

# Coffee Microcaps Morning Meeting

**QANTM**  
INTELLECTUAL PROPERTY

Craig Dower (CEO) and Brenton Lockhart (CFO)  
8 June 2023

# Overview



1. The QANTM Group
2. Market and industry overview
3. Drivers of growth across our three operating businesses
4. Outlook

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# The QANTM Group

Broad services portfolio: Patents, Trade marks, Designs; Legal and Litigation Services; Platform-based services; AI-powered / software 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



# 380+

employees located across five key countries, servicing major global markets

- Hong Kong**
- Malaysia**
- Singapore**
- Australia**
- New Zealand**

# 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 tools
- AI-based platforms and tools

# Focused on execution & delivering earnings growth



We are fully committed to creating value for our shareholders.



## Progress over the past 12 – 24 months

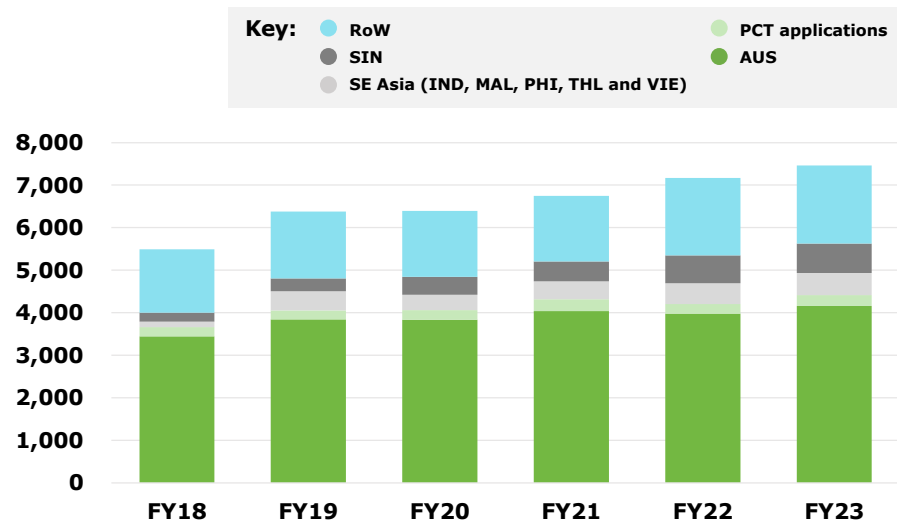
- Successful navigation through COVID
- Retention of key people across the Group
- Refresh of Board and Executive team
- Starting to deliver key technology and simplification milestones
- Acquisition and growth of Sortify (automated platforms, AI-based tools)
- Growing market share through continued focus on client service excellence
- Asian expansion: DCC HK, Sortify Singapore and Malaysia; exploring further opportunities (M&A and strategic alliances)
- Margin growth in past two period results – target for EBITDA margins is low 30's in the medium term

# Growing market share



## QANTM Group Total New Patent Applications

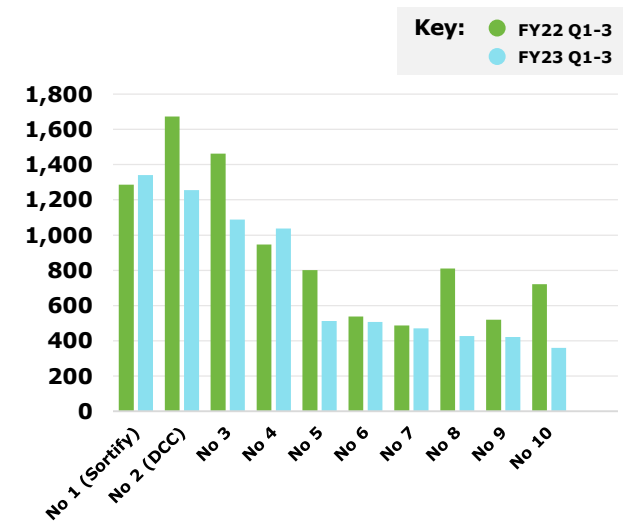
9 MONTH ACTUALS FY18-FY23 (excluding Innovation Filings)



- QANTM's AU patent market applications for 9 months to 31 Mar 2023 up 4.6% relative to pcp.
- QANTM's AU patent market share for 9 months to 31 Mar 2023 represented ~16.2% of the market (pcp: 14.6%).
- Total QANTM Asian patent applications for 9 months to 31 Mar 2023 increased 4.6%, and 21.1% for Q3FY23 compared to pcp.
- QANTM Asian patent applications represent 16.1% of Group total.

## Australian Trade Mark Filings by Top 10 Firms

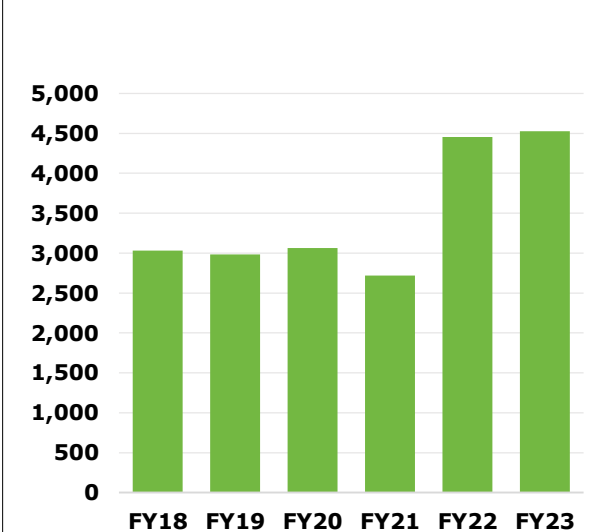
AT Q3FY23



- DCC and Sortify remain the top 2 agents in Australia for trade mark applications.
- QANTM AU applications increased by 1.4% (with Sortify applications included from 1 October 2021) (compared to a reduction of 19.8% for the top 10 agents).

## QANTM Total Trade Mark Applications

9 MONTH ACTUAL FY18-FY23



- Group total trade mark applications in 1HFY23 increased by 1.6% vs the prior corresponding period (with Sortify applications included from 1 October 2021).



# The place to work for IP professionals



Low turnover rates of **<10%**  
across our operating businesses during 2022<sup>1</sup>

1. The Australasian Legal Practice Management Association (ALPMA) reported turnover rates of ~27% during the 2022 calendar year.

First in class reputation in the IP industry.

Culture of excellence (client service, quality of training, bespoke leadership programs, and quality of career path opportunities).

Highly diversified blue chip client base.

Work from anywhere culture embraced – caring for team members well being and mental health.

Commitment to Diversity, Equity and Inclusion.

## Our IP professionals are recognised through Industry Awards

### FPA



**50+** individual recognised industry awards

received (2021-2022) including MIP's Top 250 Women in IP



Patent Prosecution MIP IP Stars – Tier 1 Firm (2017-2022); **Firm of the Year** 2019 & 2021

### DCC



**100+** individual recognised industry awards

received (2022-2023 FY) including MIP's Top 250 Women in IP



**Ranked highly across 9 renowned industry awards** including Best Lawyers Law Firm of the Year – IP



# Market and industry overview



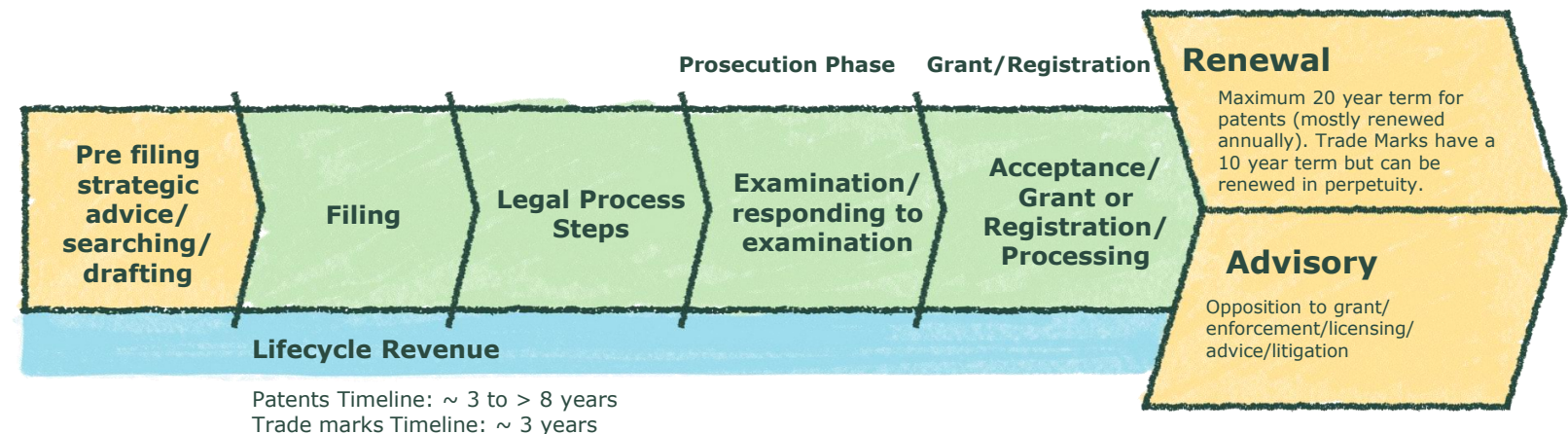
# IP lifecycle revenue stages

## Main revenue components of the IP Lifecycle:

- 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.



## National Application Lifecycle – Patents and Trade Marks



- Revenue generation at initial pre-filing stages of searching or drafting, throughout the filing, prosecution and grant/registration lifecycle, as well as later maintenance and potential advisory stages.
- Client relationships tend to be long term and stable – 20 years+.
- Client arrangements can be national, regional, multi-national.

# IP lifecycle revenue stages

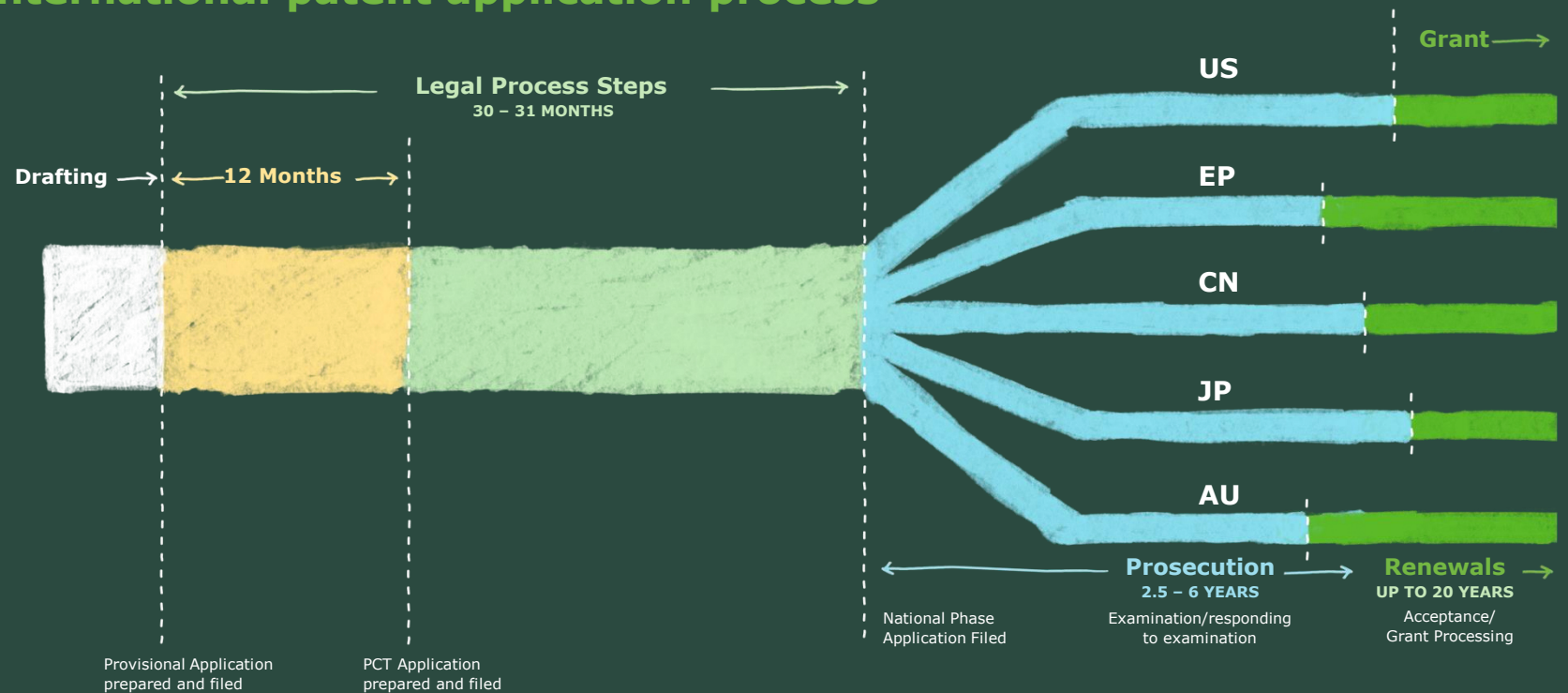
Single international application matures into separate applications in each country/region of interest.

Separate patents ultimately granted in each country/region.

Reciprocal arrangements internationally generate additional revenue streams.



## International patent application process



# Depth and breadth of industry coverage

~2,250 clients across the Group

No individual client accounts for >2% of revenue

Local and International clients

Longstanding relationships 5, 10, 20+ years



Agriculture, agrichemicals, food, nutrition



Arts, Marketing, Media



Biotechnology



Building & Construction



Clean Technology, Energy



Industrial Chemicals



Materials Science



Medical Devices & Technology



Mining & Resources



Nano Technology



Consumer Products & Design



Electrical & Electronic Engineering



Fashion, Architecture & Design



Food, Beverages, FMCG



ICT & Software



Pharmaceuticals & Chemistry



Physics & Engineering



Plant Breeder's Rights



University & Applied Research



DCC Law



# Growth has continued to be resilient with Asia increasingly dominant



## Industry Context

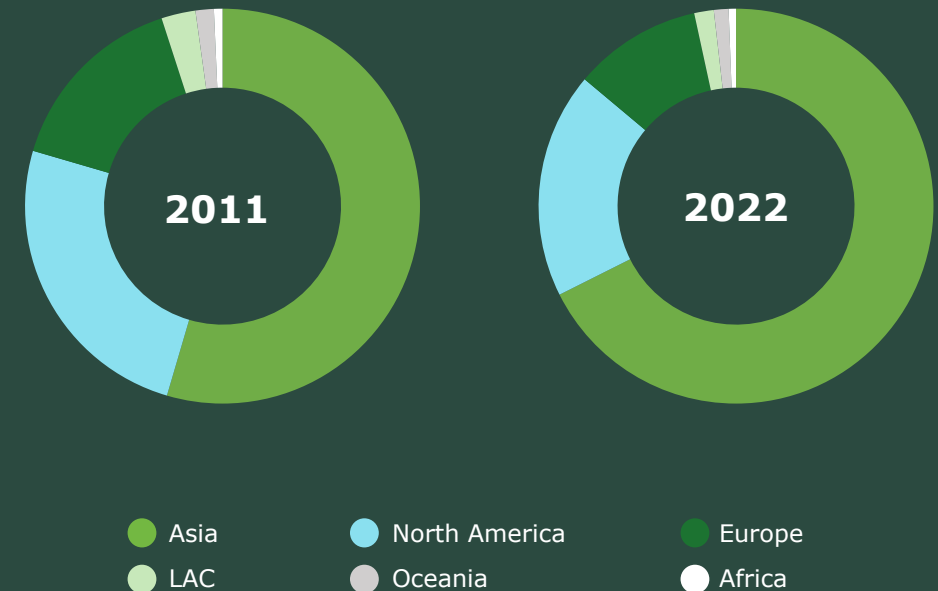
- From 1883 to 1963, the USA was the leading office for world filings.
- Japan and Korea accelerated through the 70's, 80's and 90's.
- Since 2011, China has received the most applications globally.
- Asia has grown from 54.6% of world filings in 2011 to 67.6% in 2022.
- USA and Europe remain critical markets.

## QANTM Context

- DCC Singapore office opened in 2015.
- Advanz Fidelis Malaysia was acquired in 2017 (and became DCC Advanz in 2022).
- FPA Singapore office opened in 2018.
- DCC Hong Kong office opened in 2022.
- Looking to further expand in Asia (e.g. Thailand, Indonesia, India) through M&A/strategic alliances/new offices.
- DCC and FPA are highly active and well regarded firms across Asia.
- Asia now ~16% of Group filings, and expected to continue to grow rapidly.

## Two-thirds of patent filings activity worldwide took place in Asia in 2022.

Patent applications by region, 2011 and 2022





# The role of IP in innovation



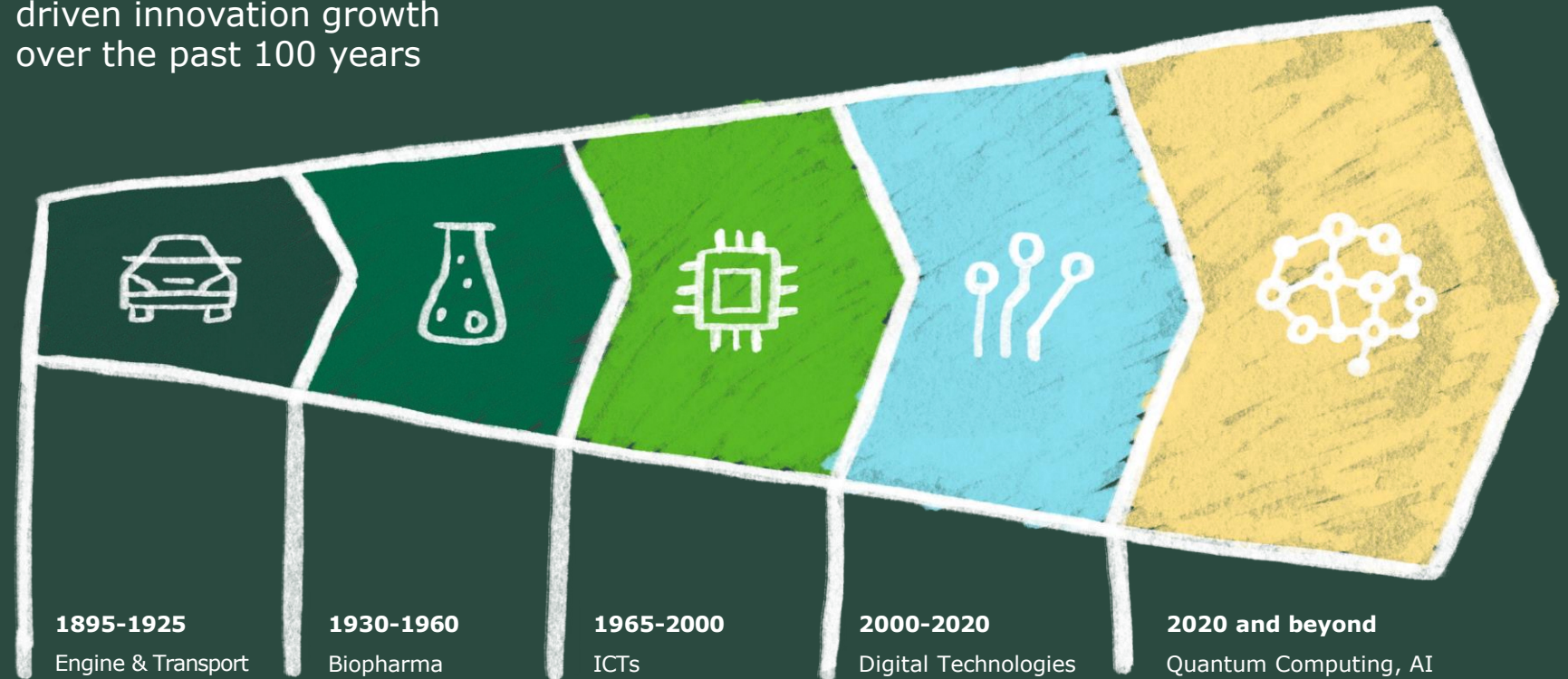
**For more than a century innovation activity has grown substantially around the world.**

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

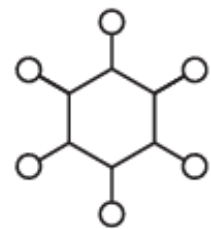


# Industry Characteristics

- 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)



## 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)

Source: World Intellectual Property Report Global Innovation Index, 2021



# Drivers of growth across our three operating businesses



# Drivers of growth across our three operating businesses



Our investments in overseas markets are driving significant growth.

- Retention & leverage of experienced Principals.
- Exporting expertise, particularly in patents, into growing markets with minimal competition.
- In Singapore, patent filings have grown at an average of 41% each year for 7 years.
- Investment in the USA and China.
- In China we have experienced 30% year on year growth in incoming work and we are on track for 40% this year.



Retaining & attracting talented people in targeted growth areas is key to our current & future success.

- Growing the bottom line.
- Targeted growth into emerging technologies and markets (SEA grown from 3.4% to 10.1% of revenue in 5 years, 33% year on year growth).
- Meritocracy – performance not tenure.
- Virtuous circle: best people / best clients / best work.
- Disciplined financial monitoring and reporting, ruthless on efficiency.



Our vision is to make trade mark protection accessible for everyone.

- The majority of SMEs don't register their trade marks – too expensive and too complex.
- Sortify's online trade mark registration websites provide an automated, cost-efficient solution.
- Our current focus is on growing the SME market and international expansion.
- We are building a suite of AI-powered tools to drive attorney productivity and effectiveness

# Outlook



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

Continued growth and expansion of Sortify – AI-based platforms are of increasing relevance

Continue to explore pipeline of targeted M&A opportunities, plus strategic alliances, that meet our selection criteria

# Further information



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