

# ASX Announcement



27 April 2023

## **INVESTOR BRIEFING HOSTED BY MORGAN STANLEY**

Attached is an investor presentation to be given today by QANTM's CEO and Managing Director, Craig Dower, at a group investor briefing hosted by Morgan Stanley.

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

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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.



# GROUP BRIEFING HOSTED BY MORGAN STANLEY



**Craig Dower, CEO and Managing Director**  
**Brenton Lockhart, Chief Financial Officer**

**27 April 2023**

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1. Industry Overview
2. About Qantm
3. Summary



# 1

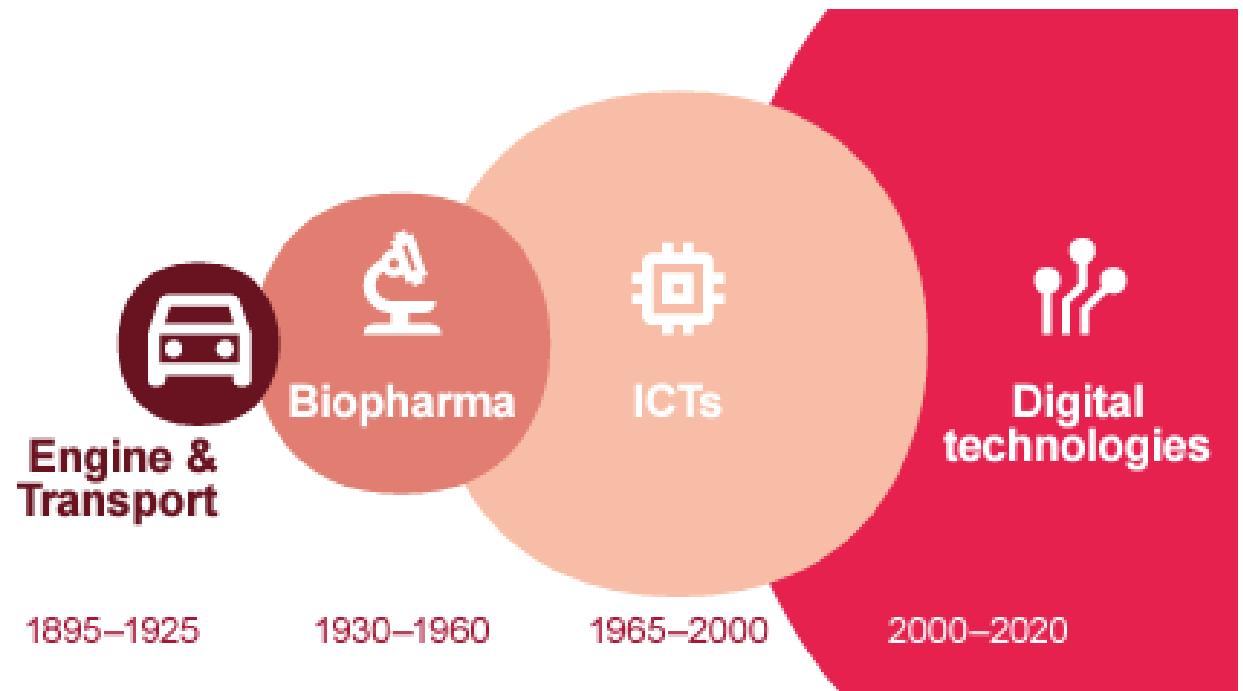
## INDUSTRY OVERVIEW



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

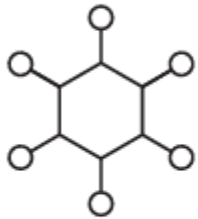


Source: World Intellectual Property Report, 2022

# INDUSTRY OVERVIEW



## Global Innovation Tracker Dashboard



### Science and innovation investments

		R&D expenditures			
	Scientific publications	Total	Business	International patent filings	Venture capital deals
Short term	<b>7.6%</b> 2019 → 2020	<b>8.5%</b> 2018 → 2019	<b>7.2%</b> 2018 → 2019	<b>3.5%</b> 2019 → 2020	<b>5.8%</b> 2019 → 2020
Long term	<b>5.4%</b> 2010 → 2020 (annual growth)	<b>4.9%</b> 2009 → 2019 (annual growth)	<b>5.2%</b> 2009 → 2019 (annual growth)	<b>5.3%</b> 2010 → 2020 (annual growth)	<b>3.6%</b> 2010 → 2020 (annual growth)

### Commentary

- IP industry growth broadly correlates with global sentiment around R&D
- As economies develop, industry and regulatory policy leads to investment in technology
- This leads to investment in IP protection
- Trends, in both short and long term, are for consistent growth, with a high degree of resilience
- Whilst some industry sectors may decline, others emerge (e.g. emergence of digital technologies over past 20 years, and continued evolution within that sector)

Source: World Intellectual Property Report Global Innovation Index, 2021

# 2

## ABOUT QANTM



# THE QANTM GROUP



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



*Leading attorney practice servicing the Asia Pacific region*



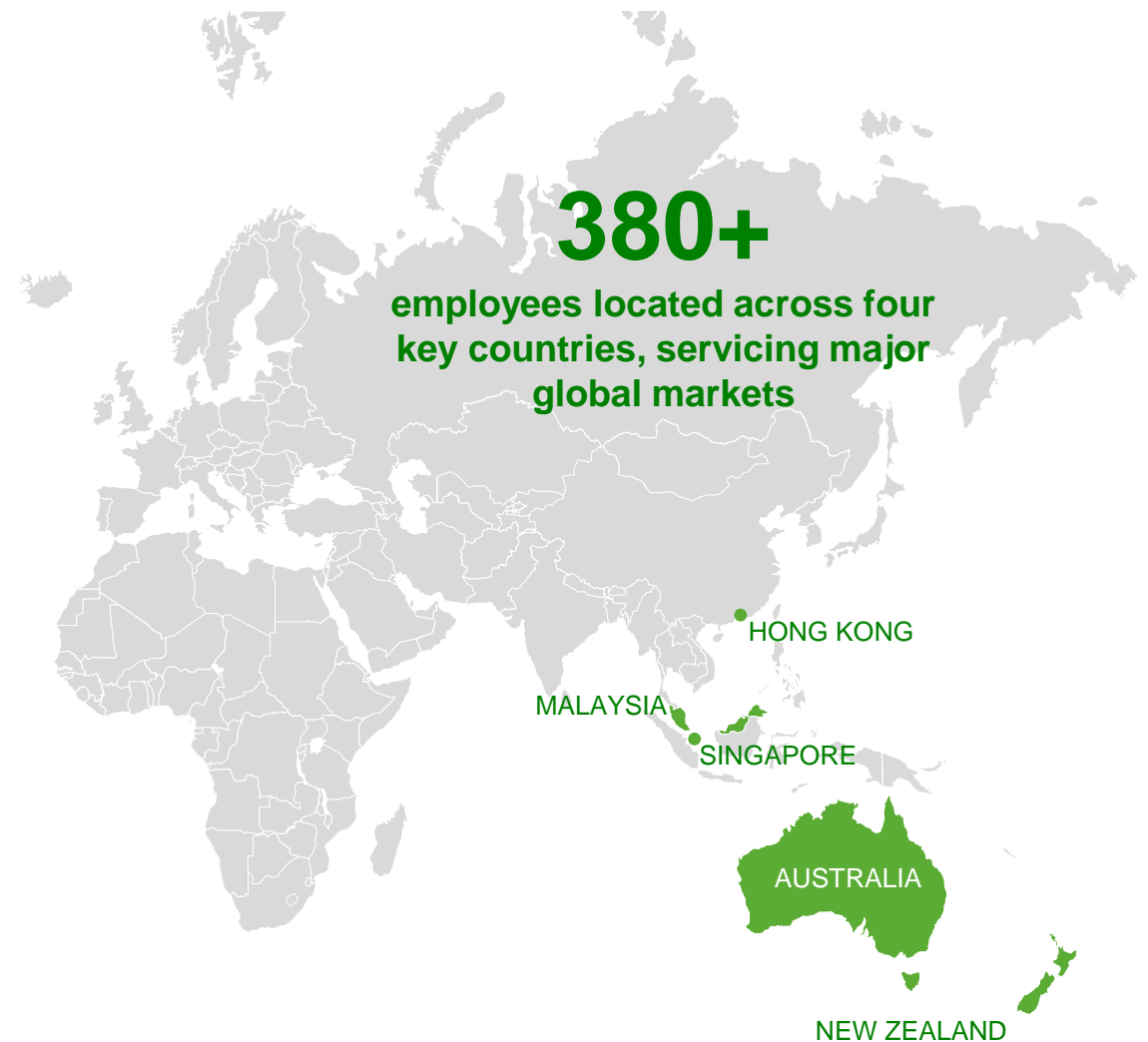
*Leading IP law firm in Australia*



*One of the leading and most innovative patent firms in Australia, New Zealand and Singapore*



*Developer and provider of AI-powered IP systems for attorneys and leading online trade mark registration platforms*



# QANTM - OUR STRATEGY



## OUR VISION

To be recognised as the pre-eminent and most innovative IP services group in the Asia Pacific region

## OUR MISSION

Working with the world's greatest innovators, we help develop, protect and commercialise their ideas

## OUR VALUES

- We act with integrity, dignity and respect
- We deliver with excellence
- We achieve through teamwork and collaboration
- We are passionate about innovation and creativity
- We practise the highest standards around ethics and transparency

## OUR PATHWAYS TO GROWTH

### Organic Growth

- Focus on client service excellence
- Diverse capabilities & service offerings
- Targeted sales & marketing

### M&A

- EPS accretive acquisitions
- Focus on Asia
- New beach heads

### Technology enabled

- Adjacent capabilities (e.g. Sortify)
- Automation
- Productivity enhancements

# 1H23 HIGHLIGHTS


- ✓ **Strong performance across all business units**, with market share gains across portfolio
- ✓ **Strong revenue and earnings growth**, with cost out and strategic investments starting to deliver margin improvement
- ✓ **Retained key people**, whilst successfully recruiting for growth
- ✓ **Sortify the market leader in Australia<sup>1</sup>**, with strong momentum in UK and a strategic differentiator for QANTM
- ✓ **Re-envisaged work practices and premises**, with new office opened in Melbourne and other offices planned over next 12 months
- ✓ **Several major technology milestones delivered**, with strategic investment soon to yield operational efficiencies
- ✓ **Fully franked dividend payment of 2.8c declared**

# 1H23 FINANCIAL HIGHLIGHTS


## TOTAL REVENUE

 up 9.5%  
\$68.6m  
(1H22: \$62.7m)

## UNDERLYING EBITDA

 up 7.6%  
\$13.8m  
(1H22: \$12.8m)


## UNDERLYING EBITDA MARGIN

 up 0.4%  
26.5%  
(1H22: 26.1%)


## GROUP PATENT APPLICATIONS

 up 6.2%  
5,304  
(1H22: 4,993)

## GROUP TRADE MARK APPLICATIONS

 up 11.1%  
2,963  
(1H22: 2,668)

## NPATA

 up 3.8%  
\$6.7m  
(1H22: \$6.5m)

# 1H23 BUSINESS HIGHLIGHTS

## PATENT SERVICE CHARGES

**↑ UP 5.8%**

\$35.4m 1H23 vs \$33.4m 1H22<sup>1</sup>

- Solid increase in patent applications across Australia, Asia and Rest of World applications.

## TRADE MARKS SERVICE CHARGES

**↑ UP 9.1%**

\$10.3m 1H23 vs \$9.5m 1H22<sup>1</sup>

- Continued contribution from Sortify.

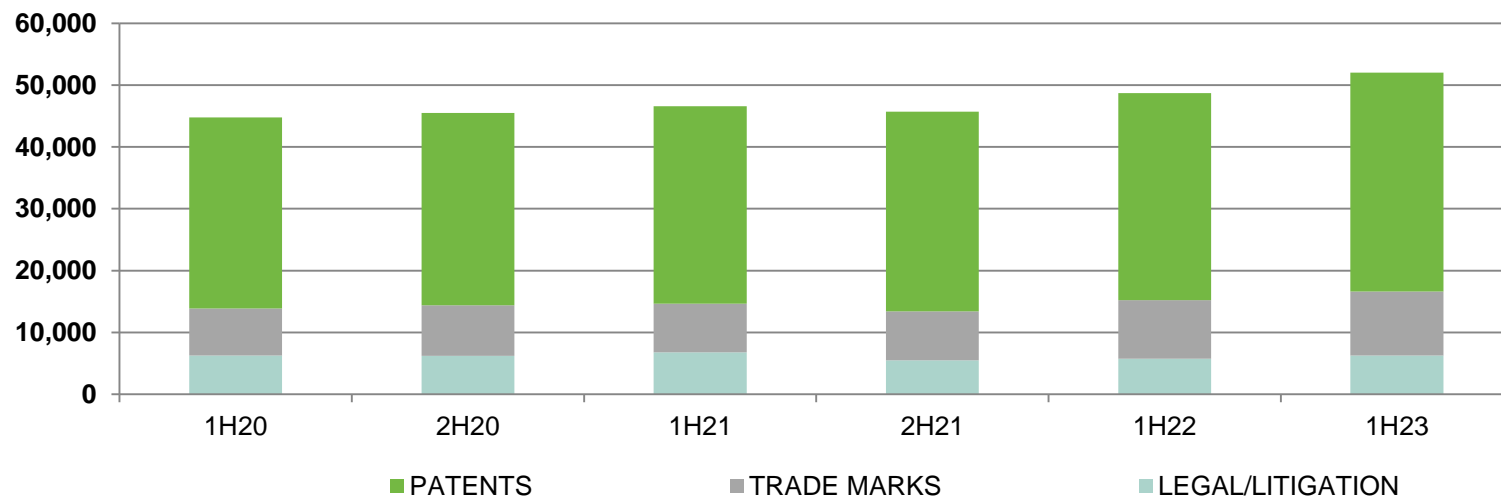
## LEGAL/LITIGATION SERVICE CHARGES

**↑ UP 8.9%**

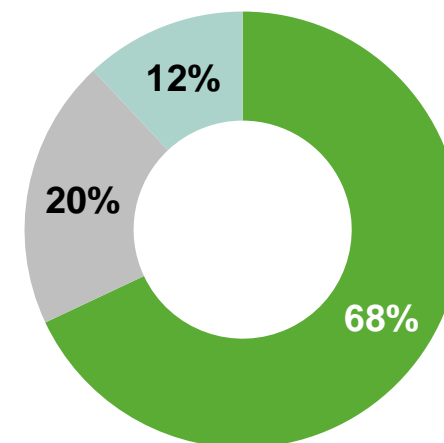
\$6.2m 1H23 vs \$5.7m 1H22<sup>1</sup>

- DCC Law's strong case load work contributed to strong half year result.

**QANTM SERVICE CHARGES REVENUE HALF YEAR TREND  
1H20 - 1H23**



**PERCENTAGE OF AGGREGATE  
QANTM SERVICE <sup>1</sup>  
CHARGES 1HFY23**





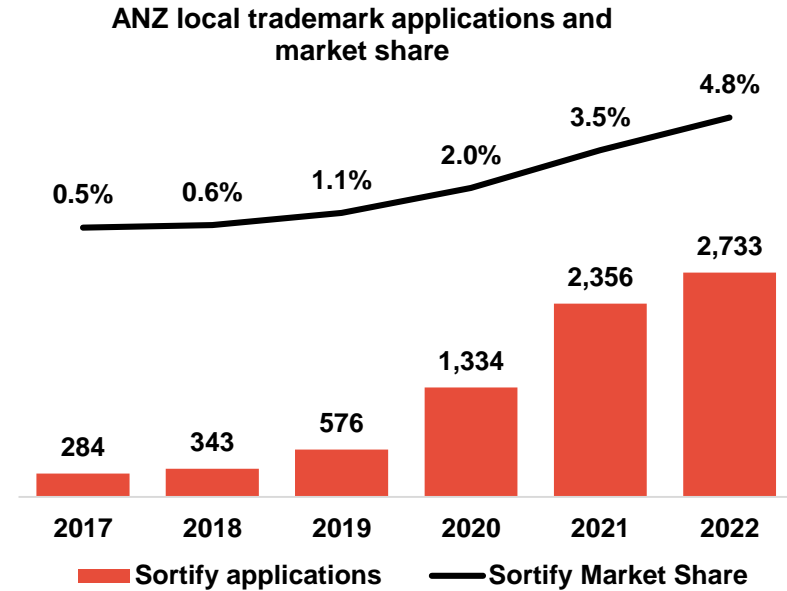


**OUR VISION: To make trademark protection accessible for everyone**

- Fast growing, New Zealand based legal tech company that is automating the entire trademarking process
- Sortify.tm's fully automated trademarking websites enable businesses to protect their brands themselves online
- Currently the #1 trade mark filer in Australia and the #2 trade mark filer in NZ
- Focused on capturing small and mid sized enterprises and businesses yet to protect their brands

### Beyond Australasia

- United Kingdom – trademark applications up 250% in 2022
- Singapore and Malaysia – expansion in 2022, 2-3 new markets in 2023



# 1H23 HIGHLIGHTS - PEOPLE



## A number of Diversity & Inclusion Initiatives across the Group

- ✓ Investment in leadership development, e.g. the Great Managers Academy
- ✓ Investment in training, e.g. Business Development Program, Unconscious Bias and Sexual Harassment
- ✓ DCC awarded Inclusive Employer Status by the Diversity Council Australia for 2022/23
- ✓ Mental Health First Aid Certification
- ✓ Investment in communication & collaboration capabilities
- ✓ New Hybrid model blending Work from Home, Work from Office post COVID

## Snapshot of IP Industry Awards

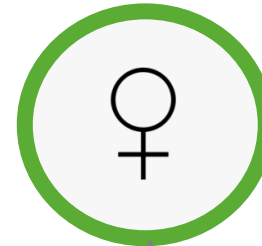


Australian Patent Contentious Attorney Firm of the Year (by MIP)  
Australian Trade Mark Firm of the Year (by MIP)  
Asia Pacific Trans-Tasman IP Firm of the Year (by MIP)  
Patent Firm of the Year (by Asia IP)



Doyle's Guide recognised 7 Principals  
Best Lawyers recognised 18 Principals in IP  
Who's Who Legal named 11 Principals

## Investing in our People



**50%** of fee earner promotions during 1HFY23 have been female



**31** Principal appointments since listing



**18%** of fee earners supported to complete their Masters of IP

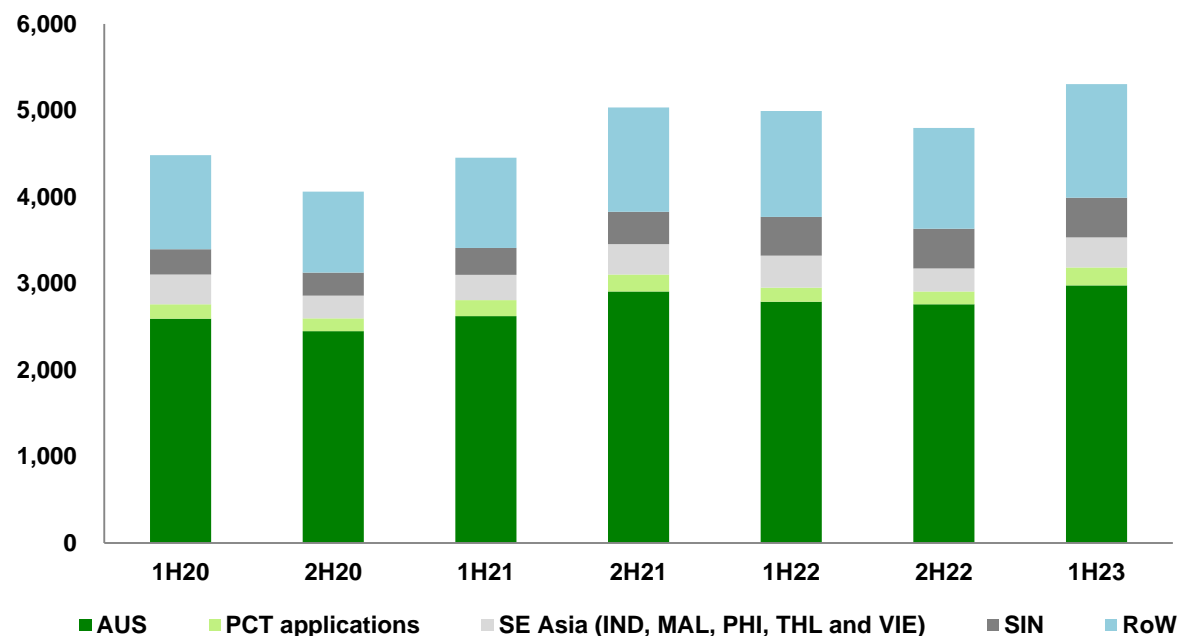


Tier 1 Firm: Patent Prosecution (MIP IP Stars Handbook)  
Highly Recommended: IAM Patent 1000  
92% of Principals included in IAM Patent 1000 awards in 2022

# PATENT APPLICATIONS GROWING MARKET SHARE



**QANTM GROUP  
TOTAL NEW PATENT CASES FILED  
1H20 - 1H23**



Source: DCC, FPA & DCC Advanz management analysis. AU filings exclude Innovation patent filings

**Note:** Patent applications are one indicator of future period patent Service Charges. Revenue derived from patent applications typically constitutes ~15% to 20% of QANTM's annual patent Service Charges and is the early stage of life cycle revenue from prosecution, advisory, litigation and renewal work that can extend for 20 years+.

## Australia

- QANTM's 1H23 Australian patent market applications were up 6.8% relative to pcp (FY22H1) and 7.9% up on FY22H2
- QANTM's Australian patent market share in 1H23 (excluding innovation patents) represented ~16.5% of the market (pcp : 14.8%)
- 2Q23 market share represented 17.0% of the market, improving from a slightly soft start to the financial year (15.9% for 1Q23)

## Asia

- Total QANTM Asian patent applications at similar level to pcp (which were the highest on record for QANTM) and increased 10.4% from 2H22
- QANTM Asian patent applications represent 15.1% of Group total
- Expanded business presence in Asia remains a key strategic focus (with DCC recently launching Hong Kong SAR office and completing the integration of Advanz Fidelis' Malaysian operations into DCC)

## Rest of World

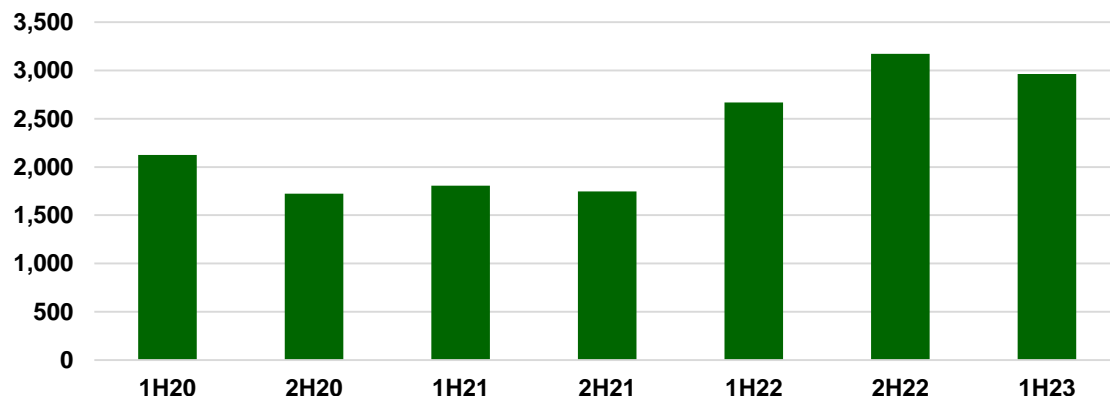
- Rest of World applications (25% of Group total) up 7.3% on prior year

# TRADEMARK APPLICATIONS

## GROWING MARKET SHARE



**QANTM**  
TOTAL TRADE MARK APPLICATIONS 1H20-1H23



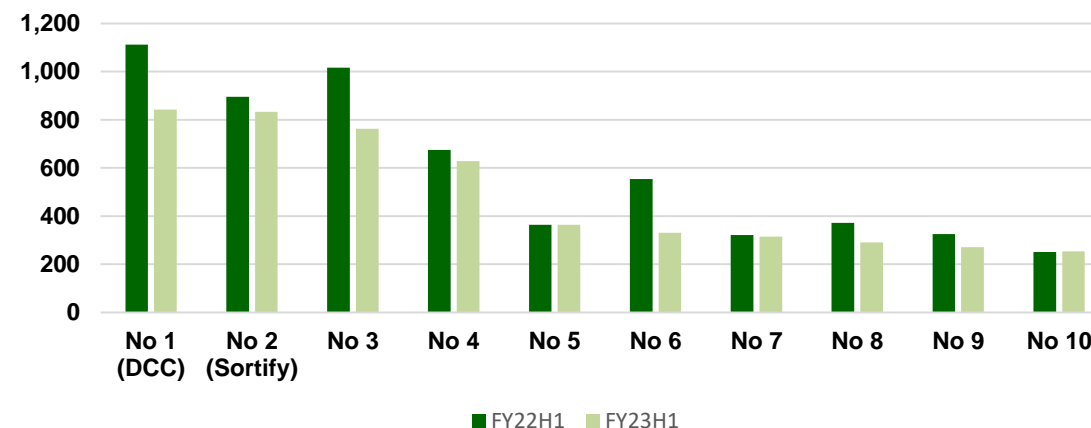
- Group total trade mark applications in FY23H1 increased by 11.1% vs the prior corresponding period (with Sortify applications included from 1 October 2021)

Source: QANTM management information

**NOTE:**

Trade mark applications are inclusive of Sortify from 1 October 2021 (Sortify was acquired by QANTM on 30 September 2021). Applications include International and Madrid applications but do not include all countries separately designated from a Madrid application

**AUSTRALIAN TRADE MARK FILINGS**  
BY TOP 10 FIRMS  
1H23 v 1H22



- DCC and Sortify remain the top 2 agents in Australia for trade mark applications. QANTM AU applications increased by 4.7%<sup>2</sup> (compared to a reduction of 12.6% for the top 50 agents and 25% in total applications)
- Sortify also #2 agent for applications in New Zealand
- Sortify also launched in Singapore and Malaysia and continued growth in UK

**NOTE:**

<sup>1</sup> QANTM management analysis including IRDA cases.

<sup>2</sup> QANTM management analysis and analysis of IP Australia Data and includes Sortify applications since 1 October 2021. Market share based on share of national applications for top 50 agents including IRDA cases.

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## SUMMARY



# SUMMARY



- ✓ **IP industry continues to show strong resilience**, highly defensive sector linked to innovation and R&D
- ✓ **Expect continued organic revenue growth**, on the back of current trading momentum
- ✓ **Expect continued strong market share in Australia**, with further growth in Asia
- ✓ **Continue to invest in our people**, our aspiration is to be **the** place to work for IP professionals
- ✓ **Expect continued margin improvement** as a result of cost management and strategic initiatives
- ✓ **Expect cash conversion to normalise in 2H23** due to timing of receipts and one-off costs
- ✓ **Continue to deliver technology modernisation milestones**, with several on track for 2023
- ✓ **Continue to explore pipeline of targeted M&A/Strategic Alliance opportunities** that meet our selection criteria
- ✓ **Investor Day planned for 9 May in Sydney**, details now available



**FOR MORE INFORMATION**

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