



IP Protection,
the cornerstone of
modern economies



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Introduction

QANTM's key characteristics



IP Services

The protection of IP rights is essential to asset, brand and trade marks held by corporations, government agencies, institutions, technology providers and entrepreneurs and for protecting the R&D investment of these organisations.



IP Protection

Global consumer goods example.



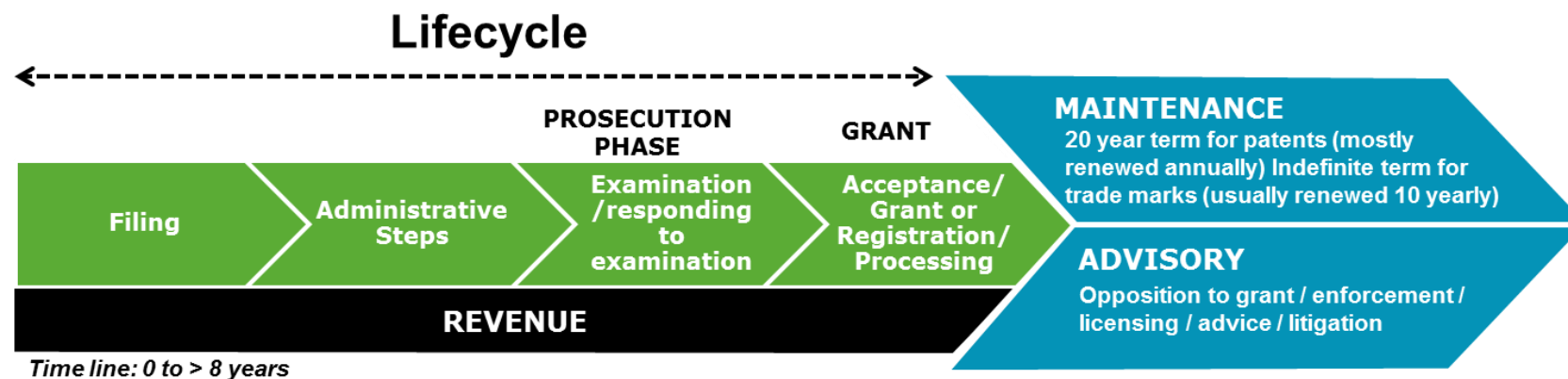
Apple iPhone

- Criticality of patent protection – over 150 separate patents
- Extensive trade mark protection
 - logo, names (Siri, Garage Band....)
 - well over 200 for Apple products
- Multi-jurisdictional, international patent and trade mark coverage
- Legal and litigation protection (the 'phone wars')
- Patents - insurance for R&D investment
- Trade marks – insurance for brand integrity and marketing

IP lifecycle revenue stages

Main revenue components of the IP cycle:

Filing, prosecution, maintenance/renewal phases, with potential for advisory, legal/litigation services. Originating application work for new inventions, at a pre-filing stage, also generates revenue.



- Revenue generation at various stages of maintaining and enforcement of IP rights
- Client relationships tend to be long term and stable – 18 months – 20 years+
- Client arrangements can be national, regional, multi-national
- Reciprocal arrangements internationally generate additional revenue streams



QANTM and IP Sector

Attractive investment market characteristics.

GENERALLY PREDICTABLE EARNINGS PROFILE FROM IP PATENT, TRADE MARKS

- historical GDP related growth trends
- multiple revenue-generation stages
- longer term client relationships

ATTRACTIVE CASH FLOW AND DIVIDEND YIELD CHARACTERISTICS

- attractive margins
- high cash conversion
- attractive dividend/yield

LOW CAPITAL INTENSITY

- typically low sustaining capital for existing businesses
- typically lower gearing/strong balance sheet

HIGH BARRIERS TO ENTRY

- reliance upon reputable, technically qualified patent attorneys
- information systems for patent recording and monitoring

2. QANTM's Characteristics and Business Model

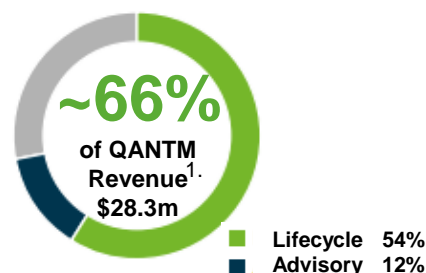
QANTM

A leading Intellectual Property provider.

- Formed from two experienced, long established and reputable firms
 - DCC, 130+ years of experience
 - FPA, 120+ years of experience
- 14% Patent market share
- #1 in Trade marks
- 40% of revenue from Australian clients
- Established origination platform
- 150 professional staff, majority with honours
- 60 with Masters degrees, 41 with PhDs
- Average IP-related experience (Principals) of 18 years
- Technical skills and client relations across range of industry sectors
- Commitment to professional and industry associations
- Asian presence
 - 2 offices in Singapore
 - Advanz Fidelis IP in Malaysia (acquired, July 2018)
 - basis for expanding regional presence
- Listed 31 August 2016
- ~\$190m market cap

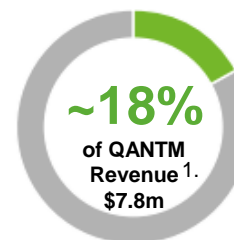
Business model characteristics

Revenue structure in key professional services areas.



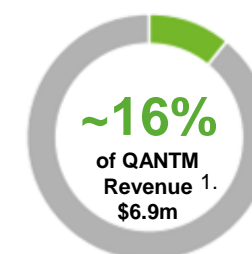
PATENTS

- long life cycle business – often 20 years+
- large numbers (~50,000 p.a.) of lower value (average \$1,200) invoices
- additional advisory and consultant services
- reciprocal work for patents lodged overseas
- highly stable and diverse client base ~2,900 clients



TRADE MARKS

- similar model and financial characteristics as Patents
- DCC #1 Australian filer of trade marks
- highly stable client base



LEGAL SERVICES

- litigation services for all forms of IP - patents, designs, trade marks, copyright litigation
- structuring advice – shareholder, JV, technology acquisition, divestment agreements
- commercial law - trade secrets, e-commerce, labelling, due diligence, IP trade practice

Notes:

1. For the half year ended 31 December 2018

Focused business activities for growth



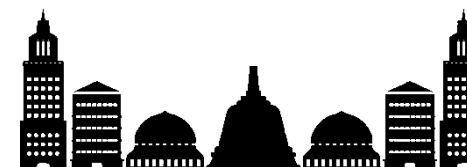
INVESTMENT IN OUR PEOPLE

- commitment to professional development and leadership programs
- shareholder alignment – establishment of share trust for new professionals
- lateral recruitment focus, with associated development of new service offerings



MARKET AND BUSINESS DEVELOPMENT

- business and market development focus, involving senior personnel
- Australian patent applications up 16.6% vs market growth of 4%
- patent market share up from 12.8% to 14.0%
- highest level of group patent applications since 2013
- legal and litigation services – record 1H19 revenue up 41%



FOUNDATIONS FOR ASIAN GROWTH

- FPA Singapore office following earlier establishment of DCC presence
- acquisition of Malaysian IP firm of Advanz Fidelis: 6 month revenue contribution of \$1.1 m
- examined a range of material growth opportunities, including Xenith merger by scheme of arrangement

Performance

Improvement in recent financial performance characteristics.

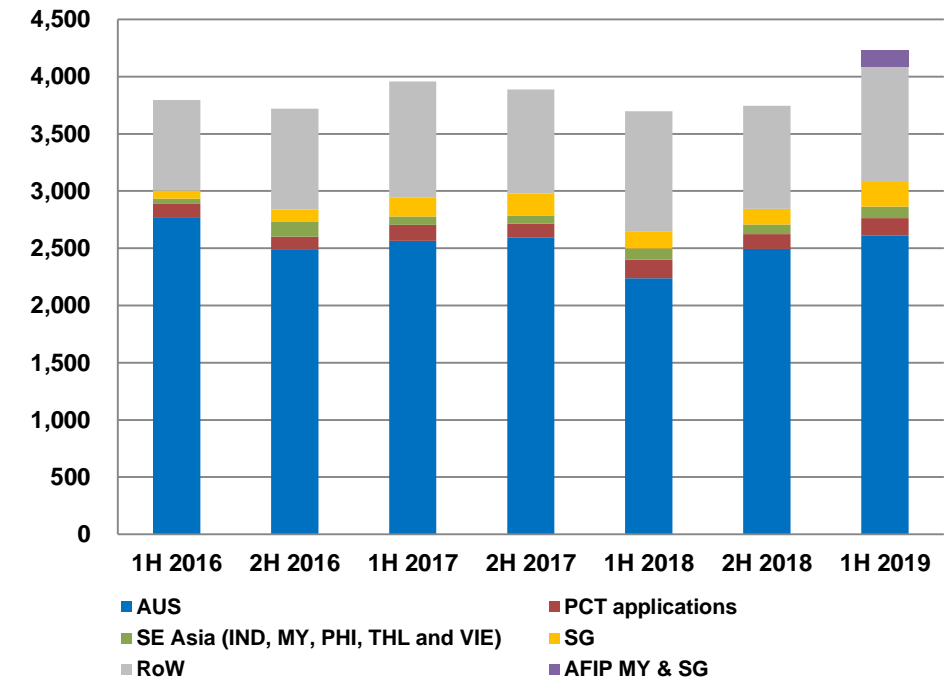
Financials 1H 2019

- Total revenue \$55.3 million, up 12.4% (1H 2018: \$49.2 million), 10.2% excluding Advanz Fidelis IP
- EBITDA after FX of \$12.2 million, up 29.8% (1H 18: \$9.4 million), 24.5% excluding Advanz Fidelis IP
- EBITDA margin (on Service Charges Revenue) 28.4% (1H 18: 24.7%)
- Net Profit after Tax \$7.5 million, up 36.4% (1H 18: \$5.5 m); statutory \$4.6 million (1H 18: \$3.6 m)
- Net debt \$16.2 million (30 June 2018: \$8.3 million); gearing 19.1% (30 June 2018: 10.6%)

Notes:

1. Source: DCC, FPA and Advanz Fidelis IP management analysis of cases filed in the period (excluding transfers).




QANTM
TOTAL NEW PATENT CASES FILED¹
1H 2016 – 1H 2019



The background of the slide is a solid green color. Overlaid on this is a faint, white network pattern of interconnected nodes and lines, resembling a molecular or digital structure. The nodes are represented by small circles of varying sizes, and the lines are thin and connect these nodes in a complex web.

3. QANTM's Attributes to Deliver Superior Growth

Strength of IP Businesses

 <p>At Davies Collison Cave, we've been protecting Australian innovation for more than 130 years.</p>		
<p>Melbourne Sydney Brisbane Singapore Auckland</p>	<p>LOCATIONS</p>	<p>Melbourne Sydney Singapore</p>
<p>Committed to understanding IP in the context of your business.</p> <p>Characterised by steadfast commitment to excellence. Principal control is a prominent feature of the quality management process.</p> <p>DCC lead the IP profession with its reputation, through innovation and involvement in policy and legislative development and professional organisations.</p> <p>Honest and open, friendly, passionate, approachable and accessible. Trusting and relationship focused and committed to clients and colleagues.</p>	<p>CULTURE AND CLIENT RELATIONSHIPS</p>	<p>Committed to being excellent in everything we do, and a manifestation of this is our premium client base which includes the world's leading brands and technologies in all industries.</p> <p>At FPA our people show empathy, we like to listen to you, and we respond to your needs swiftly with insightful, to the point, commercially focused advice that can make a significant contribution to your success. It is by living these values of teamwork, excellence and commerciality that we achieve fulfilment for our clients and ourselves and achieve our goal of providing an exceptional experience.</p>
<p>Patents Trade Marks Litigation</p>	<p>SERVICES</p>	<p>Patents - boutique style patent services</p>

Awards and Industry Recognition

Davies Collison Cave



- *Managing IP, Asia Pacific*
Asian boutique IP firm of the Year, 2019
Australia Trade Mark Prosecution IP Firm of the Year, 2018
- *Asialaw Profiles 2019*
Outstanding Law Firm for Intellectual Property
- *Managing Intellectual Property IP Stars Firm Survey*
Tier 1 Trade Mark Contentious and Patent Prosecution
- *Managing Intellectual Property IP Stars Firm Survey*
Tier 2 Patent Contentious and Tier 1 Trade Mark Prosecution
- *IAM Patent 1000, 2018*
Highly Recommended for Patent Prosecution and Transactions, Silver Tier for Patent Litigation
- *World Trade Mark Review 1000, 2018*
Highly Recommended for Trade Mark Prosecution and Litigation

FPA Patent Attorneys

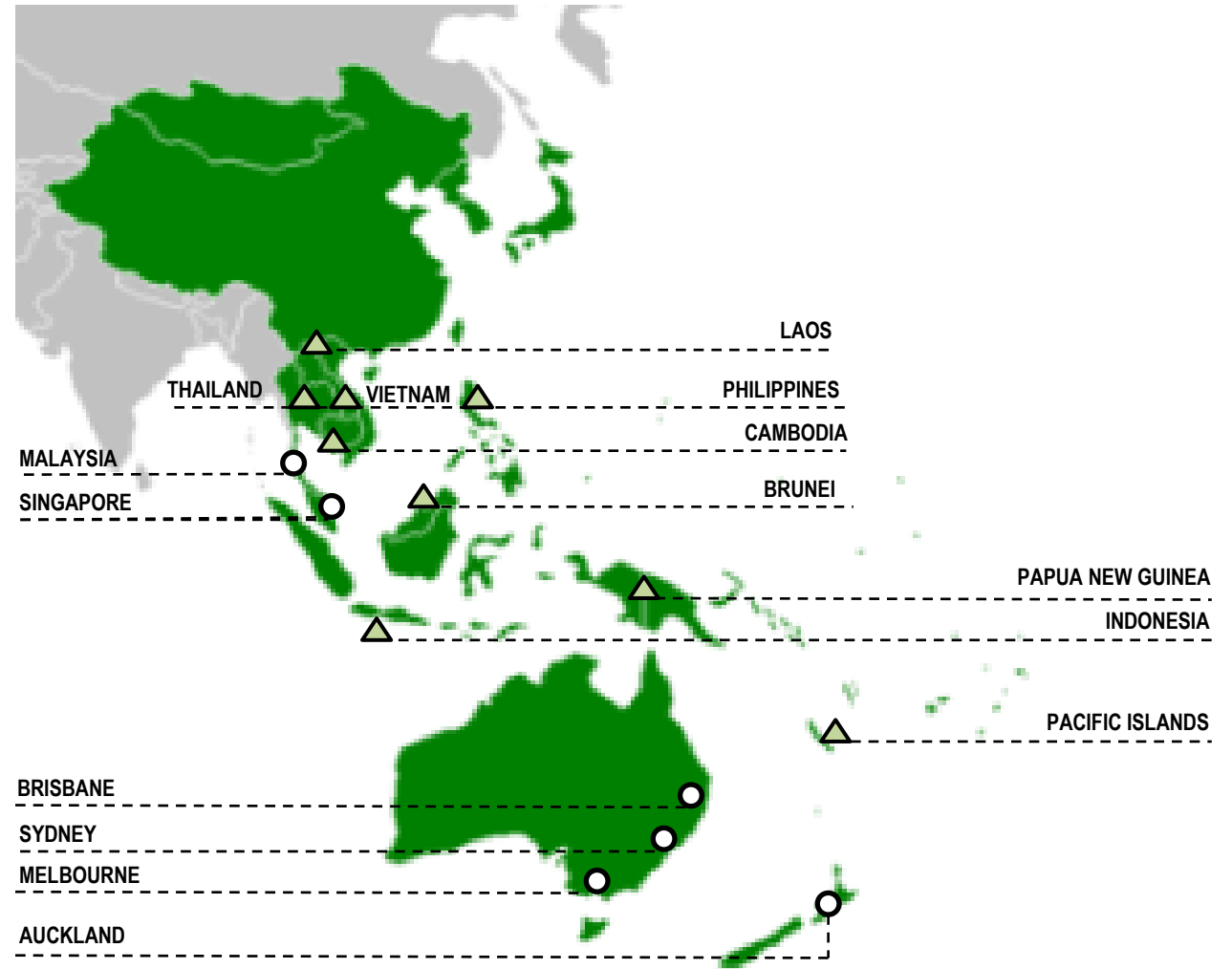


- *Managing IP, Asia Pacific*
Australian Patent Prosecution firm of the Year, 2019
- *2017 A.J. Park Prize*
Best Performing Student in the Drafting of Patent Specifications
- *Intellectual Asset Management – IAM Patent 1000, The World's Leading Patent Professionals 2018*
Awarded highest category, 'Highly Recommended for Patent Prosecution.'
- *Managing Intellectual Property*
FPA Ranked Among Global IP Stars as Tier 1 Firm, 2018 IP Stars
Awarded to 5 FPA patent attorneys
- *Intellectual Asset Management – IAM Patent 1000 2017, The World's Leading Patent Professions 2017*
FPA Highly Recommended for Patent Protection

Asia Pacific foundation for future growth

Growth potential has not as yet been realised.

- Offices (Melbourne, Sydney, Brisbane, Singapore, Malaysia, New Zealand)
- △ Serviced through agency relationship



QANTM-Xenith

Merger rationale remains compelling.

- ✓ Will create a market leading group of independent IP services businesses in Australia, NZ and Asia
- ✓ Xenith and QANTM shareholders would own 45% and 55% respectively of the merged group
 - share in the value upside from increased scale, efficiency and realisation of expected synergies
- ✓ QANTM and Xenith are aligned in culture and strategy
- ✓ Accelerates growth in Asia
- ✓ Drives automation and innovation
- ✓ Enhances career opportunities



Summing up

- IP sector – attractive yield and defensive style characteristics
- In QANTM's case – favourable growth dynamics
- QANTM warrants serious investment consideration:
 - culture, technical skills, strength of IP market presence through DCC, FPA and Advanz Fidelis IP
 - ability to provide end to end patent and trade mark, legal and litigation services and advice
 - potential stronger growth profile than other players through Asian/regional expansion plans
- Disciplined approach to capital deployment

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QUESTIONS



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