

MARKET RELEASE

Melbourne, 23 February 2017

QANTM Intellectual Property Limited

Half year financial results to 31 December 2016 (H1 FY17)

- Successful completion of corporate restructure and Initial Public Offering (IPO) in August 2016
- Pro forma* group revenue of \$51.5m, up 0.9% on H1 FY16
- Pro forma* EBITDA of \$11.8m, up 2.3% on H1 FY16
- Pro forma* NPAT of \$7.1m, up 1.3% on H1 FY16
- Results impacted by a ~4% strengthening of the A\$:US\$ versus H1 FY16
- Pro forma* EBITDA margin (% of professional fees) of 29.2%, up from 28.9% in H1 FY16
- Strong growth in filing numbers during the period, with 7.5% total growth vs H1 FY16
- Maiden interim dividend of 3.6 cents per share for H1 FY17 to be paid in March, final dividend expected to be 5.3 cents per share for the H2 FY17 period
- FY17 Prospectus earnings forecasts maintained

QANTM Intellectual Property Limited (QANTM, Group or the Company; ASX: QIP) today announced its results for the six month period to 31 December 2016. The Company's pro forma NPAT for the half year was \$7.1 million, which represents growth of 1.3% on the prior corresponding period. Key financial highlights from the results are set out below.

H1 FY17 Financial Highlights

A\$m (unless stated otherwise)	Statutory H1 FY17	Pro forma H1 FY17 ¹	Pro forma H1 FY16 ¹	Pro forma change (%)
Revenue	47.9	51.5	51.1	0.9%
EBITDA	0.9	11.8	11.5	2.3%
EBITDA margin²	2.4%	29.2%	28.9%	0.3%
NPAT	(0.1)	7.1	7.0	1.3%

1. Pro forma results are presented to highlight underlying performance, adjusted for IPO costs and other one-off expenses associated with reorganisation of the business. Please refer to the Directors Report and Appendix 4D for more detailed information and reconciliation between the statutory and pro forma results.

2. EBITDA margin calculated as % of professional fees.

Commenting on the H1 FY17 results Managing Director, Leon Allen, said "We are pleased with our restructure and transformation to a listed public company and the impact it has had on our two firms. The Group has experienced growth this half over its strong H1 FY16 result together with strong growth in patent filings which will underpin our future core IP lifecycle revenues."

Mr Allen added “Based on our first half result and the natural seasonality in our business we have maintained our FY17 Prospectus earnings forecasts. Since the IPO we have undertaken a number of initiatives to promote efficiencies within the Group which will have a positive impact on our second half.”

Business Performance

QANTM continued to grow revenue and underlying earnings in the first six months to 31 December 2016, demonstrating solid performance across its core business activities.

Total revenue increased 0.9% over the previous corresponding period. Service Charges grew approximately 1% during the period, driven by growth in core IP life cycle Service Charges of ~5%. This was partially offset by a ~7% decline in associated advisory and legal Service Charges, which were impacted by a reduced activity in the market. Operating expenses were consistent with last year reflecting positive cost control. H1 FY17 NPAT grew 1.3% despite a ~4% strengthening of the A\$:US\$ versus H1 FY16.

Net debt as at 31 December 2016 was \$12.4 million, reflecting the impact of new equity raised through the IPO in August and the cash generative nature of the business.

Outlook

A healthy level of filings supports ongoing growth in QANTM's core IP lifecycle revenues, with total patent filings for the half up 7.5% on H1 FY16.

Business synergies have commenced with the migration of FPA's data, systems and processes to a common ICT platform which occurred ahead of plan and was completed in Q2 of FY17. Back office rationalisation also commenced during the period. Collectively, these savings will have a first impact in H2 FY17.

Overall, H1 FY17 revenue was slightly ahead of last year despite currency headwinds, but was slightly below budget due primarily to the fall in advisory revenues. However, QANTM expects cost savings will offset any potential revenue shortfall in the forecast period. QANTM therefore remains confident of achieving its FY17 Prospectus earnings forecasts.

The Company announced a maiden interim dividend of 3.6 cents per share for H1 FY17 to be paid in March, final dividend expected to be 5.3 cents per share for the H2 FY17 period.

QANTM continues to generate strong cash flow and maintain a strong balance sheet, remaining well positioned to continue its organic growth and participate in any further industry rationalisation.

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