

ASX Announcement

22 August 2024

Bereskin & Parr to join Smart & Biggar and associated equity raising Further consolidates IPH presence in Canadian IP market Equity raising to fund the acquisition and reduce debt

Transaction Highlights

- Bereskin & Parr will join Smart & Biggar for consideration of CAD 82.5m (approximately AUD 90.2m)
- Highly complementary IP businesses to operate as one firm under the Smart & Biggar brand
- IPH's fourth acquisition in Canada, further consolidates IPH's presence in Canada and consistent with growth strategy and vision to be the leading IP services group in secondary IP markets
- Acquisition to be funded by an AUD \$100m equity raising by way of an underwritten placement
- Following the transaction IPH's pro forma leverage as at June 2024 will be approximately 1.7 times¹
- Expected to be low single-digit underlying earnings per share (**EPS**) accretive on a pro-forma FY24 basis (including full run-rate synergies) and EPS neutral on a pro-forma FY24 basis (excluding full run-rate synergies)

IPH Limited (**IPH**) is pleased to announce that it has reached agreement to acquire IP services firm, Bereskin & Parr in Canada.

The acquisition brings together two leading Canadian IP firms and their highly qualified and experienced IP teams into one combined firm, which will operate under the Smart & Biggar brand.

Established in 1965, Bereskin & Parr is a well-known Canadian IP firm, with more than 70 high quality IP professional staff working from Toronto, Montreal, Mississauga and Waterloo offices.

In 2023, Bereskin & Parr filed in Canada in excess of 2,800 patents for its clients, which include large multi-national corporations, universities, government agencies, start-ups and individual inventors.

The transaction is consistent with IPH's strategy to pursue growth opportunities in secondary IP markets and follows the Company's acquisitions of Smart & Biggar in Canada in 2022 and Ridout & Maybee and ROBIC in 2023. As of FY2024 IPH's Canadian segment contributed underlying revenue of AUD 197m and EBITDA of AUD 60m to the group.

Transaction summary

Total purchase consideration for the transaction is CAD 82.5m (approximately AUD 90.2m). The consideration comprises:

- Cash consideration of CAD 57.8m (approximately AUD 63.2m)²; and

¹ Leverage ratio calculated as Net Debt / EBITDA (LTM) in accordance with the Bank Facility Agreement (BFA), including a proforma adjustment to EBITDA (LTM) to include full year earnings for businesses acquired during the LTM, in addition to other adjustments permitted under the BFA and also includes Bereskin & Parr's LTM Dec-23 EBITDA contribution.

² Approximately CAD 1.5 million of the cash consideration may be deferred over approximately three years.

- Initial issue of 4.5m new IPH shares to a value of CAD 24.8m (approximately AUD 27.0m) (escrowed for two years) (representing 2% of existing shares on issue)³.

Bereskin & Parr's unaudited revenue for the 12 months to December 2023 was approximately CAD 60m (approximately AUD 65m) and pro forma adjusted EBITDA was approximately CAD 11m (approximately AUD 12m)⁴. Cost efficiencies of approximately CAD 3.7m are expected to be achieved over two years.

The transaction is expected to be low single-digit underlying EPS accretive on a pro-forma FY24 basis (including full run-rate synergies) and EPS neutral on a pro-forma FY24 basis (excluding full run-rate synergies).

Bereskin & Parr partners will join Smart & Biggar as Principals and will generally enter into four-year minimum term employment agreements as a part of the transaction. The continuing partners and eligible professional staff will, following completion, be invited to participate in the IPH group employee incentive plan providing opportunities to earn incentives in the form of cash and performance rights, and share in the success of the group.

Conditions

Completion of the transaction is subject to satisfaction or waiver of a number of conditions, including there being no order or proceeding for the purpose of preventing completion, no material adverse change affecting Bereskin & Parr or IPH occurring, and other standard conditions. The transaction can be terminated if any of these conditions are not satisfied or waived and can also be terminated in certain other circumstances.

The transaction is expected to be completed in late September 2024.

Overview of the equity raising

IPH is undertaking an equity raising to fund the cash consideration of the acquisition and reduce debt.

Placement

A fully underwritten institutional placement (**Placement**) of new fully paid ordinary shares in IPH (**New Shares**) will raise AUD 100m. Approximately 17.7m shares will be issued under the Placement representing ~7.1% of issued share capital (pre issue).

The Placement will be offered at AUD 5.65 per share (**Offer Price**), representing a:

- 7.1% discount to the last close price of AUD 6.08 per share on 21 August 2024
- 7.2% discount to the 5 day volume weighted average trading price of AUD 6.09 per share on 21 August 2024

New Shares issued under the Placement will rank equally with existing IPH shares from the date of issue and will be entitled to the final dividend for the period ended 30 June 2024.

Following the transaction IPH's pro forma group leverage ratio will be approximately 1.7x⁵.

Share Purchase Plan

IPH will also be undertaking a non-underwritten share purchase plan (**SPP**) targeting a raise of up to AUD 25m.

Eligible shareholders with a registered address in Australia or New Zealand as at the Record Date of 7.00pm Sydney, Australia time on 21 August 2024 will have the opportunity to apply for up to AUD 30k worth of shares pursuant to the SPP free of any brokerage or transaction costs.

Shares issued under the SPP will be ranked equally with the existing Shares of the Company from the date of issue.

Shares under the SPP will be offered at AUD 5.46 per share, being the Offer Price less the final dividend of \$0.19.

³ IPH shares issued as a part of the upfront consideration will be escrowed for two years from completion. These shares will be issued at a price of AUD 6.00 per share.

⁴ Pro forma adjusted EBITDA is calculated as Bereskin & Parr's normalised earnings before depreciation and amortisation, and before partner draws, adjusted for estimated pro forma partner salaries (excluding any incentive payments), the estimated impact of IFRS-16 and non-recurring items

⁵ Leverage ratio calculated as Net Debt / EBITDA (LTM) in accordance with the Bank Facility Agreement (BFA), including a proforma adjustment to EBITDA (LTM) to include full year earnings for businesses acquired during the LTM, in addition to other adjustments permitted under the BFA and also includes Bereskin & Parr's LTM Dec-23 EBITDA contribution.



The SPP is intended to raise up to AUD 25m, with the ability to accept oversubscriptions. IPH reserves the right (in its absolute discretion) to scale back applications under the SPP.

Further details of the SPP will be set out in the SPP Offer Booklet, which will be released to ASX and made available to eligible shareholders in Australia and New Zealand on or around Friday, 30 August 2024.

A timetable in respect of the Placement and Share Purchase Plan is provided at Appendix A.

Continued delivery of IPH growth strategy

IPH Managing Director & CEO, Dr Andrew Blattman said: “The acquisition of Bereskin & Parr further consolidates our position in the Canadian IP market, following the successful acquisitions we have completed over the past two years.

“This transaction is also consistent with our strategy to grow our presence in key secondary IP jurisdictions and supports our vision to be the leading IP services group in secondary IP markets.

“Bereskin & Parr is a quality IP business with a strong track record of growth and is highly complementary to Smart & Biggar. We look forward to welcoming the team to the IPH group and the positive opportunities being part of the IPH network provides for their clients and staff.”

Bereskin & Parr Managing Partner, Stephen Beney said: “We are excited to join the IPH network which will enhance our offering for clients both domestically and internationally.

“The resources and reach of the IPH network will also provide opportunities for our people as part of a leading global IP services company.”

Aquasia is acting as financial adviser and Cassels Brock & Blackwell and Bird & Bird are acting as legal advisers to IPH. Macquarie Capital (Australia) Limited and Barrenjoey Markets Pty Limited are acting as Joint Lead Managers to IPH on the equity raising.

Authorised for release to ASX by:

The Board of IPH

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About IPH Limited

IPH is the leading intellectual property services group, comprising a network of member firms servicing 26 IP jurisdictions. The group includes leading IP firms AJ Park, Griffith Hack, Pizzeys, Robic, Smart & Biggar and Spruson & Ferguson, and online trademarks provider Applied Marks. IPH employs more than 1600 people working in Australia, Canada, China, Hong Kong SAR, Indonesia, Malaysia, New Zealand, The Philippines, Singapore, and Thailand



Appendix A – Placement and SPP timetable

Event	Sydney time
Institutional Placement	
Trading halt and announcement of the Offer	Thursday, 22 August 2024
Institutional Placement opens	Thursday, 22 August 2024
Institutional Placement closes	Friday, 23 August 2024
Announcement of results of Institutional Placement	Friday, 23 August 2024
Trading halt lifted and shares recommence trading	Friday, 23 August 2024
Settlement of New Shares issued under the Placement	Tuesday, 27 August 2024
Allotment of New Shares issued under the Placement	Wednesday, 28 August 2024
Share Purchase Plan	
Record date for SPP	Wednesday, 21 August 2024
SPP Offer opens, and SPP Offer Booklet made available	Friday, 30 August 2024
SPP offer closes	Thursday, 19 September 2024
Announcement of results of SPP	Wednesday, 25 September 2024
Allotment of New Shares under the SPP	Thursday, 26 September 2024
Commencement of trading of New Shares issued under the SPP	Friday, 27 September 2024
Holding statements in respect of New Shares issued under the SPP dispatched	Friday, 27 September 2024

The timetable above remains subject to change without notice.

