

Q1 2025 Earnings Presentation

As of March 31, 2025 | Nasdaq: ACTG

Disclosures

Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. These statements are based upon the current expectations of Acacia Research Corporation ("Acacia" or the "Company") and speak only as of the date hereof. All statements other than statements of historical fact are forward-looking statements and include statements related to estimates and projections with respect to, among other things, the Company's anticipated financial condition, operating performance, the value of the Company's assets, general economic and market conditions and other future circumstances and events. This presentation attempts to identify forward-looking statements by using words such as "anticipate," "believe," "continue," "could," "estimate," "expect," "forecast," "future," "guidance," "intend," "may," "outlook," "plan," "potential," "predict," "project," "seek," "should," "target" and "will" and similar words and expressions; however, the absence of these words does not mean that the statements are not forward-looking. While the Company believes its assumptions concerning future events are reasonable, a number of factors could cause actual results to differ materially and adversely from those expressed or implied in any forward-looking statements, including, but not limited to: the Company's ability to successfully identify, diligence, complete, and integrate strategic acquisitions of businesses, divisions, and/or assets, the performance of the Company's businesses, divisions, and/or assets, disruptions or uncertainty caused by an inability to retain or changes to the employees or management teams of the Company's businesses, changes to the Company's relationship and arrangements with Starboard Value LP, any inability of the Company's operating businesses to execute on their business and, with respect to Benchmark, hedging strategy, risks related to price and other fluctuations in the oil and gas market, inflationary pressures, supply chain disruptions or labor shortages, non-performance by third parties of contractual or legal obligations, changes in the Company's credit ratings or the credit ratings of the Company's businesses, security threats, including cybersecurity threats and disruptions to the Company's business and operations from breaches of information technology systems, or breaches of information technology systems, facilities and infrastructure of third parties with which the Company transacts business, oil or natural gas production becoming uneconomic, causing write downs or adversely affecting Benchmark's ability to borrow, Benchmark's ability to replace reserves and efficiently develop current reserves, risks, operational hazards, unforeseen interruptions and other difficulties involved in the production of oil and natural gas, the impact of any seismic events, environmental liability risk, regulatory changes related to the oil and gas industry, the ability to successfully develop licensing programs and attract new business, changes in demand for current and future intellectual property rights, legislative, regulatory and competitive developments addressing licensing and enforcement of patents and/or intellectual property in general, the decrease in demand for Printronix' products, changes in safety, health, environmental, tax and other regulations, requirements or initiatives, hazards such as weather conditions, a health pandemic (similar to COVID-19), acts of war or terrorist acts and the government or military response thereto, general economic conditions, and the success of the Company's investments. For further discussions of risks and uncertainties, you should refer to the Company's filings with the Securities and Exchange Commission, including the "Risk Factors" section of the Company's most recent Annual Report on Form 10-K and any subsequent Quarterly Reports on Form 10-Q. In addition, actual results may differ materially as a result of additional risks and uncertainties of which the Company is currently unaware or which the Company does not currently view as material. Except as otherwise required by applicable law, the Company undertakes no obligation to revise or update publicly any forward-looking statements for any reason.

Industry and Market Data

This presentation has been prepared by the Company and includes market data and other statistical information from third-party sources, including independent industry publications, government publications or other published independent sources. Sources for market data and other statistical information are available through Investor Relations upon request. Although the Company believes the third-party sources are reliable as of their respective dates, the Company has not independently verified the accuracy or completeness of this information. It is possible that data and assumptions underlying such third-party information may have changed materially since the date it was published. Accordingly, the Company does not assume any responsibility for and cannot provide assurance regarding the accuracy or completeness of such information and you should be aware that such information and any estimates and beliefs based on such information may not be accurate and is not guaranteed to be free from error, omission or misstatement. You should not rely on such third-party information as predictions of future results.

Non-GAAP Measures

This presentation includes references to financial measures including Adjusted Net Income / (Loss), Adjusted Diluted Earnings Per Share ("EPS"), Total Company Adjusted EBITDA, Operated Segment Adjusted EBITDA, Parent Costs, and Free Cash Flow ("FCF") which are not measures calculated in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Definitions of these measures as well as reconciliations of these measures to, in each case, the most directly comparable measure calculated in accordance with GAAP, are provided in the Appendix included in this presentation.

Company Overview

Company Overview

Acacia (NASDAQ: ACTG) is a value-oriented acquirer of businesses across public and private markets. We acquire businesses where we can tap into our deep industry relationships, significant capital base, and transaction expertise to materially improve performance, creating long-term value for shareholders and partners.

- We are a ***value-oriented acquirer*** of public & private businesses
- We build relationships & provide transaction expertise to ***materially improve performance***
- Focused on opportunistic situations within the ***technology, energy***, and ***industrials*** segments
- FCF generation, book value appreciation and stock price growth ***are the pillars of the Acacia story***

ACTG At A Glance | March 31, 2025

Reported Book Value ("BV")	$577.3
Common Shares	96.2
Book Value Per Share ("BVPS")	$6.00
Represents ~16% growth in BVPS since constitution of new management team	
Cash & Public Securities [1]	$290.0
Market Capitalization [2]	$307.7
LTM Total Company Revenue	$222.4
LTM Total Company Adjusted EBITDA [3]	$61.3
Corporate Debt [4]	$0.0

Our Guiding Principles…

- Disciplined Capital Allocation
- Operating & Financial Excellence

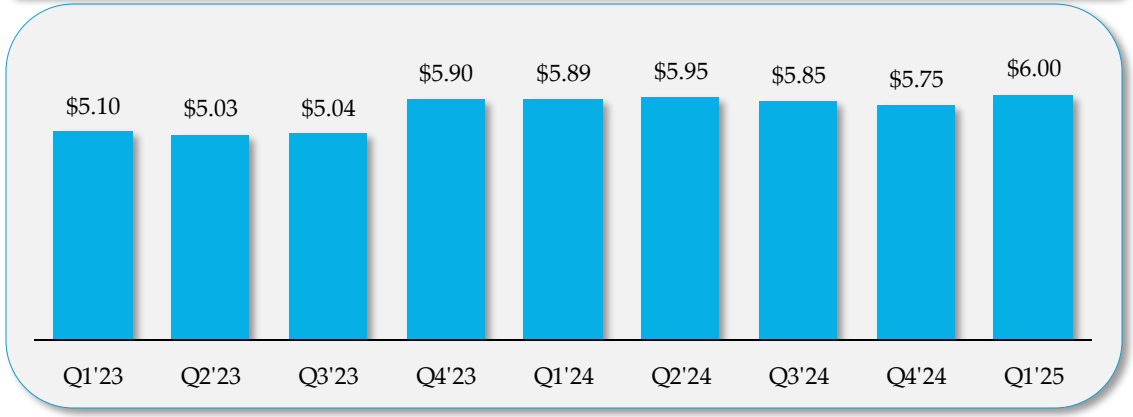
…are the foundation of everything we do

Note: All values shown in millions, except for per share data.
[1] See Appendix for more information regarding Cash & Public Securities. [2] Market Capitalization calculated as common shares outstanding of 96,171,702 on March 31, 2025, multiplied by Acacia's closing share price on March 31, 2025, of $3.20. [3] See Appendix for more information regarding Total Company Adjusted EBITDA, which is a non-GAAP financial measure. [4] Represents non-recourse debt at the Parent company. On a consolidated basis, Acacia's total indebtedness was $108.4M in non-recourse debt at Benchmark and Deflecto as of March 31, 2025.

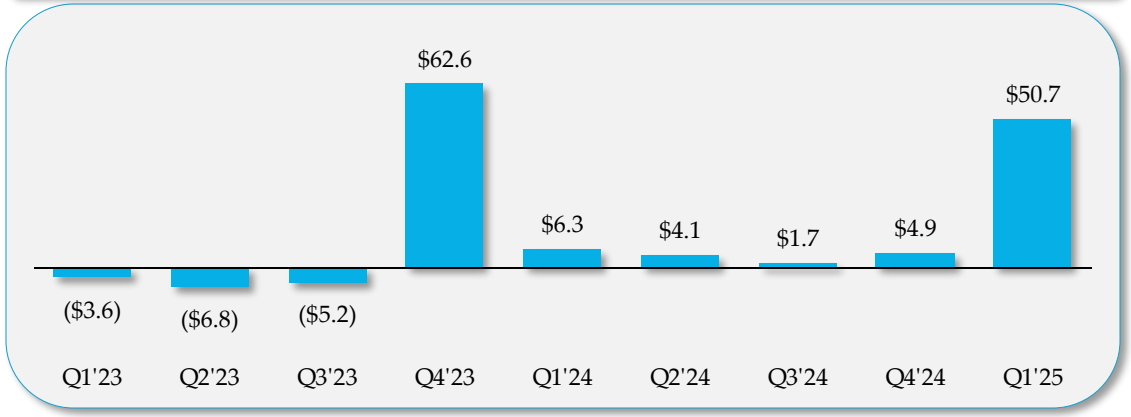
Key Performance Metrics | Consolidated

Acacia seeks to generate consistent growth in book value per share, revenue, and Adjusted EBITDA

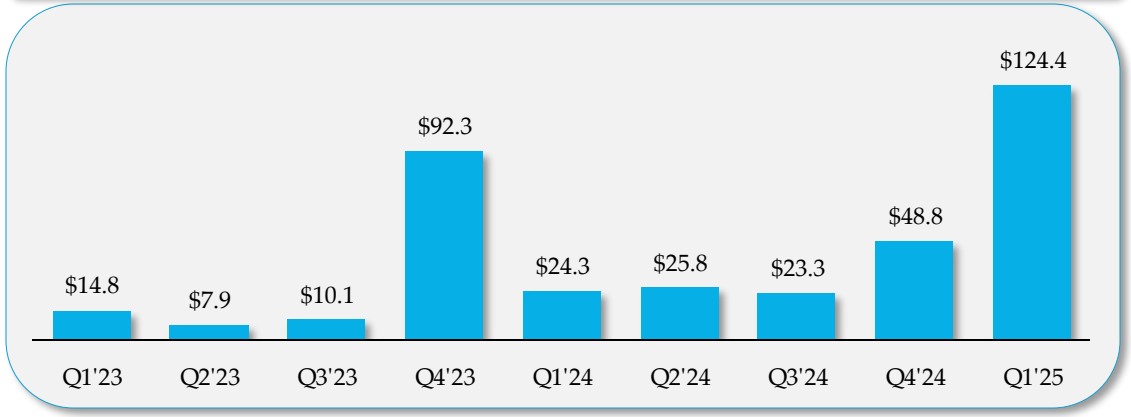
Book Value Per Share



Total Company Adjusted EBITDA (1)



Total Revenue

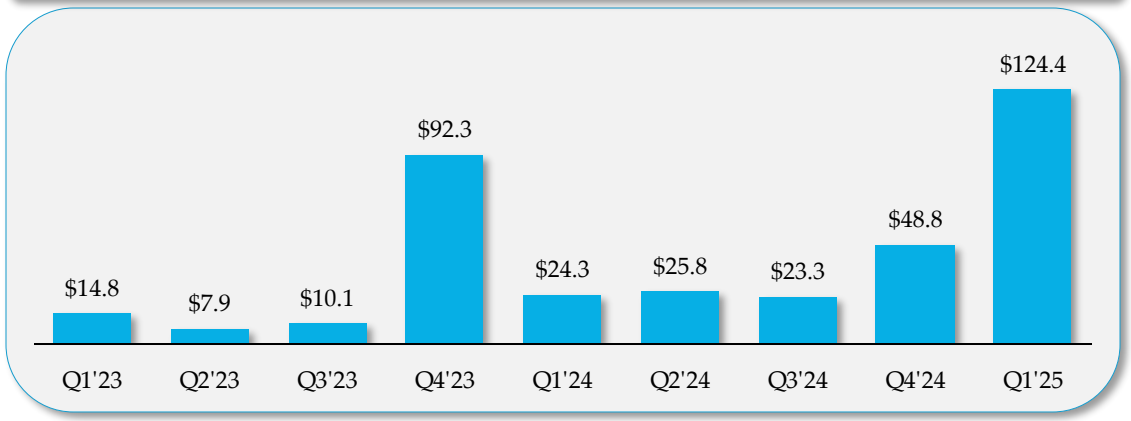


Note: All values shown in millions, except for per share data. Quarters based on calendar year.
(1) See Appendix for more information regarding Total Company Adjusted EBITDA, which is a non-GAAP financial measure.

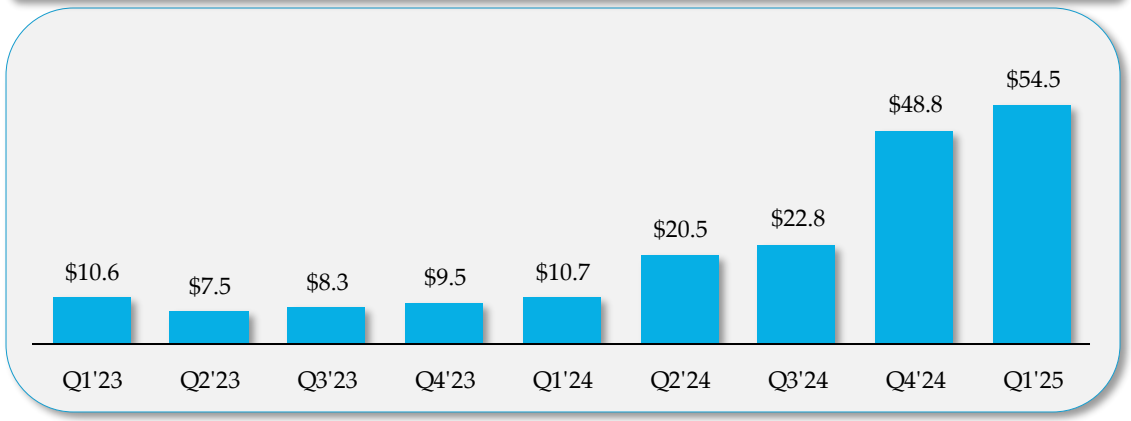
Operated Segments | Key Highlights

Acacia seeks to generate consistent growth in revenue and Adjusted EBITDA

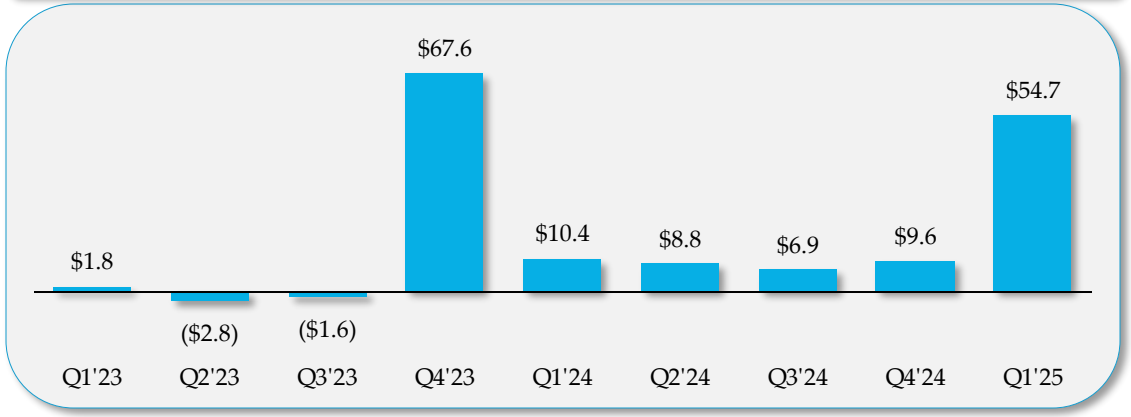
Total Revenue (Including IP)



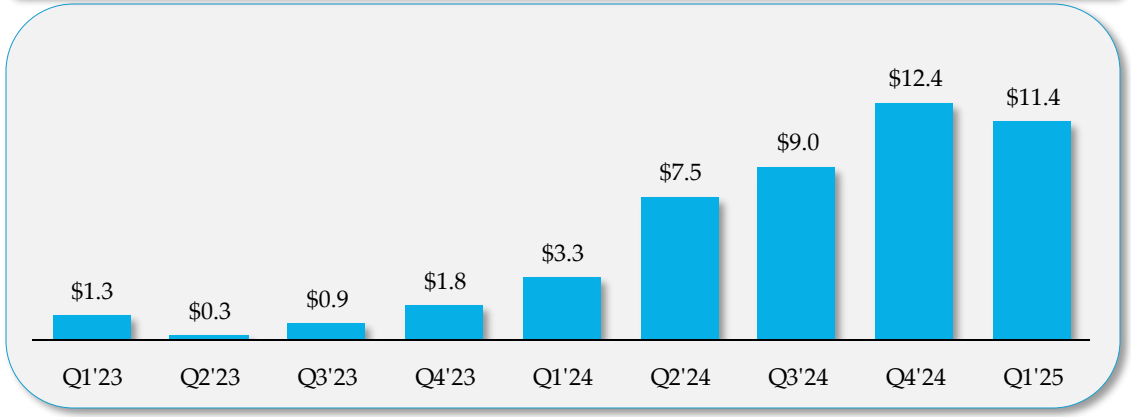
Total Revenue (Excluding IP)



Operated Segment Adjusted EBITDA (Including IP) (1)



Operated Segment Adjusted EBITDA (Excluding IP) (2)



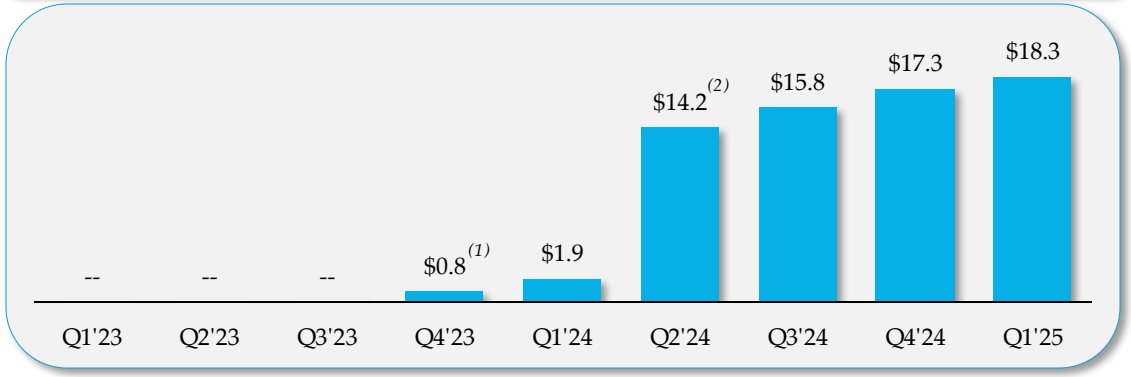
Note: All values shown in millions, except for per share data. Quarters based on calendar year.

(1) Operated Segment Adjusted EBITDA, including Intellectual Property Operations, but excluding Parent Costs. See Appendix for more information regarding Operated Segment Adjusted EBITDA, which is a non-GAAP financial measure.

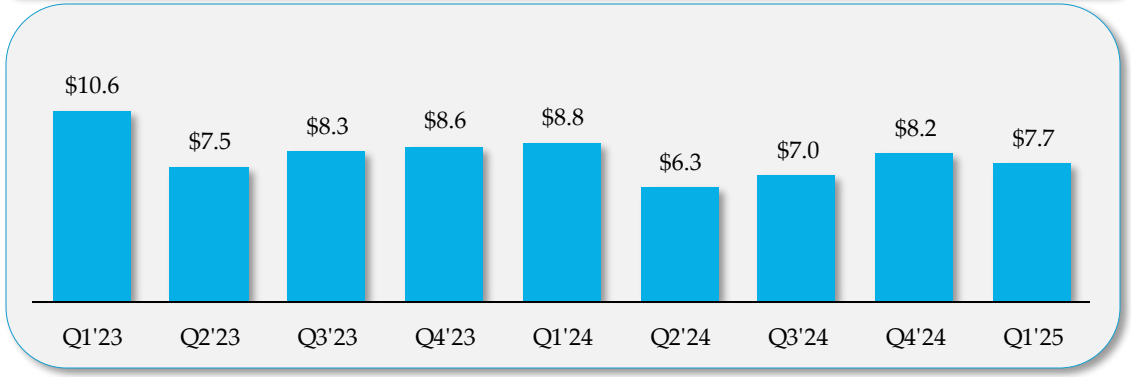
(2) Operated Segment Adjusted EBITDA, excluding Intellectual Property Operations and Parent Costs. See Appendix for more information regarding Operated Segment Adjusted EBITDA, which is a non-GAAP financial measure.

Operated Segments | Revenue

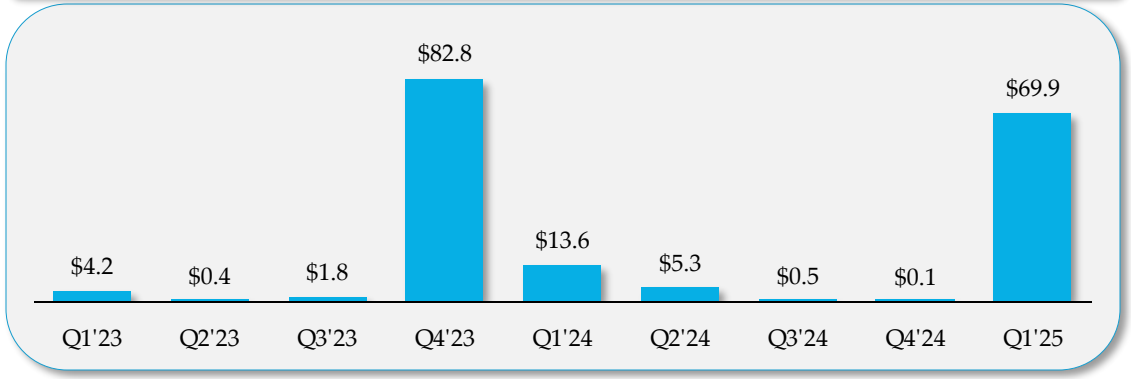
Energy Operations



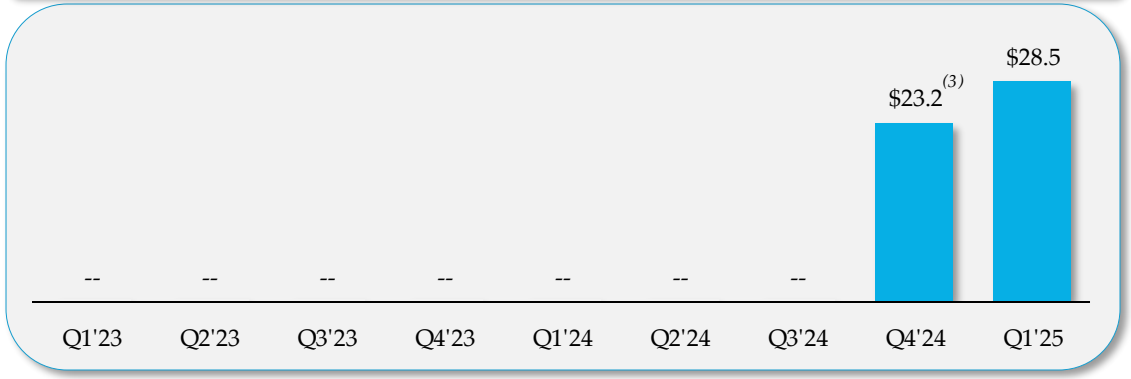
Industrial Operations



Intellectual Property Operations



Manufacturing Operations



Note: All values shown in millions, unless noted otherwise. Quarters based on calendar year.

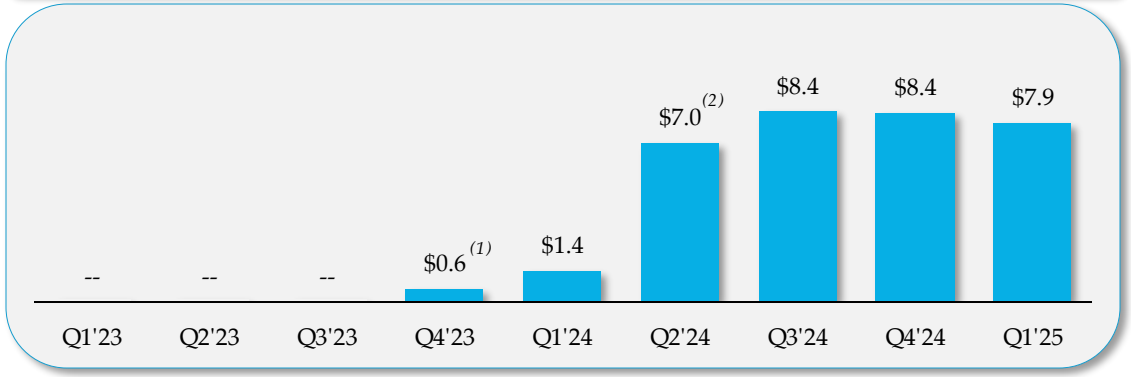
(1) Represents results for the period from 11/13/2023 – 12/31/2023 following the acquisition of Benchmark Energy.

(2) Includes partial impact from Revolution acquisition on April 17, 2024.

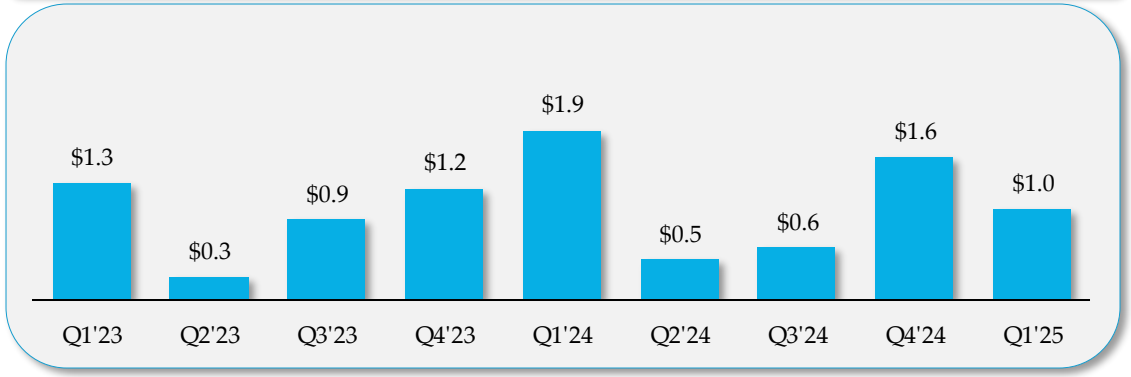
(3) Represents results for the period from 10/18/2024 – 12/31/2024 following the acquisition of Deflecto.

Operated Segments | Adjusted EBITDA

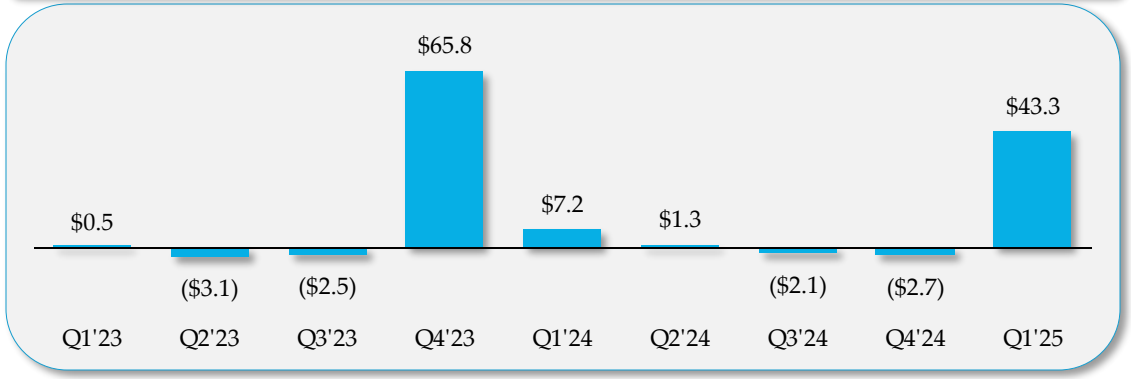
Energy Operations



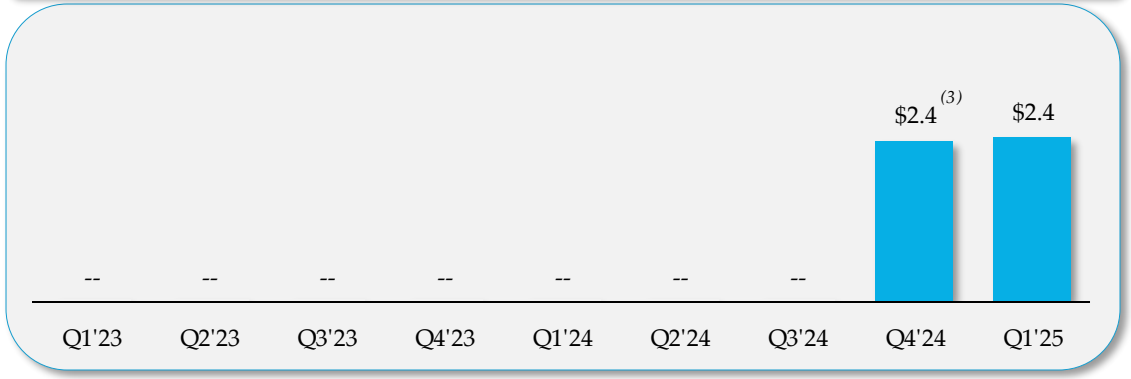
Industrial Operations



Intellectual Property Operations



Manufacturing Operations



Note: All values shown in millions, unless noted otherwise. Quarters based on calendar year. See Appendix for more information regarding Adjusted EBITDA, which is a non-GAAP financial measure.

(1) Represents results for the period from 11/13/2023 – 12/31/2023 following the acquisition of Benchmark Energy.

(2) Includes partial impact from Revolution acquisition on April 17, 2024.

(3) Represents results for the period from 10/18/2024 – 12/31/2024 following the acquisition of Deflecto.



Appendix:
Financial Reconciliations

Use of Non-GAAP Financial Information

GAAP or U.S. GAAP refer to generally accepted accounting principles in the United States. From time to time the Company may include certain "non-GAAP" financial measures in its investor presentations, earnings releases, earnings conference calls or other disclosures. A non-GAAP financial measure is a numerical measure of historical or future performance, financial position or cash flow that includes or excludes amounts that are excluded or included, respectively, in the most directly comparable measure calculated and presented in accordance with GAAP in the Company's financial statements.

Non-GAAP financial measures are provided as alternative methods for assessing the Company's financial condition and operating results. These measures are not intended to replace the presentation of financial results in accordance with U.S. GAAP and may be different from or otherwise inconsistent with non-GAAP financial measures used by other companies. The presentation of these non-GAAP financial measures supplements other metrics the Company uses to internally evaluate subsidiary businesses and facilitate the comparison of past and present operations. These measures should not be considered in isolation or as a substitute for measures calculated and presented in accordance with GAAP.

The tables on the following pages reconcile the most directly comparable GAAP financial measures to Adjusted Net Income / (Loss) for the Company, Adjusted Diluted Earnings Per Share ("EPS") for the Company, Adjusted Earnings before Interest, Income Taxes, Depreciation and Amortization ("Adjusted EBITDA") for each of the Company and its subsidiaries, and Free Cash Flow ("FCF") for each of the Company and its subsidiaries.

Cash & Public Securities
Cash & Public Securities is calculated as Cash & Cash Equivalents plus Equity Securities measured at fair value. Cash & Public Securities is a non-GAAP financial measure used by the Company to measure our liquidity and operating performance.

Adjusted Net Income / (Loss)
Adjusted Net Income (Loss) is defined as Acacia's GAAP Net Income (Loss) excluding costs related to certain legacy matters, stock-based compensation, transaction-related costs, amortization of acquired intangibles, any unrealized (gain) / loss on securities, any unrealized (gain) / loss on hedges, any (gain) / loss on non-cash derivatives, and any (gain) / loss on non-cash derivatives. The Company is providing Adjusted Net Income (Loss), a non-GAAP financial measure, because the metric provides investors with useful supplemental information in comparing the operating results across reporting periods by excluding items that are not considered indicative of core operating performance.

Adjusted Diluted Earnings Per Share (EPS)
Adjusted Diluted EPS is defined as Adjusted Net Income (Loss) divided by the Company's weighted average diluted share count as of the relative period end date. The Company is providing its Adjusted Diluted EPS, a non-GAAP financial measure, because the metric provides investors with useful supplemental information in comparing the operating results across reporting periods by excluding items that are not considered indicative of core operating performance.

Total Company Adjusted EBITDA
Total Company Adjusted EBITDA is defined as net income / (loss) before net income / (loss) attributable to noncontrolling interests, income tax (benefit) / expense, interest expense, interest income and other, net, loss / (gain) on foreign currency exchange, net realized and unrealized (gain) / loss on derivatives, net realized and unrealized loss / (gain) on investments, non-recurring legacy legal expenses, depreciation, depletion and amortization, stock-based compensation, realized hedge gain / (loss), transaction-related costs, and costs related to the legacy items.

Operated Segment Adjusted EBITDA
Operated Segment Adjusted EBITDA is the aggregate of Energy Operations Adjusted EBITDA, Manufacturing Operations Adjusted EBITDA, Industrial Operations Adjusted EBITDA, and Intellectual Property Operations Adjusted EBITDA. See below for the definition of each of those measures. The Company is providing Total Company Adjusted EBITDA and Operated Segment Adjusted EBITDA, non-GAAP financial measures, because management believes these metrics provide investors withuseful supplemental information in comparing the operating results across reporting periods by excluding items that are not considered indicative of core operating performance. These measures are not intended to replace the presentation of financial results in accordance with GAAP and may be different from or otherwise inconsistent with similar non-GAAP financial measures used by other companies. The presentation of these non-GAAP financial measures supplements other metrics the Company uses to internally evaluate its subsidiary businesses and facilitate the comparison of past and present operating performance. These measures should not be considered in isolation or as a substitute for measures calculated and presented in accordance with GAAP.

Free Cash Flow (FCF)
Free Cash Flow is defined as net cash provided by (used in) operating activities, less net purchases of property and equipment, oil and gas properties, and patent acquisitions ("Capital Expenditures"). The Company is providing Free Cash Flow, a non-GAAP financial measure, because it believes free cash flow gives investors a good sense of how much cash flows are available to be used for de-levering, making acquisitions, repurchasing shares or similar uses of cash.

Energy Operations
Energy Operations Adjusted EBITDA is defined as operating income / (loss) for Acacia's Energy Operations before depreciation, depletion and amortization expense and transaction-related costs, and including realized hedge gain / (loss). The Company is providing its Energy Operations Adjusted EBITDA, a non-GAAP financial measure, because the metric provides investors with useful supplemental information in comparing the operating results across reporting periods by excluding items that are not considered indicative of core operating performance.

Industrial Operations
Industrial Operations Adjusted EBITDA is defined as operating income / (loss) for Acacia's Industrial Operations before amortization of acquired intangibles and depreciation and amortization expense. The Company is providing its Industrial Operations Adjusted EBITDA, a non-GAAP financial measure, because the metric provides investors with useful supplemental information in comparing the operating results across reporting periods by excluding items that are not considered indicative of core operating performance.

Intellectual Property Operations
Intellectual Property Operations Adjusted EBITDA is defined as operating income / (loss) for Acacia's Intellectual Property Operations before patent amortization, depreciation and amortization expense and stock-based compensation. The Company is providing Intellectual Property Operations Adjusted EBITDA, a non-GAAP financial measure, because the metric provides investors with useful supplemental information in comparing the operating results across reporting periods by excluding items that are not considered indicative of core operating performance.

Manufacturing Operations
Manufacturing Operations Adjusted EBITDA is defined as operating income / loss for Acacia's Manufacturing Operations before amortization of acquired intangibles, depreciation and amortization expense, and transaction-related costs. The Company is providing its Manufacturing Operations Adjusted EBITDA, a non-GAAP financial measure, because the metric provides investors with useful supplemental information in comparing the operating results across reporting periods by excluding items that are not considered indicative of core operating performance.

Parent Costs
Parent Costs are defined as operating income / (loss) attributable to Parent before depreciation and amortization expense, stock-based compensation, transaction-related costs, and costs related to certain legacy matters attributable to the Parent organization. The Company is providing Parent Costs, a non-GAAP financial measure, because it believes it gives investors a clear picture of normalized Parent-level expenses.

Total Revenue By Segment

	Three Months Ended June 30 2024	Three Months Ended September 30 2024	Three Months Ended December 31 2024	Three Months Ended March 31 2025	LTM March 31 2025
Energy Operations	$14.2	$15.8	$17.3	$18.3	$65.6
Industrial Operations	6.3	7.0	8.2	7.7	29.3
Manufacturing Operations	--	--	23.2	28.5	51.7
Total Revenue (Excl. Intellectual Property Operations)	$20.5	$22.8	$48.8	$54.5	$146.6
Intellectual Property Operations	5.3	0.5	0.1	69.9	75.8
Total Revenue	$25.8	$23.3	$48.8	$124.4	$222.4

Note: All values shown in millions, unless noted otherwise.

Adjusted Net Income / (Loss) and Adjusted EPS

	Three Months Ended June 30, 2024	Three Months Ended September 30, 2024	Three Months Ended December 31, 2024	Three Months Ended March 31, 2025	LTM March 31, 2025
GAAP Net Income / (Loss)	($8.4)	($14.0)	($13.4)	$24.3	($11.6)
Non-Recurring Legacy Legal Expense [1]	6.6	2.0	--	--	8.6
Legacy Matter Costs [1] [2]	0.2	0.4	0.1	0.3	0.9
Stock-Based Compensation	0.9	0.8	2.3	0.9	4.9
Transaction-Related Costs [3]	0.2	0.2	5.5	0.6	6.5
Severance Costs [4]	--	--	--	0.3	0.3
Amortization of Acquired Intangibles	0.4	0.4	1.0	0.9	2.8
Unrealized (Gain) / Loss on Investments [5]	4.7	4.1	(4.1)	4.8	9.5
Unrealized (Gain) / Loss on Hedges [6]	2.0	(5.4)	3.3	3.7	3.6
Tax Effect of Adjustments [7]	(8.0)	5.4	(1.5)	(2.6)	(6.7)
Adjusted Net Income / (Loss)	($1.4)	($6.1)	($6.8)	$33.1	$18.8
GAAP EPS	($0.08)	($0.14)	($0.14)	$0.25	
Weighted Average Diluted Shares	100.1	99.9	97.2	97.0	
Adjusted EPS	($0.01)	($0.06)	($0.07)	$0.34	
Weighted Average Diluted Shares	100.1	99.9	97.2	97.0	

Note: All values shown in millions, unless noted otherwise.

[1] Reflects non-recurring expenses related to legacy legal matters, which have now been settled. [2] Legacy Matter Costs for the three months ended March 31, 2025, includes $250K related to a one-time legacy tax matter at Printronix that has been settled, and which is included within Interest Income and Other, Net in Acacia's consolidated statement of operations. [3] Includes non-recurring deal fees. [4] Consists of employee severance obligations and related costs at Deflecto and Printronix. [5] Removes the impact of non-cash, unrealized gains and losses on investments. [6] Removes the impact of non-cash, unrealized gains and losses on hedges within Energy Operations. Reflects Acacia's pro-rata share in each period. [7] Represents the tax impact of the aggregate adjustments to net income.

Adjusted EBITDA Reconciliation

	Three Months Ended June 30, 2024	Three Months Ended September 30, 2024	Three Months Ended December 31, 2024	Three Months Ended March 31, 2025	LTM March 31, 2025
GAAP Net (Income) / Loss	($8.4)	($14.0)	($13.4)	$24.3	($11.6)
Net (Income) / Loss Attributable to Noncontrolling Interest	(0.4)	2.3	(0.6)	(0.8)	0.6
Income Tax (Benefit) / Expense	(7.1)	5.5	(0.8)	6.1	3.7
Interest Expense	1.8	1.9	2.4	2.5	8.6
Interest (Income) and Other, Net	(4.8)	(4.0)	(3.1)	(1.8)	(13.7)
Loss / (Gain) on Foreign Currency Exchange	0.1	(0.1)	0.3	(0.2)	0.1
Net Realized and Unrealized Loss / (Gain) on Hedges	2.7	(8.0)	3.5	5.0	3.2
Net Realized and Unrealized Loss / (Gain) on Investments	4.7	4.1	(4.1)	3.2	7.9
Non-Recurring Legacy Legal Expense [1]	6.6	2.0	--	--	8.6
GAAP Operating Income / (Loss)	($4.8)	($10.3)	($15.8)	$38.3	$7.5
Depreciation, Depletion & Amortization	7.4	9.8	11.8	10.6	39.6
Stock-Based Compensation	0.9	0.8	2.3	0.9	4.9
Realized Hedge Gain / (Loss)	0.1	0.7	1.0	(0.0)	1.8
Transaction-Related Costs [2]	0.2	0.3	5.5	0.6	6.6
Legacy Matter Costs [1]	0.2	0.4	0.1	0.0	0.6
Severance Costs [3]	--	--	--	0.3	0.3
Total Company Adjusted EBITDA	$4.1	$1.7	$4.9	$50.7	$61.3

Note: All values shown in millions, unless noted otherwise.
[1] Reflects non-recurring expenses related to legacy legal matters, which matters have now been settled.
[2] Transaction-Related Costs include non-recurring deal fees.
[3] Consists of employee severance obligations and related costs at Deflecto and Printronix.

Adjusted EBITDA By Segment

	Three Months Ended June 30 2024	Three Months Ended September 30 2024	Three Months Ended December 31 2024	Three Months Ended March 31 2025	LTM March 31 2025
Energy Operations	$7.0	$8.4	$8.4	$7.9	$31.8
Industrial Operations	0.5	0.6	1.6	1.0	3.7
Manufacturing Operations	--	--	2.4	2.4	4.8
Operated Segment Adjusted EBITDA (Excl. Intellectual Property Operations)	$7.5	$9.0	$12.4	$11.4	$40.3
Intellectual Property Operations	1.3	(2.1)	(2.7)	43.3	39.7
Operated Segment Adjusted EBITDA	$8.8	$6.9	$9.6	$54.7	$80.0
Parent Costs	(4.7)	(5.2)	(4.8)	(4.0)	(18.7)
Total Company Adjusted EBITDA	$4.1	$1.7	$4.9	$50.7	$61.3

Note: All values shown in millions, unless noted otherwise.

Adjusted EBITDA | Q1 2025

	Three Months Ended March 31, 2025					
	Energy Operations	Industrial Operations	Manufacturing Operations	Intellectual Property Operations	Parent Costs	Consolidated Total
Consolidated Operations						
GAAP Operating Income / (Loss)	$4.0	$0.3	$0.3	$38.5	($4.8)	$38.3
Depreciation, Depletion & Amortization	4.0	0.6	1.5	4.5	0.0	10.6
Stock-Based Compensation	--	--	--	0.2	0.7	0.9
Realized Hedge Gain / (Loss)	(0.0)	--	--	--	--	(0.0)
Transaction-Related Costs [1]	--	--	0.4	--	0.1	0.6
Legacy Matter Costs [2]	--	--	--	--	0.0	0.0
Severance Costs [3]	--	0.2	0.2	--	--	0.3
Adjusted EBITDA	$7.9	$1.0	$2.4	$43.3	($4.0)	$50.7
Parent Interest Income					$2.4	

Note: All values shown in millions, unless noted otherwise.
[1] Transaction-Related Costs include non-recurring deal fees.
[2] Reflects non-recurring expenses related to legacy legal matters, which matters have now been settled.
[3] Consists of employee severance obligations and related costs at Deflecto and Printronix.

Adjusted EBITDA | Q1 2024

	Three Months Ended March 31, 2024					
	Energy Operations	Industrial Operations	Manufacturing Operations	Intellectual Property Operations	Parent Costs	Consolidated Total
Consolidated Operations						
GAAP Operating Income / (Loss)	$0.2	$1.2	--	$3.3	($6.7)	($2.1)
Depreciation, Depletion & Amortization	0.4	0.7	--	3.4	0.0	4.6
Stock-Based Compensation	--	--	--	0.4	0.4	0.9
Realized Hedge Gain / (Loss)	0.8	--	--	--	--	0.8
Transaction-Related Costs [1]	--	--	--	--	--	--
Legacy Matter Costs [2]	--	--	--	--	2.2	2.2
Severance Costs [3]	--	--	--	--	--	--
Adjusted EBITDA	$1.4	$1.9	--	$7.2	($4.1)	$6.3
Parent Interest Income					$5.1	

Note: All values shown in millions, unless noted otherwise.
[1] Transaction-Related Costs include non-recurring deal fees.
[2] Reflects non-recurring expenses related to legacy legal matters, which matters have now been settled.
[3] Consists of employee severance obligations and related costs at Deflecto and Printronix.

Free Cash Flow By Segment | Q1 2025

	Three Months Ended March 31, 2025					
	Energy Operations	Industrial Operations	Manufacturing Operations	Intellectual Property Operations	Parent Costs	Consolidated Total
Consolidated Operations						
Net Cash From Operating Activities (GAAP)	$5.5	$2.5	$1.0	($2.3)	($4.3)	$2.4
Less: Capital Expenditures, Net	(1.9)	(0.0)	(0.2)	--	--	(2.1)
Free Cash Flow (Non-GAAP)	$3.6	$2.5	$0.8	($2.3)	($4.3)	$0.3

Note: All values shown in millions, unless noted otherwise.

Cash & Public Securities

	Three Months Ended March 31,		Three Months Ended June 30,	Three Months Ended September 30,	Three Months Ended December 31,	Three Months Ended March 31,
	2025	2024	2024	2024	2024	2025
Cash & Public Securities						
Cash and Cash Equivalents	$272.0	$438.8	$387.0	$360.1	$273.9	$272.0
Equity Securities	18.1	22.9	18.2	14.1	23.1	18.1
Cash & Public Securities	$290.0	$461.7	$405.2	$374.2	$297.0	$290.0

Note: All values shown in millions, unless noted otherwise.

Contact Us

Acacia Research Corporation
767 Third Avenue, Floor 6
New York , NY 10017
(332) 236-8484
IR@acaciares.com

www.acaciaresearch.com

Transfer Agent:

ComputerShare
P.O. Box 43006
Providence RI 02940-3078

150 Royall St., Suite 101
Canton, MA 02021
Shareholder Services: 800-962-4284
or international +1 (781) 575-3120