to trade receivables from contracts with customers acquired as part of business combinations below

7 - This balance will also include the net effect of FX on the allowance

### Trade receivables from contracts with customers acquired from business combinations

Provision adjustments are prevalent on the acquisition of new businesses whereby the historic write offs of newly acquired businesses and the unique circumstances of their debtor book do not reflect the policy of the Group. At the time of acquisition the group assesses the recoverability of the debt with the IPH Groups ability to recover debt to ensure adequately provided and reduce the collection risk of these balances.

	Current	0 to 60 days overdue	61 to 90 days overdue	Past due more than 90 days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Gross carrying amount</b>	<b>13,970</b>	<b>6,241</b>	<b>1,240</b>	<b>5,041</b>	<b>26,492</b>
Specific credit loss provisions	-	-	-	(1,296)	(1,296)
Adjusted gross carrying amount	13,970	6,241	1,240	3,745	25,196
Historic credit loss rate (%) <sup>8</sup>	0.2%	0.8%	1.8%	13.4%	
Historical credit loss provision	(30)	(47)	(22)	(502)	(601)
<b>Gross loss allowance</b>	<b>(30)</b>	<b>(47)</b>	<b>(22)</b>	<b>(1,798)</b>	<b>(1,897)</b>
<b>Net carrying amount</b>	<b>13,940</b>	<b>6,194</b>	<b>1,218</b>	<b>3,243</b>	<b>24,595</b>

8 - Historic credit loss rate is derived from the historical write offs of trade receivables from contracts with customers.

## Note 8. Current asset – Contract assets

	Consolidated	
	6 months ended 31 Dec 2023	Year ended 30 Jun 2023
	\$'000	\$'000
Opening balance	21,778	6,765
Contract assets from business combinations (note 14)	6,585	5,511
Net movement in contract assets <sup>1</sup>	4,796	9,502
<b>Closing balance</b>	<b>33,159</b>	<b>21,778</b>

1 - Movement in contract assets relates to the initial recognition of WIP, progression of WIP to trade receivables on billing, and the loss allowance of WIP based on recoverability.

## Note 9. Intangible Assets

	Consolidated	
	31 Dec 2023	30 Jun 2023
	\$'000	\$'000
Goodwill - at cost	595,755	508,438
Patents and trade marks - at cost	48,063	42,734
	<b>643,818</b>	<b>551,172</b>
Capitalised software development - at cost	12,873	11,388
Less: Accumulated amortisation	(8,801)	(7,519)
	<b>4,072</b>	<b>3,869</b>
Software acquired - at cost	5,241	5,241
Less: Accumulated amortisation	(2,620)	(2,096)
	<b>2,621</b>	<b>3,145</b>
Customer relationships	495,461	409,833
Less: Accumulated amortisation	(146,764)	(125,949)
	<b>348,697</b>	<b>283,884</b>
	<b>999,208</b>	<b>842,070</b>

### Reconciliations

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

	Goodwill	Patents and trade marks	Customer relationships	Capitalised software development	Acquired software	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance as at 1 July 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	-	-	-	2,772	-	2,772
Additions through business combinations	204,170	29,883	191,700	-	-	425,753
Disposals	-	(73)	-	(768)	-	(841)
Exchange differences	4,314	325	1,339	41	-	6,019
Amortisation expense	-	-	(35,825)	(2,403)	(1,048)	(39,276)
<b>Balance as at 30 June 2023</b>	<b>508,438</b>	<b>42,734</b>	<b>283,884</b>	<b>3,869</b>	<b>3,145</b>	<b>842,070</b>
Additions	-	-	-	1,481	-	1,481
Additions through business combinations (note 14)	93,943	6,126	92,423	-	-	192,492
Exchange differences	(6,626)	(797)	(5,835)	(10)	-	(13,268)
Amortisation expense	-	-	(21,775)	(1,268)	(524)	(23,567)
<b>Balance as at 31 December 2023</b>	<b>595,755</b>	<b>48,063</b>	<b>348,697</b>	<b>4,072</b>	<b>2,621</b>	<b>999,208</b>

### Assessment of indicators of impairment

A review all cash generating units 'CGU's' as at 31 December 2023 showed no indicators of impairment for the current period. Sensitivity analysis has been conducted on the key assumptions for Pizzey's CGU as a reasonably possible change was determined to not result in an impairment loss for any CGU.

For Pizzey's, as at 31 December 2023, a decrease of the EBITDA CAGR by 3.46% or an increase in the post tax discount rate of 1.00% would result in the carrying value of the Pizzey's CGU to equal the recoverable amount.

Smart & Biggar 'S&B' was acquired during the reporting period ended 31 December 2022 and its carrying value continues to approximate fair value as at 31 December 2023. R&M has been integrated into the S&B CGU following acquisition in September 2023. Adverse changes in macroeconomic factors or failure to achieve planned growth objectives including the realisation of Board approved synergies, may lead to future impairment.

As ROBIC was recently acquired, its carrying value approximates fair value. Adverse changes in macroeconomic factors or failure to achieve planned growth objectives, may lead to future impairment.



#### Note 10. Non-current liabilities – Borrowings

	Consolidated	
	31 Dec 2023	30 Jun 2023
	\$'000	\$'000
<b>Non Current</b>		
Multicurrency loan facility	506,581	387,744
<b>Closing balance</b>	<b>506,581</b>	<b>387,744</b>

On 27 September 2023, the Group entered into an Amendment Deed ('Deed') to its existing debt facilities with HSBC, Westpac, ANZ and CBA which refinanced the facilities previously provided. As part of the Deed, the Bank of Montreal and National Bank of Canada joined the existing banks under the debt facility. The facilities under the Deed comprise:

	Maturity Date	Currency	\$'000
Multicurrency revolving loan facility	27 September 2026	AUD	115,000
Acquisition term loan facility	27 September 2026	AUD	70,000
Revolving credit facility for general corporate purposes of the Group	27 September 2026	AUD	25,000
Term loan facility	19 August 2025	CAD	180,000
Term loan facility	27 September 2027	CAD	45,220
Term loan facility	27 September 2027	CAD	68,250

#### Note 11. Equity – Issued capital

	Consolidated			
	31 Dec 2023	30 Jun 2023	31 Dec 2023	30 Jun 2023
	Shares	Shares	\$'000	\$'000
Ordinary class shares – fully paid	245,983,543	234,855,739	631,796	558,120
	<b>245,983,543</b>	<b>234,855,739</b>	<b>631,796</b>	<b>558,120</b>

#### Movements in ordinary share capital

	Date	Shares	\$'000
Opening balance	1 July 2022	218,819,232	424,809
Performance and retention rights exercised	22 August 2022	745,299	(18)
Dividend reinvestment – final dividend (note 12)	16 September 2022	535,619	4,991
Acquisition of Smart & Biggar	6 October 2022	5,317,980	52,113
Dividend reinvestment – interim dividend (note 12)	17 March 2023	1,178,654	9,479
Smart & Biggar deferred consideration	20 April 2023	8,258,955	66,746
<b>Balance as at 30 June 2023</b>		<b>234,855,739</b>	<b>558,120</b>
Applied Marks earnout payment	18 August 2023	216,496	1,672
Performance and retention rights exercised	21 August 2023	474,557	(13)
Dividend reinvestment – final dividend (note 12)	15 September 2023	1,632,558	12,257
Acquisition of Ridout & Maybee (note 14)	29 September 2023	2,842,488	20,999
Acquisition of ROBIC (note 14)	15 December 2023	5,961,705	38,761
<b>Balance as at 31 December 2023</b>		<b>245,983,543</b>	<b>631,796</b>

## Note 11. Equity – Issued capital (continued)

### 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 2023, the number of shares held by the trust was 1,520,788 (30 June 2023: 1,535,360). 474,557 shares were issued to the trust during the period.

## Note 12. Equity – Dividends

	Consolidated		
	31 Dec 2023	31 Dec 2022	
	Cents per share	\$'000	\$'000
Final dividend			
June 2022 – paid 16 September 2022	16.0	-	35,099
June 2023 – paid 15 September 2023	17.5	41,221	-
		<b>41,221</b>	<b>35,099</b>

On 22 February 2024, the Company declared an ordinary dividend of 16.0 cents per share (franked at 35%) to be paid on 22 March 2024. The dividend value is \$39,360,000. No provision for this dividend has been recognised in the Statement of Financial Position as at 31 December 2023, as it was declared after the end of the financial year.

### Dividend Reinvestment Plan

The Dividend Reinvestment Plan was active during the financial period. 1,632,558 (2022: 535,619) shares were issued to participants totalling \$12,257,000 (2022: \$4,990,901).

## Note 13. Earnings per share

	Consolidated	
	31 Dec 2023	31 Dec 2022
	\$'000	\$'000
Profit after income tax	21,037	28,523
<b>Profit after income tax attributable to the owners of IPH Limited</b>	<b>21,037</b>	<b>28,523</b>

	31 Dec 2023	31 Dec 2022
Weighted average number of ordinary shares used in calculating basic earning per share (cents per share) <sup>1</sup>	238,062,091	221,982,272
Options over ordinary shares	1,092,516	812,989
Deferred contingent consideration	214,756	4,246,923
Weighted average number of ordinary shares used in calculating diluted earnings per share (cents per share)	239,369,363	227,042,184

	31 Dec 2023	31 Dec 2022
Basic earnings per share (cents per share)	8.84	12.85
Diluted earnings per share (cents per share)	8.79	12.56

1. Treasury shares of 197,403 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 14. Business combinations

### Ridout & Maybee

On 29 September 2023 the Group, by way of a share purchase agreement acquired the businesses of the Canadian IP services firm Ridout & Maybee ('R&M'). R&M joined the existing Smart and Biggar ('S&B') business to form one combined firm operating under the Smart & Biggar brand.

The consideration was settled by way of cash payments of C\$44m (A\$51m) funded by a drawdown on a new Canadian Dollar denominated IPH debt facility (refer note 10) and the issuance of 2,842,488 IPH shares.

The initial accounting for the acquisition has been provisionally determined at the end of the reporting period predominantly due to the pending finalisation of tax positions and trade receivables as at 29 September 2023.

R&M was integrated into S&B from the date of acquisition and the financial performance of R&M is not maintained separately within S&B as per the acquisition business case. The revenues and expenses attributable to R&M are not separately identifiable to the financial results for the S&B consolidation for the half year. Thus the following are not separately disclosed as it is impractical to do so; the contribution of R&M to revenue and profit for the period of ownership from 29 September 2023 to 31 December 2023, or the IPH Group revenues and profit before tax if the acquisition of R&M had been completed on the first day of the financial period.

#### Contingent consideration

Deferred consideration of C\$0.2m (A\$0.2m) paid on 11 December 2023.

#### Equity instruments issued

C\$18m (A\$21.0m) of the purchase price was settled by way of the issue of 2,842,488 ordinary shares in IPH to the Vendors of R&M. The shares issued have been recorded in the financial statements at the acquisition date fair value of \$7.40 per share.

#### Intangible Assets

The Group has recognised intangible assets of Customer Relationships and Goodwill as a result of the acquisition. The Goodwill represents the excess above the fair value of the net assets and represents the expected performance of and future value of the business under IPH ownership, including realisation of synergies arising from the integration with S&B. None of the goodwill is expected to be deductible for income tax purposes.

#### Consideration transferred

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

	<b>\$'000</b>
Cash	50,826
Deferred contingent consideration	229
Equity Instruments	21,034
<b>Total purchase consideration</b>	<b>72,089</b>

The Group incurred acquisition costs of \$2.9m. 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.

	<b>Fair Value</b>
	<b>\$'000</b>
Overdraft	(3,377)
Trade receivables <sup>1</sup>	8,573
Other receivables	42
Contract assets	985
Other assets	275
Lease assets	1,349
Intangible assets - customer relationships	37,288
Trade and other payables	(635)
Provisions	(148)
Interest bearing lease liabilities	(1,349)
Deferred tax liability	(10,029)
Net assets acquired	32,974
Goodwill	39,115
<b>Acquisition-date fair value of total consideration transferred</b>	<b>72,089</b>

1 - Represents a gross contractual value of \$9,278k, the best estimate at acquisition date of the contractual cash flows not to be collected is \$705k.

#### Note 14. Business combinations (continued)

	<b>\$'000</b>
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of total consideration transferred	72,089
Less: deferred consideration	(229)
Less: shares issued by company as part of consideration	(21,034)
Add: overdraft	3,377
<b>Net cash used</b>	<b>54,203</b>

#### ROBIC

On 15 December 2023 the Group by way of a share purchase agreement acquired the businesses, of the IP agency practice of ROBIC, which holds an interest in the legal practice of ROBIC as permitted by Canadian regulation (refer to note 2).

The consideration was settled by way of cash payments of C\$68m (A\$76m) funded by a drawdown on a new Canadian Dollar denominated IPH debt facility (refer note 10) , the issuance of 5,961,705 IPH shares and a deferred earn-out capped at C\$5.6m, in a mix of cash and IPH shares.

The initial accounting for the acquisition has been provisionally determined at the end of the reporting period predominantly due to the pending finalisation of trade receivables as at 15 December 2023.

ROBIC contributed revenues of A\$2.4m and profit after tax of A\$0.1m during the period of ownership from 15 December 2023 to 31 December 2023. If the acquisition had been completed on the first day of the financial period, IPH Group statutory revenues for the period would have been approximately A\$303.5m and statutory earnings before interest, tax, depreciation and amortisation would have been approximately A\$81.4m.

#### Equity instruments issued

C\$35m (A\$39m) of the purchase price was settled by way of the issue of 5,961,705 ordinary shares in IPH to the vendors of ROBIC. The shares issued have been recorded in the financial statements at the acquisition date fair value of \$6.51 per share.

#### Contingent consideration

Deferred earnout consideration of up to C\$5.6m (A\$6.2m), in a mix of cash and IPH shares, may be paid dependent on ROBIC outperforming a threshold which is based broadly in-line with the earnings level that was achieved in the 12 months to 31 March 2023. The measurement period runs for one year from the date of acquisition. Contingent consideration of C\$5.6m (A\$6.2m) has been included in the financial report as at the reporting date.

#### Intangible Assets

The Group has recognised intangible assets of Customer Relationships, Patents and Trademarks, and Goodwill as a result of the acquisition. The Goodwill represents the excess above the fair value of the net assets and represents the expected performance of and future value of the business under IPH ownership. None of the goodwill is expected to be deductible for income tax purposes.

#### Consideration transferred

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

	<b>\$'000</b>
Cash	76,356
Equity Instruments	38,811
Deferred contingent consideration	6,182
<b>Total purchase consideration</b>	<b>121,349</b>

The Group incurred acquisition costs of \$5.1m. These costs have been included in business acquisition expenses in the Statement of Profit or Loss.

#### Note 14. Business combinations (continued)

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	569
Trade receivables <sup>1</sup>	16,022
Other receivables	699
Contract assets	5,600
Other assets	809
Property, plant and equipment	1,849
Lease assets	6,105
Intangible assets - customer relationships	55,135
Intangible assets - patents and trademarks	6,126
Trade and other payables	(4,025)
Interest bearing lease liabilities	(6,105)
Deferred tax liability	(16,263)
Net assets acquired	66,521
Goodwill	54,828
<b>Acquisition-date fair value of total consideration transferred</b>	<b>121,349</b>

1 - Represents a gross contractual value of \$17,214k, the best estimate at acquisition date of the contractual cash flows not to be collected is \$1,192k.

Cash used to acquire business, net of cash acquired:

Acquisition-date fair value of total consideration transferred	121,349
Less: shares issued by company as part of consideration	(38,811)
Less: deferred contingent consideration	(6,182)
Less: cash and cash equivalents acquired	(569)
<b>Net cash used</b>	<b>75,787</b>

#### Smart & Biggar

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.

#### Note 15. 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 16. Key management personnel

Remuneration arrangements of key management personnel are disclosed in the annual financial report. As part of the annual IPH Long Term Incentive Plan, 241,309 rights were issued to the CEO and Managing Director and 74,148 rights were issued to the Chief Financial Officer in December 2023.

#### Note 17. Events after the reporting period

There were no significant events post 31 December 2023 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 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 Directors made pursuant to section s.305(5) of the Corporations Act 2001.

On behalf of the Directors



**Dr Andrew Blattman**

Managing Director

22 February 2024

Sydney

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

### Report on the Half-Year Financial Report

#### *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 2023, 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 does not comply with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group's financial position as at 31 December 2023 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 auditor independence requirements of the *Corporations Act 2001* and 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 2023 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*

DELOITTE TOUCHE TOHMATSU

*Delaney*

X Delaney  
Partner

Chartered Accountants

Sydney, 22 February 2024