

ASX Announcement

8 May 2024

Presentation to the Macquarie Australia Conference 2024

Attached is a presentation to be given today by IPH's Managing Director and Chief Executive Officer, Dr Andrew Blattman, to the Macquarie Australia Conference.

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Authorised for release to ASX by:

Dr Andrew Blattman, Managing Director & CEO

About IPH Limited

IPH is an international intellectual property services group, comprising a network of member firms working in ten IP jurisdictions and servicing more than 25 countries. The group includes leading IP firms AJ Park, Griffith Hack, Pizeys, ROBIC, Smart & Biggar, Spruson & Ferguson and online IP services provider Applied Marks. IPH employs more than 1,600 people working in Australia, Canada, China, Hong Kong SAR, Indonesia, Malaysia, New Zealand, Philippines, Singapore and Thailand.



Macquarie Australia Conference

8 May 2024

Presented by:

Dr. Andrew Blattman
Managing Director & CEO, IPH Limited

iphltd.com.au

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01

About IPH



About the IPH Group

A leading international IP services group

Nº 1

Patent group

in Australia, Canada, New Zealand and Singapore²

Trade mark group

in Australia, Canada and New Zealand³

10

IP jurisdictions

1,600+

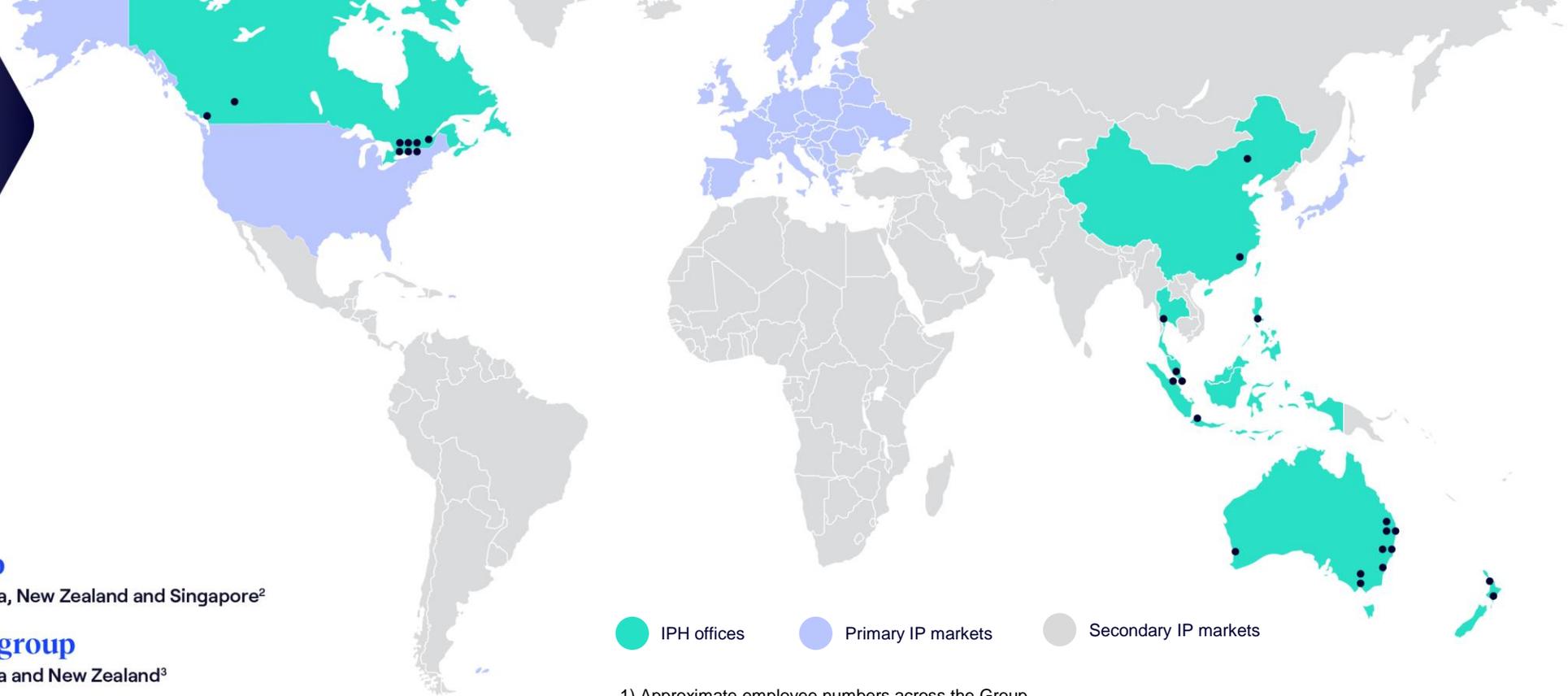
Employees¹

36k+

Annual patent filings⁴

14k+

Annual trade mark filings⁴



● IPH offices ● Primary IP markets ● Secondary IP markets

- 1) Approximate employee numbers across the Group.
- 2) Management estimated market share based on local IP office filing data: Australia (FY24 YTD as at 8/1/24), Singapore (CY24 YTD Oct as at 9/2/24), New Zealand (FY24 YTD as at 22/12/23), Canada (CY22 and CY23 YTD Mar, latest data as at 16/1/24).
- 3) Management estimated market share based on local IP office filing data: Australia (FY24 YTD as at 6/2/24), New Zealand (FY24 YTD as at 23/12/23).
- 4) Cases filed or instructed to be filed worldwide based on IPH proforma internal data including Canadian entities.

7 brands

AJPark

applied marks

GRIFFITH—HACK

PIZZEYS

ROBIC
1892

SMART & BIGGAR

SPRUSON & FERGUSON



Consistent track record of growth

Strong track record of revenue and earnings growth with returns to shareholders

Underlying Revenue \$m¹



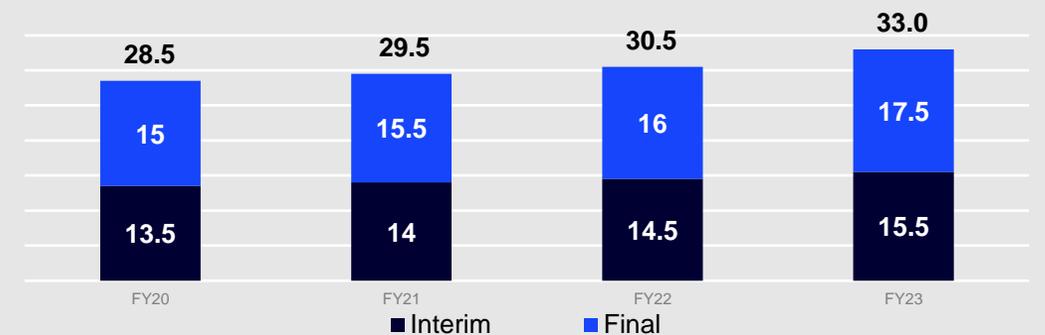
Underlying EBITDA \$m¹



Underlying NPAT \$m¹



Dividends cps



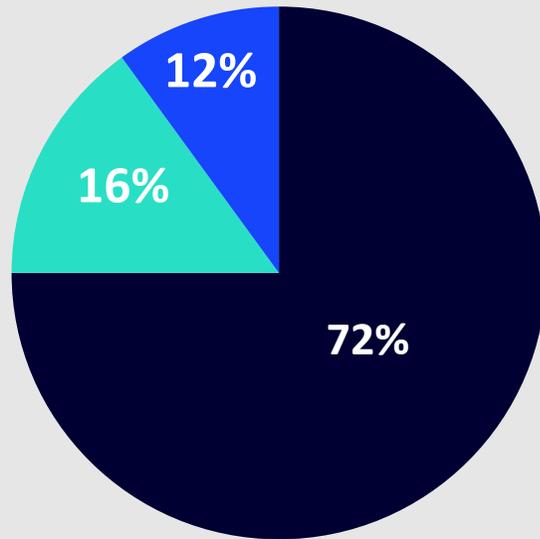
1) Underlying EBITDA, NPAT and Revenue excludes costs incurred in pursuit of acquisitions, restructuring, impairment and amortisation of acquired intangibles



Diverse and resilient earnings base

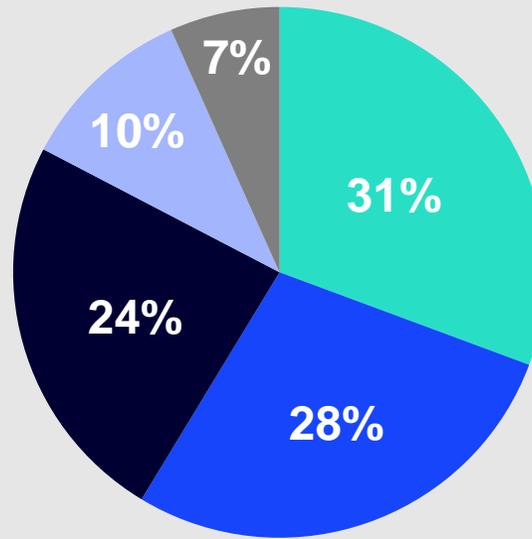
Recent Canadian acquisitions have enhanced IPH's earnings diversity in secondary IP markets

Revenue by service line %



■ Patents ■ Trade marks ■ Legal

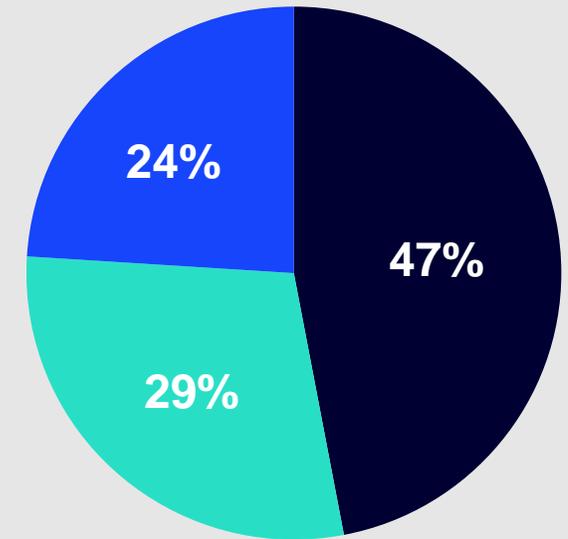
Patent filings by region (FY23)



■ Australia ■ Canada
■ Asia (all incl. Singapore) ■ Rest of world
■ New Zealand

IPH patent cases filed or instructed to be filed into the above jurisdictions in FY23, based on IPH proforma internal data including all acquired entities.

EBITDA by region %



■ Australia/NZ ■ Canada ■ Asia



Patent lifecycle

Long-life cycle supports consistent revenues and earnings

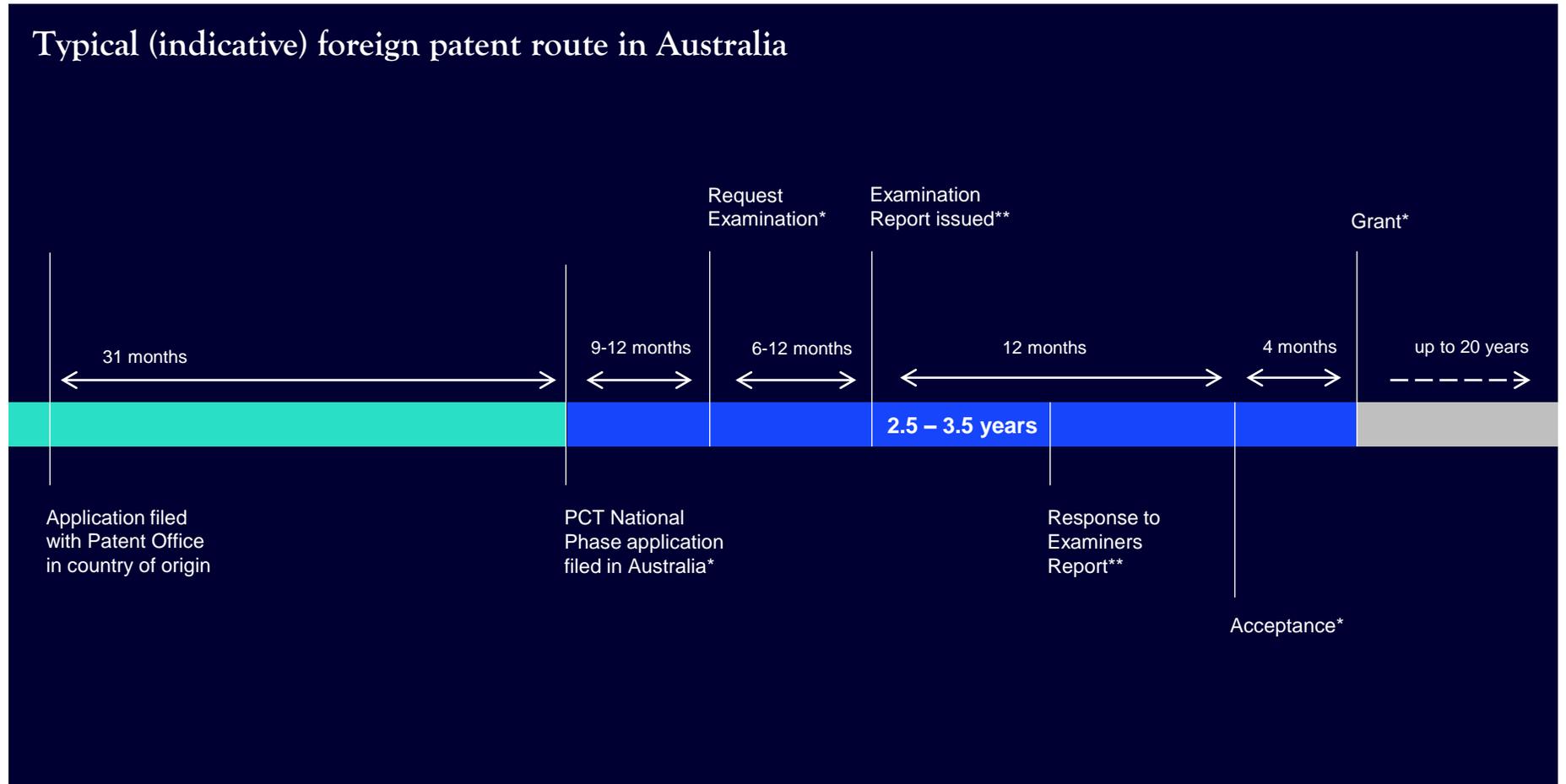
Each year more than half+ of the total patent applications filed in Australia come through the PCT system in the form of PCT National Phase patent applications.

- There are a number of revenue events associated with each filing, which provide recurring annuity style revenue to IPH. In any given year approximately 70% of IPH revenue comes from work already in the system.
- The process from filing the Australian application (or entering the Australian national phase) to grant of a patent typically takes 2.5-3.5 years.
- Patents can be renewed by paying official renewal fee annually up until the expiry of the patent 20 years from the filing date of PCT International Application.

+ Management estimate based on PCT National Phase entries from IP Australia filing data FY19 to 1H FY24.

* Revenue event – typically flag fall.

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



Increase in filing transfers provides further revenue opportunity

Incremental revenue through transfers shows BD and network effect in action



- 500+ clients have transferred cases to IPH in the past 9 months
- Over 20 clients have transferred more than 10 cases, with one client transferring almost 200 cases
- Enhanced global network and BD focus on strengthening global client offering driving case transfers

Outbound transfers excluded from above as they are more difficult to measure.



Patent transfers are patents previously filed by other firms and subsequently taken over by IPH after filing. Transfers based on IPH internal data.



02

IP Fundamentals Strong



Key drivers of IP remain supportive for growth

Protecting IP rights is fundamental for business

Corporations' intellectual property is a core asset requiring protection across global markets

Key drivers of IP growth:

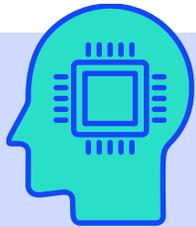
- Corporate spend on R&D and innovation to drive competitive advantage
- Continued emergence of new technologies / global industry disruption requiring protection
- Government specific policies to drive sector innovation and promote industry
- Increased product differentiation and branding leading to IP protection



US CHIPS and Science Act to drive need for IP protection

R&D investment now leads to patents down the track

- Authorised \$50 billion in various incentives, namely \$11 billion for R&D and \$39 billion for manufacturing incentives
- Geared towards advancing US leadership in foundational technologies and strengthening its semiconductor manufacturing ecosystem
- Aims to reduce the time and cost of prototyping innovative ideas and commercialising new technologies
- Set to turbocharge IP protection needs in the US by incentivising innovation, fostering R&D, and enhancing semiconductor manufacturing capabilities



The **US CHIPS and Science Act, 2022** was a massive injection of funding and priority for technological self-sufficiency with a focus on bringing back jobs in the semiconductor industry.



03

Market Focus



Closing the gap in Australian patent filings

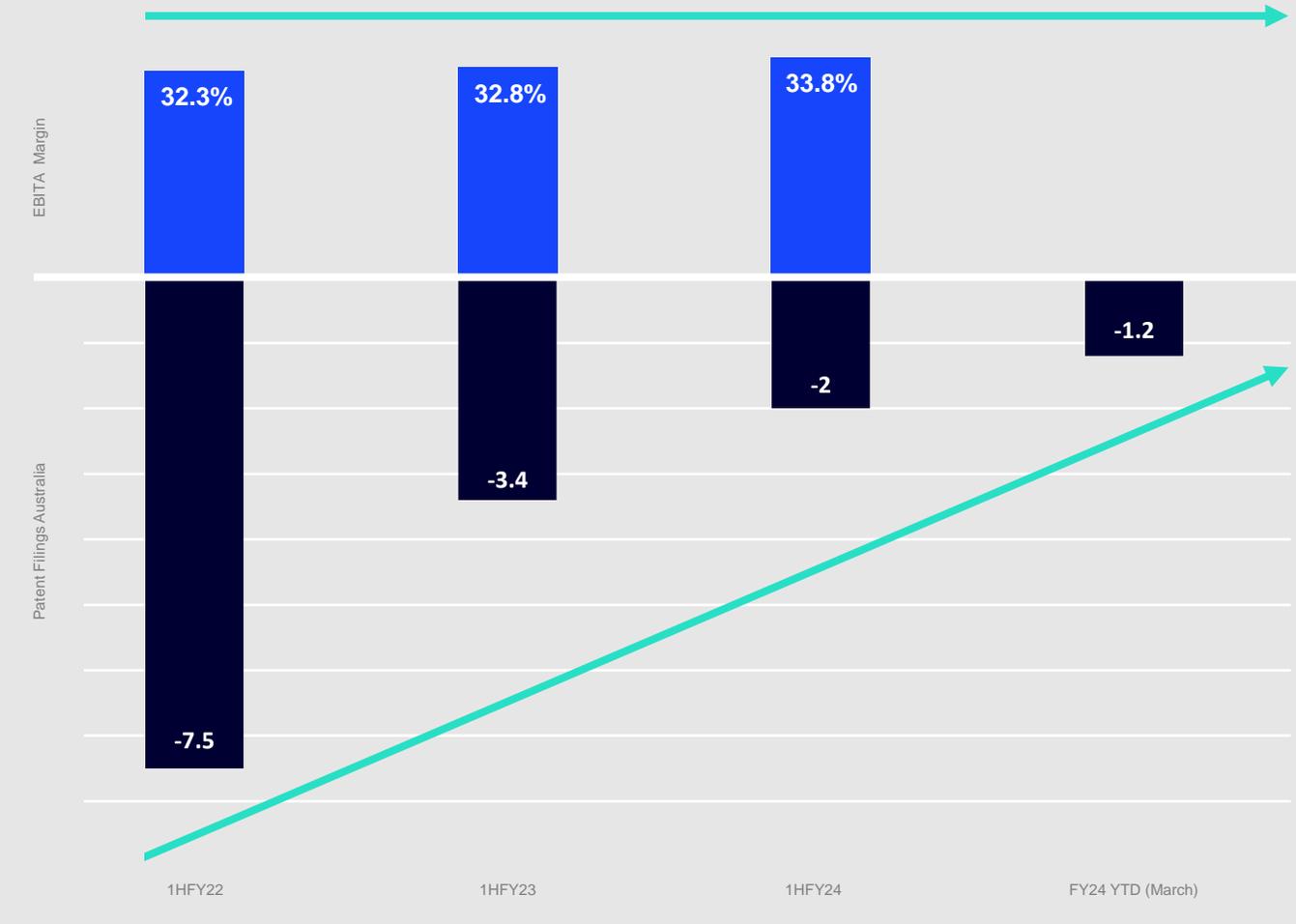
IPH continuing to narrow the gap in patent filing growth relative to Australian market

- Integration of Shelston IP and Spruson & Ferguson (Australia) completed December 2021
- As expected, integration resulted in some initial disruption and impact on filing market share in Australia
- IPH focused on closing the gap between Australian patent market filing growth and IPH Group filings – gap has narrowed from (7.5) ppts in 1H FY22 to (1.2) ppts FY24 YTD March
- Maintenance / slight improvement of the EBITA margin despite declines in filing numbers

Key projects include:

- Tailored Business Development plans for Practice Groups and individual fee earners
- Client plans for top 30-50 clients
- CRM system implementation

ANZ EBITA margin steady / IPH closing filing gap vs Australian market filings



Creating the market leading presence in Canada

Delivering enhanced earnings resilience and diversity for the IPH Group

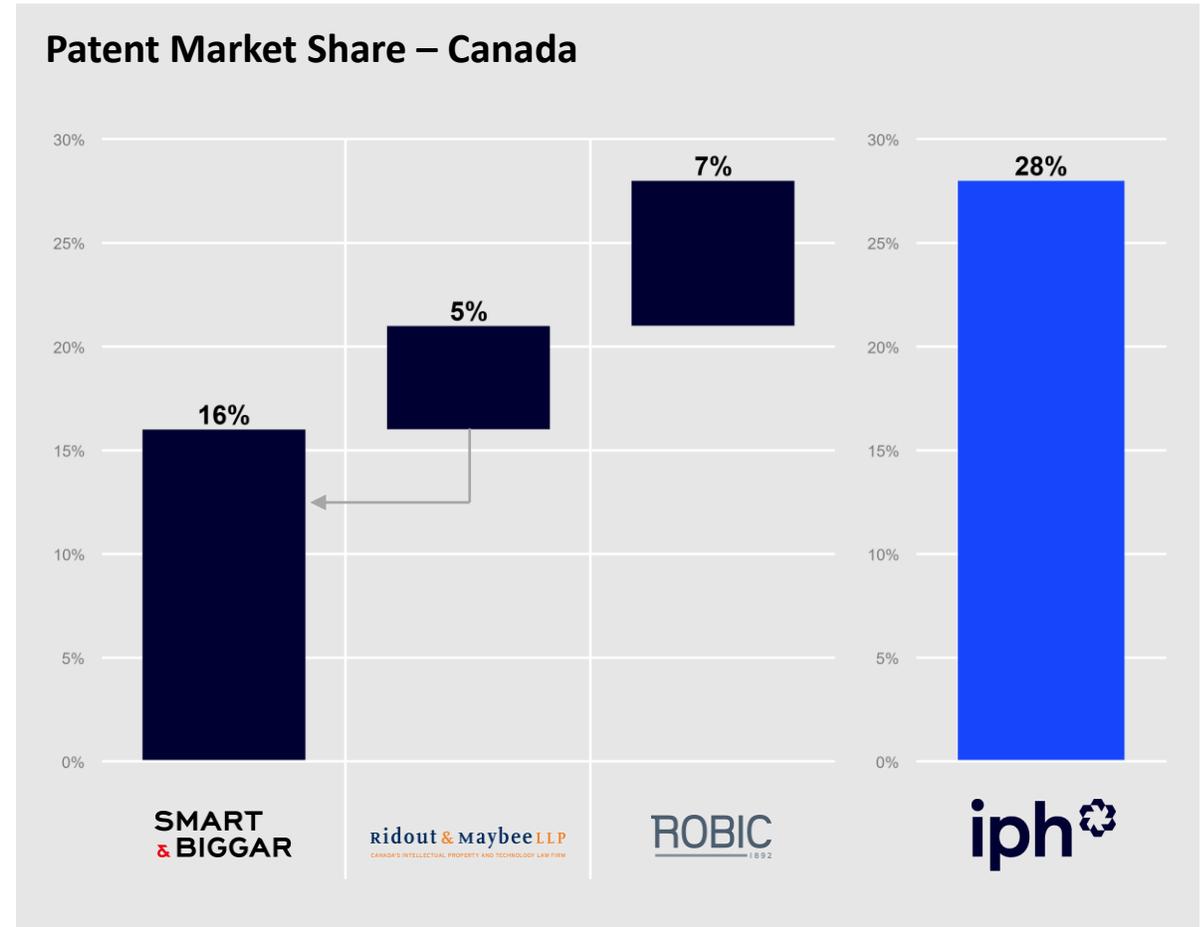
Why Canada?

- A leading secondary IP market, similar to Australia in size, governance and legal system
- Similar growth profile to Australia – mature IP market
- Enhances IPH global network and client service offering
- Opportunities for increased client referrals to leverage network

Building Canada's market-leading IP professional services firm

- Successfully acquired 3 business to create the market leader
 - patent market share ~28%; pro forma annualised EBITDA \$65m
- Integration of member firms to IPH on track – on target to deliver cost synergies through right-sizing and office closures
- Leveraging enhanced global network – 381 client referrals between Smart & Biggar and IPH Asia Pacific offices since acquisition¹
- Potential for further consolidation through acquisition

1) Case referrals FY22 to 1H FY24 from internal data. IPH management estimate of patent market share over CY22 and CY23 YTD March based on latest CIPO bulk data.

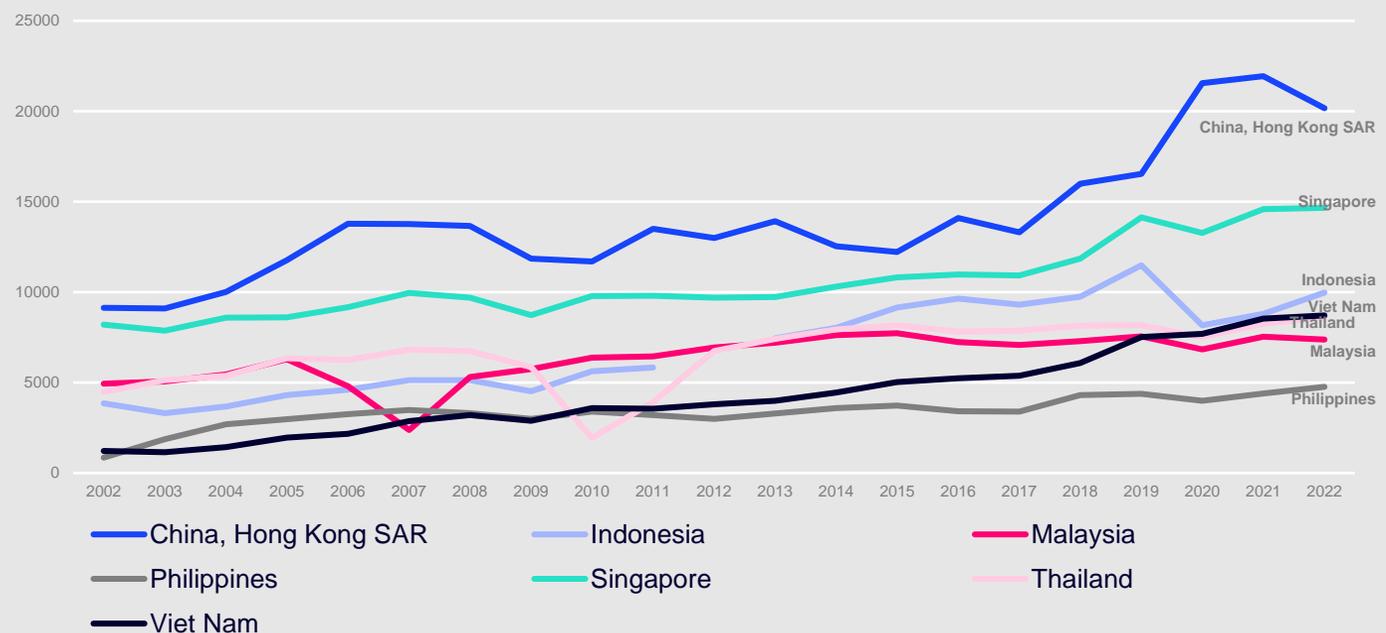


Fundamentals for Asian economic growth remain strong

Market drivers remain attractive

Historical Trends

Patent filings in key Asian jurisdictions (excludes China):



Total patent filings into key Asian jurisdictions excluding China but including Hong Kong. Based on latest data from WIPO Statistics Data Center.



Innovation Ecosystems: Long term investment in R&D by Singapore and Hong Kong Governments.



Economic Growth and Integration: Increasingly affluent Asian economies generate the need for intellectual property rights protection and encourage research.



Emerging Technology Hubs: Asia is the hotspot for many cutting-edge tech sectors (AI, biotech, clean energy, fintech).



Pivot to Southeast Asia: Movement of manufacturing out of China or diversification out means opportunities for other low-cost countries like Vietnam and Thailand.

While a current slowdown, including supply-chain disruptions or temporary investment hesitancy due to broader economic slowdown and COVID effect on research, these are short-term disruptions rather than a fundamental change.

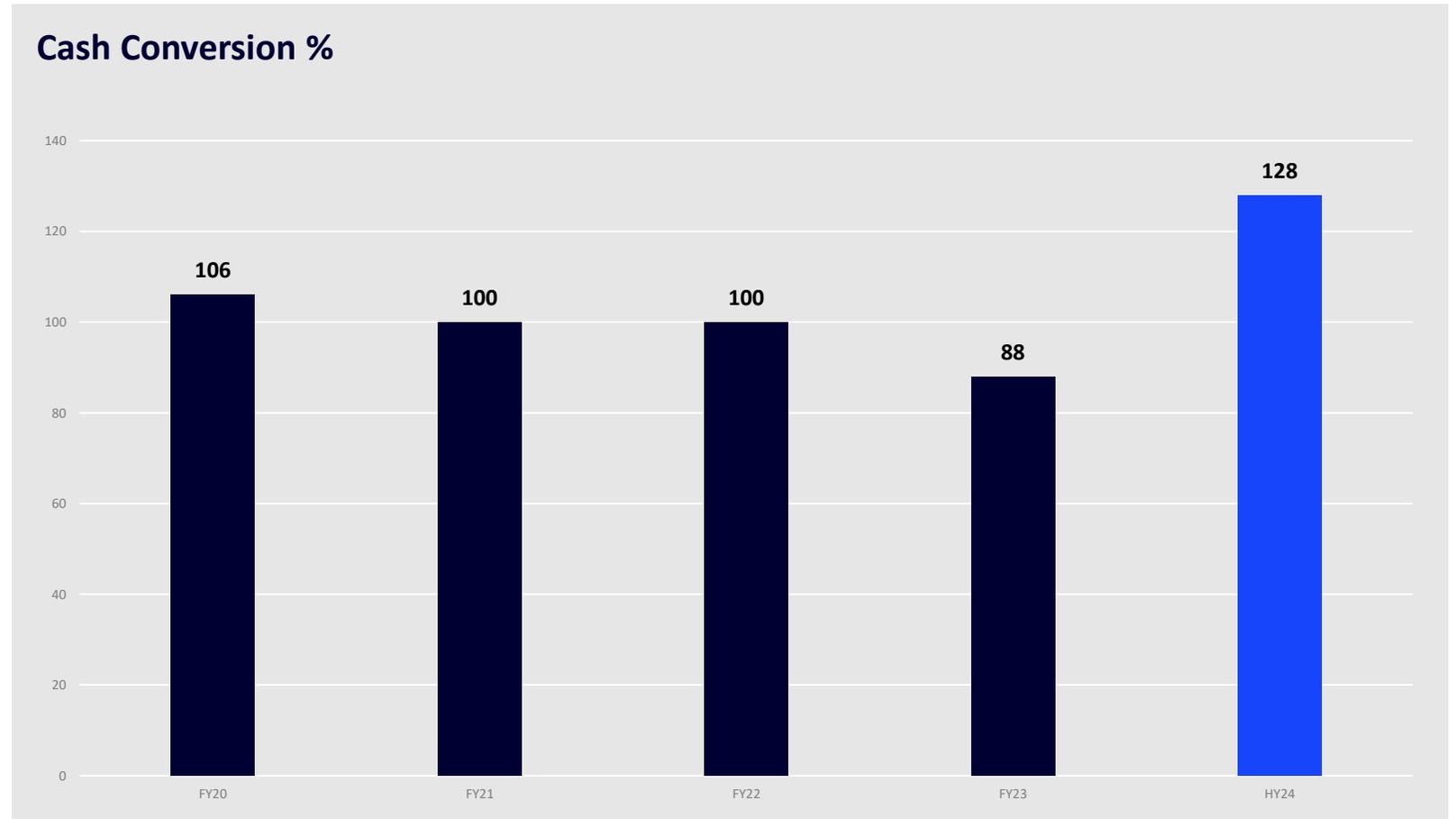


Capital Management

Strong track record in cash conversion supports deleveraging

- High proportion of earnings converted to cash with consistently high cash conversion ratio
- Minimal working capital requirements and low CAPEX business
- Strong operating cashflow supports dividend payout and ability to service debt
- Circa \$10m of debt has been repaid in the 2H FY 24 to date
- This result is achieved despite the industry collection cycle being slower than average. This is due to the proportion of international clients, a propensity to pay with cheques, and the proportion of clients serviced through an intermediary agent which lengthens the cycle
- Upcoming investments in HRIS, ROBIC case management system, Canadian general ledger and operating model
- Continue to expect to return to leverage ratio (below 2 times) within calendar 2024

From FY23 the calculation methodology was amended from prior periods to remove the effects of non-operating activities from the calculation



04

Leveraging the AI Opportunity



AI: An opportunity for filings and our business

The transformative potential of AI

Filing Opportunity:

- Creation of AI-related patent filings
 - +718% growth in AI as percent of total patents average growth between 2016 and 2020
- Additional IP through use of generative AI
 - AI market to reach USD 191 billion in 2024, more than 10x its size in 2017

Business Opportunity:

- AI as a closed system tool for IPH
 - Potential to use AI extensively in areas such as patent drafting, translation, and to venture into other adjacent businesses



The lack of clear policy direction on many IP issues concerning AI requires careful professional guidance



Disclaimer:

The following is a simplified example and indicative only and this technology has not yet been implemented operationally. The timeline for development and implementation remains to be determined.

Live Demonstration Follows.



Leveraging AI: Patent Drafting Tool

Example:

The latest innovation from Coffee Company A to enhance their coffee capsules is to vibrate the capsule while pressurised water passes through it.

So how could we use IPH's AI tool to move from initial discussions to the first draft?

We receive a simple instruction from Coffee Company A:

A machine to brew coffee. The coffee capsule is vibrated while pressurised water passes through it to produce a better cup of coffee.



Leveraging AI: Patent Drafting Tool

The screenshot shows the 'Patent Drafter' interface. On the left is a dark sidebar with the 'SPRUSON & FERGUSON' logo and navigation links: Home, My IP, Tasks, Intelligence, Tools, and Log out. At the bottom of the sidebar is the 'iph' logo. The main content area is titled 'Patent Drafter' and includes a 'Let's get started' section with a 'New' button and a character count '0 used / 75,000 max'. Below this is an 'Abstract' section with a text box containing the text: 'A machine to brew coffee. The coffee capsule is vibrated while pressurised water passes through it to produce a better cup of coffee.' and a 'Draft Patent' button. The 'Description' section has a text box with the instruction 'Click Redraft Description to draft the description of your invention.' and a 'Redraft Description' button. The 'Claims' section has a text box with the instruction 'Click Redraft Claims to draft the claims for your invention.' On the right side of the interface is a 'Recent Drafts' panel showing a draft titled 'Diagnosis using OP3-Specific Antibody' with a timestamp of '2023-11-16 04:36'.

 **Step 1:** Enter “Abstract” based on the instructions given.



Leveraging AI: Patent Drafting Tool

The screenshot shows the 'Patent Drafter' interface. On the left is a dark sidebar with the 'SPRUSON & FERGUSON' logo and navigation links: Home, My IP, Tasks, Intelligence, Tools, and Log out. At the bottom of the sidebar is the 'iph' logo and the text 'Powered by IPH Digital Services'. The main content area is titled 'Patent Drafter' and includes a 'Let's get started' section with 'Save', 'Export', and 'New' buttons, and a progress indicator '63 used / 75,000 max'. Below this are three main sections: 'Abstract' with a text box containing 'A machine to brew coffee. The coffee capsule is vibrated while pressurised water passes through it to produce a better cup of coffee.' and a 'Draft Patent' button; 'Description' with a text box containing 'Click Redraft Description to draft the description of your invention.' and a 'Redraft Description' button; and 'Claims' with a text box containing 'Click Redraft Claims to draft the claims for your invention.' and 'Redraft Claims' and 'Add More Claims' buttons. At the bottom, there is a section 'Draft based on the following background documents:' with an 'Add file (.bit, .doc, .docx, .pdf)' button and an 'Add text' button. On the right side of the interface, there is a 'Recent Drafts' panel showing a draft titled 'Diagnosis using OP3-Specific Antibody' dated '2023-11-16 04:36'.



Step 2: To make it more relevant, background context can be added by supplying relevant documents.

The dialog box is titled 'Add background context'. It features a text input field containing 'WO2012070000A1 - Coffee capsule'. Below the input field is a scrollable text area containing the following text: 'Description', 'COFFEE CAPSULE', 'Technical Field', 'This invention is a capsule for coffee and in particular a capsule that is compatible with Coffee Company A™ (Trademark registered by Coffee Company A)', and 'Background Art'. At the bottom of the dialog box are two buttons: 'Cancel' and 'Add'.



Leveraging AI: Patent Drafting Tool

The screenshot displays the 'Patent Drafter' interface for 'Vibrating Coffee Capsule Enhanced Brewing Machine'. The interface includes a sidebar with navigation options: Home, My IP, Tasks, Intelligence, Tools, and Log out. The main content area shows the draft title, a 'Draft Patent' button, and a progress indicator 'Drafting in progress.....'. The 'Abstract' section contains the text: 'A machine to brew coffee. The coffee capsule is vibrated while pressurised water passes through it to produce a better cup of coffee.' The 'Description' section includes 'Field of the Invention' and 'Description of the Prior Art'. The 'Claims' section lists two claims. At the bottom, it shows 'Draft based on the following background documents:' with a document icon and the ID 'WO201207000A1 - Coffee'. A footer on the left side of the interface reads 'iph' and 'Powered by IPH + Digital Services'.

 **Step 3:** Start drafting patent by clicking on “Draft Patent”.



Leveraging AI: Patent Drafting Tool

Step 4: Add further claims as required.

In this example, we will add a dependent claim: 

Add More Claims

Type of claim Independent Dependent

Depends on

With a focus on

BACKGROUND DOCUMENTS:

Claims

Claim 11: The coffee brewing machine of Claim 1, wherein the coffee capsule further comprises a barcode disposed around the coffee capsule, the barcode configured to control the pressure mechanism, the vibrating mechanism, and other brewing settings of the coffee brewing machine.



Leveraging AI: Patent Drafting Tool

Step 5: Redraft “Abstract” to change the original instructions to a patent abstract based on the new background information and claims. 

Abstract

A machine to brew coffee. The coffee capsule is vibrated while pressurised water passes through it to produce a better cup of coffee.

Redraft Abstract

Abstract

The present invention is a coffee brewing machine that incorporates a vibrating coffee capsule mechanism to enhance the brewing process. The machine includes a coffee capsule holder that securely receives the coffee capsule and a mechanism capable of vibrating the coffee capsule at a frequency of 5 cycles



Leveraging AI: Patent Drafting Tool

The screenshot shows the 'Patent Drafter' interface for a patent titled 'Vibrating Coffee Capsule Enhanced Brewing Machine'. The interface includes a sidebar with navigation options (Home, My IP, Tasks, Intelligence, Tools, Log out) and a main workspace with sections for Abstract, Description, Claims, and Recent Drafts. The Abstract section contains the text: 'The present invention is a coffee brewing machine that incorporates a vibrating coffee capsule mechanism to enhance the brewing process. The machine includes a coffee capsule holder that securely receives the coffee capsule and mechanism capable of vibrating the coffee capsule at a frequency of 5 cycles per second.' The Description section includes 'Field of the Invention' and 'Description of the Prior Art'. The Claims section lists two claims, with Claim 1 detailing the machine's components and Claim 2 further defining Claim 1. A 'Recent Drafts' panel shows a draft titled 'Diagnosis using CPS-Specific Antibody' from 2020-11-19 04:38. The interface also features 'Save', 'Export', and 'New' buttons, and a 'Draft based on the following background documents:' section at the bottom.

 **Step 6:** Export the first draft (from initial instructions to first draft in minutes).

Vibrating Coffee Capsule Enhanced Brewing Machine

Abstract
The present invention is a coffee brewing machine that incorporates a vibrating coffee capsule mechanism to enhance the brewing process. The machine includes a coffee capsule holder that securely receives the coffee capsule and a vibrating mechanism capable of vibrating the coffee capsule at a frequency of 5 cycles per second. A water supply system supplies hot water to the coffee capsule holder, and a pressure mechanism forces the water through the vibrating coffee capsule. A control unit allows the user to adjust the vibration frequency and water pressure. The machine may also include a heating element to heat the water to the desired temperature. The machine offers a significant improvement over the prior art by providing a unique and improved brewing process.

Background
Field of invention:
The present invention relates to coffee brewing machines. More specifically, it relates to a machine that utilises a vibrating capsule to enhance the brewing process.

[Close](#)



05

Summary



Summary

IPH has strengthened its market-leading position to harness positive IP industry dynamics

IP fundamentals remain strong

- Continued corporate spend on R&D and innovation to drive competitive advantage
- Government specific policies (US CHIPS and Science Act) to drive sector innovation
- Continued emergence of new technologies (including Artificial Intelligence) requiring IP protection
- Asia remains a key driver of global growth driving increased demand for IP protection

IPH has strengthened its leadership position in secondary IP markets to harness this growth

- Resilient and diverse earnings base with recent Canadian acquisitions enhancing IPH global network for client referrals
- Annuity style revenue from long term IP portfolio with ~70% of annual revenue from prior filings
- Generating further revenue opportunities from case transfers (not included in filings)
- Continuing to close the gap relative to market patent filings in Australia while maintaining industry-leading margins
- Continued strong cash generation and low capex supports deleveraging – expect to return to target gearing range during calendar 2024



Q&A





Thank you

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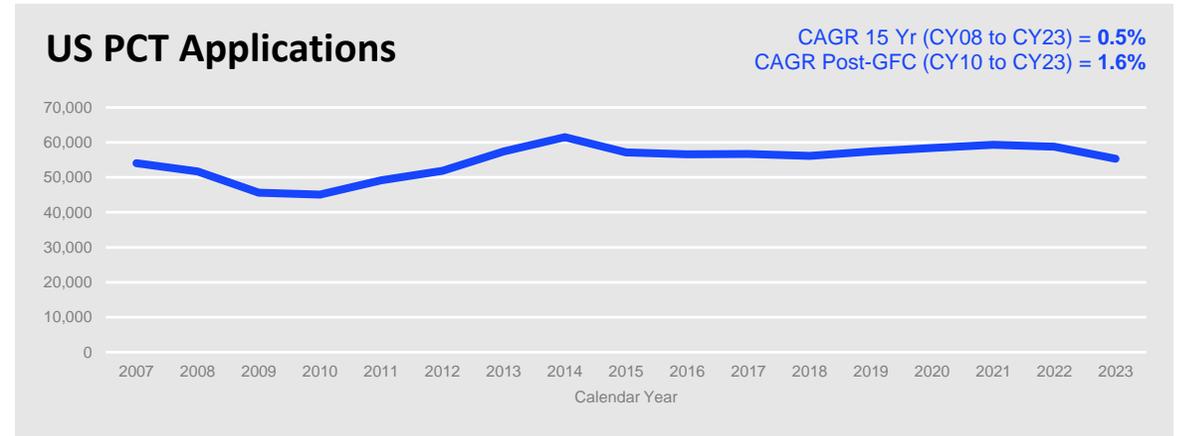
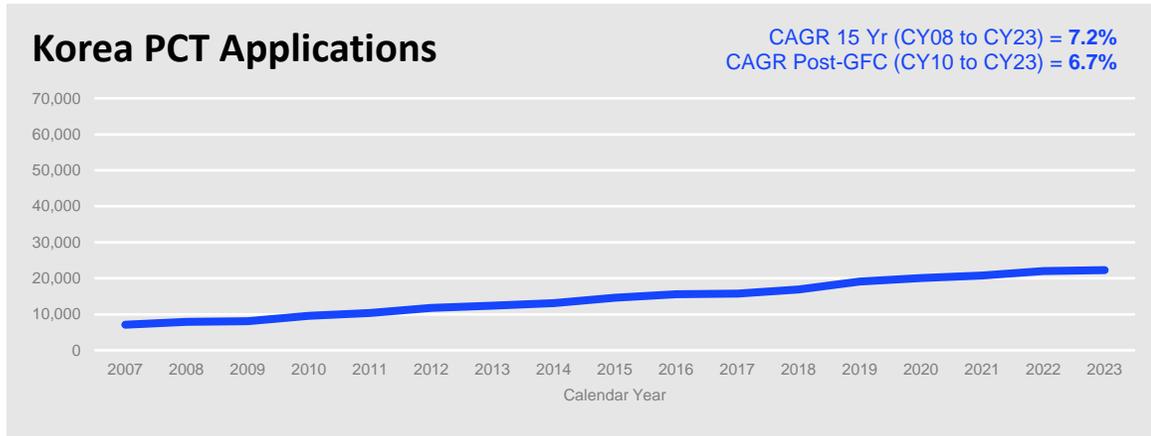
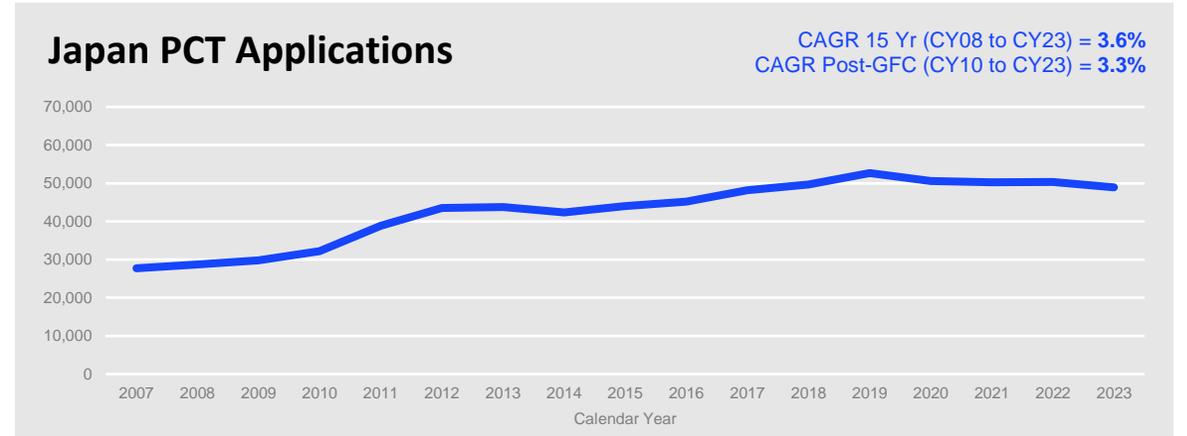
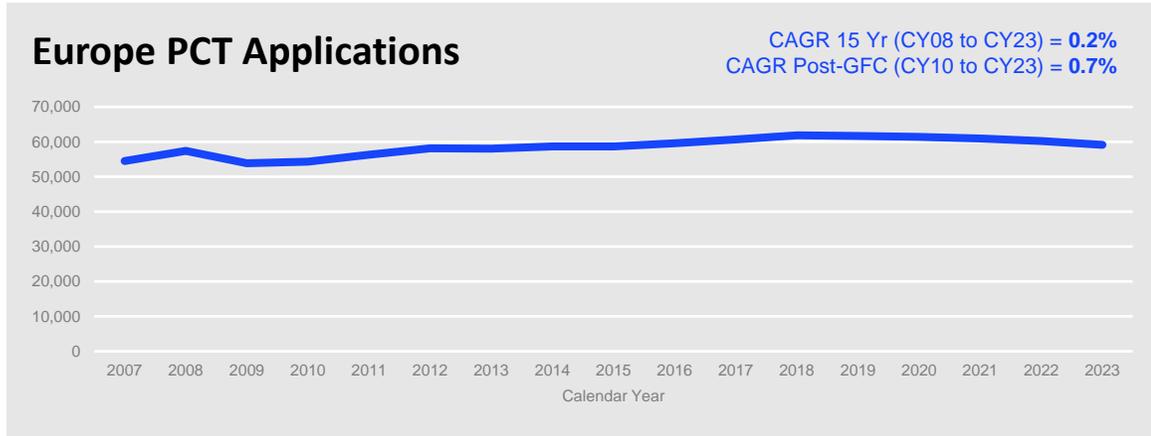
06

Appendix



PCT filings

Main lead indicator for patent filings in secondary markets steady to growth



PCT applications by country / region of origin filed at any receiving office by filing date from WIPO IP Statistics Data Center as at April 2024.

