

XENITH IP GROUP LIMITED

ASX ANNOUNCEMENT

20 January 2017

Xenith receives ASX waiver from Listing Rule 7.3.2 for Griffith Hack Acquisition

Xenith IP Group Limited (**Xenith** or the **Company**) refers to its acquisition of Griffith Hack announced on 25 November 2016 (**Griffith Hack Acquisition**) and the notice of meeting dated 22 December 2016 (**Notice**) seeking the approval of shareholders for the issue of shares as part of the consideration for the Griffith Hack Acquisition.

As advised in the Notice, Xenith had submitted a waiver application to ASX in relation to ASX Listing Rule 7.3.2 for the issue of up to 2,847,215 Company shares (**Earn-Out Shares**) to the Griffith Hack Sellers pursuant to the Griffith Hack Acquisition, to occur later than three months after the date of the shareholders' meeting on 24 January 2017.

Xenith advises that ASX has granted the waiver from ASX Listing Rule 7.3.2 on the following conditions:

- The Earn-Out Shares are to be issued no later than 31 October 2017, subject to the shareholder approval having been obtained and the relevant milestones as disclosed in the Notice having been achieved.
- If the Company releases its annual report during a period in which the Earn-Out Shares are issued or remain to be issued, the annual report discloses details of the Earn-Out Shares issued in that annual reporting period, the number of the Earn-Out Shares that remain to be issued and the basis on which they may be issued.
- In any half year or quarterly report for a period during which any of the Earn-Out Shares have been issued or remain to be issued, the Company must include a summary statement of the number of Earn-Out Shares issued during the reporting period, the number of Earn-Out Shares that remain to be issued and the basis on which the Earn-Out Shares may be issued.
- The Company releases the terms of the waiver to the market immediately with a detailed description of the milestones which must be satisfied for the Earn-Out Shares to be issued.
- The milestones which must be satisfied for the Earn-Out Shares to be issued are not varied.

ASX has considered ASX Listing Rule 7.3.2 only and makes no statement as to the Company's compliance with other listing rules.

The milestones for the payment of the Earn-Out Shares are set out below:

- Earn-Out Shares will only be issued if the actual Griffith Hack annualised EBITDA from Completion to 30 June 2017 (**EBITDA**) exceeds approximately \$14.5 million (**Threshold**).

- In that case, an aggregate amount of earn-out consideration (**Earn-Out Consideration**), comprising a combination of cash and Earn-Out Shares, will be calculated as being equal to the implied Griffith Hack Acquisition multiple of 10.5 multiplied by the amount by which the EBITDA exceeds the Threshold. The Earn-out consideration is capped at \$20 million when the EBITDA reaches approximately \$16.4 million.
 - The number of Earn-Out Shares to be issued will be equal to the aggregate amount of Earn-Out Consideration payable multiplied by 45% and divided by \$3.161.
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For further information

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About Xenith

Xenith IP Group Limited (ASX: XIP) is the holding company for the group of entities that comprise the Shelston IP business, namely Shelston IP Pty Ltd, Shelston IP Lawyers Pty Ltd, Xenith IP Services Pty Ltd and Watermark Holdings Pty Ltd. The Group's core business is to provide a comprehensive range of IP services, including identification, registration, management, commercialisation and enforcement of IP rights mainly patents, designs and trade marks for clients in Australia, New Zealand and the rest of the world.