



Company	Qantm IP Ltd
Code	QIP
Meeting	AGM
Date	27 Nov 2020
Venue	Virtual Lumi
Proxy Collector	Mike Robey

Number attendees at meeting	unknown
Number of holdings represented by ASA	1
Value of proxies	\$593k
Number of shares represented by ASA	534,570
Market capitalisation	\$448m
Were proxies voted?	Yes, on a poll
Pre AGM Meeting?	No

Fessing up to prospectus misses, but confident of a better future

The Chairman’s, Mr Richard English address is given [here](#).

Despite the restrictions imposed on Qantm from the Malaysian business in particular, the business managed to increase both its Asian and domestic Intellectual Property businesses. EBIT was down in part due to spend on system integration which was needed due to the integration of newly acquired businesses. There were also currency related costs which weighed on the NPAT.

The departure of the COO was followed by recruitment of two senior staff, in business transformation and a risk management.

In Jan 2020, Qantm recruited a new CEO, Craig Dower who is also on the board. He came from Xenith IP, which they made a bid for, and which ironically, they lost to their main regional competitor, IPH.

He spent time highlighting their commitment to diversity and reinforced that they have made progress across all levels, though with the departure immediately after the AGM of one of the two female board members, they are light on for women on the board and in the KMP ranks, where there is only one in each. The year on year progress in lower levels has been impressive though, so it is clear that they are getting there.

They see revenue growth in Asia as key, so are looking in the near future for new Board members with deep Asian experience. The professional staff are well represented by Asians and women, reflecting their IP strategy of expansion to Asia.

The CEO stated that their largest opportunities are ahead, most likely in Asia, where they have been slow and made some missteps, which was a candid admission. They also missed a proposed merger of Australian based Xenith (it was acquired by IPH as mentioned), so they have not used a strong balance sheet well. The impression was that, after a couple of misses, they shrank into themselves instead of expanding. This was followed by a mea culpa to shareholders for not meeting their prospectus forecasts.

They will now focus on technology (move to cloud within 36 months and streamline processes), expand their scale, people, regional expansion among others. He also mentioned their attention to gender and ethnic diversity.

They claim they have learned from Covid to simplify processes across the regions and will emerge a better business, highlighting some gaps in process, which they will improve.

Both speeches were believable, candid and clear, giving the listener confidence they will get there.

They will give key milestones at the HY2021 update, which is welcome, since they are scant at the moment.

No guidance was given, but they had mentioned at the Annual Report time that patent filings were likely to be down a little. This has not transpired, so they remain cautiously optimistic, though concerned about the impact of Covid in Europe.

All questions were left until the end of the resolutions and answered in a block.

The new Director, Mr Leon Allen spoke to his election. He has 40 years of experience in IP and was most recently a partner in a recently acquired IP company. He had a large against vote, of 26%. We asked questions on general business (how is the integration of acquired business going culturally and process-wise, and what are their plans in China, where their major competitor is going strong).

On integration: the chair stated that this is going well and that culture is No1 on their list of priorities. Some business has been integrated seamlessly and will migrate to their platform in the future. The model is to manage them independently in the market and upon migration to the cloud, merge them on the new platform. Covid was a good teaming experience in this regard. The heavy lifting is just starting.

The question on China was passed to the CEO. The answer was that they are doing some business already and have some direct clients or through customers. They are looking for pipeline opportunities. The plan is to look for potential acquisitions alongside organic growth opportunities.

On the remuneration we mentioned that the LTI did was a retention plan with no hurdles, and the STI has no detail on measures or hurdles and the Board had exercised discretion in the STI this year. Answer, we have a remuneration committee dealing with this and have a thorough process to assess performance. No one remuneration plan satisfies all.

The remuneration report was passed with 92% in favour.

We also asked about the vote against Mr Allen, which was 25% of the pre-AGM.

The answer: Some shareholders were concerned about having a former CEO as a non-executive Director on the board with a new CEO also on the board. They have taken internal measures to manage the governance issues around this. Again, a candid response.

The ASA asked the only questions at the AGM, which was over in 62 minutes.