

ASX Announcement



31 October 2023

INVESTOR BRIEFING PRESENTATION

Attached is an investor presentation to be given today by Craig Dower, CEO and Managing Director, and Brenton Lockhart, CFO, at the following investor briefings:

- Sydney Coffee Microcaps Conference; and
- Goldmans Sachs hosted Investor Briefing

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

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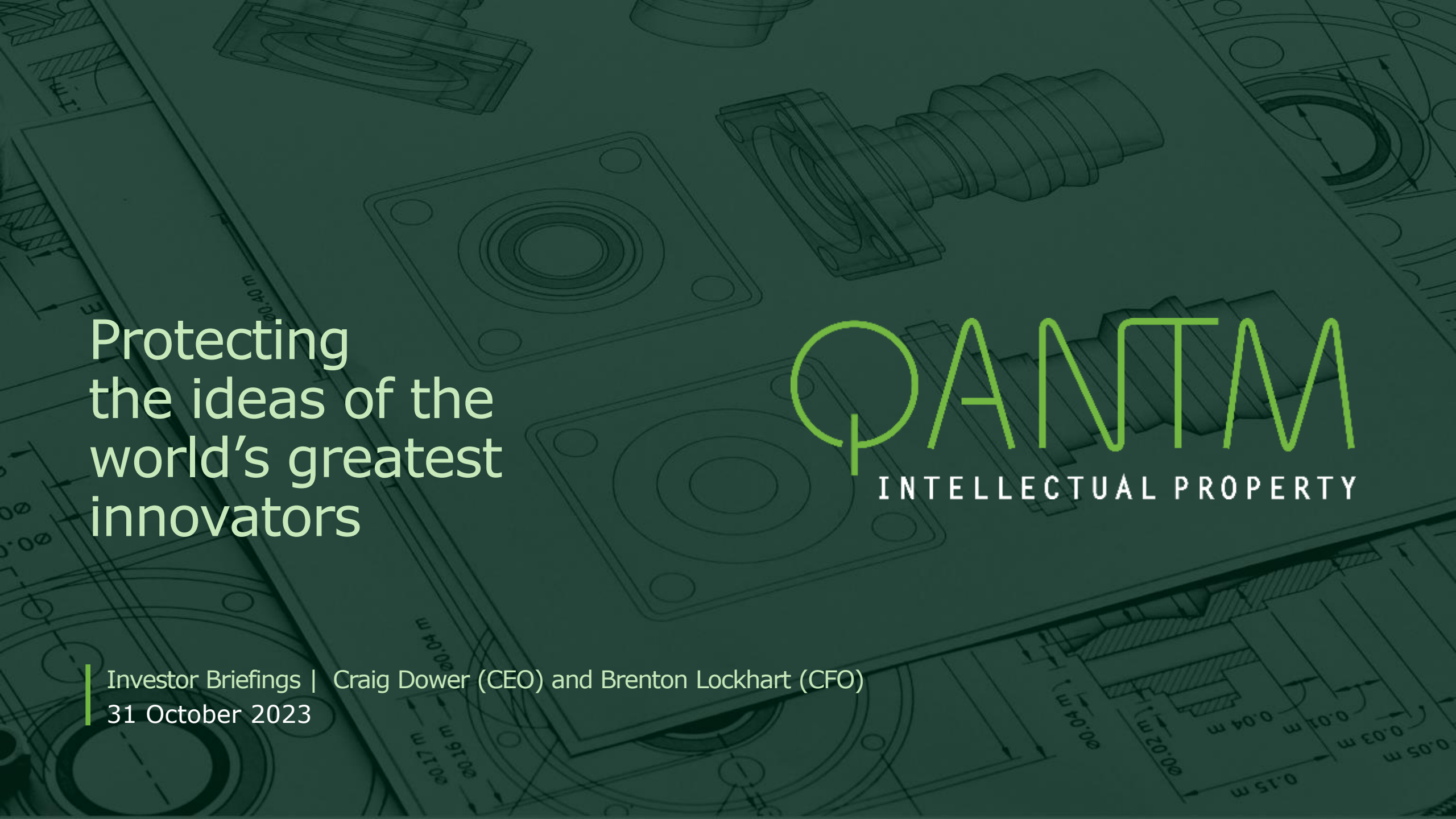
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About QANTM Intellectual Property

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.





Protecting the ideas of the world's greatest innovators

QANTM
INTELLECTUAL PROPERTY

Investor Briefings | Craig Dower (CEO) and Brenton Lockhart (CFO)
31 October 2023

Overview



1. The QANTM Group

2. FY2023 Highlights

3. Market and industry overview

4. Summary and 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



One of Asia Pacific's largest and longest established patent and trade marks attorney firms



A leading specialist IP law firm and provides the full spectrum of IP related legal services



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



370+

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 and protect 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

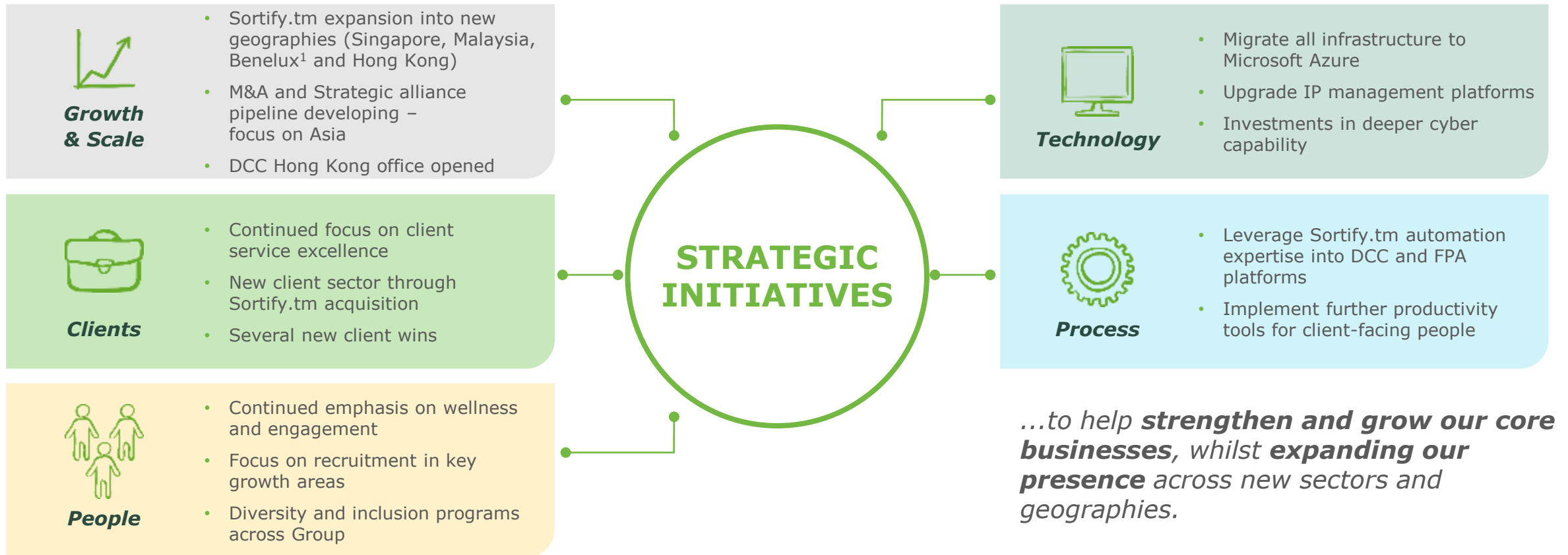
- Adjacent capabilities (e.g. Sortify.tm)
- Automation / Productivity tools
- AI-based platforms and tools

Strategic Initiatives



INVESTING ACROSS FIVE KEY AREAS – FY23 PROGRESS

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



FY23 Highlights



Business and financial highlights



<p>Patents</p> <p>Patent Service Charges</p> <p>^ 7.6%</p> <p>\$69.9m FY23 vs \$65.0m FY22¹</p> <p>Solid increase in patent applications across Australia, Asia and Rest of World applications</p>	<p>Group Patent Applications</p> <p>^ 0.9%</p> <p>Group patent applications have now grown by 4% over the last two years</p>	<p>Australian Patent Market Share of</p> <p>16.5%</p> <p>FY22: 15.0%</p> <p>Highest since listing</p>	<p>Asian Patent Applications of</p> <p>15.7%</p> <p>FY22: 15.8%</p> <p>Flat on prior year</p>	<p>Total Revenue</p> <p>^ 7.6%</p> <p>to \$137m (FY22: \$127.3m)</p>	<p>Service Charges Revenue</p> <p>^ 7.4%</p> <p>\$103.8m (FY22: \$96.6m)</p>
<p>Trade Marks</p> <p>Trade Mark Service Charges</p> <p>^ 8.3%</p> <p>\$21.5m FY23 vs \$19.8m FY22¹</p> <p>Full year contribution from Sortify and a solid performance in DCC</p>	<p>Group Trade Mark Applications</p> <p>^ 8%</p> <p>Record filings in Sortify which now holds the #1 position in Australia, #2 in New Zealand</p>	<p>Australian Trade Mark Applications</p> <p>^ 6.5%</p> <p>DCC maintained #2 market share in Australia and the #4 position in New Zealand</p>	<p>Legal/Litigation</p> <p>Legal/Litigation Service Charges</p> <p>^ 5.7%</p> <p>\$12.4m FY23 vs \$11.7m FY22¹</p> <p>Increase service charge contribution from increased case loads</p>	<p>Earnings Per Share</p> <p>^ 7.0%</p> <p>5.69 cents (FY22: 5.32 cents)</p>	<p>Underlying EBITDA</p> <p>^ 8.2%</p> <p>\$28.5m (FY22: \$26.3m)</p>
				<p>Underlying NPAT</p> <p>^ 14.5%</p> <p>\$14.7m (FY22: \$12.8m)</p>	<p>Cash and Cash Equivalents</p> <p>^ 8.1%</p> <p>\$8.0m (FY22: \$7.4m)</p>
				<p>Full Year Dividends</p> <p>6.3 cents fully franked</p> <p>(FY22: 6.5 cents)</p>	<p>Net Debt as at 30 June 2023</p> <p>^ 1.7%</p> <p>\$24.2m (FY22: \$23.8m)</p>

Strong growth in revenue and profitability



New revenue benchmarks reached driven by continued growth in market share in Australia and Asia. Margin improvements from improved financial discipline, cost management and strategic initiatives has resulted in earnings outpacing revenue growth.

Significant organic revenue growth underpinned by strong momentum in patent applications and trade mark filings across all territories

Dominant position in trade mark applications in Australia with Sortify and DCC, ranking first and second

16.5%

Patent market share in Australia of 16.5% achieved, the highest level since listing

Several new client wins across DCC and FPA have created **a strong pipeline of future work**, which contributes to future revenue and earnings

Strong earnings performance enabled the payment of a fully franked dividend for FY23 of

6.3cps



Regional expansion in Asia



Asia is the largest market globally for patent applications, and continues to represent a strong source of revenue, patent applications growth, and market share to the Group.¹

Service Charges have increased by

^ 32.2%

reflecting the reputation and strength of the DCC and FPA brands in Asia

15.7%

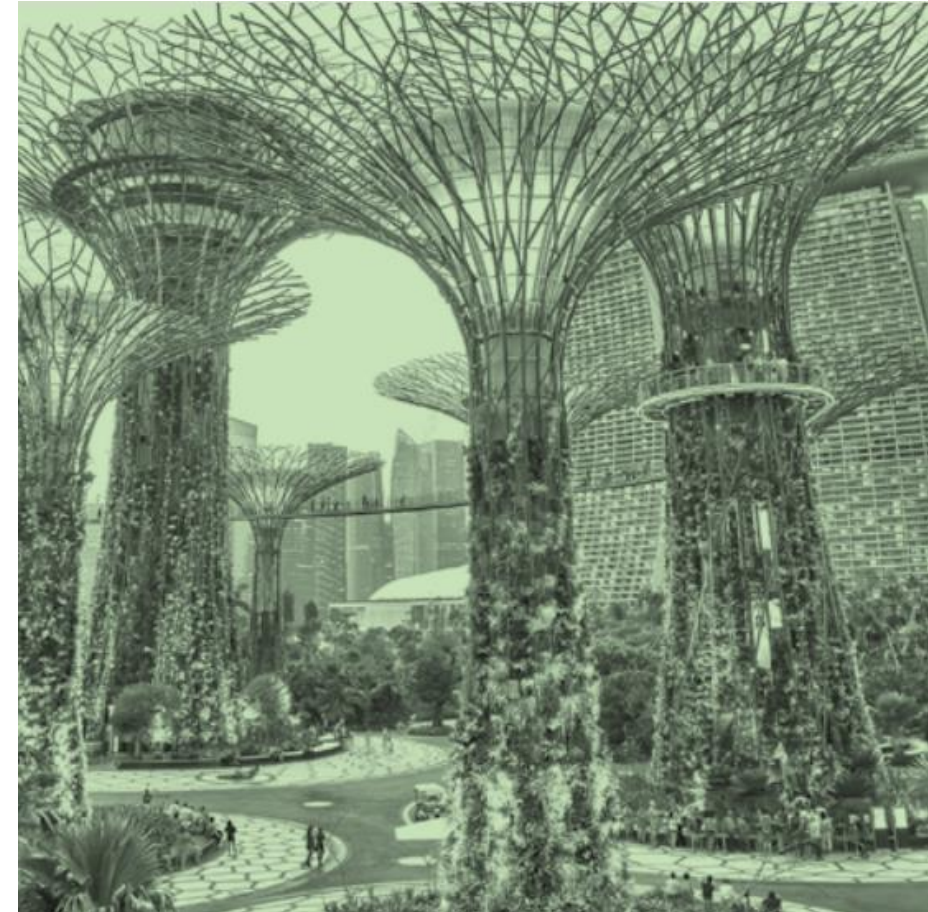
Patent applications in Asia now comprise 15.7% of total Group applications

Sortify platforms established in Singapore, Malaysia and Hong Kong with promising early traction

M&A and strategic alliance pipeline developing with strong focus on Asia

DCC Hong Kong office opened further expanding the regional footprint

¹ Asian countries filed 67.6% of global patent applications in 2021. Source: World Intellectual Property Report, 2022



Sortify.tm acceleration

Sortify.tm has made significant progress in FY23, and with its compelling mission of “making trade mark protection available to anyone” has the potential to be a strategic differentiator in our business.

Record volumes in Sortify.tm’s main markets as the **No 1 filer of trade marks in Australia, No 2 in NZ,** and approaching the top 10 in the UK

Early traction in recently opened markets of **Singapore, Hong Kong and Benelux¹**

Access to trade marks for SMEs has allowed the Group to generate revenue from this large, underdeveloped segment

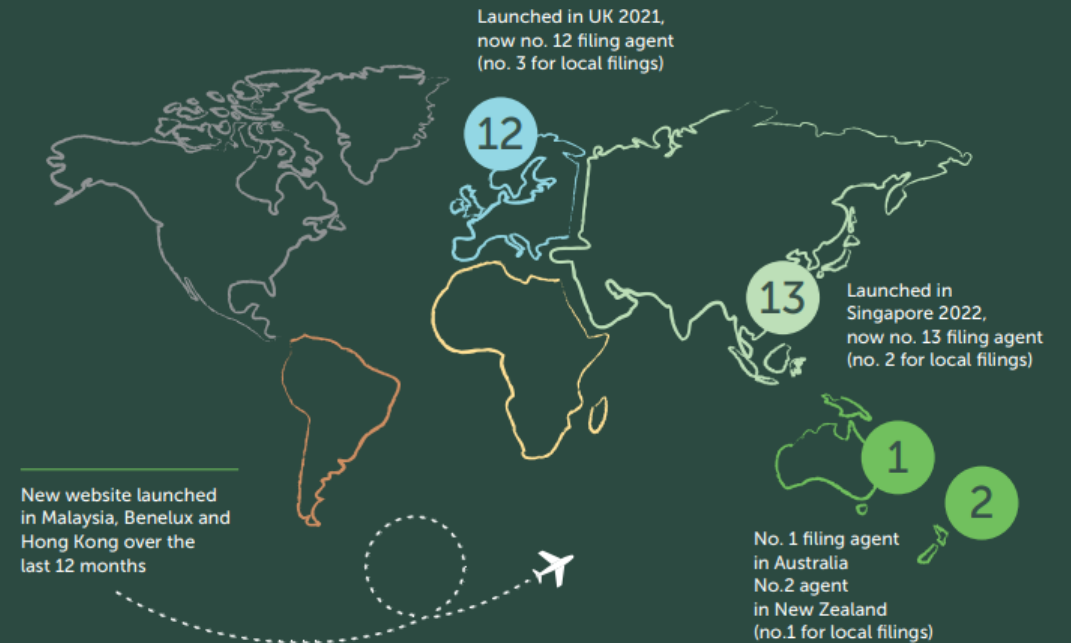
Continued development of SaaS products targeted at the ‘Attorney’ and ‘Enterprise’ levels to capitalise on industry tailwinds for **AI-based productivity tools**

Explorations of AI-based services leveraging Sortify.tm automation expertise into DCC and FPA

¹ Benelux is a collective name for Belgium, the Netherlands and Luxembourg, especially with reference to their economic union.



Since 2018, Sortify.tm has built online trade mark filing platform that now span Australasia, South East Asia and Europe



Investment into people and operations



Multi-year investments into processes, technology and offices have continued to simplify and streamline our operations while providing an environment that allows our employees to excel.

Focus on recruitment in key growth areas, with a strong emphasis on **fostering diversity within our workforce**

New office **spaces designed to encourage collaboration** among employees and enhance client service

Migration of infrastructure to Microsoft Azure and upgraded **IP management platforms** for improved workflow and productivity

Technology investments have enabled a flexible work from anywhere culture promoting efficiency and agility

Ongoing commitment to professional development, well-being initiatives and employee engagement to promote employee retention



Market and industry overview



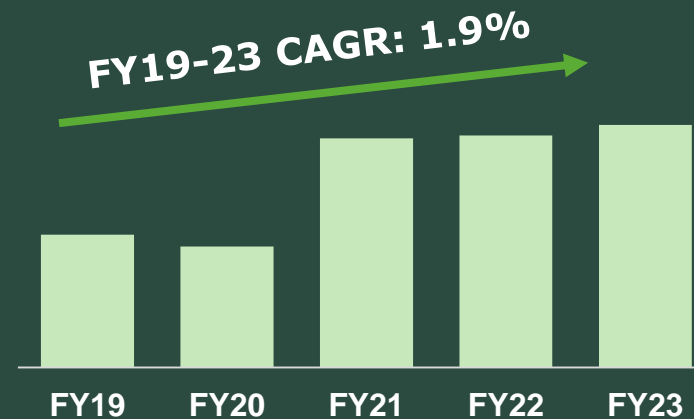
IP Industry Overview



Continued Industry Resilience

- The need for clients to continually protect their most important asset, intellectual property, persists irrespective of ongoing market conditions
- R&D budgets are often protected, or in some sectors increased, during volatile periods to seize on market opportunities
- Innovation that results from volatility also plays strongly in the favour of the IP sector
- The global IP sector has continued to show resilience, evident in the growth experienced in patents and trade marks

Total patent applications filed in Australia (FY19-23)



Source: IP Australia

Notes:

1. Excludes innovation filings. Innovation patents are excluded from the above analysis – they were phased out from August 2021 and accelerated filings prior to the phase out had distorted the patent filings market when viewed inclusive of innovation filings.
2. Based on IP Australia data at conclusion of each filing period.
3. The FY22 market increase includes filings from applicants who may have previously utilised the innovation patent system (market otherwise remained largely flat)

IP lifecycle supports resilience

- 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

In an increasingly volatile world, intellectual property remains a critical asset – the IP industry has demonstrated great resilience

Depth and breadth of industry coverage

Serviced **~5,000** clients in **~60** countries across the Group in FY23

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

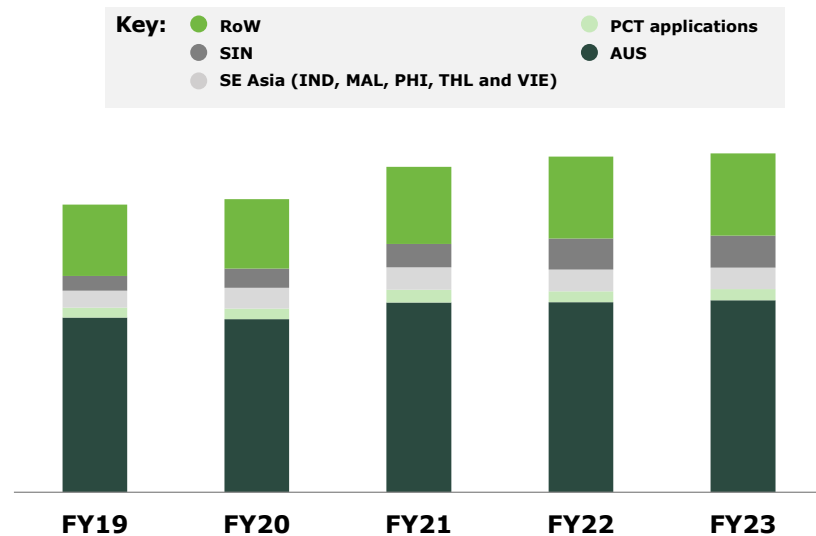


Growing Market Share



QANTM Group Total New Patent Applications

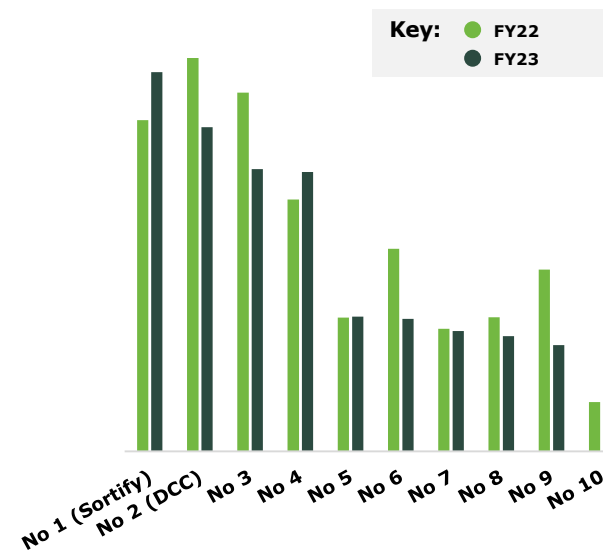
FY19-FY23 (excluding Innovation Filings)



- QANTM's AU patent market applications are up 0.9% relative to FY22
- QANTM's AU patent market share ~16.5% of the market (FY22: 15%)
- Total QANTM Asian patent applications is flat on FY22
- QANTM Asian patent applications represent 15.7% of Group total

Australian Trade Mark Filings by Top 10 Firms

AT FY23



- Sortify.tm and DCC remain the top 2 agents in Australia for trade mark applications
- QANTM AU applications increased by 6.5% (compared to a decrease of 4.7% for the top 50 agents)

QANTM Total Trade Mark Applications

FY19-FY23



- Group total trade mark applications in FY23 increased by 8% vs the prior corresponding period

Growth has continued to be resilient with Asia increasingly dominant



Industry Context

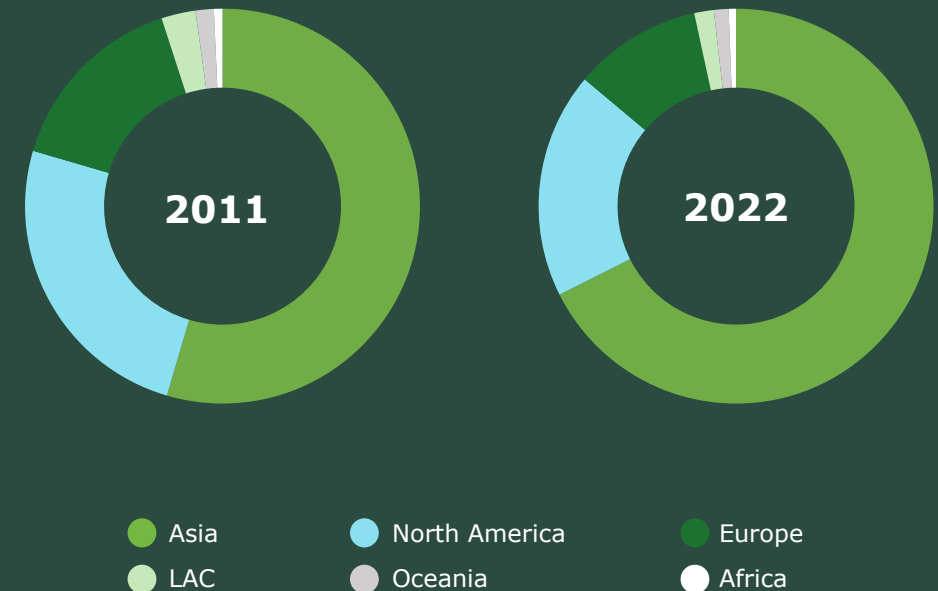
- From 1883 to 1963, the USA was the leading office for world filings.
- Japan and Korea accelerated through the 70's, 80's and 90's.
- Since 2011, China has received the most applications globally.
- Asia has grown from 54.6% of world filings in 2011 to 67.6% in 2022.
- USA and Europe remain critical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

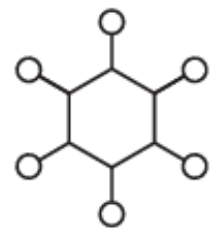


Industry Characteristics

- 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			
Short term	Scientific publications	Total	Business	International patent filings	Venture capital deals
	7.6% 2019 → 2020	8.5% 2018 → 2019	7.2% 2018 → 2019	3.5% 2019 → 2020	5.8% 2019 → 2020
Long term					
	5.4% 2010 → 2020 (annual growth)	4.9% 2009 → 2019 (annual growth)	5.2% 2009 → 2019 (annual growth)	5.3% 2010 → 2020 (annual growth)	3.6% 2010 → 2020 (annual growth)

Source: World Intellectual Property Report Global Innovation Index, 2021

Summary and Outlook



- ✓ Continued organic revenue growth, on the back of current trading momentum
- ✓ Continued strong market share in Australia, with further growth in Asia
- ✓ Continued margin improvement as a result of improved financial disciplines, cost management and strategic initiatives – target remains EBITDA in low 30s; making solid progress
- ✓ Continued investment in our people, our aspiration is to be **the** place to work for IP professionals
- ✓ Continued delivery of technology and simplification milestones
- ✓ Continued growth and expansion of Sortify.tm: AI-based platforms are of increasing relevance; Sortify.tm has deep AI capability, being deployed **today**
- ✓ Continued exploration of targeted M&A opportunities, plus strategic alliances, that meet our selection criteria
- ✓ Continued optimism about IP sector resilience and growth
- ✓ Solid dividend payment (6.3c for FY23) in volatile equities market

Questions



Further information



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Appendices



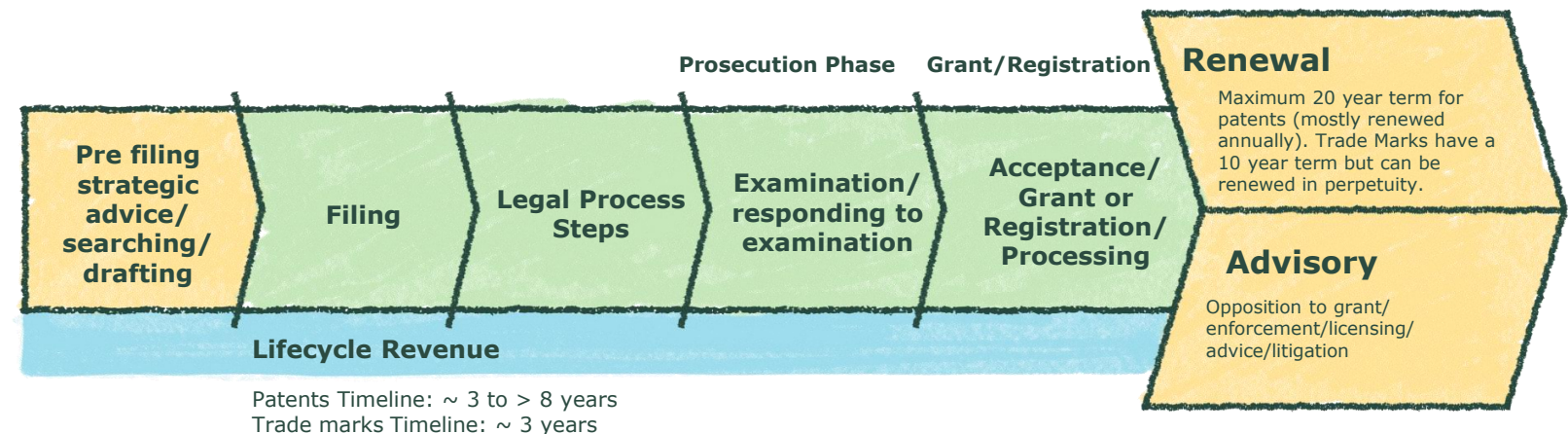
IP lifecycle revenue stages

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

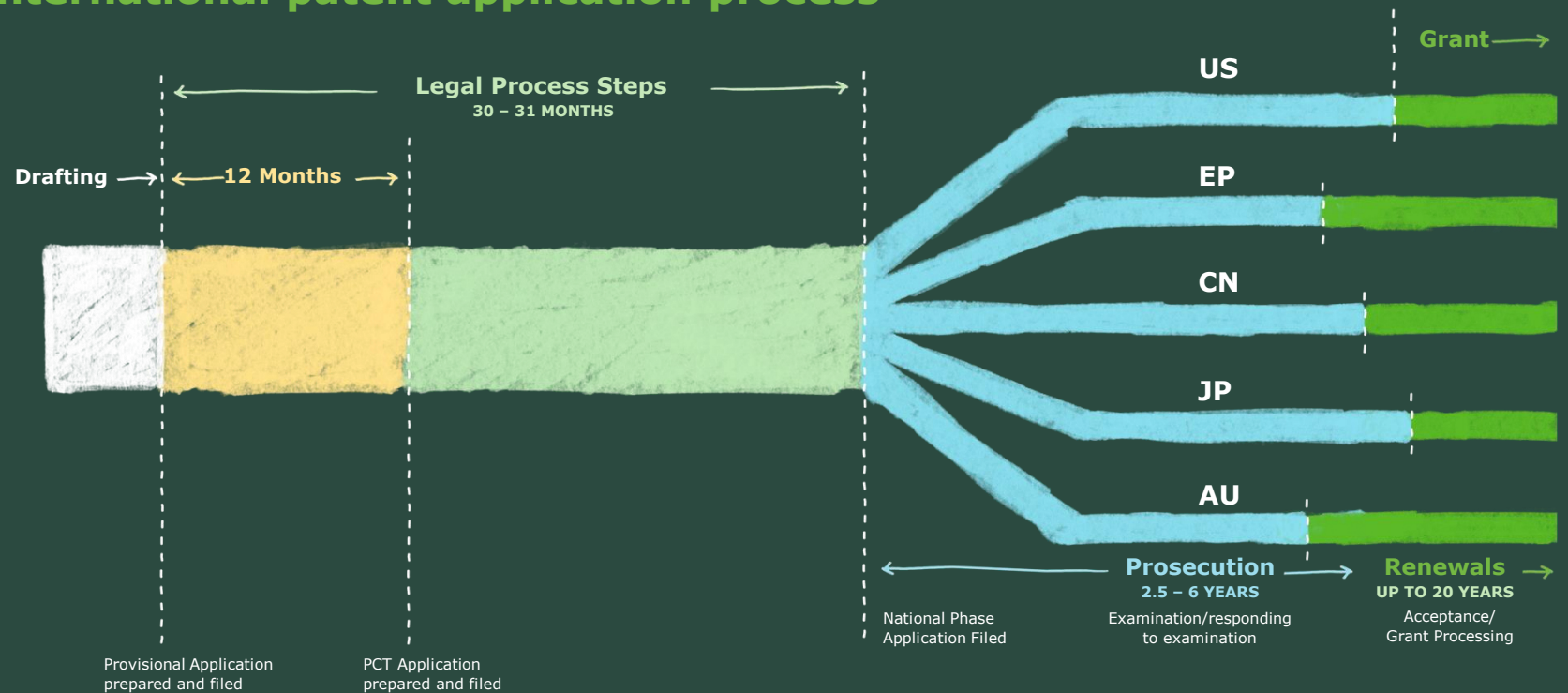
Single international application matures into separate applications in each country/region of interest.

Separate patents ultimately granted in each country/region.

Reciprocal arrangements internationally generate additional revenue streams.



International patent application process



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

