

# ASX Announcement



30 November 2022

## **QANTM 2022 ANNUAL GENERAL MEETING ADDRESSES**

QANTM Intellectual Property Limited (QANTM), in accordance with ASX Listing Rule 3.13, today releases the addresses to shareholders to be given by the Chair and the CEO and Managing Director at QANTM's virtual Annual General Meeting to be held this morning as well as supporting presentation slides.

A webcast of the event will be available to view live via the following link:

<https://meetnow.global/MHDJTAD>

**This announcement has been authorised by the QANTM Board for release through the ASX Market Announcements Platform.**

### **For further information**

#### **Investors and Media**

Craig Dower  
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### **About QANTM Intellectual Property**

QANTM Intellectual Property Limited (QANTM, ASX: QIP) is the owner of a group of leading intellectual property (IP) services businesses operating in Australia, New Zealand, Singapore, Malaysia and Hong Kong under key brands Davies Collison Cave, DCC Advanz Malaysia, Davies Collison Cave Law, FPA Patent Attorneys, and Sortify.tm Ltd (including Sortify's brands – DIY Trademarks, Trademarks Online and Trademark Planet). With more than 150 highly qualified professionals, the businesses within the QANTM Group have a strong track record in providing a comprehensive suite of services across the IP value chain to a broad range of Australian and international clients, ranging from start-up technology businesses to Fortune 500 multinationals, public research institutions and universities.



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Addresses by Sonia Petering (Chair) and Craig Dower (CEO and Managing Director)

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## **Sonia Petering, Chair**

I am delighted to be able to extend a warm welcome to our shareholders who are participating through our online meeting platform. Thank you for joining us today.

It is now just past 10:00am, the nominated time for the meeting, and I have been informed that a quorum is present<sup>1</sup>. I note that the meeting has been validly constituted and I am pleased to declare the meeting open.

I would like to begin by acknowledging the Wurundjeri people who are the Traditional Custodians of this Land that I am speaking from. I would like to pay respect to the Elders both past and present of the Kulin Nation and extend that respect to other Indigenous Australians present.

I would also like to acknowledge the traditional custodians of the various lands across the Country upon which our meeting participants are dialling in from. On behalf of us all, I pay my respects to elders past, present and emerging.

I am delighted to be here today as Chair of QANTM, my first AGM as Chair, having taken over from Richard England in May 2022. I regard it as a privilege to serve as Chair of your company.

There are three main components to our AGM today.

Firstly, I will provide you with a brief overview of QANTM, our Board and Management renewal, a brief overview of our financial results for FY22 and few comments about our strategy and our focus on execution.

This will be followed by some comments by Craig Dower, CEO and Managing Director on the industry, FY22 business highlights, more detail on strategy update, our people, and FY23 outlook.

Thirdly, we will progress to the formal business of the meeting where the 8 resolutions provided in the Notice of Meeting will be put to shareholders.

I now declare voting open on all items of business. You have the ability to change your vote, up until the time I declare voting closed.

I will announce towards the end of the meeting that voting is about to close, to give shareholders a final opportunity to vote.

I would like to introduce my fellow QANTM directors participating today:

Craig Dower - Chief Executive Officer and Managing Director

Leon Allen - Non-Executive Director

Kathy Gramp - Non-Executive Director, Chair of the Audit, Risk & Compliance Committee

Gavin Bell - Non-Executive Director, Chair of the People, Remuneration & Culture Committee

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<sup>1</sup> Clause 40 of the constitution states a quorum is 2 members

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Also present today is Krista Stewart, QANTM's new General Counsel and Company Secretary, you heard from Krista at the start of today's meeting. Krista commenced on 4 October 2022 and Brenton Lockhart, QANTM's new CFO who commenced formally in the role on 1 July 2022.

We also have participating in the meeting Belinda Abbott from our Company Auditors – Deloitte. Belinda is present to answer any questions in relation to the conduct of the audit, the auditor's report, the auditor's independence and the company's relevant accounting policies.

Tim Heughan from the Company's share register, Computershare Investor Services, is also participating in the meeting.

### **The QANTM Group**

I am proud to be part of a company with four great businesses whose purpose is to deliver the best possible outcomes for clients by providing professional service and advice to the World's innovators. The IP industry remains a resilient, well-structured market, with strong free cash flow and (geographic) growth opportunities.

In the financial year 2022, the 380 people in the four Qantm businesses worked with over 5,000 clients across five key countries in almost every sector of commerce. I would like to acknowledge and thank the 380 + people for their commitment and efforts every day over the past year. Some days were tough but our focus on client excellence and working as a team – two of our core values across the Group – served us well. As a result, our business fundamentals remain strong. Protecting our client's IP creates value for our clients, which creates value for our shareholders.

The 2022 financial year, whilst sound for Qantm businesses, was not without its challenges for our people and clients. Covid-19 disrupted staff availability, business development and service momentum. Our people have had to work hard to minimize disruptions caused by these issues to improve the financial performance to an upward margin trajectory, and we are focused on that in the short to medium term. Like everybody, they have also had to deal with the health and family consequences of COVID, which have not been uniform and impacted our people in varying ways across the Group.

### **QANTM Board and Management**

It is appropriate and in fact important for the Company to maintain a focus on Board renewal. Richard England, QIP's inaugural chairman retired from the board in May this year after 6 years of service. I wish to acknowledge and thank Richard for his contribution and service and wish him every continued success.

Since Richard and I both addressed the AGM in November 2021 (he as Chair, me as Chair elect), we have had a few changes:

- **A refresh of the Board**, with two new non-executive director appointments as foreshadowed in last year's AGM, Gavin Bell and Kathy Gramp. As both Gavin and Kathy were appointed by the Board, both directors present to shareholders for election for the first time at today's AGM. Both have highly relevant experience and backgrounds and will be of great benefit to Qantm. Gavin as an experienced lawyer, CEO and Director is chair of PRCC and Kathy as an experienced CFO and director is chair of ARCC. The transition to the new board has gone incredibly smoothly, and I thank each of Gavin and Kathy for their contributions to date. Gavin and Kathy will each say a few words before the respective resolutions are put to shareholders on their election later in the formal part of the meeting. Subject to shareholders support of both Gavin and Kathy, the Board looks forward to their

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contributions to the continued success of Qantm. Leon Allen, former CEO and MD also forms a very important part of the Board, providing deep industry and company knowledge and experience and we value you highly Leon.

- **A refresh of the Management team has also occurred at Qantm**, with Brenton Lockhart being appointed as CFO and Krista Stewart appointed as General Counsel and Co Sec. Both Brenton and Krista are also experienced executives, and have also transitioned into each of their roles incredibly smoothly. Brenton replaced Peter Loosmore, who served as interim CFO for one year and Krista replaced Nick Ward, who resigned from the General Counsel and Co Sec role in October this year. I would like to also acknowledge and thank both Peter and Nick for their contributions and service to Qantm, especially Nick who had an incredibly busy last 4 years, and instrumental in helping establish the strong governance foundations that we have in place across the QANTM Group. We wish you both every future success.

Demonstrating our commitment to diversity and inclusion, we are proud of the diverse leadership team we have at Qantm, with 40% female Board members (50% of NEDs) and 28.5% female Group Executive Management Team. We have 49 female attorneys, with 15 of them – or 34% being Principals. This is a good position in a traditionally male dominated industry, but we still have work to do, and are certainly leaning into it.

### **FY22 Results Highlights**

I would like to make some brief comments on the FY22 financial results. I do this in the context of shareholders having had access to the full year financials and annual report for the year ended 30 June 2022 when we announced our full year results in August.

QIP reported Group patent applications increased by 3.2 % in 2022

Trademarks applications increased by 64% from 2021 (this includes the addition of Sortify from September 2021)

Total revenue for FY22 continues to grow up 6.9% on last year to \$127.3M.

Underlying EBITDA remained stable for FY22 at \$26.3M (post FX post AASB 16) impacted by planned investments made in the business in technology, people, process and clients. Full year EBITDA margin of 27.2%. EBITDA margin increased to 28.4% in the second half. We are very focussed on deliberate actions for sustained margin improvement in the coming years, and Craig will speak to that in further detail.

Our balance sheet remains strong. Net debt at 30 June 2022 was \$23.8M. The ratio of net debt to underlying EBITDA was 0.9 at 30 June 2022. We have US\$13m in undrawn facilities which can be used for potential M&A opportunities.

Our cash flows continue to be strong and bad debts are minimal.

Your board declared a final dividend of 3.5 cents per share, fully franked, bringing the whole year dividend to 6.5 cents per share. The full year dividend is in line with the Board's dividend policy to pay 70% to 90% NPATA as dividends.

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## **Strategy Update**

We have made good progress on strategy during the year in our five key areas of investment: growth, clients, people, technology and process to strengthen and **grow our core businesses** whilst **expanding our presence** across new sectors and geographies.

We remain focused on delivery and implementation of these strategic initiatives in three key areas of focus:

1. Building and **growing our core** within our now four main businesses of DCC, DCC Law, FPA and Sortify.
2. **Technology modernization and business simplification** and
3. Strategic and accretive **acquisitions**. M&A. During the year we continued thorough analyses and due diligence on a number of selected acquisitions (internationally, with a focus on Asia). We maintained strong discipline on our strict acquisition criteria to ensure cultural and strategic alignment and earnings accretion to ensure value. We are very proud to welcome Sortify into the group.

I will highlight two key points of context in relation to implementation of strategy. **Firstly**, we now have a completely flexible workforce, worldwide, much of which was not in place at the start of Covid in January 2020. This is a seismic shift to where we were. **Secondly**, we are in the middle of migration of our infrastructure to the cloud and upgrading of our core systems. These are two capabilities - of people and technology - that are very important changes we have made and are key to future growth.

Craig will cover these key areas of implementation of strategy in more detail.

## **Conclusion**

Before closing, I wanted to take this opportunity to share three stories in celebration of female inventors whose inventions form an important part of our everyday lives now and in the future. Stories form an important part of the culture of organisations, and telling stories of those who overcome challenges, can serve to motivate us all.

Of course, women have been innovators for a long time, and I will share a couple of examples.

**Bette Nesmith Graham** was a single mother working at a bank when her frustration with typos lead to a multimillion dollar invention. In 1951 Bette, also an artist, recognized that an artist never corrects their work, but instead paints over errors. She didn't tell anyone about the first few bottles of her whitish concoction. She had mixed it in her kitchen blender and poured it into nail polish containers, and hid it in her desk, applying it only when needed to avoid the scrutiny of a disapproving boss. After improving and perfecting it over 5 years, "Mistake out" was developed and patented, now known as "Liquid Paper".

**Mary A. Delaney** also changed our lives by creating the retractable dog leash in the early 1900s after noticing dog owners getting frustrated with their dogs bothering other pedestrians when out on a walk. The retractable dog leash prevented dogs from straying too far and stopping the leash from becoming tangled as it could be used without pulling and yet giving the dog a sense of freedom.

Pursuing a career in Science, Technology, Engineering and Maths (commonly known by the acronym STEM) can be challenging for women, and by celebrating them, we aim to encourage a new generation of STEM leaders.

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A great example of a local STEM leader is **Professor Michelle Simmons AO**. Professor Simmons is the Scientia Professor of Quantum Physics at UNSW and the Managing Director of Silicon Quantum Computing (SQC), a company leading the world in the field of silicon-based atomic scale quantum computers. Michelle pushes the frontiers of technology in manipulating atoms with the aim of solving problems in minutes that would previously have taken thousands of years. Michelle was named the 2018 Australian of the year, and is a champion and role model for young girls who want to start a career in STEM. We are privileged to be able to assist Michelle and her team at SQC in at least 20 patent families and 74 patents, patenting their numerous ground breaking inventions in Australia and overseas, inventions which are bound to change the lives of millions for years to come.

We proudly share these stories and support these inventors and thank all those who tirelessly pursue gender equity and a more inclusive society.

In closing, I am optimistic at what can be achieved in FY23 and beyond as we continue to progress our strategic priorities – growing the existing businesses and margin, technology modernization, business optimization and simplification and exploring strategic acquisitions.

We are committed to maintaining strong capital management strategies including maintaining our dividend policy that will enable us to successfully manage risks and take advantage of future opportunities, delivering long term shareholder value.

To our shareholders, thank you for your support of QANTM. Thank you to our clients for putting their trust in us, our people for their professionalism and commitment. I would like to acknowledge Craig and our management team and the Board for their leadership, dedication and efforts in FY22.

We have a strong team and we look forward to continuing the important work that we do every day – working with innovators to protect their IP.

Thank you, I will now hand over to Craig.

### **Craig Dower, CEO and Managing Director**

Thank you Sonia. And congratulations on your appointment as Chair earlier this year. I want to welcome Gavin Bell and Kathy Gramp to the QANTM Board also. I would also like to welcome our two new Group Executive team members – Brenton Lockhart who took on the CFO role in July after four years as the finance director at FPA, and Krista Stewart, who recently joined us as General Counsel and Company Secretary. I can say to shareholders that our refreshed Board and executive team are working very well together, with an increased sense of purpose and urgency around executing our strategy, after having successfully managed through the past 2 ½ years of COVID interrupted business operations. We expect to see the hard work done over the past couple of years start to show up in improved results in FY23 and beyond.

### **Industry Overview**

Most AGMs, by their nature, focus largely on financial performance of the company, but I wanted to start today with a brief reflection on our industry, our clients, our people, and the work that we do.

Picking up from Sonia's opening remarks - we work in an industry that is all about innovation and invention.

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Our clients are – at one end of the spectrum – major global companies, universities, research institutes, many of whom are investing millions or billions of dollars in research and development, inventing new vaccines, new technologies, new ways of doing things and – at the other end of the spectrum – people who are sitting around their kitchen table at night, working on their new business idea, and getting ready to invest in their first trademark, using the Sortify platform.

Research & Development drives global innovation, and the long arc of R&D is one of growth, disruption, renewal, and further growth – with each generation of technical innovation surpassing the last, in terms of impact, size and scale.

It is a never ending cycle that continues to change and adapt, often disrupting itself along the way.

This is true across many industry sectors – such as information and communications technology, pharmaceutical and biotech, engineering and manufacturing, quantum computing and artificial intelligence, aerospace and defense, clean tech and agritech, just to name a few.

### **Our People**

Our people are experts in these fields. They are trusted partners to global innovators, government agencies, university research centres, innovation think tanks, and businesses of all sorts, large and small. The scale of the Group and the diversity of our people means that we cover all sectors of IP, across the full IP life cycle, from ideation through to initial patent drafting, the various phases of prosecution, through to dispute resolution and litigation. If a client has a need of any sort regarding IP, then it is likely that we can help support them.

Like Sonia, I want to thank all of our people for their dedication, commitment and teamwork over the past couple of years. We have navigated uncertainty and have emerged stronger.

Moving onto some detail about the year just gone and the year ahead. I plan to focus most of my attention on the year ahead. However, it is worth a quick reflection on the FY22 year.

### **FY2022 Business Highlights**

As Sonia has said, we are very pleased with the progress that we have made over the past year. Our focus on excellence in client service continues to be at the heart of what we do – it drives our focus and our culture across all of our businesses.

Our revenue continues to grow, underpinned by organic growth as well as further expansion in Asia. Asian filings are now about 16% of our total, and revenue in Asia is approaching 7% of service charges. We are expecting solid continued growth in Asia over the next several years.

We had solid growth across patents, based on the strength of DCC, FPA and Advanz Fidelis. Our growth in trademarks was outstanding, reflecting a record performance in DCC and the inclusion of Sortify, which opens up a new and high growth sector in Trade Marks.

Over the past couple of years, we continued our emphasis on investing in our people, with a number of initiatives around health and wellness, diversity and inclusion, training and development, and leadership development. As a result, we have continued to retain our key people, whilst successfully recruiting over the period to support our growth.

We have increased the diversity and scale of our service offerings and client base, providing increased resilience across the Group.

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We have access to a higher growth trade mark segment through the Sortify acquisition – self filers. This is a large and growing sector of small businesses and start-ups, in which many companies have historically chosen not to apply for trademarks, due to cost and complexity. Sortify is helping to open up this sector through their AI-enabled platform, embedding attorney expertise in software to help make trademarks available to all businesses, at an affordable price.

We also have access to new capabilities in automation and AI-powered IP systems, again through the Sortify acquisition. The strategic investments we are making will yield operational efficiencies across the Group over the longer term.

Sonia has talked about our Board and executive refresh – with an increased focus on execution and delivery of investment benefits. We are now half-way through our four-year technology modernisation program, and making solid progress – we recently restructured our corporate team to speed up our implementation of the next couple of phases, and this is going well. I will provide an update on that shortly.

Earnings have remained steady through a period of major investment (across technology, people, process, clients). We know that investors have been patient in that regard and we appreciate that, but we have been making these investments for the long term growth, success and sustainability of the company. We expect to see improved margins over next several reporting periods through productivity enhancements and cost reduction.

### **Strategy update – executing in accordance with plan**

I want to take some time today to give you a sense of the progress we are making on execution of our strategy. Let's start with Growth

We finished FY22 quite strongly, with the acquisition of Sortify, solid momentum in filings and market share, and continued growth in Asia. This momentum has continued into FY23, with strong filings results across the Group. Patent filings were up almost 10% for FY23 Q1 against pcp, and against a market decline of around 5%. Our Australian patent market share continues to be around 16%. These numbers can bounce around quite a bit on a quarterly basis, but this is a strong start to the year.

We announced in our FY22 full-year results that DCC had opened an office in Hong Kong, and that is now up and running. This gives us a beach head into China, as well as coverage of Hong Kong, an important IP market, especially in trade marks.

In Q1 FY23, Sortify were the #1 filer of trademarks in the Australian market, slightly ahead of DCC, who have been the market leader for the past decade and are continuing to grow. Sortify has gone from market entrant to market leader in Australia, in just over three years. This is an outstanding achievement.

Sortify have also further grown their market share in the UK, and it is great to see momentum in this very large and important market. Singapore, more recently launched, is also starting to grow, and we are working through some early implementation processes in Malaysia. We expect to launch another two locations in the remainder of FY23.

### **Technology modernisation**

In our FY22 full year results presentation, I spoke of the key **technology modernisation** initiatives being implemented. I am pleased to report that these are progressing well.



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Investors have asked on a number of occasions “when will the rubber hit the road” on these investments, and the answer is – it already has. We have already equipped all of our people with the tools required to support a fully hybrid working environment. We are now in the core systems replacement and upgrading phase, and have moved from the project planning stage into the execution stage and are progressing well. This program was always going to be front-end loaded, in terms of cost, and back-end loaded, in terms of financial returns.

To remind shareholders on the scale of our technology modernisation program, we had previously communicated an overall spend of \$8m - \$10m, and annualized benefits of \$4m - \$6m. We have a high level of confidence in those numbers – we have line of sight on \$4m+ per annum of benefits to be harvested, starting this year in FY23 with some modest gain in H2, then \$1.5m - \$2m in FY24, and ramping up to \$4m+ per annum in FY25, and beyond.

We are on track to migrate all of our existing production data centres to Microsoft Azure, and expect to complete the majority of this before the end of this calendar year. This will enable us to decommission a number of ageing data centres and to reduce future capital spend by operating all of our production systems on the Microsoft cloud. This project has been in the planning stages for over 18 months, as it also included a complete re-architecture and rebuild of our network infrastructure, which will also be completed as part of this project. Some of those network upgrades have already been implemented, and others are currently in train.

We are also on track to upgrade all of our IP platforms across the Group during the second half of FY23. This will provide access to new functionality, and the implementation of an integration layer which will enable a number of process automation projects, several of which are also in train.

We are tapping into the platform and process capabilities within Sortify to help drive a number of these automation projects. Again, we are on track to complete several automation projects in FY23, with the first project in the DCC trademarks team already implemented and now in production.

These automation projects will improve our overall productivity, and are key to the realization of financial benefits that we have spoken of.

### **Business Simplification and Optimisation**

We have recently completed the integration of Cotters into DCC and FPA, and the first stage of integrating Advanz Fidelis into DCC Asia is now also complete. This enables us to focus on our people and our clients in a more concentrated manner, leveraging the capabilities that exist within both DCC and FPA as tier-one, high-touch IP firms.

Over the past 12 months, we have worked through a process of re-imagining how we use CBD office space, with our move towards a fully hybrid workforce now in place. We are now in the process of implementing that strategy.

We recently relocated our FPA Melbourne office from 101 Collins Street to 80 Collins Street. As part of that move, we have implemented a new template, with fewer dedicated offices, more collaborative work space, and state-of-the-art collaboration technology. Our new footprint is around 40% smaller than the previous premise, but with a substantially upgraded look and feel and a more optimal working environment. Our aim is to make the commute worthwhile to encourage most people to be in the office 2-3 days per week, with a flexible work-from-anywhere approach outside of that.

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We are in the final stages of design for a similar relocation of the DCC Sydney office, with a similar reduction in footprint. We expect to move to new premises in May 2023, again with a 40% smaller footprint and upgraded facilities.

Finally, we are also assessing our requirements in DCC Melbourne, which is our largest office, and we are planning to implement some changes there over the next 6-9 months. These new layouts will substantially improve our physical workspaces for all of our people, creating a much more collaborative environment for when we are together as teams. They also provide substantial cost improvements. All up, we expect to see annualized property cost reductions of between \$1.5m - \$2m from FY24 onwards, some of which will commence in the second half of FY23.

### **Mergers and Acquisitions**

We continue to explore several opportunities for growth through acquisition. Our primary focus continues to be Asia. We have a rigorous process for selection and assessment of candidate companies, with a focus on alignment of culture and an emphasis on excellence in client service.

We will continue to explore these opportunities within the context of our existing debt facilities and balance sheet capacity.

### **Sortify – AI-Enabled Innovation**

The Sortify team joined the QANTM Group just over a year ago, in September 2021. We could not be happier with the progress that we are making. Sortify bring us access to a whole new sector of trademarks – self filers. This is a large and high growth area; one in which business owners prefer to do their own filing on line. The Sortify platform provides a guided process, with access to software-embedded attorney smarts, and an AI-engine which continues to improve the user experience and overall process. Sortify's mission is to make trademarks accessible to anybody, and they are doing an outstanding job of pursuing that.

At present, Sortify is:

- #2 filer of trademarks in New Zealand
- #1 filer in Australia (in the most recent June – August quarter)
- Building solid momentum in the UK (a large market)
- Recently launched in Singapore and Malaysia
- Assessing two new locations for platform launch in the remainder of FY23

In addition to their core business growth, Sortify are helping QANTM with a number of automation projects that will improve the productivity of our trademarks and patent businesses.

Claire Foggo, co-founder and CEO, Alan Potter, co-founder and Head of Product, and Blair Leighton, CTO, are all active members of our broader executive team and bring a new set of perspectives to the overall QANTM Group strategy, looking through a digital and an automation lens.

Sortify's revenues are growing at 40%+, with a clear pathway to profitability over the next 12-24 months. Sortify is breaking new ground in opening up trade mark protection to a whole new and largely untapped sector – small businesses that have not previously filed trademarks.

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We are of the strong view that Sortify is a strategic differentiator for the Qantm Group, both in terms of its unique platform capabilities and its high growth profile, and also through the talent, experience and capabilities Sortify brings to the Group.

### **Our People**

We talk about our people being our most important asset. We really do treat this as our #1 priority – attracting and retaining the best talent in the industry is a common hallmark across all of our businesses.

Over the past two years, we have invested heavily in a number of initiatives around Diversity, Inclusion and Wellbeing.

We are committed to providing an optimal working environment for our people, with flexible work policies supporting a hybrid workforce into the future.

We continue to invest in developing and supporting the careers of our people, and we continue to balance out what used to be a male dominated industry with a growing base of female attorneys and leaders at all levels of the firm.

And finally, our people continue to win numerous industry awards, reflecting the talent and innovation that exists across the Group.

We don't take any of this for granted, and we will continue to make these and other investments into the future to ensure that the QANTM group of companies is the place to work for IP professionals.

### **Outlook**

Since our listing in 2016, we have not provided guidance or forecasts on revenue and earnings and this continues to be our stance.

We are clearly heading into different weather than we have experienced in quite some time, with rising inflation and increasing interest rates. Inflation rates are currently higher in Europe and the USA than Australia. We have been able to largely offset salary increases with sensible price increases and have been able to protect margins, continuing to focus on service excellence, high-value and high-touch as being core to what we do.

We expect to see continued sector resilience and continued investments in R&D by global innovators. We continue to explore conversations with clients and associate firms around what they are seeing regarding sentiment towards R&D. There are clearly shared concerns about the global macro environment and we will continue to monitor and adapt as we go.

In the meantime, we are focussed on the things that we can control:

- Excellence in client service delivery
- Investing in the health, well-being and careers of our people
- Executing our strategy around technology modernisation, business simplification and optimisation
- Driving a number of margin improvement initiatives through cost optimisation, targeted organic growth, and strong practice management
- Supporting our flexible hybrid work strategies with re-imagined office layouts and modernized technology platforms
- Continuing to explore margin-accretive M&A opportunities

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As stated in our full-year results presentation, we expect to see continued growth in margins over the next several periods and beyond, with EBITDA margins on service fees moving into the low 30's in the medium term.

Investors have asked us when we expect our investments to deliver, and so we have summarized our various margin enhancement and profit improvement initiatives here, mapped out over the next 2-3 years. They are:

- Appropriate pricing adjustments, where it makes sense for us to do so, and to offset the impact of cost and wage increases
- Technology modernisation, business simplification and optimisation:
  - In FY23: we expect to see modest gains of up to \$1m will start to flow in the second half of this year
  - In FY24: we expect to see a range of \$1.5m - \$2m in improvements
  - In FY25: we expect to see \$4m+ in improvements on an ongoing basis

These initiatives support our aim of getting our EBITDA margins moving into the low 30's, as we have stated previously.

In addition to these margin improvements, our re-imagined CBD workplaces will deliver further cost savings.

- Property upgrades / consolidation:
  - In FY23: we expect to see modest gains of up to \$500k resulting from the FPA Melbourne move, the end of the Cotters lease, and the sub-lease of some other DCC space
  - In FY24: we expect to see savings of \$1.5m - \$2.0m on an ongoing basis

Our shareholders have been asking us for more specific details and timing on these, and we are happy to share these here today. We will continue to provide updates through our regular reporting processes.

**In closing**

I want to thank our shareholders for their patience and support as we have worked through implementing these various strategic initiatives. We are making steady progress and we expect to see this flowing through to results, as I have outlined.

Thank you again for your time today and for your continued support.

--ENDS--

**QANTM Intellectual  
Property Limited**

**2022 ANNUAL  
GENERAL MEETING**

30 November 2022



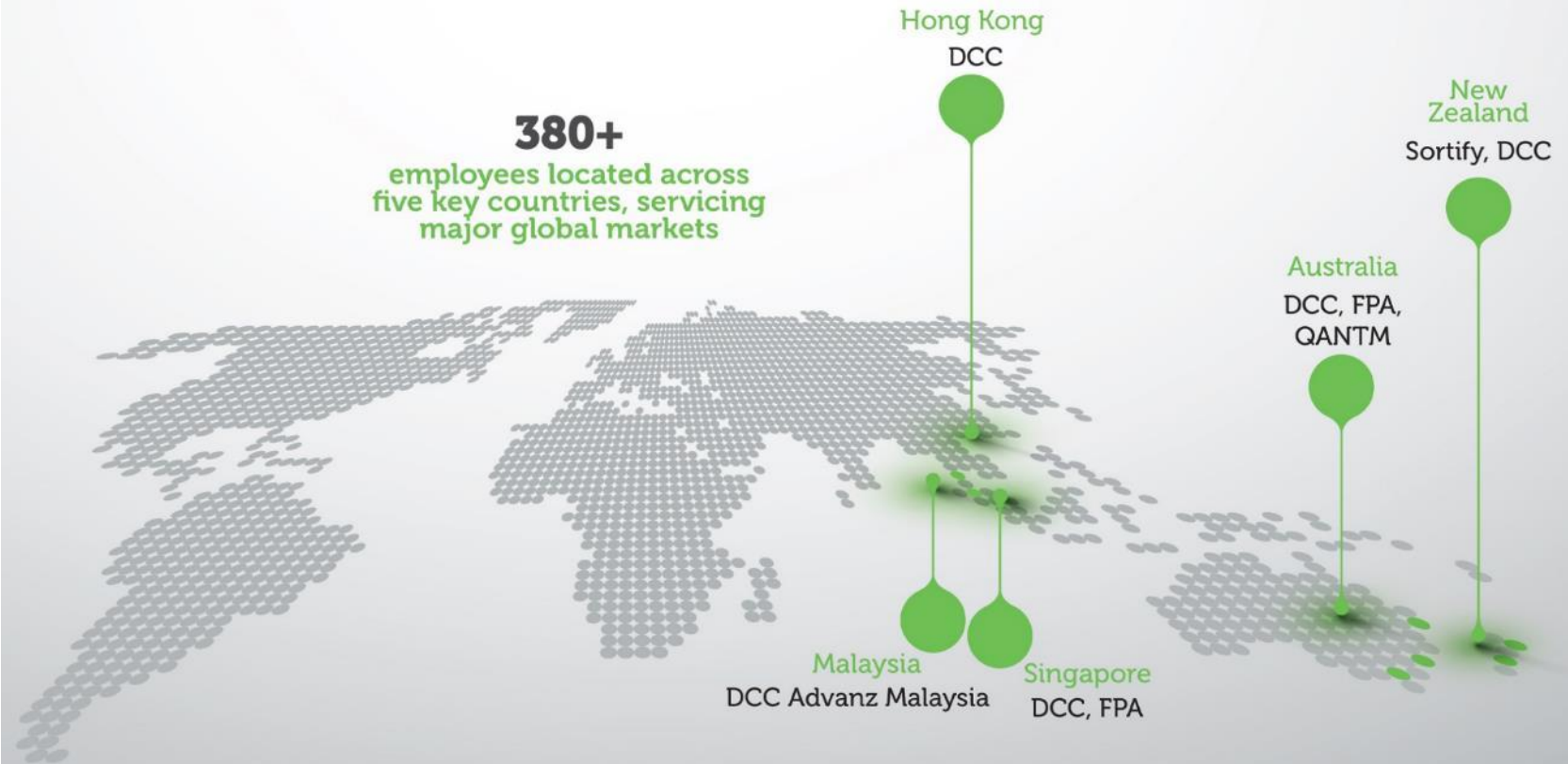
# THE QANTM GROUP



**Broad services portfolio:**  
Patents, Trade marks, Designs,  
Legal and Litigation Services,  
Platform-based services,  
Software-based Attorney Tools.



**380+**  
employees located across  
five key countries, servicing  
major global markets





# FY22 RESULTS HIGHLIGHTS



## GROUP PATENT APPLICATIONS

**↑ up 3.2%**

**9,792**  
(FY21: 9,490)

## TRADE MARK APPLICATIONS

**↑ up 64%**

**5,840**  
(FY21: 3,554)

## ASIAN PATENT APPLICATIONS

**↑ up 16%**

**2,388**  
(FY21: 2,249)

## SERVICE CHARGES REVENUE

**↑ up 4.5%**

**\$96.6m**  
(FY21: \$92.4m)

## TOTAL REVENUE

**↑ up 6.9%**

**\$127.3m**  
(FY21: \$119.1m)

## UNDERLYING EBITDA

**↑ up 0.8%**

**\$26.3m**  
(FY21: \$26.1m)

# STRATEGIC INITIATIVES

## INVESTING ACROSS FIVE KEY AREAS-FY23 FOCUS



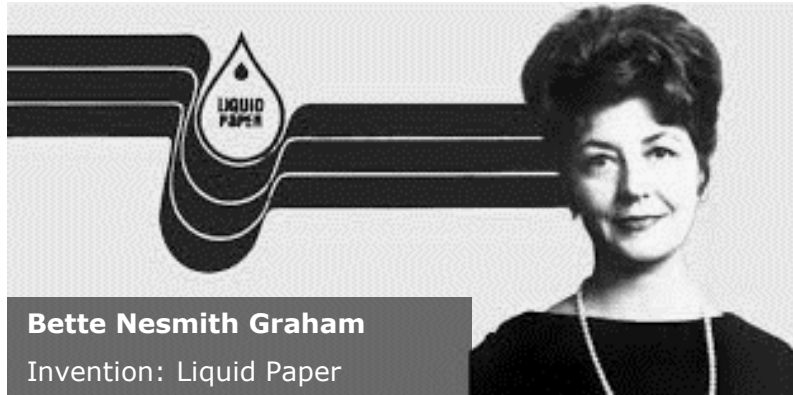
*Focused investments in **Growth and Transformation**, with **People** at the core of all that we do*



*To help **strengthen and grow our core businesses**, whilst **expanding our presence across new sectors and geographies***



# CONCLUSION



**Bette Nesmith Graham**  
Invention: Liquid Paper



**Mary A Delaney**  
Invention: Retractable Dog Leash



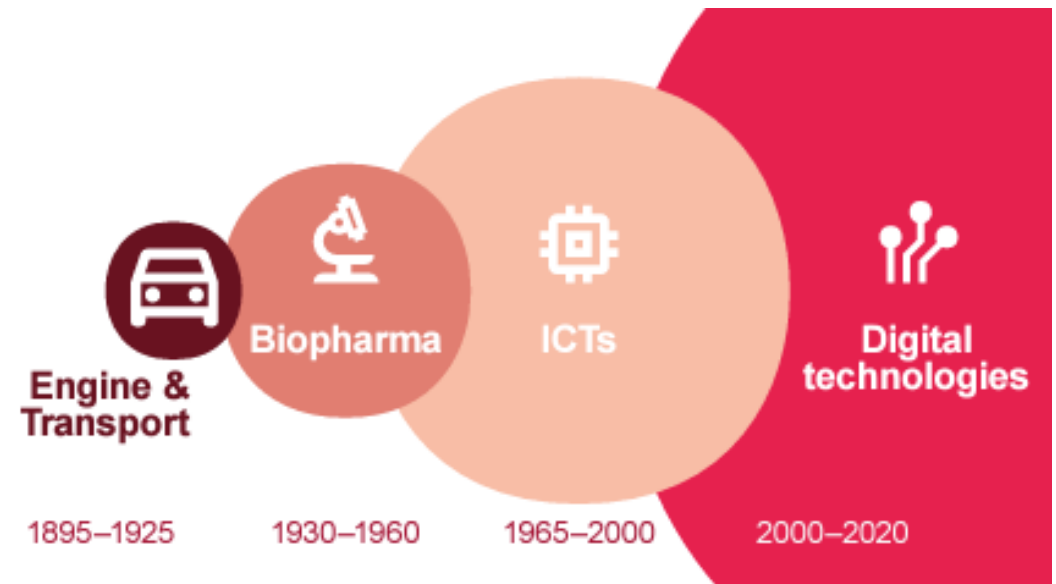
**Professor Michelle Simmons AO**  
*Scientia Professor of Quantum Physics, UNSW  
MD of Silicon Quantum Computing (SQC)  
Twice Australian Research Council Federation Fellow  
Australian Research Council Laureate Fellow*

"In celebration  
of female  
inventors  
whose  
inventions form  
an important  
part of  
everyday lives  
now and in the  
future."

For more than a century innovation activity has grown substantially around the world. Driven by a series of technological breakthroughs from the internal combustion engine, to information and communication technologies, innovation has become one of the most powerful tools at our disposal for advancing overall welfare and wellbeing.

Daren Tang  
Director General  
World Intellectual Property Organization (WIPO)

## Diverse technologies have driven innovation growth over the past 100 years



Source: World Intellectual Property Report, 2022

# **FY2022 BUSINESS HIGHLIGHTS**

- ✓ Client engagement and retention remains solid
- ✓ Revenue continues to grow, underpinned by further expansion in Asia
- ✓ Retained key people, attracting new talent
- ✓ Earnings remained steady through a period of major investment
- ✓ Access to higher growth trade mark segment
- ✓ New capabilities in automation and AI-powered IP systems

## FY22 PROGRESS

- Asia patent filings growth
- Sortify acquisition completed
- Sortify expansion – Singapore, Malaysia
- Australian market share growth in patents and trade marks

## FY23 FOCUS

- DCC Hong Kong office (August 2022)
- Sortify expansion (two launches planned)
- Sortify #1 Australian filer in Q1 FY23 (from market entry to market leader in ~3 years)
- Continued focus on M&A opportunities
- Australian patent filings in Q1:
  - Growth of 9.8% on pcp (v market decline of 5.6%)
  - Market share continues to be ~16%



# TECHNOLOGY MODERNISATION



	Phase 1: Foundations FY21	Phase 2: Resilience FY22	Phase 3: Growth FY23	Phase 4: Optimise FY24+
<b>Projects</b>	<ul style="list-style-type: none"> <li>Laptop program</li> <li>Collaboration platforms</li> <li>Flexible work policies</li> <li>High-level IT planning</li> <li>Cyber security upgrade</li> </ul>	<ul style="list-style-type: none"> <li>Vendor assessment</li> <li>Technical architecture</li> <li>Partner selection</li> <li>Program planning</li> <li>Client engagement platform</li> <li>Sortify acquisition</li> </ul>	<ul style="list-style-type: none"> <li>Migration to Microsoft Azure</li> <li>IP platform upgrades</li> <li>Automation projects</li> <li>Finance platform selection</li> <li>End-user tools</li> </ul>	<ul style="list-style-type: none"> <li>Further integrations</li> <li>Further automation</li> <li>Mobile applications suite</li> <li>Digitisation</li> <li>Data and analytics</li> </ul>
<b>Impacts</b>	<ul style="list-style-type: none"> <li>Work from anywhere</li> <li>Stability and growth through COVID</li> <li>Security enhanced</li> <li>New work practices</li> <li>Greater collaboration</li> </ul>	<ul style="list-style-type: none"> <li>Clear pathway ahead</li> <li>Technical hurdles identified and addressed</li> <li>Unique capability established (Sortify)</li> </ul>	<ul style="list-style-type: none"> <li>Improved workflow and productivity</li> <li>Reduced cost of support</li> <li>Greater stability and scalability</li> <li>Improved client service</li> </ul>	<ul style="list-style-type: none"> <li>Increased productivity</li> <li>Reduced cost of operations</li> <li>Greater scalability at lower cost</li> <li>Improved client service</li> <li>Improved margins</li> <li>Data as a strategic capability</li> </ul>
<b>Costs</b>	\$1.8m	\$3.2m	\$2.5–\$3.0m	\$1.0–\$2.0m
<b>Benefits</b>	Business resilient during COVID	New capabilities established (partners, software development)	Some financial benefits starting to flow in 2023 (productivity, client service)	Major benefits being delivered Competitive advantage \$2m - \$3m gains in FY24 \$4m+ per annum gains in FY25 and beyond
Currently on track to realise \$4m+ per annum in technology-related gains by FY25 and beyond				

## OUR VISION:

To make trademark protection accessible for everyone

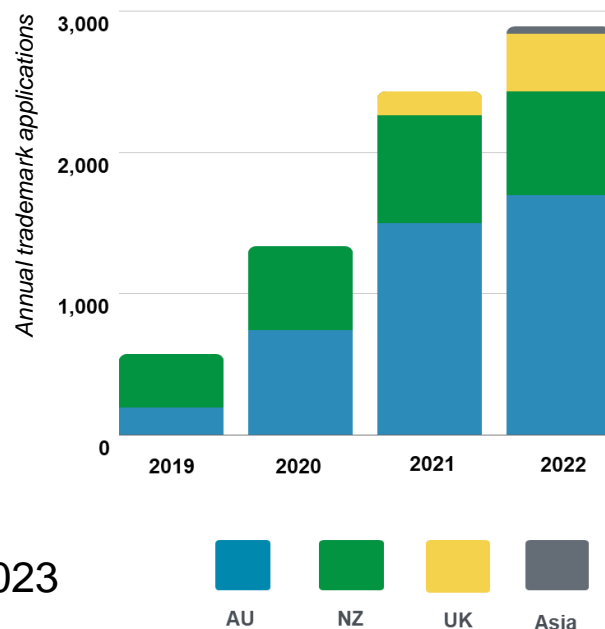
## WHERE WE ARE

From launch in 2017 to current

- No.1 trademark filer in Australia
- No. 2 trademark filer in NZ

Most significant recent growth in UK

Websites in NZ, Australia, UK,  
Singapore, Malaysia



## WHAT'S NEXT?

At least 3 new territories planned for 2023

Focusing on

- growth outside paid advertising
  - organic exposure
  - outbound marketing
- increasing lifetime value of customers

**New capabilities  
in automation  
and AI-powered  
IP systems**

# OUR PEOPLE OVERVIEW



SYSTEMS AND  
PROCESSES



LEARNING AND  
DEVELOPMENT



DIVERSITY AND  
INCLUSION



REIMAGINING  
WORK



Australian Patent Contentious Attorney Firm of the Year (by MIP)  
Australian Trade Mark Firm of the Year (by MIP)  
Asia Pacific Trans-Tasman IP Firm of the Year (by MIP)



Patent Firm of the Year (by Asia IP)  
Doyle's Guide recognised 7 Principals  
Best Lawyers recognised 18 Principals in IP  
Who's Who Legal named 11 Principals



WTR1000



Tier 1 ranking for Patent Prosecution (by MIP)  
IAM Patent 1000 awards including 'IP Stars'  
92% of Principals included in IAM Patent 1000 awards in 2022

We have committed to providing an optimal working environment for all of our people, with flexible work policies supporting a hybrid workforce into the future.

## OVERVIEW

- Market conditions challenging (inflation, interest rates, geo-politics)
- IP sector has been resilient through COVID
- Key to future resilience will be attitude to R&D budgets – monitoring closely, remaining positive
- FY23 – early stages, but a strong start – on plan with solid filings growth in Q1

## OUR FOCUS

- Execute our strategy
- Deliver technology program
- Focus on client excellence
- Continue to invest in our people
- Implement our new workplace strategies
- Continue to pursue targeted M&A opportunities

## MARGIN & PROFIT ENHANCEMENTS

- Appropriate pricing adjustments
- Technology modernisation, business optimisation:
  - FY23: modest gains (up to \$1m)
  - FY24: \$1.5m - \$2m in improvements
  - FY25: \$4m+ in improvements
- Property upgrades / consolidation:
  - FY23: modest gains (up to \$500k)
  - FY24: \$1.5m - \$2.0m ongoing