Quantify Technology Holdings Limited

ACN 113 326 524

Notice of Annual General Meeting, Explanatory Statement, and Proxy Form

Annual General Meeting to be held at

Ground Floor 216 St Georges Terrace Perth Western Australia 6000

At 3.30pm (WST) on 30 November 2020

IMPORTANT NOTE

The Notice of Annual General Meeting, Explanatory Statement and Independent Expert's report should be read in their entirety. If you are in doubt as to how you should vote, you should seek advice from your accountant, solicitor, or other professional adviser prior to voting.

INDEPENDENT EXPERT'S REPORT

Shareholders of the Company should carefully consider the Independent Expert's report prepared for the purpose of the Shareholder approval under Section 611 item 7 of the Corporations Act (refer to Resolution 4). The Independent Expert has determined the Acquisition is **not fair but reasonable** to non-associated Shareholders.

Important Information

Contents

Item	Page
Notice of Annual General Meeting	2
Voting Exclusions	5
Proxy Appointment, Voting and Meeting Instructions	7
Explanatory Statement	10
Glossary	46
Schedule 1 – Summary of Acquisition Agreement	49
Schedule 2 – Pro-forma Statement of Financial Position	51
Schedule 3 – Terms and conditions of Performance Rights	53
Schedule 4 – Terms of Distribution Agreement	58
Schedule 5 – Vendor Parties corporate structure	59
Schedule 6 – Terms and Conditions of Lead Manager Options	60
Schedule 7 – Proposed Amendments to Constitution	63
Annexure A — Independent Expert's Report	Attached
Proxy Form	Attached

Important dates

An indicative timetable of key proposed dates is set out below. These dates are indicative only and are subject to change.

Event	Date
Last day for receipt of Proxy Forms – Proxy Forms received after this time will be disregarded	3.30pm (WST) on 28 November 2020
Snapshot date for eligibility to vote	3.30pm (WST) on 28 November 2020
Annual General Meeting	3.30pm (WST) on 30 November 2020

Defined terms

Capitalised terms used in this Notice of Annual General Meeting will, unless the context otherwise requires, have the same meaning given to them in the Glossary set out in the Explanatory Statement.

i

Notice of Annual General Meeting

Notice is hereby given that an Annual General Meeting of Quantify Technology Holdings Limited (ACN 113 326 524) (**Company** or **Quantify**) will be held at Ground Floor, 216 St Georges Terrace, Perth WA at **3.30pm (WST) on 30 November 2020** for the purpose of transacting the business referred to in this Notice of Annual General Meeting.

The Explanatory Statement that accompanies and forms part of this Notice describes the various matters to be considered.

AGENDA

To consider, and if thought fit to pass, the resolutions set out below as an advisory resolution (in respect of Resolution 1), ordinary resolutions (in respect of Resolutions 2 to 7) and as special resolutions (in respect of Resolutions 8 and 9).

Financial Statements and Reports

To receive and consider the Financial Statements, Directors' Report, and Auditor's Report of the Company for the financial year ended 30 June 2020.

Resolution 1: Adoption of the Remuneration Report

To consider and, if thought fit to pass, with or without amendment, the following resolution as a **non-binding advisory resolution**:

"That the Remuneration Report contained in the Directors' Report for the year ended 30 June 2020 be adopted by the Company."

Notes: In accordance with the Corporations Act, the vote on this Resolution is advisory only and does not bind the Directors or the Company.

The Directors will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the Meeting when reviewing the Company's remuneration policies.

Resolution 2: Re-election of Peter Rossdeutscher as a Director

To consider and, if thought fit to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That for the purposes of Listing Rule 14.4 and article 58.1 of the Constitution and for all other purposes, Mr Peter Rossdeutscher retires by rotation in accordance with article 58.3 of the Company's Constitution and being eligible offers himself for election, be elected as a Director."

Resolution 3: Approval of Share Consolidation

To consider and, if thought fit to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That under and for the purposes of section 254H of the Corporations Act, Listing Rule 7.20, and for all other purposes, Shareholders hereby approval and authorise the Directors to consolidate the issued share capital of the Company on the basis that every twenty-five (25) Shares on issue, be consolidated into two (2) Shares, with all fractional entitlements to be rounded up to the nearest whole number, and a corresponding consolidation of all other securities on issue, in the manner and on the terms and conditions set out in the Explanatory Statement (Consolidation)."

Resolution 4: Approval to issue the Consideration Shares to the Vendor for the Acquisition of GSM Innovations Pty Ltd

To consider and, if thought fit to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"Subject to Shareholder approval of Resolutions 3, 5, and 6, that under and for the purposes of item 7 of section 611 of the Corporations Act, and for all other purposes. Shareholders approve:

- (i) the issue by the Company of a total of 240,000,000 Shares (on a post-Consolidation basis) (**Consideration Shares**) and the issue of up to 110,000,000 Shares on the vesting of 110,000,000 Performance Rights to the Vendor or its nominees as part-consideration for the Company's acquisition of all shares in GSM Innovations Pty Ltd; and
- (ii) as a consequence of the issue of the Consideration Shares, for the Vendor Parties to acquire a relevant interest in the voting shares of the Company and voting power in the Company to a maximum of approximately 39.95%; and
- (iii) as a consequence of the issue of Shares on the vesting of 110,000,000 Performance Rights, for the Vendor Parties to acquire a relevant interest in the voting shares of the Company and voting power in the Company to a maximum of approximately 49.2% on a fully diluted basis,

in the manner and on the terms and conditions set out in the Explanatory Statement."

Independent Expert's Report: Shareholders should carefully consider the Independent Expert's Report prepared by RSM Corporate Australia Pty Ltd and attached at Annexure A to this Notice for the purposes of the Shareholder approval required under item 7 of section 611 of the Corporations Act. The Independent Expert's Report opines on the fairness and reasonableness of the Acquisition.

The Independent Expert has determined that the Acquisition is <u>not fair but reasonable</u> to non-associated Shareholders.

Resolution 5: Approval to issue Performance Rights to the Vendor for the Acquisition of GSM Innovations Pty Ltd

To consider and, if thought fit to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"Subject to Shareholder approval of Resolutions 3, 4, and 6, that under and for the purposes of Listing Rules 6.1 and 7.1, and for all other purposes, Shareholders hereby approve the issue of 110,000,000 Performance Rights (on a post-Consolidation basis) to the Vendor or its nominee as part-consideration for the Company's acquisition of all shares in GSM Innovations Pty Ltd (**Performance Rights**), to be issued in two tranches comprising 55,000,000 Performance Rights each, in the manner and on the terms and conditions set out in Schedule 3 to the Explanatory Statement and in the manner and on the terms and conditions set out in the Explanatory Statement."

Independent Expert's Report: Shareholders should carefully consider the Independent Expert's Report prepared by RSM Corporate Australia Pty Ltd and attached at Annexure A to this Notice for the purposes of the Shareholder approval required under Listing Rule 6.1. The Independent Expert's Report opines on the fairness and reasonableness of the Performance Rights.

The Independent Expert has determined that:

- (a) the number of proposed Performance Rights to be issued as Trance 1 Performance Rights is **fair and reasonable** to the non-associated Shareholders; and
- (b) the number of proposed Performance Rights to be issued as Trance 2 Performance Rights is **not fair but reasonable** to the non-associated Shareholders.

Resolution 6: Approval to issue Capital Raising Placement Shares

To consider and, if thought fit to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"Subject to Shareholder approval of Resolutions 3, 4, and 5, that under and for the purposes of Listing Rule 7.1, and for all other purposes, Shareholders approve the issue by the Company of a total of 200,000,000 Shares (on a post-Consolidation basis) pursuant to a placement to non-related Capital Raising Placement Participants identified by the Company, in the manner and on the terms and conditions set out in the Explanatory Statement."

Resolution 7: Approval to issue Lead Manager Options to PAC Partners

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, subject to the approval of Resolution 6, for the purposes of Listing Rule 7.1 and all other purposes, Shareholders hereby approve the issue of 25,000,000 Lead Manager Options, each exercisable at \$0.0001 and expiring 3 years from the grant date, to PAC Partners Securities Pty Ltd or its nominee, as a fee for lead manager and advisory services, on the terms and conditions set out in Schedule 6 of the Explanatory Statement and in the manner and on the terms and conditions set out in the Explanatory Statement."

Resolution 8: Approval to amend Company Constitution

To consider and, if thought fit to pass, with or without amendment, the following resolution as a **special resolution**:

"That, for the purposes of section 136(2) of the Corporations Act, proposed Listing Rule 15.12 and for all other purposes, the Company's Constitution be amended, in the manner and on the terms and conditions as set out in Schedule 7 of the Explanatory Statement."

Note: Resolution 8 is a **special resolution**. To be passed, it must be approved by at least 75% of the votes cast by Shareholders entitled to vote on the Resolution.

Resolution 9: Approval of Additional 10% Placement Facility

To consider and, if thought fit to pass, with or without amendment, the following resolution as a **special resolution**:

"That the Company have the additional capacity to issue equity securities provided for in Listing Rule 7.1A."

Note: Resolution 9 is a **special resolution**. To be passed, it must be approved by at least 75% of the votes cast by Shareholders entitled to vote on the Resolution.

By order of the Board

Mr Neville Bassett Company Secretary 26 October 2020

Voting Exclusions

Corporations Act voting exclusion statements

Pursuant to sections 250BD, 250R(4), and 611 of the Corporations Act, the following are subject to restrictions on voting as set out in the table:

Resolution	Description	Exclusion	
Resolution 1	Adoption of the Remuneration Report	A vote on the resolution must not be cast (in any capacity) by or on behalf of either of the following persons:	
		(i) members of Key Management Personnel details of whose remuneration are included in the Remuneration Report; or (ii) a Closely Related Party of such a member.	
Resolution 4	Approval to issue the Consideration Shares to the Vendor for the acquisition of GSM Innovations Pty Ltd	No votes may be cast in favour of the resolution by: (i) the person proposing to make the Acquisition and their Associates; or (ii) the persons (if any) from whom the Acquisition is to be made and their Associates.	

In relation to Resolution 1, members of Key Management Personnel and their closely Related Parties (other than the Chairperson) may not vote as proxy if the appointment does not specify how the proxy is to vote. The Chairperson may vote as proxy in accordance with an express authorisation for the Chair to exercise the proxy on the Proxy Form.

ASX voting exclusion statements

For the purposes of Listing Rule 14.11, the following voting exclusion statements apply to the Resolutions.

The Company will disregard any votes cast in favour of the following Resolutions by or on behalf of the following persons or an Associate of those persons.

However, this does not apply to a vote cast in favour of the following Resolutions by:

- the person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way;
- the Chairperson as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chairperson to vote on the Resolution as the Chairperson decides; or
- a holder acting solely in a nominee, trustee, custodial, or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution	Description	Excluded Parties
Resolution 5	Approval to issue Performance Rights to the Vendor for the acquisition of GSM Innovations Pty Ltd	The Vendor or any nominee of a Vendor, and any person who will obtain a material benefit as a result of the proposed issue of Performance Rights (except a benefit solely by reason of being a holder of Shares).
Resolution 6	Approval to issue Capital Raising Placement Shares	The Capital Raising Placement Participants, being the persons to whom Capital Raising Placement Shares are proposed to be issued, and any person who will obtain a material benefit as a result of the proposed issue of Shares (except a benefit solely by reason of being a holder of Shares).
Resolution 7	Approval to issue Lead Manager Options to PAC Partners	PAC Partners Securities Pty Ltd and any person who will obtain a material benefit as a result of the proposed issue of Shares (except a benefit solely by reason of being a holder of Shares).

Proxy Appointment and Voting Instructions

Proxy Form

The Proxy Form (and any power of attorney or other authority, if any, under which it is signed) must be received at an address below, or by fax or email by **3.30pm (WST) on 28 November 2020**. A Proxy Form received after that time will not be valid.

By mail Automic – GPO Box 5193, Sydney NSW 2001

By hand Automic – Level 5, 126 Phillip Street, Sydney NSW 2000

By fax +61 2 8583 3040

By email meetings@automicgroup.com.au

Appointment of a proxy

A Shareholder entitled to attend and vote at the Meeting is entitled to appoint a proxy. The proxy may, but need not be, a Shareholder.

The Company encourages Shareholders to appoint the Chairperson as your proxy. To do so, mark the appropriate box on the Proxy Form. If the person you wish to appoint as your proxy is someone other than the Chairperson, please write the name of that person in the space provided on the Proxy Form. If you leave this section blank, or your named proxy does not attend the Meeting, the Chairperson will be your proxy.

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, you may photocopy the Proxy Form.

Please note, as the Company discourages physical attendance at the Meeting by Shareholders and/or proxies, it is recommended Shareholders complete the attached proxy form and send to the Company via the communication methods outlined above.

To appoint a second proxy you must, on each Proxy Form, state (in the appropriate box) the percentage of your voting rights which are the subject of the relevant proxy. If both Proxy Forms do not specify that percentage, each proxy may exercise half your votes. Fractions of votes will be disregarded.

Corporate Shareholders

Corporate Shareholders should comply with the execution requirements set out on the proxy form or otherwise with the provisions of section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:

- two directors of the company;
- a director and a company secretary of the company; or
- for a proprietary company that has a sole director who is also the sole company secretary, that director.

Corporate representatives

A corporation may elect to appoint an individual to act as its representative in accordance with section 250D of the Corporations Act, in which case the Company will require a certificate of appointment of the corporate representative executed in accordance with the Corporations Act. The certificate of appointment must be lodged with the Company and/or the Company's share registry before the Meeting or at the registration desk on the day of the Meeting.

Votes on Resolutions

You may direct your proxy how to vote by placing a mark in the 'FOR', 'AGAINST' or 'ABSTAIN' box opposite the Resolution. All your votes will be cast in accordance with such a direction unless you

indicate only a portion of voting rights are to be voted on the Resolution by inserting the percentage or number of Shares you wish to vote in the appropriate boxes. If you do not mark any of the boxes next to a Resolution, your proxy may vote as he or she chooses. If you mark more than one box on the Resolution, your vote will be invalid.

Chairperson voting undirected proxies

If the Chairperson is your proxy, the Chairperson will cast your votes in accordance with your directions on the Proxy Form. If you do not mark any of the boxes on the Resolutions, then you expressly authorise the Chairperson to vote your undirected proxies at his/her discretion.

As at the date of this Notice of Meeting, the Chairperson intends to vote undirected proxies <u>FOR</u> each of the Resolutions. In exceptional cases the Chairperson's intentions may subsequently change and in this event, the Company will make an announcement to the market.

Voting entitlement (snapshot date)

For the purposes of determining voting and attendance entitlements at the Meeting, Shares will be taken to be held by the persons who are registered as holding the Shares at **3.30pm (WST) on 28 November 2020**. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

Questions from Shareholders

Questions for the Board of Directors can be submitted in the same manner as outlined above for the lodgement of Proxy Forms and must be received be submitted by no later than **3.30pm (WST) on 28 November 2020**.

The board of Directors will endeavour to prepare answers to these questions, where necessary they will be moderated and curated to cover common ground.

Copies of written questions will be made available on the Company's website prior to the Meeting.

The Chairperson will allow a reasonable opportunity for Shareholders to ask questions or make comments on the management and performance of the Company.

HLB Mann Judd, as the Auditor responsible for preparing the Auditor's Report for the year ended 30 June 2020 (or its representative), will attend the Meeting. The Chairperson will allow a reasonable opportunity for the Shareholders as a whole to ask the Auditor questions at the Meeting about:

- (a) the conduct of the audit;
- (b) the preparation and content of the Auditor's Report;
- (c) the accounting policies adopted by the Company in relation to the preparation of the Financial Statements; and
- (d) the independence of the Auditor in relation to the conduct of the audit.

To assist the Board and the Auditor of the Company in responding to any questions you may have, please submit any questions you may have by fax or to the address below by no later than **3.30pm (WST) on 23 November 2020**.

By mail: Level 4, 130 Stirling Street

Perth WA 6000

As required under section 250PA of the Corporations Act, at the Meeting, the Company will make available those questions directed to the Auditor received in writing at least five Business Days prior to the Meeting, being questions which the Auditor considers relevant to the content of the Auditor's report or the conduct of the audit of the Annual Financial Report for the year ended 30 June 2020. The Chairperson will allow a reasonable opportunity for the Auditor to respond to the questions set out on this list.

Annual Report

The Company advises that a copy of its Annual Report for the year ended 30 June 2020, is available to download at the website address, https://www.quantifytechnology.com/investor-centre/.

When you access the Company's Annual Report online, you can view it and print a copy.

Please note that if you have elected to continue to receive a hard copy of the Company's Annual Reports, the Annual Report will accompany this Notice of Meeting or alternatively it will be mailed to you no later than 21 days before the Meeting.

However, if you did not elect to continue to receive a hard copy of the Company's Annual Reports and now (or sometime in the future) wish to receive a hard copy of the Company's Annual Reports, please contact the Company Secretary at njb@westarcapital.com.au. We will be pleased to mail you a copy.

Explanatory Statement

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Annual General Meeting.

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the Resolutions in the accompanying Notice of Annual General Meeting.

This Explanatory Statement should be read in conjunction with the Notice of Annual General Meeting. Capitalised terms in this Explanatory Statement are defined in the Glossary.

1. Financial Statements and Reports

Shareholders are to receive and consider the Financial Statements, Directors' Report and the Auditor's Report of the Company for the financial year ended 30 June 2020.

Shareholders will be given the opportunity to ask questions of the Board and the Auditors in relation to the Annual Report for the financial year ended 30 June 2020 at the Meeting.

2. Resolution 1 - Adoption of the Remuneration Report

The Remuneration Report is set out in the Directors' Report in the Company's 2020 Annual Report.

The Corporations Act requires the Company to put a resolution to Shareholders that the Remuneration Report be adopted. In accordance with section 250R (3) of the Corporations Act, the vote on this Resolution is advisory only and does not bind the Directors or the Company.

In accordance with Division 9 of Part 2G.2 of the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, Shareholders will be required to vote at the second of those annual general meetings on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the Company's directors (other than the Managing Director) must go up for reelection.

At the Company's previous Annual General Meeting the votes against the Remuneration Report was less than 25% of the votes cast on the Resolution. As such, Shareholders do not need to consider a spill resolution at the Meeting.

A voting exclusion applies to Resolution 1 in the terms set out in the Notice of Meeting. Key Management Personnel and their Closely Related Parties may not vote on this Resolution and may not cast a vote as proxy, unless the proxy appointment gives a direction on how to vote or the proxy is given to the Chairperson and expressly authorises the Chairperson to exercise the proxy. The Chairperson will use any such proxies to vote in favour of Resolution 1.

The Company encourages all Shareholders to cast their votes on Resolution 1.

3. Resolution 2 – Re-election of Peter Rossdeutscher as a Director

3.1 Background

Resolution 2 seeks approval for the re-election of Mr Peter Rossdeutscher as a Director.

Article 58.1 of the Company's Constitution requires that one third of the Directors in office retire by rotation at each annual general meeting of the Company. Article 58.4 provides that the retiring Directors are then eligible for re-election.

Mr Peter Rossdeutscher, who was appointed as a Non-Executive Director on 9 October 2018, retires in accordance with article 58.1, and being eligible, offers himself for re-election as a Director.

If Resolution 2 is not passed, Mr Peter Rossdeutscher will no longer be a Director of the Company.

3.2 Biography

A profile of Mr Peter Rossdeutscher is contained at page 10 of the Company's Annual Report for the financial year ended 30 June 2020.

3.3 Directors' recommendation

Mr Peter Rossdeutscher has a material personal interest in the outcome of Resolution 2 and accordingly declines to make a recommendation in respect of Resolution 2.

The Directors (other than Mr Peter Rossdeutscher) recommend that Shareholders vote in favour of Resolution 2 to re-elect Mr Peter Rossdeutscher as a Non-Executive Director.

4. Resolutions 3-6: Proposed Acquisition of GSM Innovations Pty Ltd

4.1 Background to the Acquisition

As announced to ASX on 1 October 2020, the Company is has entered into a legally binding terms sheet (**Acquisition Agreement**) to acquire all of the issued share capital in GSM Innovations Pty Ltd (ACN 616 530 708) (**GSM-I**) from the 100% shareholder of GSM-I, being Gerard Private Holdings (Finance) Pty Ltd (ACN 603 283 085) (**Vendor**) (**Acquisition**).

As consideration for the Acquisition, the Company proposes to issue to the Vendor 240,000,000 Shares (which is the subject of Resolution 4) (**Consideration Shares**) and 110,000,000 Performance Rights (which is the subject of Resolution 5) (**Performance Rights**), each on a post-Consolidation basis (the Consolidation being the subject of Resolution 3).

In conjunction with the Acquisition, the Company proposes to undertake a capital raising to raise up to \$4 million, as discussed in paragraph 4.3 below.

Under the terms of the Acquisition, it is proposed that Mr Simon Gerard and Mr Jordan Tentori will be appointed as Directors of the Company.

In addition, Mr Jordan Tentori will be appointed chief technology officer of the Company, on terms and conditions which are customarily contained in an employment agreement for a chief technology officer of a public listed company.

In addition, the employees and independent contractors of the GSM-I will enter into new employment or services agreements with the Company, on terms and conditions which are customarily contained in an employment or services agreement as agreed between the Company and each employee.

ASX has confirmed to the Company that the Acquisition does <u>not</u> attract the operation of Chapter 11 of the Listing Rules. As such, the Company is not required to re-comply with Chapters 1 and 2 of the Listing Rules as a result of the Acquisition or the Capital Raising.

The Acquisition is conditional upon the Company obtaining Shareholder approval for the following Resolutions:

- (a) Resolution 3 approval of the Consolidation;
- (b) Resolution 4 approval to issue Consideration Shares to the Vendor;
- (c) Resolution 5 approval to issue Performance Rights to the Vendor;
- (d) Resolution 6 approval to issue Shares under the Capital Raising Placement,

(together, the Acquisition Resolutions).

The Acquisition Resolutions are conditional upon each other, meaning that if Shareholder approval is not obtained at the Meeting for any of Resolutions 3, 4, 5, or 6, the Acquisition will not proceed.

4.2 GSM-I

GSM-I is a private company, presently a 100% subsidiary of the Vendor. None of Gerard Private or its directors or controlling entity are related parties or substantial shareholders of the Company or associates of directors of the Company.

GSM-I's assets and business comprise the supply and sale of connected smart home electrical devices to control electrical appliances and devices in the home (lights, fans, and switches, for example). GSM-I trades under the name "Zimi/Powermesh".

GSM-I produces a range of connected devices that can be installed by any electrician with the ability for end-users to setup and configure the devices as desired. The GSM-I product range controls lights, fans, appliances, switches, garage doors and more. The technology is scalable for partial to complete home solutions and can accommodate a variety of budgets. The product range is suitable for both new and existing homes.

The Vendor controls another company, GSM Electrical (Australia) Pty Ltd (ACN 603 377 484) (**GSM-Electrical**) which is the exclusive distributor of GSM-I's products into the electrical wholesale market.

4.3 Corporate Structure

The corporate structure of the Company after the completion of the Acquisition would be as follows:



4.4 Board and Management Structure

On Completion of the Acquisition, it is proposed that Mr Simon Gerard and Mr Jordan Tentori will be appointed as Directors of the Company.

Mr Gerard's will be paid Director fees of \$6,000 per month or \$72,000 pa.

As an executive, Jordan Tentori will not receive Director's fees, but will receive a salary of \$225,000 (excluding superannuation) pursuant to his employment contract summarised in section 4.9.

Profiles of the proposed new Directors are provided below.

Simon Gerard

In 2006, Simon Gerard returned to the family business of Gerard Corporation to form the Gerard Lighting Group.

After successfully positioning the lighting portfolio into a trusted global enterprise, listed on the ASX, in 2014, Simon retired from the Gerard Lighting Group to focus his attention back to the family business of Gerard Private.

In 2015, GSM Electrical, home of the TRADER Brand, was born.

Prior to 2006, Simon held the position of Executive General Manager, Clipsal Australia, Australia's number one manufacturer of electrical accessories and automation products.

Simon currently holds a position as a member of the Board of Directors of Harris Real Estate and has done so since 2016.

He attended Prince Alfred College and holds a Bachelor of Management from the University of South Australia.

Jordan Tentori

Mr Tentori is an experienced Chief Technology Officer with a demonstrated history of working in the electrical and lighting industry to evolve technologies into commercial realities. Jordan's career started in the professional lighting industry where he pioneered the introduction of LED technology which over the decades has evolved to different industries at the forefront of technology.

4.5 Interests of Vendor and Associates

Set out in the table below are the interests of the Vendor and its Associates in the securities of the Company at the date of this Notice, as well as the maximum extent of the increase in their voting power in the Company that would result from the Acquisition.

Entity	Shares held (pre- Acquisition)	Voting power (pre- Acquisition)	Shares held (post- Acquisition)	Voting power (post- Acquisition)	Shares held on vesting of Performance Rights	Voting power on vesting of Performance Rights
Vendor	0	0%	240,000,000	39.95%	350,000,000	49.2%
Simon Gerard	0	0%	0	39.95%	0	49.2%
Matthew Gerard	0	0%	0	39.95%	0	49.2%
GC PL	0	0%	0	39.95%	0	49.2%
GP PL	0	0%	0	39.95%	0	49.2%
GPH PL	0	0%	0	39.95%	0	49.2%
MGG1	0	0%	0	39.95%	0	49.2%
MGG2	0	0%	0	39.95%	0	49.2%
MN1	0	0%	0	39.95%	0	49.2%
MN2	0	0%	0	39.95%	0	49.2%
MN3	0	0%	0	39.95%	0	49.2%
MN4	0	0%	0	39.95%	0	49.2%
MN5	0	0%	0	39.95%	0	49.2%

Notes:

- The table assumes that the Acquisition Resolutions are all passed, the Consolidation is undertaken, the Acquisition completes according to its terms, the Capital Raising is fully subscribed and no Options are exercised.
- 2. None of the Vendor Parties holds any Options in the Company.
- 3. Since Performance Right do not give the holder a right to vote at a meeting of Securityholders, the Vendor's interest in Performance Rights do not count towards the "voting power" of the Vendor Parties for the purposes of s606 of the Corporations Act on completion of the Acquisition.
- 4. If all of the Performance Rights issued to the Vendor vest, a maximum of 110,000,000 Shares will be issued to Vendor, resulting in an increase in the voting power of the Vendor Parties to a maximum of 49.2% assuming the total number of Share on issue at the time is 710,683,979 Shares and no other Shares are issued to persons not associated with a Vendor Party.

4.6 Interest of Directors

(a) Interests in the Company

The table below sets out the interests of the Directors and proposed Directors in the Securities of the Company as at the date of this Notice:

Director / Proposed Director	Shares	Options	Performance Shares	Performance Rights
Peter Rossdeutscher	20,000,000	20,000,000	20,000,000	0
Brett Savill	25,337,359	25,121,450	40,000,000	0
Gary Castledine	1,935,746	0	20,000,000	0
Simon Gerard	0	0	0	0
Jordan Tentori	0	0	0	0
Total on issue	2,008,549,744	1,009,290,830	200,000,000	18,000,000

(b) Interests in the Vendor

The table below sets out the interests of the Directors and proposed Directors in the Securities of the Vendor as at the date of this Notice:

	Shares
Peter Rossdeutscher	0
Brett Savill	0
Gary Castledine	0
Simon Gerard	0 direct; 2,190,002 indirect ¹
Jordan Tentori	0
Total on issue	3,650,003

Note 1: Simon Gerard's interests in the Vendor arise as set out in Schedule 5.

4.7 Pro-forma Financial Information of the Company upon completion of the Acquisition

The unaudited pro-forma statement of financial position of the Company upon completion of the Acquisition is set out at Schedule 2.

The unaudited pro-forma statement of financial position has been prepared on the assumption that all proposed Shares pursuant to the Acquisition and Capital Raising are issued, and it

reflects the changes to the Company's financial position following completion of the Acquisition and Capital Raising.

The audited statement of financial position of the Company as at 30 June 2020 was prepared by Quantify Technology Holdings Ltd.

The unaudited statement of financial position of GSM-I as at 30 June 2020 has been derived from the financial statements of GSM-I and prepared by the Vendor, based on the unaudited GSM-I statement of financial position as at 30 June 2020. The statement of financial position for GSM-I as at 30 June 2020 is currently being audited by its auditors.

The pro-forma financial information is presented in an abbreviated form, in so far as it does not include all of the disclosure statements or comparative information required by Australian Accounting Standards applicable to annual financial statements.

The financial information should be read in conjunction with the Company's Financial Report for the year ended 30 June 2020, the risk factors described at Section 5, and the policies of the Company as disclosed in its most recent financial reports.

4.8 Distribution Agreement with GSM Electrical (Australia) Pty Ltd

One condition precedent to the Acquisition is that GSM-I enters into a distribution agreement for the distribution of GSM-I's products (**Distribution Agreement**) with GSM Electrical (Australia) Pty Ltd (ACN 603 377 484) (**GSM Electrical**), a company 100% owned by the Vendor.

Under the proposed Distribution Agreement, Gerard Private, through its wholly-owned subsidiary, GSM Electrical (Distributor) will be the exclusive distributer into the electrical wholesale market under an agreement whereby it will distribute, promote, stock and sell GSM-l's products into the more than 900 electrical wholesalers across Australia. The proposed terms of the Distribution Agreement are:

- initial three-year term; the term may be extended for further periods, each of 12 months' duration, by the agreement of both parties;
- the agreement will apply to distribution in Australia and New Zealand;
- the consideration payable to the Distributor by customers and by the Distributor to GSM-I for the sale of GSM-I's products will be on the basis of an agreed scheduled price per device sold, inclusive of firmware licence; the consideration will be received monthly during the term of Distribution Agreement;
- the Distributor must use commercially reasonable endeavours to actively market GSM-l's products, exercise due care and skill and submit annual sales plans; should the Distributor breach these obligations and not remedy the default for 120 days' after notice, GSM-I may terminate exclusivity and continue to engage the Distributor on a non-exclusive basis;
- the Distributor may terminate the agreement with six months' notice, immediately in the event of GSM-I's insolvency or on 30 days' notice for unremedied material breach of agreement; and
- GSM-I may terminate the agreement if the Distributor becomes insolvent; undergoes a
 change in control; commits a material breach which is not capable of remedy; commits a
 material breach and fails to remedy such breach within 30 days of receipt of written notice
 from GSM-I requiring it to do so; commits any breach three or more times in any six month
 period; or commits any breach and has failed to remedy such breach within 90 days of
 receipt of written notice from GSM-I requiring it to do so.

The annual sales plans to be submitted by the Distributor to GSM-I under the Distribution Agreement will include minimum sales targets, to be reviewed and agreed with GSM-I.

In a proposed separate agreement, Quantify Technology may elect to use Gerard Private's wholly owned Hong Kong subsidiary, GSM International Ltd, for quality assurance, logistics and other services. These services will be agreed on a case by case basis.

In addition, two Gerard Private staff members will be seconded to work for Quantify Technology for a limited basis.

4.9 Effect of the Acquisition on employees

It is a condition of the Acquisition Agreement that employees and independent contractors of GSM-I enter into new employment or services agreements with the Company or GSM-I, on terms acceptable to the Company and the Vendor acting reasonably, which agreement must contain terms and conditions which are customarily contained in an employment or services agreement as agreed between the Company and each employee.

At completion of the Acquisition the Company proposes to engage seven independent contractors to GSM-I as employees of the Company.

Following completion of the Acquisition, it is proposed seven of the current technical and sales staff of the Company will be made redundant. The remainder of the Company's existing employees will either be retained or employed in new roles in the Company. The proposed redundancies relate to technical roles that will not be required because the Company will be moving to a single software platform and will no longer be manufacturing devices itself and to a decision not to make use of a national sales manager.

4.10 Employment agreement with Jordan Tentori

It is a condition of the Acquisition Agreement that Mr Jordan Tentori will be appointed chief technology officer of the Company, on terms and conditions which are customarily contained in an employment agreement for a chief technology officer of a public listed company.

It is proposed that the material terms of Mr Tentori's employment agreement will be as follows:

- (a) Remuneration: annual salary of \$225,000 (plus statutory superannuation entitlements), with no provision for bonus payments.
- (b) Incentive securities: the Company proposes to issue Mr Tentori with Performance Rights, pursuant to the Company's employee incentive scheme, in amounts and on terms to be determined. Any issue of Performance Rights to Mr Tentori will be subject to shareholder approval in accordance with the requirements of the ASX Listing Rules.
- (c) Term: there is no fixed term to the employment agreement; employment continues until termination.
- (d) Notice period: either party may terminate the agreement without cause on 3 months' notice.
- (e) Termination: the Company may terminate the agreement for causes such as incapacity, breach of agreement, criminal offence, bankruptcy, unsound mind, gross misconduct, continued negligence, breach of company policy, or serious misconduct.

4.11 Capital Raising

A condition precedent to the Acquisition is the requirement for the Company to raise approximately \$4 million in capital (**Capital Raising**). The Company intends to complete the Capital Raising contemporaneously with the Completion of the Acquisition.

The Capital Raising is proposed to be undertaken by a placement to professional and sophisticated investors as defined under the Corporations Act (being non-Related Parties of the Company) (**Capital Raising Placement Participants**) of 200,000,000 Shares (on a post-Consolidation basis) at an issue price of \$0.02 per Share to raise a total of \$4,000,000 (**Capital Raising Placement**), subject to Shareholder approval of Resolution 6.

All Shares issued for the Capital Raising will be issued after the Consolidation.

The Capital Raising Placement Participants will comprise professional and sophisticated investors, including existing Shareholders, identified by the Company and the lead manager to the Capital Raising Placement, PAC Partners.

The Company is seeking Shareholder approval, for the purposes of Listing Rule 7.1 to issue 200,000,000 Capital Raising Placement Shares, being the subject of Resolution 6. Refer to Section 8 for further information.

None of the Vendor Parties or their Associates will be issued Shares under the Capital Raising.

Under the terms of the Lead Manager Mandate for the Capital Raising, Pac Partners will pay Madurta Investments Pty Ltd (a company associated with the Vendor) a fee of 5.0% on any funds up to an amount of \$1.9 million raised from investors to the Capital Raising introduced by the Vendor or its Associates Refer to Section 9.2 for further information about the Lead Manager Mandate.

4.12 Use of funds from Capital Raising

The Company intends to use the funds from the Capital Raising as follows:

Use of Funds	Amount
Engineering Development employee costs	\$1,150,000
Sales, General and Administration employee costs	\$1,150,000
Director fees	\$250,000
Corporate costs	\$475,000
Marketing and sales expenses	\$375,000
Occupancy and other administrative costs	\$275,000
Total	\$4,000,000

4.13 Effect on the capital structure of the Company

The indicative effect of the Acquisition and Capital Raising on the Company's capital structure and the proposed Capital Raising Price of \$0.02 per Share is as follows:

	Shares	Options	Performance Securities
Existing	2,008,549,744	545,247,679 ¹ 450,511,351 ²	200,000,000 ³ 18,000,000 ⁴
Existing (after 25:2 Consolidation)	160,683,979	79,660,722	17,440,000
Vendor Consideration Shares	240,000,000	-	110,000,0005
Capital raising	200,000,000	25,000,000 ⁶	-
Capital structure post- Acquisition and Capital Raising	600,683,979	104,660,722	127,440,000
Maximum Shares issued on vesting of Performance Rights to Vendor	110,000,000		

	Shares	Options	Performance Securities
Capital structure post vesting of Performance Rights	710,683,979	104,660,722	127,440,000

Notes:

- 1. Quoted (QFYOB).
- Quoted (QFYOC).
- 3. Performance shares (existing).
- 4. Performance rights (existing).
- 5. New Performance Rights on the terms set out in Schedule 2.
- 6. Options to be granted to the Lead Manager on terms set out in Schedule 5, subject to approval of Resolution 7.

4.14 Proposed Timetable

An indicative timetable for the proposed Acquisition is set out below.

Event	Date
Announcement of Acquisition	30 September 2020
Notice of Annual General Meeting and IER released to ASX	23 – 29 October 2020
Notice of Annual General Meeting sent to Shareholders	26 – 30 October 2020
Annual General Meeting to approve Acquisition and Consolidation	30 November 2020
Effective date for Consolidation	30 November 2020
Prospectus for Placement lodged with ASIC and ASX	30 November 2020
Last day of trading on ASX in pre-Consolidation shares	1 December 2020
Record date for Consolidation	3 December 2020
Completion of Capital Raising and issue of shares under the Placement	4 December 2020
Completion of Acquisition and issue securities to Vendor	4 December 2020

The dates in the timetable are indicative and subject to possible change without notice. The Company will announce any change of timetable in accordance with the requirements of the Listing Rules.

4.15 Risk Factors

Shareholders should be aware that if the Acquisition proceeds, it will carry some level of risk. Based on the information available, a non-exhaustive list of risk factors are as follows:

Specific Risks

(a) Capital and funding requirements

Given its focus on growing its market share, the Company has negative operating cashflow and, at present, it has minimal revenue. No assurance can be given that the Company will achieve commercial viability though its existing technology or otherwise. Until the Company is able to realise the full value from its technology, it is likely to incur ongoing operating losses. Depending

on how successfully the Company times and executes its monetisation and depending on the opportunities that arise for business development, the Company may require further resources to achieve its aims going forward. Beyond its regular operating expenses, additional funding may also be deemed necessary to take advantage of promotional or other business opportunities. These funds may come in the form of further investments or loans. The Company may not be able to secure funding on acceptable terms. Its ability to raise further capital and the terms on which it does so may depend on macro- economic conditions, the performance of the Company and of the broader Internet of Things technology industry at the time. If the Company is unable to access these funds, or is unable to do so on acceptable terms, this could adversely affect its position.

(b) Development and commercialisation of the Company's technology

The success of the Company will depend upon the Company's ability to further develop and commercialise its technology and intellectual property. A failure to successfully develop and commercialise the technology could lead to a loss of opportunities and adversely impact on the Company's operating results and financial position. The global marketplace for most products is ever changing due to new technologies, new products, changes in preferences, changes in regulation and other factors influencing market acceptance or market rejection. This market volatility and risk exists despite the best endeavours of market research, promotion and sales and licensing campaigns. There is a risk that, if the Company technology is not accepted by the market, it will not be able to commercialise its Internet of Things products, which could adversely impact its operations. There is no guarantee that the Company's sales and marketing initiatives will be successful.

The market for "Internet of Things" within building automation is still relatively new. It is uncertain whether "Internet of Things" devices will achieve wide market acceptance. The Company's success will depend to a substantial extent on the willingness of consumers to widely adopt these devices. In part, adoption of the Company's products will depend on the increasing prevalence of "Internet of Things" devices and the profile of the market as a whole. Furthermore, some consumers may be unwilling to use "Internet of Things" devices because they have concerns regarding data privacy and security. If consumers do not perceive the benefits of "Internet of Things" devices or choose not to adopt them, the market may develop more slowly than expected which would adversely affect the Company's business, financial condition and operating results.

The Company could experience delays in further development and introduction of its products. For example, the Company may not be able to obtain certifications in certain markets for the sale of its products in a timely fashion or at all.

Problems in the design or quality of the Company's products may also have an adverse effect on the Company's business, financial condition, and operating results. If product introductions are delayed or not successful, the Company may not be able to achieve an acceptable return, if any, on its research and development efforts, and the Company's business may be adversely affected. Expenditure on research and development may not produce the intended results. Additionally, investments in new technologies, processes and products may not produce returns for the Company above the cost of development of those technologies, products and processes.

(c) Sales risk

In order to commercialise the technology, the Company will need to develop a successful sales model for delivery of the technology to customers. Potential sales models include the reseller strategy and direct sales model. The reseller model provides significant advantages to a smaller business by increasing its reach to the customer. However, risk lies in the ability or motivation of the reseller achieving agreed sales volumes not being under the direct control of the Company. This can only be mitigated through the reseller agreements providing clauses in relation to non-performance of meeting mutually agreed sales targets. The direct sales model has the benefit of the Company retaining control of the sales process. However, the sale of technically complex products requires additional financial resources and specialized sales staff, notably if the Company expands overseas. There is a risk that the Company may lack the financial and technical capacity to implement successful sales channels across borders and to different geographical regions. The inability of the Company to implement a successful sales model will have an adverse impact on the future success and profitability of the Company.

(d) Staffing and reliance on key management

The Company relies on the experience and knowledge of key members of its staff. In the event that key personnel leave and the Company is unable to recruit suitable replacements, such loss could have a materially adverse effect on the Company.

The responsibility of successfully implementing the Company's development and commercialisation strategy depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment with the Company. There is also a risk to the business where there is a turnover of development staff that have knowledge of the technology and business. This loss of knowledge could result in leakage or misappropriation of confidential information. Whilst the Company aims to mitigate this risk by imposing contractual restraints on use and ownership of confidential information, there could also be increased costs for the Company in having to replace the implicit knowledge and skills of departing employees.

(e) Relationships with suppliers

The Company relies on suppliers that are mainly located in Asia and charge in USD. The COVID pandemic has made supply chains management more difficult and currencies more volatile. A material adverse change in these suppliers, the exchange rate and/or in the supply chain could have a negative impact on the Company's operations.

(f) Competition risk

There is significant competition in the Internet of Things industry generally, with companies offering a variety of competitive products and services. Competition in the Internet of Things industry is expected to intensify in the future as new and existing competitors introduce new or enhanced products that are potentially more competitive than the Company's products. The Internet of Things industry has a multitude of participants, including many large, broad-based consumer electronic companies that compete in the market.

There is no assurance that competitors will not succeed in developing products that are more effective or economic than the products developed by the Company, or which would render the products obsolete and/or otherwise uncompetitive.

The large number of market participants can complicate customers' discrimination between competitors, increasing the difficulty of achieving market share and revenue. The Company may be unable to compete successfully against future competitors where aggressive policies are employed to capture market share. Such competition could result in price reductions, reduced gross margins and loss of market share, any of which could materially adversely affect the Company's future business, operating results and financial position.

There is also the potential for significant consolidation in the Company's targeted market, resulting in a fewer number of competitors each having greater financial and other resources. Any such consolidation before the commercialisation of the Company's technology could also adversely affect the Company's ability to gain market share and commercialise its technology.

(g) Global market risk

The Company's aim is to sell a more complete family of connected products. The Company will create a single, powerful software platform for its connected products. The Company's continued growth is dependent on it entering new markets. Any expansion into new markets could expose the Company to a number of risks including different regulatory systems, difficulties managing foreign operations, exchange rate fluctuations, differences in consumer behaviour, potential political and economic instability and potential difficulties in enforcing contracts and intellectual property rights. Any of these factors could materially affect the Company's business, financial performance and operations.

(h) Intellectual property

Securing rights to intellectual property, and in particular patents, is an integral part of securing potential product value from the development of the Company's technology. Competition in

retaining and sustaining protection of intellectual property and the complex nature of intellectual property can lead to expensive and lengthy patents disputes for which there can be no guaranteed outcome. The granting of a patent does not guarantee that the rights of others are not infringed nor that competitors will not develop competing intellectual property that circumvents such patents. The Company's success depends, in part, on its ability to obtain patents, maintain trade secret protection and operate without infringing the proprietary rights of third parties.

The Company currently holds trade mark rights, patents and patent applications. As some of the patents have not yet been granted, without the priority date for some of its intellectual property there is a risk of third parties lodging patents in the same field with an earlier priority date, as well as the publication of similar methods to those envisioned in the patents which would invalidate any future patent claims by the Company.

There is also a risk of third parties claiming involvement in technological developments, and if any disputes arise, they could adversely affect the Company's business. The Company is not aware of any third-party interests in relation to the intellectual property rights of the Company's technology, there has not been any external analysis of patents to determine whether the Company technology infringes any existing patents. This provides for the potential risk of claims being made at a later point which may incur costs for the Company through the need for licensing of further patents. The Company's prospects may also depend on its ability to licence third party proprietary technology necessary for the development of the technology. Breach of any licence agreements, or infringement of the licensed intellectual property by third parties, may have an adverse impact on the Company's ability to develop its technology.

(i) Lack of patent protection in some jurisdictions

An integral part of the Company's business will be its ability to obtain and sustain patents, maintain trade secret protection and operate without infringing proprietary rights of third parties. The granting of protection, such as a registered patent, does not guarantee that the rights of others are not infringed, that competitors will not develop technology to avoid the patent or that third parties will not claim an interest in the intellectual property with a view to seeking a commercial benefit from the Company or its partners. In this regard, based on the perceived cost versus benefit of doing so, the Company has decided not to pursue patent filing in certain jurisdictions. This may allow competitors in such jurisdictions to develop products functionally identical to the Company's products and the Company may not be able to seek injunctive or financial relief against those companies by virtue of not having registered interests in those jurisdictions. No guarantee can be given that the patents will give the Company commercially significant protection of its intellectual property.

(j) Dependence on the Internet and telecommunications infrastructure

The success of the Company and its products will depend to some extent on the availability and stability of telecommunications infrastructure, and in particular the infrastructure over which devices directly communicate with each other and the internet. The utility of both connectivity and the internet for carrying communications between devices can be adversely impacted upon as a result of the rapidly increasing demands for bandwidth, data security, reliability, cost, accessibility and quality of service. The performance of the internet has been harmed by "viruses," "worms" and similar malicious programs, and the internet has experienced a variety of outages and other delays as a result of damage to portions of its infrastructure. Note that the Company's platform does not rely on access to the internet for basic functionality.

(k) Hacker risk, technology, disruption, corruption, systems failure

Security concerns and the possibility of data corruption and data manipulation are particular concerns with most wireless technology. Where consumers perceive that the Company is insecure and open to being hacked then the adoption of the Company's technology may be impacted. This may ultimately impact on the success of the Company's business. No assurance can be given at this time that the Company's technology will be immune from the usual range of IoT technology risks.

(I) Privacy laws

Currently there are few IoT-specific laws and regulations. However in Australia, IoT-based technologies may be impacted by informational privacy laws. Such laws differ from jurisdiction to jurisdiction. In Australia, the collection, use, storage and disclosure of "personal information" is principally regulated by the *Privacy Act 1988 (Cth)* (**Privacy Act**). The Privacy Act does not prohibit IoT-based technologies but it could in certain circumstances impose additional compliance obligations on businesses who use or commercialise those technologies. If the Company's technology collects data which falls within the definition of "personal information", or the data aggregated with other datasets which together could be considered personal information, then the compliance regime under the Privacy Act will apply to the Company in respect of the collection, use, storage and disclosure of that "personal information". The Company will take steps to ensure compliance with any applicable requirements of the Privacy Act. There is the risk that increased regulation may be imposed on IoT-based technologies and therefore the Company's business may incur additional regulatory compliance costs, potentially effecting the Company's business, financial performance and operations.

(m) Capital Raising / Placement risk

The Placement is not underwritten. There is a risk that the \$4m the Company is seeking as part of the transaction, may not be forthcoming. There is also a risk that the Lead Manager may terminate the capital raising mandate. If the full amount is not raised via the Placement, there is a risk the Company will need to seek funds from elsewhere or that the acquisition may not progress.

General Risks

(a) COVID-19 risk

The global economic outlook is facing uncertainty due to the current COVID-19 pandemic, which has been having, and will likely continue to have, a significant impact on global capital markets and foreign exchange.

(b) Economic

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's research, development and production activities, as well as on its ability to fund those activities.

(c) Market conditions

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- general economic outlook;
- introduction of tax reform or other new legislation;
- interest rates and inflation rates;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and technology stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(d) Additional requirements for capital

Additional Funding may be required in the event that costs exceed the Company's estimates and to effectively implement its business and operations plans in the future to take advantage of opportunities for acquisitions, joint ventures or other business opportunities, and to meet any unanticipated liabilities or expenses which Quantify may incur. If such events occur, additional funding will be required.

Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the Placement. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its business. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

(e) Dividends

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

(f) Reliance on key personnel

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

(g) Unforeseen expenditure

Expenditure may need to be incurred that has not been taken into account in the preparation of this Notice of Meeting. Although the Company is not aware of any additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Company.

(h) General economic climate

Factors such as inflation, currency fluctuation, interest rates and supply and demand have an impact on operating costs, and stock market prices. The Company's future revenues and security price may be affected by these factors, which are beyond the Company's control.

(i) Global credit and investment market

Global credit, commodity and investment markets have recently experienced a high degree of uncertainty and volatility. The factors which have led to this situation have been outside the control of the Company and may continue for some time resulting in continued volatility and uncertainty in world stock markets (including the ASX). This may impact the price at which the Company's Shares trade regardless of operating performance, and affect the Company's ability to raise additional equity and/or debt to achieve its objectives, if required.

(j) Force majeure risk

Events may occur within or outside the markets in which the Company operates that could impact upon the global and Australian economies, the operations of the Company and the market price of its securities. These events include acts of terrorism, outbreaks of international hostilities, fires, pandemics, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease, and other man-made or natural events or occurrences that can have an adverse effect on the demand for the Company's services and its ability to conduct business. Given the Company has only a limited ability to insure against some of these risks, its business, financial performance and operations may be materially adversely affected if any of the events described above occurs.

(k) Litigation

The Company may in the ordinary course of business become involved in litigation and disputes, for example with service providers, customers or third parties infringing the Company's intellectual property rights. Any such litigation or dispute could involve significant economic costs

and damage to relationships with contractors, customers or other stakeholders. Such outcomes may have an adverse impact on the Company's business, reputation and financial performance.

(I) Taxation

The acquisition and disposal of securities may have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors of the Company are urged to obtain independent financial advice about the consequences of acquiring securities in the Company from a taxation point of view and generally.

(m) Speculative Nature of Investment

The above list of risk factors should not be taken as exhaustive of the risks faced by the Company or by investors in the Company. Shareholders should consider that an investment in the Company is speculative and should consult their professional advisors before deciding whether to participate in the Placement.

Whether or not future income will result from the Company's operations is dependent on the successful implementation of the Company's business plan.

Factors including costs, consumer preferences and platform/marketing costs affect successful development. In particular, changes in global economic conditions (including changes in interest rates, inflation, foreign exchange rates and labour costs) as well as general trends in the Australian and overseas equity markets may affect the Company's operations and particularly the trading price of the Shares on the ASX.

Shareholders should consider that an investment in the Company is speculative and should consult their professional advisors. The Shares to be allotted pursuant to the resolutions proposed in the Notice of Meeting, should be regarded as speculative in nature and carry no guarantee with respect to the payment of dividends, return of capital or their market value.

4.16 Advantages and Disadvantages of the Acquisition

Advantages

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on the Acquisition Resolutions:

- (1) The Directors have been actively seeking opportunities to improve Shareholder value. The Directors believe the Acquisition is such an opportunity.
- (2) The Directors are of the view that the Acquisition will deliver value to existing and new Shareholders and represents an opportunity for the long—term growth of the Company.
- (3) The Independent Expert has concluded that the Acquisition is <u>not fair but reasonable</u> to the non-associated Shareholders.
- (4) The Acquisition and associated Capital Raising will allow the Company to maintain its ASX Listing and provide a liquid market for the existing Shareholders.
- (5) The Acquisition and associated Capital Raising will increase the cash position of the Company substantially.
- (6) The Acquisition and the passing of the Acquisition Resolutions will restructure the Company's issued capital and net asset base, providing working capital, new Directors to the board, and expand its business.
- (7) The Acquisition provides the Company with liquidity, via the Placement, to better develop its products and grow its market share.
- (8) The Vendor's business is complementary to the Company's existing business, with a focus on smart home technology devices and controllers. The Company will create a single, powerful software platform for all its connected products, resulting in accelerated

performance and greater opportunity to use the data. The proposed transaction will also create substantial synergies to accelerate growth, by way of the following:

- (i) Cross-sell additional smart home products in the Vendor's current range;
- (ii) Create a single powerful platform for all connected products to enable growth and stability;
- (iii) Enable expansion into international markets, by preparing a strategy to license IP and technology;
- (iv) Deliver a flexible business model for both supply of products and the licensing of intellectual property (through existing agreements with GSM Electrical (Trader), Beacon Lighting, and Steel-Line Garage Doors);
- (v) Reduce operating costs and manufacturing costs as the Company's devices are migrated to contract manufacturers used by GSMI-I;
- (vi) Capitalise on the Vendor's existing relationships with the electrical wholesale market; and
- (vii) Increased ability to service a larger portion of the smart home Internet of Things market, with a diversified product portfolio.
- (9) The Company's team will be strengthened. Simon Gerard will join the board and Jordan Tentori will be appointed as Chief Technical Officer, as well as joining the board. Simon is the CEO of Gerard Private, which owns, GSM Electrical (Trader), and the GSM Retail Group. Jordan is the Co-Founder and General Manager of GSM-I, with a demonstrated history of working nationally and internationally with electrical and lighting industries to evolve technology into commercial reality.

Disadvantages

The Directors consider that the key disadvantages of the Acquisition are as follows:

- (1) There are many risk factors associated with this change in nature of the Company's activities. Some of these risk factors are set out in Section 4.15 of this Notice.
- (2) The issue of the Acquisition Securities to the Vendor and the Capital Raising will dilute the shareholding of current Shareholders. Accordingly, the voting power of each current Shareholder, and any corresponding control over the affairs of the Company that those Shareholders may have, will be reduced on completion of the Acquisition.
- (3) Following the completion of the Acquisition, the Vendors will have a voting power of approximately 39.95%, which may deter a takeover offer for the Company, as these Vendors will be able to block a compulsory acquisition of the Shares for as long as it holds more than 10% of the number of Shares on issue. Further, the Vendor will be one of the largest customers through the distributor, GSM Electrical. Accordingly, this may reduce the influence of non-associated shareholders over the Company.
- (4) The Vendor and its Associates could own up to a maximum of 49.2% of Shares on issue in the Company if each of the milestones for the Performance Rights are met and the Performance Rights are converted, and no other options/and or rights are exercised. As a result, the Vendor would have the potential for significant influence over matters that require approval by the Company's Shareholders, including the election of Directors and approval of significant corporate transactions. This concentration of ownership might also have the effect of delaying or preventing a change of control transaction in respect of the Company that other Shareholders may view as beneficial as the Vendor and its Associates' shareholding interest will mean that they can block any proposal by a third party to acquire all of the Shares in the Company.
- (5) The Acquisition and the passing of the Acquisition Resolutions will result in the Company undertaking a significant new business and as such may expose the

Company to larger expenditure than currently being experienced by the Company or risks that the Company otherwise might not be subject to.

Shareholders should have regard to the Independent Expert's Report included with this Notice which contains further details of the Acquisition and its effect upon the Company.

5. Resolution 3 – Consolidation of Shares

5.1 Background

Resolution 3 seeks Shareholder approval for the Consolidation so as to undertake a consolidation of the Company's share capital on a 25:2 basis, with fractional entitlements to be rounded up to the nearest whole number.

If the Consolidation is approved, it will:

- reduce the number of Shares on issue from 2,008,549,744 to approximately 160,683,979;
- (b) reduce the number of quoted Options (ASX Code: QFYOB) on issue from 545,247,679 to 43,619,814, and to increase their exercise price from \$0.01 to \$0.125;
- reduce the number of quoted Options (ASX Code: QFYOC) on issue from 450,511,351 to 36,040,908, and to increase their exercise price from \$0.008 to \$0.10;
- (d) reduce the number of existing Performance Rights on issue from 200,000,000 to 16,000,000; and
- (e) reduce the number of existing Performance Shares on issue from 18,000,000 to 1,440,000.

The Consolidation is to occur 4 Business Days after the Meeting, being <u>4 December 2020</u> (Consolidation Date).

The latest available closing price of the Company's Shares prior to the issue of this Notice was \$0.002.

Resolution 3 is conditional upon Resolutions 4, 5, and 6 being approved by Shareholders. Accordingly, if Resolution 3 or any of those Resolutions are not approved, Resolution 3 will not have any effect and the Consolidation will not take place.

5.2 Applicable Corporations Act provisions

Section 254H of the Corporations Act provides that a company may, by resolution passed at a general meeting, convert all of any of its shares into a larger or smaller number.

5.3 Effect of consolidation

(a) Fractional entitlements

Not all Security Holders will hold that number of Securities which can be evenly divided by the Consolidation ration of 25:2.

Where a fractional entitlement to a post-Consolidation security occurs, the Directors will round that fraction up to the nearest whole Share or Option.

(b) Taxation implications

It is not considered that any taxation implications will exist for Security Holders arising from the Consolidation. However, Security Holders are advised to seek their own tax advice in this respect.

The Company, the Directors and the Company's advisors do not accept any responsibility for the individual taxation implications arising from the Consolidation.

(c) Holding statements

From the Consolidation Date, all holding statements and certificates for Securities will cease to have any effect, except as evidence of entitlement to a certain number of Securities on a post-Consolidation basis.

After the Consolidation becomes effective, the Company will arrange for new holding statements to be issued to Security Holders.

It is the responsibility of each Security Holder to check the number of Securities held prior to disposal or exercise (as the case may be).

5.4 Consolidation timetable

Subject to Shareholder approval of the Consolidation, the proposed timetable for the Consolidation is set out below. The dates are indicative only and are subject to possible change.

Event	Date
Annual General Meeting and approval of Resolution 3 (Consolidation)	30 November 2020
Last day for trading in pre-consolidated Securities	1 December 2020
If agreed by ASX, trading in post-consolidated Securities commences on a deferred settlement basis starts	2 December 2020
Record Date and last day for registration of transfers of Securities on a pre-Consolidation basis	3 December 2020
First day for Company to update its register and to send holding statements to Security Holders reflecting the change in the number of securities they hold	4 December 2020
Last day for Company to update its register and to send holding statements to Security Holders reflecting the change in the number of securities they hold Deferred settlement market ends	10 December 2020

5.5 Directors' recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 3.

6. Resolution 4: Approval to issue the Consideration Shares to the Vendor for the Acquisition of GSM Innovations Pty Ltd

6.1 Background

As described in Section 4.1 above, the Company proposes to issue 240,000,000 Consideration Shares and 110,000,000 Performance Rights to the Vendor under the terms of the Acquisition.

A summary of the Acquisition and the Acquisition Agreement is set out in Section 4.1.

Resolution 4 is an ordinary resolution seeking approval by Shareholders for the proposed issue the Consideration Shares to the Vendor and the issue of up to 110,000,000 Shares on the vesting of 110,000,000 Performance Rights, and as a consequence, for the Vendor Parties to acquire a relevant interest in the voting shares of the Company which will cause the Vendor Parties' voting power in the Company to increase to more than 20%.

If Resolution 4 is not passed, the Company will not be able to proceed with the issue of the Consideration Shares and Performance Rights and consequently, will not be able to fulfil its obligations under the Acquisition Agreement.

Resolution 4 is conditional on the passing of Resolutions 3, 5, and 6, meaning that if Shareholder approval is not obtained at the Meeting for any of those Resolutions, the Acquisition will not proceed.

6.2 Regulatory Information

As noted above, Shareholder approval of the Acquisition Resolutions is a condition precedent to Completion of the Acquisition under the Agreement.

Item 7 of Section 611 of the Corporations Act

Section 606 of the Corporations Act prohibits a person acquiring a relevant interest in issued voting shares in a company if, as a result of the acquisition, that person's or someone else's voting power in the company increases from less than 20% to more than 20%, or from a starting point that is above 20% and below 90%.

The voting power of a person in a body corporate is determined under Section 610 of the Corporations Act. The calculation of a person's voting power in a company involves determining the voting shares in the company in which the person and the person's Associates have a relevant interest.

For the purposes of determining voting power under the Corporations Act, pursuant to section 12(2) of the Corporations Act, a person (**Second Person**) is an "associate" of the other person (**First Person**) if:

- (a) the First Person is a body corporate and the Second Person is:
 - (i) a body corporate that the First Person controls;
 - (ii) a body corporate that controls the First Person; and
 - (iii) a body corporate that is controlled by an entity that controls the person;
- (b) the Second Person has entered or proposes to enter into a relevant agreement with the First Person for the purpose of controlling or influencing the composition of the Company's Board or the conduct of the Company's affairs; or
- (c) the Second Person is a person with whom the first person is acting, or proposes to act, in concert in relation to the Company's affairs.

Section 608(1) of the Corporations Act provides that a person has a "relevant interest" if they:

- (a) are the holder of the securities;
- (b) have the power to exercise, or control the exercise of, a right to vote attached to the securities; or
- (c) have power to dispose of or control the exercise of a power to dispose of, the securities.

It does not matter how remote the relevant interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power.

Section 608(2) of the Corporations Act provides that, for the purposes of section 608, power or control includes:

- (b) power or control that is indirect; and
- (c) power or control that is, or can be, exercised as a result of, by means of or by the revocation or breach of:
 - (i) a trust; or
 - (ii) an agreement; or
 - (iii) a practice; or
 - (iv) any combination of them;

whether or not they are enforceable; and

(d) power or control that is, or can be made, subject to restraint or restriction.

It does not matter whether the power or control is express or implied, formal or informal, exercisable alone or jointly with someone else. It does not matter that the power or control cannot be related to a particular security.

Section 608(2) of the Corporations Act provides that a person has the relevant interests in any securities that any of the following has:

- (a) a body corporate, or managed investment scheme, in which the person's voting power is above 20%;
- (b) a body corporate, or managed investment scheme, that the person controls.

Paragraph (a) does not apply to a relevant interest that the body corporate or scheme itself has in the securities merely because of the operation of that paragraph in relation to another body corporate or managed investment scheme. For the purposes of paragraph (b), a person controls a body corporate if the person has the capacity to determine the outcome of decisions about the body corporate's financial and operating policies

Item 7 of section 611 provides an exception to the prohibition in section 606, in circumstances where the shareholders of the Company approve an acquisition of shares by virtue of an allotment or acquisition at a meeting at which no votes are cast by parties involved in the proposed acquisition, including their Associates.

If Resolution 4 is approved and the Acquisition occurs, the issue of the Consideration Shares will result in a number of entities obtaining a relevant interest in the Company's shares and will cause the voting power of a number of entities to exceed the 20% limit (as set out above). The issue of the Consideration Shares will therefore need to fit within an appropriate exemption to the prohibition on exceeding the 20% limit.

Section 611 approval is required for the issue of Shares in conjunction with the Acquisition as the Company seeks to issue 240,000,000 Shares (on a post-Consolidation basis) to the Vendor, which will cause its voting interest to increase to approximately 39.95%, and the issue of up to 110,000,000 Shares on the vesting of 110,000,000 Performance Rights, which will cause its voting interest to increase to approximately 49.2% (as set out in section 4.134.5 above).

6.3 Acquisition of relevant interests by Vendor Parties

Prior to the Acquisition, neither the Vendor nor any of its Associates (including the Vendor Parties) have any voting power in the Company.

The corporate structure of the Vendor Parties is set out in the organogram at Schedule 5.

The following entities will acquire a relevant interest in voting shares giving rise to voting power in the Company of:

- (a) approximately 39.95% as a result of the Acquisition (Acquisition Interest); and
- (b) approximately 49.2% as a consequence of the issue of Shares on the vesting of 110,000,000 Performance Rights (**Performance Rights Vesting Interest**),

for the reasons set out below:

- Gerard Private Holdings (Finance) Pty Ltd (ACN 603 283 085) (i.e. the Vendor), will acquire its Acquisition Interest as holder of the Consideration Shares.
- Gerard Private Holdings Pty Ltd (ACN 603 217 250) (GPH PL) and Gerard Corporation
 Pty Ltd (ACN 103 888 491) (GC PL), will each acquire its Acquisition Interest as GPH
 PL controls the Vendor (as its 100% owner), and GC PL controls GPH PL (as its 100%
 owner).

- MGG Nominees No1 Pty Ltd (ACN 630 461 286) (MGG1) and Gerard Products Pty Ltd (ACN 105 201 303) (GP PL) will each acquire its Acquisition Interest, as each owns more than 20% of the shares in GC PL.
- MGG Nominees No2 Pty Ltd (ACN 630 401 508) (MGG2), Madurta Nominees No4 Pty Ltd (ACN 630 400 083) (MN4), and Madurta Nominees No5 Pty Ltd (ACN 630 400 556) (MN5) will each acquire its Acquisition Interest as they are deemed to be associates of MGG1 and GP PL (due to the fact that each of the parties mentioned in this paragraph are acting in concert in relation to the affairs of the Company), and therefore their voting shares are aggregated for the purposes of determining each party's relevant interest in the Company's shares.
- Madurta Nominees No1 Pty Ltd (ACN 630 399 245) (MN1) and Madurta Nominees No2
 Pty Ltd (ACN 630 401 508) (MN2) will each acquire its Acquisition Interest, as each
 owns more than 20% of the shares in GP PL.
- Madurta Nominees No3 Pty Ltd (ACN 630 399 870) (MN3) will acquire its Acquisition Interest, as it is deemed to be an associate of MN1 and MN2 (due to the fact that each of the parties mentioned in this paragraph are acting in concert in relation to the affairs of the Company), and therefore their voting shares are aggregated for the purposes of determining each party's relevant interest in the Company's shares.
- Matthew Geoffrey Gerard will acquire his Acquisition Interest as he controls MGG1 and MGG2 (as their 100% owner).
- Simon Gerard will acquire his Acquisition Interest as he controls MN4, MN5, and GP PL (as their 100% owner).

Ultimate control of the Vendor lies with Mr Simon Gerard (at 60%) and Mr Matthew Gerard (at 40%).

6.4 Information requirements under item 7 of section 611

The following information is required to be provided to members under the Corporations Act in respect of obtaining approval under item 7 of section 611 of the Corporations Act. Members are also referred to the Independent Expert's Report prepared by RSM Corporate Australia Pty Ltd attached to this Notice at Annexure A.

- (a) Identity of the person making the Acquisition and their Associates: the Vendor to the Acquisition is Gerard Private Holdings (Finance) Pty Ltd (ACN 603 283 085). Each of the other Vendor Parties (being those mentioned in section 6.3 above) are considered to be Associates of the Vendor, as they are acting in concert in relation to the affairs of the Company.
- (b) Maximum extent of the increase in that person's voting power in the Company: as set out at Section 6.3 of this Notice, the Vendor's voting power in the Company would increase from 0% to approximately 39.95% as a result of the Acquisition, and to a maximum of approximately 49.2% as a consequence of the issue of Shares on the vesting of the Performance Rights.
- (c) The voting power the person would have as a result of the Acquisition: as set out at Section 6.3 of this Notice, the Vendor's voting power in the Company would increase from 0% to approximately 39.95% as a result of the Acquisition, and to a maximum of approximately 49.2% as a consequence of the issue of Shares on the vesting of the Performance Rights .
- (d) The maximum extent of the increase in the voting power of each of the acquirer's Associates that would result from the Acquisition: as set out at Section 6.3 of this Notice, each of the Vendor Parties' voting power in the Company would increase from 0% to approximately 39.95% as a result of the Acquisition, and to a maximum of approximately 49.2% as a consequence of the issue of Shares on the vesting of the Performance Rights.

(e) The voting power that each of the acquirer's Associates would have as a result of the acquisition: as set out at Section 6.3 of this Notice, each of the Vendor Parties' voting power in the Company would increase from 0% to approximately 39.95% as a result of the Acquisition, and to a maximum of approximately 49.2% as a consequence of the issue of Shares on the vesting of the Performance Rights.

In addition, the following information is required to be provided to members under ASIC Regulatory Guide 74 in respect of obtaining approval under item 7 of section 611 of the Corporations Act. Members are also referred to the Independent Expert's Report prepared by RSM Corporate Australia Pty Ltd attached to this Notice at Annexure A.

- (a) Reason for the Proposed Acquisition: as detailed in Section 4.1 of this Notice, the Consideration Shares and the Performance Rights will be issued in consideration for the Company's Acquisition of all of the issued capital in GSM-I.
- (b) When the proposed Acquisition is to occur: the Consideration Shares and the Performance Rights will be issued upon completion of the Acquisition, is to occur within three months of the date that the Resolutions are approved at the General Meeting (or such later period approved by ASX). As set out in Schedule 3, the terms of the Performance Rights provide that they may vest on satisfaction of their milestones, and for Shares to consequently be issued, within 12 months of their issue.
- (c) **Material Terms of Proposed Acquisition**: the material terms of the Acquisition Agreement are summarised at Schedule 1.
- (d) Details of the terms of any other relevant agreement between the acquired and the target entity or Vendor (or any of their Associates) that is conditional on (or directly or indirectly depends on) Shareholders' approval of the proposed Acquisition: One condition precedent to the Acquisition is that GSM-I enters into a distribution agreement for the distribution of GSM-I's products (Distribution Agreement) with GSM Electrical (Australia) Pty Ltd (ACN 603 377 484) (GSM Electrical), a company 100% owned by the Vendor. The material terms of the Distribution Agreement with GSM Electrical are set out at section 4.8.
- (e) Intentions of the Vendors and their Associates: except as set out in this Notice and as a result of the Acquisition, the Vendor Parties have advised that they have no intention to:
 - (i) change the business of the Company;
 - (ii) inject further capital into the Company;
 - (iii) direct the future employment of present employees of the Company (and will leave such decisions to the existing Board and Management of the Company);
 - (iv) transfer assets between the Vendor and the Company;
 - (v) otherwise redeploy the fixed assets of the Company; or
 - (vi) significantly change the financial or dividend policies of the Company.
- (f) Interests of any director in the Acquisition Agreement or other relevant agreement: no Director of the Company has any interest in the Acquisition Agreement, the Distribution Agreement, or any relevant agreement that is conditional on (or directly or indirectly depends on) Shareholders' approval of the proposed Acquisition, other than in their capacity as Shareholders of the Company.
- (g) **Details of proposed directors**: as set out in Section 4.4, pursuant to the Acquisition it is proposed that Mr Simon Gerard and Mr Jordan Tentori will join the Board of the Company on completion of the Acquisition. Details of the Proposed Directors' name, qualifications, associations with the Vendor, and interests in the Acquisition agreement or other relevant agreements of the proposed directors of the Company are set out at section 4.4.

The Company has entered into the Acquisition Agreement to acquire all the issued capital in GSM-I from the Vendor in consideration for the issue of the Acquisition Consideration. The terms of the Acquisition Agreement are summarised above at Schedule 1 to this Notice.

Advantages and disadvantages of the acquisition are summarised at Section 4.16 of this Explanatory Memorandum.

6.5 Independent Expert's Report

Pursuant to ASIC Regulatory Guide 74 (and other association regulatory guidance provisions and Corporations Act), the Company is required to engage an independent expert to review the Acquisition and to provide the shareholders with an opinion as to whether or not the Acquisition is "fair and reasonable" to members for the purposes of approval under item 7 of section 611 of the Corporations Act.

The Independent Expert's Report also contains assessments of the advantages and disadvantages of the Acquisition and is intended to assist all Shareholders in deciding how to vote on the resolutions set out in this Notice.

The Company has engaged RSM Corporate Australia Pty Ltd to prepare the Independent Expert's Report, which is attached as Annexure A to this Notice. RSM Corporate Australia Pty Ltd has opined that this transaction is **not fair but reasonable** to the non-associated Shareholders of the Company.

Shareholders are urged to carefully read the Independent Expert's Report in relation to the Acquisition to understand the scope of the report, the methodology of the assessment, the sources of information, and any assumptions made.

6.6 Requirement for Listing Rules Shareholder approval

No Listing Rule approval is sought for Resolution 4 in addition to the approval sought for the purposes of item 7 of section 611 of the Corporations Act. This is because Listing Rule 7.2 exception 8 provides that shareholder approval pursuant to Listing Rule 7.1 is not required where approval is being obtained pursuant to item 7 of section 611 of the Corporations Act.

Accordingly, if this Resolution is passed, the issue of the Consideration Shares will be made without using the Company's 15% placement capacity in Listing Rule 7.1.

6.7 Directors' Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 4. The Directors are not aware of any other information other than as set out in this Notice that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 4.

7. Resolution 5: Approval to issue the Consideration Performance Rights to the Vendor for the acquisition of GSM Innovations Pty Ltd

7.1 Background

As described in Section 4.1 above, the Company proposes to issue 240,000,000 Shares and 110,000,000 Performance Rights to the Vendor under the terms of the Acquisition.

A summary of the Acquisition and the Acquisition Agreement is set out in Section 4.1.

Resolution 5 is an ordinary resolution seeking approval by Shareholders for the proposed issue the Performance Rights to the Vendor.

If Resolution 5 is not passed, the Company will not be able to proceed with the issue of the Performance Rights and consequently, will not be able to fulfil its obligations under the Acquisition Agreement.

Resolution 5 is conditional on the passing of Resolutions 3, 4, and 6, meaning that if Shareholder approval is not obtained at the Meeting for any of those Resolutions, the Acquisition will not proceed.

7.2 Performance Rights Vesting Conditions

Each Performance Right will vest into one fully-paid ordinary Share upon the satisfaction or achievement of the following milestones:

Tranche	Vesting Condition	Performance Rights	Number of Shares to be issued on satisfaction of Vesting Condition
1	Design and manufacture each of the following glass fronted devices, each of which must be controlled by the GSMI-Zimi cloud platform and be available for sale, within 12 months of Acquisition completing; 1. Dimmable light switch; 2. General purpose outlets (General power outlet or power points); and 3. Blind controllers For the avoidance of doubt, 'available for sale' means a third party is capable of purchasing. 'controlled by the GSMI-Zimi cloud platform' means: • the devices listed above, successfully collect usage data, which is available and accessible using the GSMI-Zimi cloud platform, and • the devices can be remotely switched on or off using the Zimi App	55,000,000	55,000,000
2	Sales of 30,000 Zimi- controlled/Powermesh units or \$3,000,000 in Sales Revenue derived from Zimi-controlled /Powermesh units (whichever occurs first) within 12 months of Acquisition completing.	55,000,000	55,000,000
Total		110,000,000	110,000,000

The full terms of the Performance Rights are set out in Schedule 3.

7.3 Requirement for Shareholder approval

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12-month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The issue of the Shares and Performance Rights do not fall within any of these exceptions and exceeds the 15% limit in Listing Rule 7.1. They each therefore require approval of the Company's Shareholders under Listing Rule 7.1.

To that end, Resolution 5 seeks the required Shareholder approval for the issues under and for the purposes of Listing Rule 7.1.

In addition, per is its usual practice, ASX has imposed a requirement under Listing Rule 6.1 and Guidance Note 19 *Performance Securities*, that the Company obtain Shareholder approval for the issue of Performance Rights. Accordingly, Resolution 5 seeks the required Shareholder approval for the issue of the Performance Rights under and for the purposes of the Listing Rules.

If Resolution 5 is passed, the Company will be able to proceed with the issue of the Shares and Performance Rights necessary to complete the Acquisition. In addition, the issues will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 5 is not passed, the Company will not be able to proceed with the issue of the Shares and Performance Rights necessary to complete the Acquisition and consequently, will not be able to fulfil its obligations under the Acquisition Agreement.

7.4 Listing Rule information requirements

In accordance with the disclosure requirements of Listing Rule 7.3, the following information is provided in relation to Resolution 5:

(a) Names of the persons to whom the Company will issue securities

The Performance Rights will be issued to the Vendor, being Gerard Private Holdings (Finance) Pty Ltd (ACN 603 283 085).

(b) Number and class of the securities to be issued

110,000,000 Performance Rights are proposed to be issued to the Vendor under Resolution 5.

The number of securities to be issued to the Vendor under Resolution 5 is calculated on a post-Consolidation basis, and therefore are subject to Shareholder approval of Resolution 3.

(c) If the securities are not fully-paid ordinary securities, a summary of their material terms

The terms of the Performance Rights are summarised in Schedule 3.

(d) The date of issue

It is anticipated that the Company will issue the Performance Rights to the Vendor at the same time on or around 4 December 2020, and in any event no later than 3 months after the date of the meeting.

(e) Price or consideration the Company will receive for the issue

The Performance Rights are being issued to the Vendor as consideration for the Acquisition according to the terms of the Acquisition Agreement. The Company will not receive any funds for issuing the Performance Rights.

(f) The purpose of the issue and intended use of funds

The issues of the Performance Rights are being made as consideration under the Acquisition according to the terms of the Acquisition Agreement

As mentioned above, the Company will not receive any funds for the issue of Performance Rights.

(g) Summary of the material terms of the Acquisition Agreement

Refer to Schedule 1 for a summary of the material terms to the Acquisition Agreement.

7.5 Independent Expert's Report

In accordance with the disclosure requirements of ASX Guidance Note 19, the Company commissioned engaged RSM Corporate Australia Pty Ltd to prepare the Independent Expert's Report to assess the Performance Rights, which is attached as Annexure A to this Notice.

RSM Corporate Australia Pty Ltd has opined that:

- (a) the number of proposed Performance Rights to be issued as Trance 1 Performance Rights is fair and reasonable to the non-associated Shareholders; and
- (b) the number of proposed Performance Rights to be issued as Trance 2 Performance Rights is **not fair but reasonable** to the non-associated Shareholders.

7.6 Directors' recommendations

The Directors unanimously recommend that Shareholders vote in favour of Resolution 5 as it will enable the Company to complete the Acquisition of GSM-I.

8. Resolution 6 – Approval to issue Capital Raising Placement Shares

8.1 Requirement for Shareholder approval

As described in Section 4.11, the Company proposes to place up to 200,000,000 Capital Raising Placement Shares under the Capital Raising Placement.

Resolution 6 is an ordinary resolution seeking approval by Shareholders for the proposed issue of Capital Raising Placement Shares Capital Raising Placement Participants.

The effect of Listing Rule 7.1 is summarised at section 6.2 above.

The issue of Capital Raising Placement Shares does not fall within any of the exceptions to Listing Rule 7.1 and exceeds the 15% limit in Listing Rule 7.1. It therefore requires approval of the Company's Shareholders under Listing Rule 7.1.

To that end, Resolution 6 seeks the required Shareholder approval for the issue under and for the purposes of Listing Rule 7.1.

If Resolution 6 is passed, the Company will be able to proceed with the issue of Capital Raising Placement Shares and raise the capital necessary to complete the Acquisition. In addition, the issue will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 6 is not passed, the Company will not be able to proceed with the issue of Capital Raising Placement Shares and consequently, will not be able to fulfil its obligations under the Acquisition Agreement.

Resolution 6 is conditional on the passing of Resolutions 3, 4, and 5, meaning that if Shareholder approval is not obtained at the Meeting for any of those Resolutions, the Acquisition will not proceed.

8.2 Listing Rule information requirements

In accordance with the disclosure requirements of Listing Rule 7.3, the following information is provided in relation to Resolution 6:

(a) Names of persons being issues securities or basis on which they were identified

Capital Raising Placement Shares are proposed to be issued to Capital Raising Placement Participants, being various professional and sophisticated investors identified by the Company and PAC Partners.

No Director, proposed Director or other person who is a Related Party of the Company, or their Associates, will be issued Shares under the Capital Raising Placement.

No person who is a member of the Company's key management personnel, an adviser to the Company or a substantial Shareholder of the Company (i.e. a person with a relevant interest in 5% of the total Shares on issue) will be issued Shares under the Capital Raising Placement representing 1% or more of the total Shares on issue as at the date of the Notice of Meeting.

(b) Number and class of the securities to be issued

200,000,000 Capital Raising Placement Shares will be issued to the Capital Raising Placement Participants pursuant to Resolution 6.

The Capital Raising Placement Shares will be fully paid ordinary Shares in the Company which will rank equally with all Shares then on issue.

(c) The date of issue

The Company anticipates that Capital Raising Placement Shares will be issued shortly following the conclusion of the Meeting, and no later than 3 months after the date of the Meeting.

(d) Price or consideration the Company will receive for the issue

The Capital Raising Placement Shares are proposed to be issued to Capital Raising Placement Participants at a price of \$0.02 per Share.

(e) If the securities are being issued under an agreement, a summary of any other material terms of the agreement

The Capital Raising Placement will be conducted pursuant to the Lead Manager Mandate between the Company and the Lead Manager. Refer to Section 9.2 for information about the Lead Manager Mandate.

The Capital Raising Placement Shares will not be issued pursuant to any agreement apart from the Lead Manager Mandate.

(f) Purpose of the issue and intended use of funds

The Capital Raising Placement is being made so as to support the Acquisition and the future operations of the Company. The intended use of the funds to be raised is set out at Section 4.12 above.

8.3 Directors' recommendations

The Directors unanimously recommend that Shareholders vote in favour of Resolution 6 as it will enable the Company to raise the necessary funds to complete the Acquisition of GSM-I and provide funds for the growth and development of the Company following completion of the Acquisition.

9. Resolution 7 – Approval to grant Lead Manager Options to PAC Partners

9.1 Background

On 21 August 2020, the Company entered into a lead manager mandate with PAC Partners Securities Pty Ltd (ACN 623 653 912) (**PAC Partners**) under which PAC Partners agreed to act as lead manager in relation to the Capital Raising Placement (**Lead Manager Mandate**).

Resolution 7 is an ordinary resolution seeking approval of Shareholders to grant Broker Options to PAC Partners.

Resolution 7 is conditional on Resolution 6 being approved, meaning that if Shareholder approval is not obtained at the Meeting for Resolution 6, the issue of the Lead Manager Options will not proceed.

9.2 Lead Manager Mandate

Under the Lead Manager Mandate, the Lead Manager has been engaged on an exclusive basis to assist the Company where possible or requested in relation to introductions, co-ordination and advisory services for the proposed Acquisition and Capital Raising Placement, including:

- (a) introduction of potential transactions prior to, and/ or proceeding, the Acquisition and Capital Raising Placement;
- (b) assistance in meetings with key stakeholders;
- (c) assistance with researching and appointing additional advisors; and
- (d) provision of ad-hoc industry and corporate advice where required.

For performing these services, the Lead Manager has or will be paid the following amounts:

- a success fee on the Placement equal to 6% (plus GST) on the gross proceeds of the Capital Raising, including moneys from any cornerstone or strategic investors whether existing holders or new investors, to be settled and retained out of the raised funds at settlement of the raise:
- a corporate advisory retainer of \$7,500 per month (plus GST) for 12 months; and
- 25,000,000 Lead Manager Options, having an exercise price of \$0.0001 per share and expiring 3 years from the date of grant, and otherwise having the terms and conditions set out in Schedule 6.

Under the Lead Manger Mandate, the Lead Manager will pay:

- other licenced financial advisors a fee 5.0% of any funds raised from investors to the Capital Raising introduced by them; and
- Madurta Investments Pty Ltd (a company associated with the Vendor) a fee of 5.0% on funds up to an amount of \$1.9 million raised from investors to the Capital Raising introduced by the Vendor or its Associates.

9.3 Applicable Listing Rules

The effect of Listing Rule 7.1 is summarised at section 6.2 above.

The issue of Lead Manager Options does not fall within any of the exceptions to Listing Rule 7.1 It therefore requires approval of the Company's Shareholders under Listing Rule 7.1.

To that end, Resolution 7 seeks the required Shareholder approval for the issue under and for the purposes of Listing Rule 7.1.

If Resolution 7 is passed, the Company will be able to proceed with the issue of Lead Manager Options. In addition, the issue will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 7 is not passed, the Company will not be able to proceed with the issue of the Lead Manager Options and the Company may be required to pay PAC Partners a cash payment in lieu of the Lead Manager Options.

9.4 Listing Rule information requirements

In accordance with the disclosure requirements of Listing Rule 7.3, the following information is provided in relation to Resolution 7:

(a) Names of persons being issues securities or basis on which they were identified

The Lead Manager Options are to be issued to PAC Partners.

(b) Number and class of the securities to be issued

25,000,000 Lead Manager Options are to be issued.

(c) If the securities are not fully-paid ordinary securities, a summary of the material terms of the securities

Each Lead Manager Option has an exercise price of \$0.0001, an expiry date of 3 years from the date of grant, and is otherwise granted on the terms set out in Schedule 6.

(d) The date of issue

The Company anticipates that Lead Manager Options will be issued shortly following the conclusion of the Meeting, and no later than 3 months after the date of the Meeting.

(e) Price or consideration the Company will receive for the issue

The Lead Manager Options will be issued for nil cash consideration in consideration for services performed under the Lead Manager Mandate.

(f) If the securities are being issued under an agreement, a summary of any other material terms of the agreement

The Lead Manager Options are being issued pursuant to the Lead Manager Mandate, the material terms of which are summarised at section 9.2.

(g) Purpose of the issue and intended use of funds

The Lead Manager Options are being issued so as to facilitate the Capital Raising. As above, nil funds will be raised from the issue of the Lead Manager Options.

9.5 Directors' recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 7 as it will enable the Company to grant the Adviser Options in satisfaction of its obligations under its contract with PAC Partners and will preserve the Company's cash reserves.

10. Resolution 8 – Amendments to Constitution

10.1 Background

Resolution 8 seeks Shareholder to amend certain provisions of the Company's Constitution to comply with proposed new Listing Rule requirements of ASX.

Resolution 8 is a special resolution. It must be passed by at least 75% of the votes cast by Shareholders entitled to vote on the Resolution.

If Resolution 8 is not approved, the Company's Constitution will not be amended.

10.2 Changes to Listing Rule 15.12

As part of a larger suite of amendments to the Listing Rules, ASX streamlined the rules governing "restricted securities" with effect from 1 December 2019.

Restricted securities are securities of a company which are subject to ASX-imposed escrow restrictions which prohibit (among other things) transferring the relevant securities for a specified escrow period.

Under the Listing Rule changes, ASX introduced a two-tiered escrow regime whereby ASX will:

- still require formal restriction agreements to be executed by certain more significant holders and their controllers, such as related parties, promoters, substantial holders, service providers and their Associates;
- permit entities to rely on provisions in their constitutions to impose escrow restrictions on less significant holders of restricted securities and to give a pro forma notice to those holders advising them of those restrictions.

The changes also require that a listed entity's constitution contain specified provisions regarding restricted securities as set out in Listing Rule 15.12 (as amended) for so long as it has restricted securities on issue.

The Company's Constitution contains the required provisions as they pertained to the old Listing Rule 15.12. Notwithstanding that the Company does not currently have any restricted securities on issue, and it is not currently anticipated that any restricted securities may be issued, the Board considers it prudent to amend the Constitution to reflect changes to Listing Rule 15.12 in case of any future requirement to issue restricted securities arises.

10.3 Applicable Corporations Act provisions

Section 136 (2) of the Corporations Act provide that a company may modify its constitution by a special resolution of its shareholders.

A special resolution is defined in section 9 of the Corporations Act as a resolution passed by at least 75% of the votes cast by shareholders entitled to vote on the resolution.

10.4 Amendments to Constitution

Details of the proposed amendments to the Constitution are set out in Schedule 7.

10.5 Directors' recommendation

The Directors recommend that Shareholders vote in favour of Resolution 8 to ensure that the Company's Constitution reflects the requirements of ASX for a listed company's constitution.

11. Resolution 9 – Approval of Additional Placement Facility

11.1 Background

Resolution 9 seeks Shareholder approval for an additional issuing capacity under ASX Listing Rule 7.1A (**Additional Placement Facility**).

If approved, Resolution 9 would enable the Company to issue additional Equity Securities (calculated below) over a 12-month period without obtaining Shareholder approval.

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without approval of its shareholders over any 12-month period to 15% of the fully-paid ordinary securities it had on issue at the start of that period.

Under Listing Rule 7.1A, however, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 15%.

An "eligible entity" means an entity which is not included in the S&P/ASX 300 index and which has a market capitalisation of \$300 million or less. Based on the latest available closing market price of the Company's Shares prior to the date of this Notice, the Company's current market capitalisation is approximately \$4.01 million. The Company is therefore an eligible entity for these purposes.

Resolution 9 seeks Shareholder approval by way of special resolution for the Company to have the additional 10% capacity provided for in Listing Rule 7.1A to issue equity securities without Shareholder approval.

If Resolution 9 is passed, the Company will be able to issue equity securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further Shareholder approval.

If Resolution 9 is not passed, the Company will not be able to access the additional 10% capacity to issue equity securities without Shareholder approval provided for in Listing Rule 7.1A and will remain subject to the 15% limit on issuing equity securities without Shareholder approval set out in Listing Rule 7.1.

11.2 Information on Additional Placement Facility

(a) Quoted securities

Any Equity Securities issued under the Additional Placement Facility must be in the same class as an existing class of Equity Securities of the Company that are quoted on ASX.

As at the date of this Notice, the Company has three classes of Equity Securities quoted on ASX, being its fully-paid ordinary Shares, and quoted options codes QFYOB and QFYOC.

(b) Formula for Additional Placement Facility

If this Resolution 9 is passed, the Company may issue or agree to issue, during the 12 month period after this Meeting, the number of Equity Securities calculated in accordance with the following formula.

Additional Placement Capacity = $(A \times D) - E$

(c) where:

A = the number of fully-paid ordinary securities on issue at the commencement of the relevant period:

- plus the number of fully-paid ordinary securities issued in the relevant period under an exception in ASX Listing Rule 7.2 other than exception 9, 16, or 17;
- plus the number of fully-paid ordinary securities issued in the relevant period on the conversion of convertible securities within rule 7.2 exception 9 where:
 - o the convertible securities were issued or agreed to be issued before the commencement of the relevant period; or
 - the issue of, or agreement to issue, the convertible securities was approved, or taken under the Listing Rules to have been approved under Listing Rule 7.1 or 7.4;
- plus the number of fully-paid ordinary securities issued in the relevant period under an agreement to issue securities within rule 7.2 exception 16 where:
 - the agreement was entered into before the commencement of the relevant period; or
 - o the agreement or issue was approved, or taken under the Listing Rules to have been approved under Listing Rule 7.1 or 7.4;
- plus the number of fully paid ordinary securities issued in the relevant period with approval under Listing Rule 7.1 or ASX Listing Rule 7.4;
- plus the number of partly-paid ordinary securities that became fully-paid in the relevant period;
- less the number of fully-paid ordinary securities cancelled in the relevant period;
- D = 10%; and
- E = the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the relevant period where the issue or agreement has not been subsequently approved by Shareholders under Listing Rule 7.4.

11.3 ASX Listing Rule requirements

In accordance with Listing Rule 7.3A, the following information is provided in relation to the proposed approval of the Additional Placement Facility:

(a) Period for which the approval will be valid

The Additional Placement Facility would commence on the date of the Meeting and expire on the first to occur of the following:

- the date that is 12 months after this Meeting (i.e. 30 November 2021);
- the time and date of the Company's next annual general meeting; or
- the time and date of the approval by Shareholders of a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).

(b) Minimum price at which equity securities may be issued

Any Equity Securities issued under the Additional Placement Facility must be in an existing quoted class of the Company's securities and issued for cash consideration per security which is not be less than 75% of the VWAP for securities in that class, calculated over the 15 trading days on which trades in that class were recorded immediately before:

- the date on which the price at which the securities are to be issued is agreed; or
- if the securities are not issued within 10 trading days of the above date, the date on which the securities are issued.

(c) Purposes for which the funds raised by an issue of equity securities may be used

The Company may seek to issue Equity Securities under the Additional Placement Facility for cash consideration to fund business growth (including in relation to development of the GSM-I business following the Acquisition), to acquire new assets or make investments, to develop the Company's existing assets and operations, and for general working capital.

(d) Risk of economic and voting dilution

If Resolution 9 is passed and the Company issues securities under the Additional Placement Facility, there will be is a risk to existing Shareholders of economic and voting dilution, including the risk that:

- the market price for Equity Securities in the same class may be significantly lower on the issue date of the new Equity Securities than on the date of this Meeting; and
- (ii) the new Equity Securities may be issued at a price that is at a discount to the market price for Equity Securities in the same class on the issue date.

The table below identifies the potential dilution to existing Shareholders following the issue of Equity Securities under the Additional Placement Facility (based on the formula set out above) using different variables for the number of issued Shares and the market price of Shares.

The numbers are calculated on the basis of the latest available market price of Shares before the date of this Notice (multiplied by the inverse of the Consolidation ratio) and the current number of Shares on issue (multiplied by the Consolidation ratio).

Variable A			Nominal is	ssue price		
in Listing Rule 7.1A		\$0.025	\$0.01875	\$0.125		
		(market price, adjusted for Consolidati on)	(25% decrease in market price)	(50% decrease in market price)		
Current issued capital (adjusted for	Shares issued under LR 7.1A	16,068,398	16,068,398	16,068,398		
Consolidati on)	Voting dilution	10%	10%	10%		
A = 160,683,979 Shares	Funds raised	\$4,017,099. 48	\$3,012,824. 61	\$2,008,549.74		
	Economic dilution	0%	2.27%	4.55%		
50% increase in issued capital	Shares issued under LR 7.1A	24,102,597	24,102,597	24,102,597		
A = 241,025,969 Shares	Voting dilution	10%	10%	10%		
	Funds raised	\$6,025,649. 21	\$4,519,236. 91	\$3,012,824.61		
	Economic dilution	0%	2.27%	4.55%		
100% increase in issued capital	Shares issued under LR 7.1A	32,136,796	32,136,796	32,136,796		
A = 321,367,958 Shares	Voting dilution	10%	10%	10%		
	Funds raised	\$8,034,198. 95	\$6,025,649. 21	\$4,017,099.48		
	Economic dilution	0%	2.27%	4.55%		
On Completion	Shares issued under LR 7.1A	60,068,398	60,068,398	60,068,398		
of Acquisition and Capital	Voting dilution	10%	10%	10%		
Raising A = 600,683,979	Funds raised	\$15,017,099	\$11,262,825	\$7,508,550		
	Economic dilution	0%	2.27%	4.55%		

Notes: The above table has been prepared on the following bases/assumptions:

- 1. The 25:2 Consolidation under Resolution 3 will be approved. The price of Shares and the value of A in the table have been adjusted accordingly.
- 2. The latest available market price of Shares as at the date of the Notice was \$0.002. This price has been adjusted to \$0.25 on a post-Consolidation basis.
- 3. The Company issues the maximum number of Equity Securities available under the Additional Placement Facility.
- 4. Existing Shareholders' holdings do not change from the date of this Meeting to the date of the issue under the Additional Placement Facility.
- 5. The Company issues Shares only and does not issue other types of Equity Securities (such as Options) under the Additional Placement Facility.
- The impact of placements under ASX Listing Rule 7.1 (other than under the Acquisition and the Capital Raising, in the final example) or following the exercise of options is not included in the calculations.
- 7. Economic dilution for the table above is calculated using the following formula:

$$ED = (MP - (NMC / TS)) / MP$$

where:

MC = market capitalisation prior to issue of Equity Securities, being the MP multiplied by the number of Shares on issue;

MP = the market price of Shares traded on ASX, expressed as in dollars;

NMC = notional market capitalisation, being the market capitalisation plus the NSV;

NSV = new security value, being the number of new Equity Securities multiplied by the issue price of those Equity Securities; and

TS = total Shares on issue following new Equity Security issue.

(e) Allocation policy

The Company's allocation policy for the issue of Equity Securities under the Additional Placement Facility will depend on the prevailing market conditions at the time of the proposed issue. The allottees will be determined on a case-by-case basis having regard to the factors such as:

- (iii) the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing Security holders can participate;
- (iv) the effect of the issue of the new securities on the control of the Company;
- (v) the financial situation and solvency of the Company; and
- (vi) advice from corporate and other advisors.

As at the date of this Notice, the Company has not identified any proposed allottees of Equity Securities using the Additional Placement Facility. However, the eventual allottees may include existing substantial Shareholders, other Shareholders and/or new investors.

None of the allottees will be a related party or an associate of a related party of the Company, except as permitted under ASX Listing Rule 7.2. Existing Shareholders may or may not be entitled to subscribe for Equity Securities under the Additional Placement Facility and it is possible that their shareholding will be diluted.

The Company will comply with the disclosure obligations under ASX Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities under the Additional Placement Facility.

(f) Previous issues under Listing Rule 7.1A in previous 12 months

The Company did not make any issued pursuant to its Additional Placement Facility in the 12 months prior to the Meeting.

11.4 Directors' recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 9 as it will give the Company the flexibility to raise and fund necessary working capital whilst preserving the Company's cash reserves.

Glossary of terms

In this Explanatory Statement and the Notice of Meeting, the following terms have the following meaning unless the context otherwise requires:

Acquisition The acquisition by the Company of 100% of the issued capital in GSM-I.

Acquisition Interest Has the meaning given to that term in section 6.3 of the Notice.

Acquisition Resolutions

Resolutions 3, 4, 5, and 6 of the Notice.

Annual General Meeting or Meeting

The annual general meeting of Shareholders or any adjournment

thereof, convened by the Notice.

Associate Has the meaning given to that term in the Listing Rules.

ASX ASX Limited (ACN 008 624 691) or the financial market known as the

Australian Securities Exchange operated by ASX Limited, as the context

requires.

Auditor HLB Mann Judd.

Board The Board of Directors of the Company.

Business The business of GSM-I, including the marketing, distribution and sale of

GSM-I's products comprising Powermesh® hardware and Zimi®

software.

Business Day Has the meaning given to that term in the Listing Rules.

Capital Raising Has the meaning given to that term in Section 4.1 of the Notice.

Capital Raising Placement A placement of Shares to non-Related Party investors pursuant to the Capital Raising and subject to Shareholder approval of Resolutions 6.

Capital Raising Placement Participants The non-Related and Related Party investors who participate in the Capital Raising Placement.

- 1 9

Chairperson The chair of the Meeting.

Closely Related Party Has the meaning given in section 9 of the Corporations Act.

Company Quantify Technology Holdings Limited (ACN 113 326 524).

Consideration Performance Rights

The 110,000,000 Performance Rights and proposed to be issued to the

Vendor as consideration for the Acquisition.

Consideration Shares The 240,000,000 Shares and proposed to be issued to the Vendor as

consideration for the Acquisition.

Consolidation A consolidation of the Company's Share capital on the basis of every

twenty-five (25) Shares be consolidated into two (2) Shares.

ConstitutionThe constitution of the Company.Corporations ActThe Corporations Act 2001 (Cth).

Director A director of the Company.

Distribution Agreement

Explanatory

Statement

Has the meaning given in section 4.3.

This explanatory statement which accompanies and forms part of the

Notice.

GC PL Gerard Corporation Pty Ltd (ACN 103 888 491).

GP PL Gerard Products Pty Ltd (ACN 105 201 303).

GPH PL Gerard Private Holdings Pty Ltd (ACN 603 217 250).

GSM Electrical GSM Electrical (Australia) Pty Ltd (ACN 603 377 484).

GSM-I GSM Innovations Pty Ltd (ACN 616 530 708).

Key Management

Personnel

Has the meaning given in section 9 of the Corporations Act.

Internet of things.

Lead Manager PAC Partners Securities Pty Ltd (ACN 623 653 912).

Lead Manager

Mandate

Has the meaning given in clause 9.1.

Listing Rules The listing rules of ASX, as amended from time to time.

 MGG1
 MGG Nominees No1 Pty Ltd (ACN 630 461 286).

 MGG2
 MGG Nominees No2 Pty Ltd (ACN 630 401 508).

 MN1
 Madurta Nominees No2 Pty Ltd (ACN 630 399 245).

 MN2
 Madurta Nominees No2 Pty Ltd (ACN 630 401 508).

 MN3
 Madurta Nominees No3 Pty Ltd (ACN 630 399 870).

 MN4
 Madurta Nominees No4 Pty Ltd (ACN 630 400 083).

 MN5
 Madurta Nominees No5 Pty Ltd (ACN 630 400 556).

Notice and Notice of

Meeting

The Notice of Annual General Meeting accompany this Explanatory

Statement.

Option An option to acquire a Share.

Option Holder The holder of an Option.

PAC Partners PAC Partners Securities Pty Ltd (ACN 623 653 912).

Performance Right The right to be issued a corresponding number of Shares in the Company

upon the satisfaction of certain Vesting Conditions.

Performance Rights

Vesting Interest

Has the meaning given to that term in section 6.3 of the Notice.

Proxy Form The proxy form accompanying the Notice.

Related Party Has the meaning given to that term in the Listing Rules.

Resolution A resolution set out in the Notice.

Section A section of the Explanatory Statement.

Securities The securities of the Company within the meaning of section 761A of the

Corporations Act and includes a Share and an Option.

Security Holder A holder of Securities in the Company.

Share A fully paid ordinary share in the Company.

Shareholder The holder of a Share in the Company.

Vendor Gerard Private Holdings (Finance) Pty Ltd (ACN 603 283 085).

Vendor Parties

Means the following persons:

- (a) the Vendor;
- (b) GC PL;
- (c) GP PL;
- (d) GPH PL;
- (e) MGG1;
- (f) MGG2;
- (g) MN1;
- (h) MN2;
- (i) MN3;
- (j) MN4;
- (k) MN5;
- (I) Simon Charles Gerard; and
- (m) Matthew Geoffrey Gerard.

Vesting Conditions

The vesting conditions associated with the issue of Performance Rights as set out in Section 7.2.

WST

Australian Western Standard Time, being the time in Perth, Western Australia.

Schedule 1 - Summary of Acquisition Agreement

1. Acquisition Agreement

- (a) The Company has entered into a legally binding terms sheet (**Acquisition Agreement**) for the acquisition by the Company of 100% of the shares in GSM Innovations Pty Ltd (ACN 616 530 708) (**GSM-I**) (**Acquisition**). The parties to the agreement are the Company and GSMI-'s sole shareholder being Gerard Private Holdings (Finance) Pty Ltd (ACN 603 283 085) (**Vendor**).
- (b) Under the agreement, the Vendor agree to sell 100% of the shares in GSM-I to the Company for a deemed consideration of \$4,800,000 (**Purchase Price**), to be satisfied by the issue to the Vendor of:
 - (vii) 240,000,000 fully paid ordinary shares in the Company at a deemed issue price of \$0.02 per Share (**Consideration Shares**); and
 - (viii) 110,000,000 performance rights or performance rights on the terms described in Schedule 3 (**Performance Rights**).
- (b) The Purchase Price has been determined on the following basis:
 - (i) on completion of the Acquisition and the Capital Raising, the Vendor will hold approximately 40% of the total Shares on issue;
 - (ii) at Completion, the Company will have no debt or other liabilities, other than the permitted liabilities specified in the Acquisition Agreement; and
 - in the period before Completion, the Company will not undertake, effect, suffer or incur any of the prescribed matters or events specified in the Acquisition Agreement.
- (c) The Acquisition Agreement acknowledges that GSM-I has developed an advanced Internet of Things (**IoT**) platform divided into two key products being Powermesh® hardware and Zimi® software.
- (d) The key conditions precedent to completion of the Acquisition are:
 - (i) the Company being satisfied with due diligence enquiries;
 - (ii) an independent expert commissioned by the Company for the purposes of the approval of its Shareholders of the Vendor acquiring a relevant interest in the Consideration Shares under item 7 of section 611 of the Corporations Act, giving an opinion in accordance with the requirements of the Corporations Act and ASIC regulatory guidance that the Vendor's acquisition of the Consideration Shares is either "fair and reasonable" or "not fair but reasonable" to the Company's shareholders other than the Vendor and its associates;
 - (iii) Shareholders approving and the Company completing a consolidation of the Company's share capital on a 25:2 basis;
 - (iv) Shareholders approving the issue of the Consideration Shares and the Performance Rights in accordance with the requirements of the Listing Rules and the Corporations Act;
 - the Company raising \$4 million in capital under the Capital Raising Placement and completion of the issue of the shares under the capital raising at \$0.02 per share (on a post-Consolidation basis);
 - (vi) the Company obtaining any other approvals required pursuant to the ASX listing rules and Corporations Act and or from any government agency for completion to occur;

- (vii) GSM-I entering into an agreement with GSM Electrical on terms acceptable to the Company and Vendor acting reasonably, to ensure GSM Electrical continues to distribute, promote, stock and sell GSM-I's products;
- (viii) no event or circumstance occurring that has a material adverse effect on the financial condition of any part of GSM-I, the Business, or the liabilities or prospects of any part of GSM-I or the Business for the period commencing from the date of execution of the Acquisition Agreement until Completion;
- (ix) no event or circumstance occurring that has a material adverse effect on the financial condition of the Company or the liabilities or prospects of the Company for the period commencing from the date of execution of the Acquisition Agreement until Completion;
- (x) Mr Jordan Tentori entering into an employment agreement with the Company on terms acceptable to the Company and Vendor acting reasonably, for Jordan Tentori's employment as chief technology officer of the Company, commencing on Completion, on terms and conditions which are customarily contained in an employment agreement for a chief technology officer of a public listed company; and
- (xi) the employees and independent contractors of GSM-I engaged in the Business, entering into new employment or services agreements with the Company or GSM-I, on terms acceptable to the Company and the Vendor acting reasonably, which agreement must contain terms and conditions which are customarily contained in an employment or services agreement as agreed between the Company and each employee.
- (c) Under the Acquisition Agreement, the parties agree to enter into a full-form sale and purchase agreement, which will contain standard terms and conditions customarily contained in a share sale agreement evidencing a transaction in the nature of the Acquisition, including such warranties, representations and indemnities from the Vendor and GSM-I that are required by the Company and such limitations, qualifications and exclusions to the liability of the Vendor as are reasonable and customarily contained in a share sale agreement evidencing a transaction in the nature of the Transaction.

Schedule 2 - Pro-forma statement of financial position

	QFY (Audited) 30-Jun-20 [QFY]	GSM-I (Unaudited) 30-Jun-20	GSM-I Pro-forma adjustments prior to acquisition [A]	Effect of Acquisition [B]	Capital Raising adjustments [C]	Total: Pro-forma After Acquisition and Capital Raising ([QFY] + [B] + [C])
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current assets					•	·
Cash and cash	695	-	-	-	4,000	4,695
equivalents	4 400					
Receivables	1,138	56	-	56	-	1,194
Prepayments	5	1	-	1	-	6
Inventory	-	38	-	38	-	38
Total current assets	1,838	95	-	95	4,000	5,933
Non-current assets						
Plant and equipment	128	51	257	308	_	436
Intangible assets	125	3,373	-	7,110	-	7,235
Right of Use asset	226	, -	-	, -	-	226
Total non-current assets	479	3,424	257	7,418	-	7,897
Total assets	2,317	3,519	257	7,513	4,000	13,830
Current liabilities Trade and other	(845)	(115)	-	(115)	(240)	(1,200)
payables	(776)	(2.000)	2 000			(776)
Interest-bearing loans Provisions	(776)	(3,899)	3,899	-	-	(776)
Lease liability	(154) (110)	-	-	-	-	(154) (110)
Total current liabilities	(1,885)	(4,014)	3,899	(115)	(240)	(2,240)
Total Current habilities	(1,003)	(4,014)	3,099	(113)	(240)	(2,240)
Non-current liabilities						
Lease liability	(127)	-	-	-	-	(127)
Total non-current liabilities	(127)	-	-	-	-	(127)
Total liabilities	(2,012)	(4,014)	3,899	(115)	(240)	(2,367)
Net assets	305	(495)	4,156	7,398	3,760	11,463
Equity						
Issued capital	34,694	_	4,156	4,800	3,274	42,768
Unissued Share Capital	60	-	- ,130	- ,000	5,217	42,760
Reserves	1,699	-	-	2,200	486	4,385
Accumulated losses	(36,148)	(495)	_	398	-	(35,750)
Total equity	305	(495)	4,156	7,398	3,760	11,463

The pro-forma statement of financial position is calculated by adding the effect of the Acquisition (column [B] above) and the Capital Raising adjustments (column [C] above) to the audited financial position of the Company as at 30 June 2020 (column [QFY]).

The pro-forma statement of financial position incorporates the following material events and assumptions:

Events relating to GSM-I prior to acquisition:

A. GSM-I acquires Powermesh tooling from GSM Electrical at written down book value of \$257,223.

GSM-I settles its loan of \$3,958,369 with GSM Electrical via its parent Gerard Private Holdings (Finance) Pty Ltd.

Gerard Private Holdings (Finance) Pty Ltd capitalises its loan (\$4,156,448) with GSM-I.

Events relating to the proposed acquisition of 100% of the share capital of GSM-I, as announced to the ASX on 1 October 2020:

B. Proposed issue of 240,000,000 fully paid ordinary shares in the Company (on a post-Consolidation basis), at a deemed issue price of \$0.02 per share, and 110,000,000 performance rights in the Company (on a post-Consolidation basis) to the Vendor or their nominees, as consideration for the Company's Acquisition of all the issued capital in GSM-I.

Events relating to the Company:

C. Issue of 200,000,000 fully paid ordinary shares (on a post-Consolidation basis), at an issue price of \$0.02 per share, to raise \$4,000,000 (before costs of raising) and the issue of 25,000,000 Lead Manager Options to the Lead Manager.

Schedule 3 - Terms and Conditions of Performance Rights

1. Grant

- (a) The Company will offer performance rights (**Performance Rights**) to Gerard Private Holdings (Finance) Pty Ltd on and subject to these terms and conditions.
- (b) The grant of any Performance Rights is subject to the approval of Company's shareholders in general meeting.

2. Classes of Performance Rights

The following classes of Performance Rights will be granted by the Company on and subject to these terms:

- (a) Tranche 1 Performance Rights; and
- (b) Tranche 2 Performance Rights.

3. Entitlement

(a) Subject to this paragraph 3 and any applicable requirements of the ASX listing rules, each vested Performance Right entitles the holder of that Performance Right (**Holder**) to be issued with one fully paid ordinary share in the Company (**Share**), (**Entitlement**) as follows:

Tranche	Vesting Condition	Performance Rights	Number of Shares to be issued on satisfaction of Vesting Condition
1	Design and manufacture each of the following glass fronted devices, each of which must be controlled by the GSMI-Zimi cloud platform and be available for sale, within 12 months of Acquisition completing; 1. Dimmable light switch; 2. General purpose outlets (General power outlet or power points); and 3. Blind controllers For the avoidance of doubt, 'available for sale' means a third party is capable of purchasing. 'controlled by the GSMI-Zimi cloud platform' means: • the devices listed above, successfully collect usage data, which is available and accessible using the GSMI-Zimi cloud platform, and • the devices can be remotely switched on or off using the Zimi App	55,000,000	55,000,000
2	Sales of 30,000 Zimi- controlled/Powermesh units or \$3,000,000 in Sales Revenue derived from Zimi- controlled /Powermesh units (whichever occurs first) within 12 months of Acquisition completing.	55,000,000	55,000,000
Total		110,000,000	110,000,000

(b) In these terms:

- (i) Acquisition means the sale and transfer of all shares in GSM-I to the Company;
- (ii) GSM-I means GSM Innovations Pty Ltd; and
- (iii) Sales Revenue means revenue derived from the sale of devices, to be recognised at a point in time when control of the product is transferred to the customer, and earned from configuration services, to be recognised over time as the services are rendered. Sales Revenue does not include revenue derived from: (1) one-off or extraordinary items; (2) government grants, allowances, rebates or hand-outs; or (3) sales of units at "below-cost".

(c) The Company's obligations to the Holder in relation to a Performance Right are discharged and satisfied in full upon issuing the Entitlement for that class of Performance Rights.

4. Vesting

- (a) Subject to paragraph 14, and verification and sign off of satisfaction of a Vesting Condition by an independent third party (auditor or equivalent), a Performance Right automatically vests in the Holder upon satisfaction or achievement of the conditions stated in the table in paragraph 3(a) (each a **Vesting Condition**) following which the Holder may elect to receive the Holder's Entitlement.
- (b) If a Vesting Condition for a class of Performance Rights is not achieved, that class of Performance Rights will not vest, subject to these terms.
- (c) Satisfaction of the Vesting Conditions is to be determined in relation to each class of Performance Rights.

5. Expiry and forfeiture

Each Performance Right that has not vested will automatically lapse and will be cancelled if at midnight on the last day by which the Vesting Condition for that class of Performance Rights must be achieved is not achieved.

6. Transfer and encumbrances

- (a) A Performance Right is not transferrable.
- (b) A Holder must not grant or permit any security interest or other encumbrances over a Performance Right.

7. Quotation of Performance Rights

The Company will not apply for quotation on ASX of any class of Performance Right.

8. Quotation of Shares

If the Entitlement is issued for a class of Performance Rights and the Company is admitted to ASX, the Company will apply to ASX for official quotation of those Shares.

9. New issues

A Holder is not entitled to participate in any new issue to Shareholders of Securities in the Company unless the Holder's Performance Rights (or any of them) have vested and the Entitlement has been issued before the record date for determining entitlements to the new issue of Securities and participate as a result of holding Shares.

10. Participation in entitlements and bonus issues

A Performance Right does not entitle a Holder (in their capacity as a holder of a Performance Right) to participate in new issues of capital offered to Shareholders, such as a bonus issue or an entitlement issue.

11. Reorganisation

(a) If there is a reorganisation (including consolidation, sub-division, reduction or return) of the share capital of the Company, then the rights of the Holder in relation to each class of Performance Rights held by the Holder will be changed to the extent necessary to comply

with the ASX listing rules applying to a reorganisation of capital at the time of the reorganisation.

- (b) Any calculations or adjustments which are required to be made in relation to paragraph 11(a) will be made by the Company's Board of Directors and will, in the absence of manifest error, be final and conclusive and binding on the Company and the Holder.
- (c) The Company must, within a reasonable period of a reorganisation paragraph 11(a) occurring, give to the Holder notice of any change to the number of Shares which the Holder is entitled to receive under the Entitlement for a class of Performance Rights.

12. Issue of Entitlement

- (a) Subject to the Company's Constitution, all Shares issued in relation to the Entitlement for a class of Performance Rights will rank in all respects (including rights relating to dividends) equally with the existing ordinary shares of the Company at the date of issue.
- (b) Any Shares that are acquired on the vesting of Performance Rights in accordance with a Rights Offer will be issued or transferred to the Rights Holder free of any holding lock or other restriction on dealing, subject to any restriction on trading by reason of the provisions of the Corporations Act applicable to secondary trading in Securities.

13. Vesting on change of control

In the event that:

- (a) a takeover bid under Chapter 6 of the Corporations Act is made in respect of the Company under which acceptances have been received for more than 50% of the Company's shares on issue and the bid is declared unconditional by the bidder; or
- (b) a Court grants orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of the Company or its amalgamation with any other company or companies (including under Part 5.1 of the Corporations Act,

prior to the Performance Hurdles being achieved for one or more classes of Performance Rights (**Unvested Rights**) being achieved, then all of the Unvested Rights on issue will vest.

14. Deferral of vesting

If the vesting of any class of Performance Rights (or any part thereof) would result in any person being in contravention of section 606(1) of the Corporations Act (**Takeover Restriction**) then:

- (a) The vesting of those Performance Rights (or any part thereof) will be deferred until such later time or times that the vesting would not result in a contravention of the Takeover Restriction.
- (b) A Holder may give written notification to the Company if they consider that the vesting of those Performance Rights (or any part thereof) may result in the contravention of the Takeover Restriction, failing which the Company may assume the vesting of those Performance Rights will not result in any person being in contravention of the Takeover Restriction.
- (c) The Company may (but is not obliged to) by written notice to a Holder, request a Holder to provide the written notice referred to in paragraph 14(b) within 7 days if the Company considers that the vesting of those Performance Rights (or any part thereof) may result in a contravention of the Takeover Restriction. If the Holder does not give notification to the Company within 7 days that they consider the vesting of the Performance Rights (or part

thereof) may result in the contravention of the Takeover Restriction, then the Company may assume that the vesting of the Performance Rights (or part thereof) will not result in any person being in contravention of the Takeover Restriction.

15. Amendments required by ASX

These terms may be amended as necessary by the Company's Board of Directors in order to comply with the ASX listing rules (if applicable), or any directions of ASX (if applicable) regarding the terms, provided that, subject to compliance with the ASX listing rules, the economic and other rights of the Holder are not diminished or terminated following such amendment.

16. Governing law

These terms and the rights and obligations of the Holder are governed by the laws of Western Australia. The Holder irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Western Australia in this respect.

Schedule 4 - Terms of Distribution Agreement

A condition precedent to the Acquisition is that GSM-I enters into a distribution agreement for the distribution of GSM-I's products (**Distribution Agreement**) with GSM Electrical (Australia) Pty Ltd (ACN 603 377 484) (GSM Electrical), a company 100% owned by the Vendor

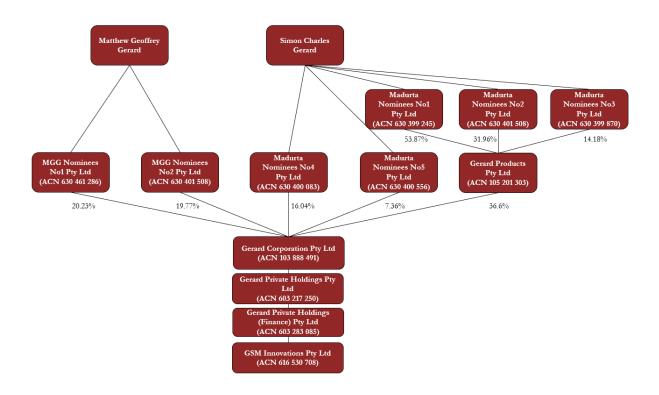
The Distribution Agreement is proposed to contain the following material terms:

- (a) GSM-I will grant GSM Electrical the exclusive right to purchase GSM-I's products (the **Products**) for resale in the market sector in the Australia and New Zealand on and subject to the terms of the Distribution Agreement.
- (b) The Distribution Agreement will continue for an initial term of 36 months and may be extended by mutual agreement for further periods of 12 months, unless terminated earlier.
- (c) The prices for Products (**Prices**):
 - (i) at the date of the Distribution Agreement, are as set out in a Schedule thereto; and
 - (ii) must not be increased by GSM-I more than once in any 12-month period, and may be increased only to account for substantiated increases in cost to GSM-I of supplier input costs, with such increases to be documented and disclosed to the GSM Electrical.
- (d) Changes to Prices must be notified by GSM-I to GSM Electrical in writing at least 60 days prior to the date of the change taking effect, and the changed Price will apply to all orders for Products by the GSM Electrical following the date of change.
- (e) GSM Electrical will send GSM-I written orders for the Products that it wishes to purchase from the Company specifying each Product and the quantity of each Product required (which must be greater than a specified minimum order quantity). GSM-I must supply and fill all of the orders made by the Distributor pursuant to the Distribution Agreement on a "free into warehouse" (FIW) basis in accordance with its normal manufacturing lead times.
- (f) GSM Electrical grants to GSM-I a royalty-free licence to use specified designs owned by GSM Electrical (**Designs**) and the intellectual property rights in the Designs solely for the purposes of manufacturing and supplying Products to GSM Electrical and for such other purposes as GSM Electrical may approve in writing.
- (g) GSM-I grants to GSM Electrical an exclusive, royalty-free licence (with no right to sublicense) to use GSM-I's branding, in the form supplied by the Company from time to time, in GSM Electrical's advertising or promotional materials for Products and on packaging of Products.
- (h) GSM Electrical must not delegate or subcontract any or all of its rights or obligations under the Distribution Agreement unless GSM-I agrees in writing.

The Distribution Agreement otherwise contains terms and conditions considered standard for agreements of its nature.

Schedule 5 - Vendor Parties' corporate structure

All shareholdings are 100% unless otherwise indicated.



Schedule 6 - Terms and Conditions of Lead Manager Options

The Lead Manager Options will be issued on the following terms:

- (a) **Entitlement**: Each Option entitles the holder (**Option Holder**) to subscribe for one fully paid ordinary Share in the Company.
- (b) **No payment on grant**: The Option Holder is not required to pay any amount on the grant of an Option.
- (c) **Exercise price**: The exercise price of each Option is \$0.0001 (**Exercise Price**).
- (d) **Expiry date**: Each Option may be exercised at any time before 5.00pm (WST) on the date that is 3 years after their grant (**Expiry Date**). Any Option not exercised by the Expiry Date will automatically expire.
- (e) **Certificate or Holding Statement**: The Company must give the Option Holder a certificate or Holding Statement stating:
 - (i) the number of Options issued to the Option Holder;
 - (ii) the Exercise Price of the Options; and
 - (iii) the date of issue of the Options.

(f) Transfer:

- (i) The Options are transferable, subject to applicable law.
- (ii) Subject to the Listing Rules and the Corporations Act, the Option Holder may transfer some or all of the Options at any time before the Expiry Date by:
 - A. a proper ASTC regulated transfer (as defined in the Corporations Act) or any other method permitted by the Corporations Act; or
 - B. a prescribed instrument of transfer.
- (iii) An instrument of transfer of an Option must be:
 - A. in writing;
 - B. in any usual form or in any other form approved by the Directors that is otherwise permitted by law;
 - C. subject to the Corporations Act, executed by or on behalf of the transferor, and if required by the Company, the transferee; and
 - D. delivered to the Company, at the place where the Company's register of option holders is kept, together with the certificate (if any) of the Option to be transferred and any other evidence as the Directors require to prove the title of the transferor to that Option, the right of the transferor to transfer that Option and the proper execution of the instrument of transfer.
- (g) **Quotation of Options**: The Company will not apply to ASX for Official Quotation of Options.
- (h) **Quotation of Shares**: The Company will apply to ASX for Official Quotation of the Shares issued on exercise of Options.
- (i) **New issues**: The Option Holder is not entitled to participate in any new issue to Shareholders of Securities in the Company unless it has exercised its Options before the record date for determining entitlements to the new issue of Securities and participate as a result of holding Shares.

- (j) **Bonus issues**: If the Company makes a bonus issue of Shares or other Securities to Shareholders (except an issue in lieu of dividends or by way of dividend reinvestment) and a Share has not been issued in respect of the Option before the record date for determining entitlements to the issue, then the number of underlying Shares over which the Option is exercisable will be increased by the number of Shares which the Option Holder would have received if the Option Holder had exercised the Option before the record date for determining entitlements to the issue.
- (k) **Reorganisation**: If there is a reorganisation (including consolidation, sub-division, reduction or return) of the share capital of the Company, then the rights of the Option Holder (including the number of Options to which the Option Holder is entitled to and the Exercise Price) will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

Any calculations or adjustments which are required to be made will be made by the Company's Board and will, in the absence of manifest error, be final and conclusive and binding on the Company and the Option Holder.

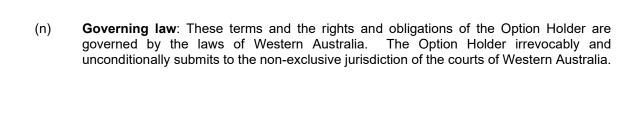
The Company must, within a reasonable period, give to the Option Holder notice of any change to the Exercise Price of any Options held by the Option Holder or the number of Shares which the Option Holder is entitled to subscribe for on exercise of an Option.

(I) Exercise of Options:

- (i) To exercise Options, the Option Holder must give the Company or its Share Registry, at the same time:
 - A. a written exercise notice (in the form approved by the board of the Company from time to time) specifying the number of Options being exercised and Shares to be issued;
 - B. payment of the Exercise Price for the Shares, the subject of the exercise notice, by way of bank cheque or by other means of payment, approved by the Company; and
 - C. any certificate for the Options.
- (ii) The Option Holder may only exercise Options in multiples of 10,000 Options unless the Option Holder exercises all Options held by the Option Holder.
- (iii) Options will be deemed to have been exercised on the date the exercise notice and Exercise Price are received by the Company.
- (iv) If the Option Holder exercises less than the total number of Options registered in the Option Holder's name:
 - A. the Option Holder must surrender their Option certificate (if any); and
 - B. the Company must cancel the Option certificate (if any) and issue the Option Holder a new Option certificate or Holding Statement stating the remaining number of Options held by the Option Holder.

(m) Issue of Shares on exercise of Options:

- (i) Within five Business Days after receiving an application for exercise of Options and payment by the Option Holder of the Exercise Price, the Company must issue the Option Holder the number of Shares specified in the application.
- (ii) Subject to the Constitution, all Shares issued on the exercise of Options will rank in all respects (including rights relating to dividends) equally with the existing ordinary shares of the Company at the date of issue.

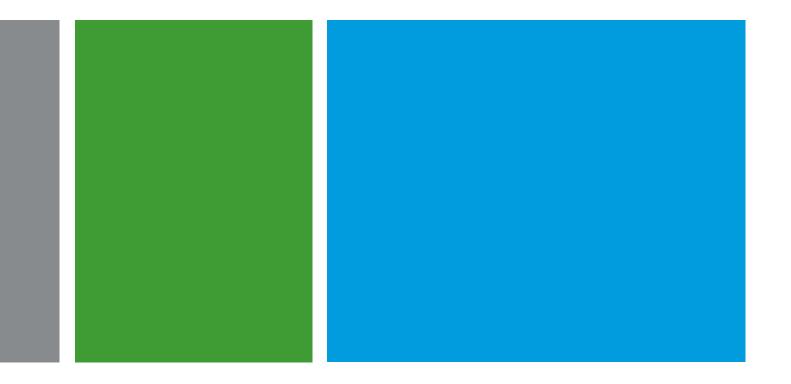


Schedule 7 – Proposed Amendments to Constitution

Clause of Constitution	Proposed amendment	Explanation	
1.1 (Definition of 'Company')	Delete: "Wind Hydrogen" Insert: "Quantify Technology Holdings"	To reflect current Company name.	
1.1 (Definition of 'Dispose')	Insert: "Dispose has the same meaning as in the Listing Rules."	Definition required to ensure consistency with Listing Rules usage.	
1.1 (Definition of 'Restriction Deed)	Insert: "Restriction Deed has the same meaning as in the Listing Rules."	Definition required to ensure consistency with Listing Rules usage.	
25.2	 Delete: "The Directors must: (a) except as permitted by ASX, refuse to register any transfer of Shares or other securities which are Restricted Securities if that transfer is or might be in breach of the Listing Rules or nay restriction agreement entered into by the Company under the Listing Rules in relation to the Shares; and (b) refuse to register any transfer where the Company is, or the Directors are, required to do so by the Listing Rules." 	This provision is reproduced in updated form in the amended clause 89.	
25.3	Delete: "Despite clauses 25.1 and Despite clauses 25.1 and 25.2, the Company must not refuse or fail to register or give effect to, or delay or in any way interfere with, a Proper ASTC Transfer of Shares or other securities quoted by ASX."	This provision is not required by, and may be inconsistent with, the Listing Rules.	
25.5	Delete: "Subject to clause 25.3, Restricted Securities cannot be disposed of during the escrow period except as permitted by the Listing Rules or ASX. The Company will refuse to acknowledge a disposal of Restricted Securities to the extent required under the Listing Rules."	This provision is reproduced in updated form in the amended clause 89.	
43.2	Delete: "During a breach of the Listing Rules relating to Shares which are Restricted Securities, or a breach of a restriction agreement, the holder of the relevant Restricted Securities is not entitled to any voting rights in respect of those Restricted Securities."	This provision is reproduced in updated form in the amended clause 89.	

Clause of Constitution	Proposed amendment	Explanation
89	Delete: "During a breach of the Listing Rules relating to Shares which are Restricted Securities, or a breach of a restriction agreement, the holder of the relevant Restricted Securities is not entitled to any dividend in respect of those Restricted Securities."	This provision is reproduced in updated form in the amended clause 89.
89.1 - 89.5	Insert: "89.1 A holder of Restricted Securities must not Dispose of, or agree or offer to Dispose of, the securities during the escrow period applicable to those securities except as permitted by the Listing Rules or ASX.	Insertion of provisions to mirror the amended Listing Rule 15.12.
	89.2 If the Restricted Securities are in the same class as quoted securities, the holder will be taken to have agreed in writing that the Restricted Securities are to be kept on the Company's issuer sponsored subregister and are to have a holding lock applied for the duration of the escrow period applicable to those securities.	
	89.3 The Company will refuse to acknowledge any Disposal (including, without limitation, to register any transfer) of Restricted Securities during the escrow period applicable to those securities except as permitted by the Listing Rules or ASX.	
	89.4 A holder of Restricted Securities will not be entitled to participate in any return of capital on those securities during the escrow period applicable to those securities except as permitted by the Listing Rules or ASX.	
	89.5 If a holder of Restricted Securities breaches a Restriction Deed or a provision of this Constitution restricting a Disposal of those securities, the holder will not be entitled to any dividend or distribution, or to exercise any voting rights, in respect of those securities for so long as the breach continues."	

Annexure A - Independent Expert's Report



QUANTIFY TECHNOLOGY HOLDINGS LIMITED

Financial Services Guide and Independent Expert's Report

9 October 2020

We have concluded that the Proposed Transaction is Not Fair but Reasonable





FINANCIAL SERVICES GUIDE

RSM Corporate Australia Pty Ltd ABN 82 050 508 024 ("RSM Corporate Australia Pty Ltd" or "we" or "us" or "ours" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ("FSG"). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- who we are and how we can be contacted;
- the financial services that we will be providing you under our Australian Financial Services Licence, Licence No 255847;
- remuneration that we and/or our staff and any associates receive in connection with the financial services that we will be
 providing to you;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

Financial services we will provide

For the purposes of our report and this FSG, the financial service we will be providing to you is the provision of general financial product advice in relation to securities.

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

General Financial Product Advice

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

Benefits that we may receive

We charge various fees for providing different financial services. However, in respect of the financial service being provided to you by us, fees will be agreed, and paid by, the person who engages us to provide the report and such fees will be agreed on either a fixed fee or time cost basis. You will not pay to us any fees for our services; the Company will pay our fees. These fees are disclosed in the Report.

Except for the fees referred to above, neither RSM Corporate Australia Pty Ltd, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Remuneration or other benefits received by our employees

All our employees receive a salary.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.



Associations and relationships

RSM Corporate Australia Pty Ltd is beneficially owned by the partners of RSM Australia, a large national firm of chartered accountants and business advisers. The majority of our directors are partners of RSM Australia Partners.

From time to time, RSM Corporate Australia Pty Ltd, RSM Australia Partners, RSM Australia and / or RSM Australia related entities may provide professional services, including audit, tax and financial advisory services, to financial product issuers in the ordinary course of its business.

Complaints resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints should be directed to The Complaints Officer, RSM Corporate Australia Pty Ltd, P O Box R1253, Perth, WA, 6844.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination. If a complaint is received in advance of a shareholder meeting or other key date where shareholders or investors may be making decisions which are influenced by our report, we will make all reasonable efforts to respond to complaints prior to that date.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Australian Financial Complaints Authority ("AFCA"). AFCA is an independent dispute resolution scheme that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about AFCA are available at the AFCA website www.afca.org.au. You may contact AFCA directly by email, telephone or in writing at the address set out below.

Australian Financial Complaints Authority GPO Box 3 Melbourne VIC 3001

Toll Free: 1800 931 678
Email: info@afca.org.au

Time limits may apply to make a complaint to AFCA, so you should act promptly or consult the AFCA website to determine if or when the time limit relevant to your circumstances expires.

Contact details

You may contact us using the details set out at the top of our letterhead on page 5 of this report.



CONTENTS

1.	Introduction	5
2.	Summary and conclusion	7
3.	Summary of Proposed Transaction	12
4.	Scope of the Report	15
5.	Profile of Quantify Technology Holdings Limited	17
6.	Profile of GSM Innovations Pty Ltd	26
7.	Valuation approach	30
8.	Valuation of QFY prior to the Proposed Transaction	33
9.	Valuation of QFY after the Proposed Transaction	37
10.	Is the Proposed Transaction Fair to QFY Shareholders?	41
11.	Is the Proposed Transaction Reasonable to Shareholders?	42
12.	Assessment of Proposed Performance Securities	45
TΑ	BLE OF APPENDICES	
Α.	Declarations and Disclaimers	49
В.	Sources of Information	50
C.	Glossary of Terms	51
D.	Industry Overview	53
E.	Discount Rate	56
F.	Comparable Companies	60
G.	Discounted Cash Flow Forecast	61



RSM Corporate Australia Pty Ltd

Level 32, Exchange Tower, 2 The Esplanade Perth WA 6000 GPO Box R 1253 Perth WA 6844 T +61 (0) 8 9261 9100 F +61 (0) 8 9261 9199

www.rsm.com.au

9 October 2020

The Directors

Quantify Technology Holdings Limited
216 St Georges Terrace

Perth WA 6000

Dear Directors

INDEPENDENT EXPERT'S REPORT ("REPORT")

1. Introduction

- 1.1 This Independent Expert's Report (the "Report" or "IER") has been prepared to accompany the Notice of General Meeting and Explanatory Statement ("Notice") to be provided to shareholders for a General Meeting of Quantify Technology Holdings Limited ("QFY" or "the Company") to be held on or around 30 November 2020, at which shareholder approval will be sought for (among other things) the acquisition of 100% of the issued capital of GSM Innovations Pty Ltd ("GSM-I") ("the Proposed Transaction").
- 1.2 The Proposed Transaction will result in Gerard Private Holdings (Finance) Pty Ltd, the sole shareholder of GSM-I ("the Vendor"), holding approximately 40% of the issued share capital in QFY.
- 1.3 In conjunction with the Proposed Transaction, QFY is proposing to undertake a share consolidation on the basis of 2 shares for every 25 held ("Consolidation"). QFY will also seek to raise approximately \$4.0 million (before costs of the raising) through the issue of shares at \$0.02 per share, post-Consolidation ("Capital Raising").
- 1.4 In consideration for the acquisition of GSM-I, QFY will issue 240 million QFY ordinary shares and 110 million QFY performance rights to the Vendor, all on a post-Consolidation basis.
- 1.5 The Directors of the Company have requested that RSM Corporate Australia Pty Ltd ("RSM"), being independent and qualified for the purpose, express an opinion as to whether the Proposed Transaction is fair and reasonable to shareholders not associated with the Proposed Transaction ("Non-Associated Shareholders").

THE POWER OF BEING UNDERSTOOD

AUDIT | TAX | CONSULTING



- 1.6 The resolutions for the Proposed Transaction are set out in the Notice of Meeting as follows:
 - Resolution 3 Approval of the Consolidation;
 - Resolution 4 Approval to issue Consideration Shares to the Vendor;
 - Resolution 5 Approval to issue Performance Rights to the Vendor; and
 - Resolution 6 Approval to issue Shares under the Capital Raising placement.
 - (together "the Acquisition Resolutions")
- 1.7 The Acquisition Resolutions are conditional upon each other. Therefore, should any of the Acquisition Resolutions not be approved by shareholders, the Proposed Transaction will not proceed.
- 1.8 Accordingly, we have considered all conditions and terms relating to the Acquisition Resolutions as part of the Proposed Transaction because, without them, the Proposed Transaction cannot be completed.
- 1.9 The ultimate decision whether to approve the Proposed Transaction should be based on each Shareholder's assessment of their circumstances, including their risk profile, liquidity preference, tax position and expectations as to value and future market conditions. If in doubt as to the action they should take with regard to the Proposed Transaction, or the matters dealt with in this Report, Shareholders should seek independent professional advice.



2. Summary and conclusion

Opinion on Proposed Transaction

2.1 In our opinion, and for the reasons set out in Sections 10 and 11 of this Report, the Proposed Transaction is not fair but reasonable to the Non-Associated Shareholders of QFY.

Approach

- 2.2 In assessing whether the Proposed Transaction is fair and reasonable to the Non-Associated Shareholders, we have considered Australian Securities and Investment Commission ("ASIC") Regulatory Guide 111 Content of Expert Reports ("RG 111"), which provides specific guidance as to how an expert is to appraise transactions.
- 2.3 Where an issue of shares by a company otherwise prohibited under section 606 of the Act is approved under item 7 of section 611, and the effect on the company shareholding is comparable to a takeover bid, such as the Proposed Transaction, RG 111 states that the transaction should be analysed as if it was a takeover bid.
- 2.4 Therefore, we have considered whether or not the Proposed Transaction is "fair" to the Non-Associated Shareholders by assessing and comparing:
 - The Fair Market Value of a Share in QFY on a control basis prior to the Proposed Transaction; with
 - The Fair Market Value of a Share in QFY on a non-control basis immediately post completion of the Proposed Transaction,

and, considered whether the Proposed Transaction is "reasonable" to the Non-Associated Shareholders by undertaking an analysis of the other factors relating to the Proposed Transaction which are likely to be relevant to the Non-Associated Shareholders in their decision of whether or not to approve the Proposed Transaction.

2.5 Further information of the approach we have employed in assessing whether the Proposed Transaction is "fair" and "reasonable" is set out at Section 4 of this Report.

Fairness

2.6 Our assessed values of a QFY Share prior to and immediately after the Proposed Transaction are summarised in the table and figure below.

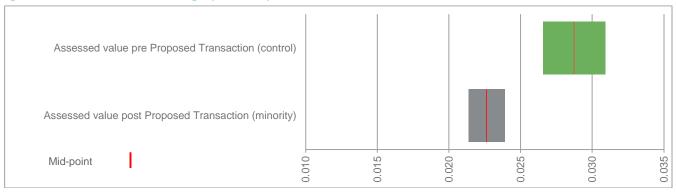
Table 1 Assessed values of a QFY Share pre and post the Proposed Transaction

Assessment of fairness	Ref.	Value per Share		
\$		Low	High	Midpoint
Fair Market Value of a QFY Share prior to Proposed Transaction - control basis	8.25	0.0266	0.0309	0.0287
Fair Market Value of a QFY Share post Proposed Transaction - minority basis		0.0213	0.0239	0.0226

Source: RSM analysis



Figure 1 QFY Share valuation graphical representation



Source: RSM analysis

- 2.7 The chart above indicates that the range of undiluted values of a QFY Share post the Proposed Transaction on a minority basis is less than the undiluted range of values prior to the Proposed Transaction on a control basis.
- 2.8 The Proposed Transaction will result in the Vendor holding approximately 40% of the issued share capital of QFY post completion, and therefore the transaction has been assessed comparing the control value of a share in QFY prior to the Proposed Transaction (i.e. including a control premium) to the minority interest value of a share in QFY after the Proposed Transcation (i.e. after applying a minority interest discount). This reflects the change in control of the Company from the perspective of the existing Shareholders.
- 2.9 In accordance with the guidance set out in ASIC RG 111, and in the absence of any other relevant information, for the purposes of Section 611, Item 7 of the Act, we consider the Proposed Transaction to be **not fair** to the Non-Associated Shareholders of QFY.

Reasonableness

- 2.10 RG 111 establishes that an offer is reasonable if it is fair. It might also be reasonable if, despite not being fair, there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the offer closes. As such, we have also considered the following factors in relation to the reasonableness aspects of the Proposed Transaction:
 - The future prospects of the Company if the Proposed Transaction does not proceed; and
 - Any other commercial advantages and disadvantages to the Non-Associated Shareholders as a consequence of the Proposed Transaction proceeding.
- 2.11 If the Proposed Transaction does not proceed the board will continue operating the existing business of QFY and explore other acquisition or merger opportunities.
- 2.12 Given the high level of operating expenditure incurred by QFY and the current cash holdings, it is highly likely that additional funding will need to be sought in the short to medium term which may dilute existing shareholders. There is no guarantee that sufficient funding will be obtained, or on acceptable terms.



2.13 The key advantages of the Proposed Transaction are:

Advantages	Details
Complementary business to drive market penetration and sales growth	The Directors have been actively seeking opportunities to improve Shareholder value and believe the Proposed Transaction is such an opportunity, with GSM-I being a complementary business to QFY with a focus on smart home technology devices and controllers.
	The Proposed Transaction is expected to bring operational synergies and create a single platform to enable growth across multiple market segments by way of:
	 cross-selling connected products into existing distribution channels of QFY and GSM-I, with wholesale retrofit supply through GSM Electrical (Trader), retail through Beacon Lighting and high end new build supply through Harvey Norman Commercial Division;
	 ability to service a larger portion of the smart home IoT market, with a diversified product portfolio covering retrofit, new build and Original Equipment Manufacturers ("OEMs"); and
	 QFY devices will be migrated to the contract manufacturing facilities used by GSM-I, therefore reducing operating and manufacturing costs.
Opportunities for IP Licensing	Creating a single technology platform and raising sufficient funds will enable a strategy to be prepared for licensing of the IP and technology which would permit expansion into international markets.
Addition of industry experience and technical skills to QFY team	Two new appointees will sit on the QFY Board, Simon Gerard and Jordan Tentori, bringing additional skills and industry experience to the Company. Mr Tentori will also take on the Chief Technology Officer role in QFY after the Proposed Transaction.
Increase cash position and provide development funding	The Proposed Transaction and associated Capital Raising will increase the cash position of QFY, providing funding for product development and growth initiatives.
Restructure capital base	The Proposed Transaction and associated Consolidation and Capital Raising will restructure the issued capital of QFY and net asset base.

2.14 The key disadvantages of the Proposed Transaction are:

Disadvantages	Details
The Proposed Transaction is not fair	The Proposed Transaction is not fair to the Non-Associated Shareholders
Dilution of shareholding	The Proposed Transaction will dilute the shareholding of the current shareholders, reducing their voting power from 100% to 27.3%.
Exposure to future development risks and funding requirements	If the Proposed Transaction is approved, it will result in the Company increasing in scale and committing to future development and marketing costs to integrate the QFY and GSM-I product ranges, which will increase the ongoing operational cost base of the Company. The Company may be required to raise additional equity funding to fund business activities in the future, which would be dilutive to existing shareholders. In addition, the new business will expose the Company to new risks including commercial and execution risk associated with the successful integration and commercialisation of the existing QFY products and GSM-I technology platform. Consequently, improved financial performance is not guaranteed and the ability to achieve forecast levels of growth is uncertain.
Vendor of GSM-I will have a significant shareholding in QFY	Following the Proposed Transaction, the Vendor will hold approximately 40% of the issued share capital of QFY and this may increase further if the Performance Rights vest and convert after 12 months up to a maximum of 49.2% (if no other Performance Rights or Options are converted). A significant shareholding of greater than 25% allows a shareholder to block compulsory acquisitions and special resolutions of the Company, and may also deter potential takeover bids.



- 2.15 We are not aware of any alternative proposals which may provide a greater benefit to the Non-Associated Shareholders of QFY at this time.
- 2.16 In our opinion, the position of the Non-Associated Shareholders of QFY if the Proposed Transaction is approved is more advantageous than if the Proposed Transaction is not approved. Therefore, in the absence of any other relevant information and/or a superior offer, we consider that the Proposed Transaction is reasonable for the Non-Associated Shareholders of QFY.

Opinion on Performance Securities

Approach

- 2.17 The Proposed Transaction includes the issue of Performance Rights which would convert into aggregate shares greater than 10% of the issued share capital, ASX Guidance Note 19: Performance Securities ("GN 19") requires an expert to opine on whether the issue of the performance securities are fair and reasonable to the Non-Associated Shareholders.
- 2.18 In expressing this opinion, ASX expects the independent expert to assume that the relevant performance milestones have been met, assess the impact that would have on the value of the entity, and then determine whether the resulting number of ordinary shares to be issued by the entity to the holder of the performance shares is fair and reasonable in the circumstances.
- 2.19 The proposed Performance Rights consist of two tranches:
 - Tranche 1 (55 million) vest on completing the design and manufacture of glass fronted devices controlled by the GSMI-Zimi cloud platform, and having the product available for sale within 12 months of the Acquisition.
 - Tranche 2 (55 million) vest on achieving sales of 30,000 Zimi-controlled/Powermesh units of \$3.0 million in sales revenue within 12 months of Acquisition.
- 2.20 We have addressed each tranche separately in our assessment.

Tranche 1

- 2.21 The development and manufacture of glass-fronted Zimi-Powermesh devices is a key objective to realise the synergistic benefits of the Proposed Transaction, integrating the high end look of QFY products with the underlying technology platform of GSM-I. Management has estimated the operational cost savings from achieving these synergistic benefits to equate to \$635,000 per annum, through elimination of duplicated roles, use of GSM-I contract manufacturing facilities and other efficiency savings.
- 2.22 We consider that the achievement of the Tranche 1 performance conditions would indicate the successful realisation of those synergies and therefore we have included them in our value assessment of QFY on the basis of Tranche 1 Performance Rights vesting.
- 2.23 The impact is shown in the table below. The assessed value of a QFY Share after vesting of the Tranche 1 Performance Shares is greater than the assessed value prior, therefore we have assessed that the number of proposed Performance Rights to be issued as Tranche 1 Performance Rights is fair to the Non-Associated Shareholders of QFY.
- 2.24 On the basis that the number of proposed Performance Rights is assessed as fair, we consider them to also be reasonable. In addition, the performance condition will incentivise management to achieve the expected product synergies within a short timeframe. Therefore, we assess that the number of proposed Performance Rights to be issued as Tranche 1 Performance Rights is **fair and reasonable** to the Non-Associated Shareholders of QFY.



Table 2 Assessed values of a QFY Share pre and post the Proposed Transaction

Assessment of fairness	Ref.	Valu	ie per Sha	are
\$		Low	High	Midpoint
Fair Market Value of a QFY Share prior to Performance Rights vesting - Tranche 1	9.2	0.0213	0.0239	0.0226
Fair Market value of a QFY Share post Performance Rights vesting - Tranche 1	12.8	0.0215	0.0243	0.0229
Increase in value per QFY Share		0.83%	2.05%	1.48%

Source: RSM analysis

Tranche 2

- 2.25 Our valuation of GSM-I in Section 11 is based on a 3-year Forecast provided by GSM-I Management which shows projected product sales of \$3.7 million in the first year; therefore we conclude that our assessed value of GSM-I in Section 9 already incorporates the value impact of achieving the performance condition of Tranche 2 of the Performance Rights.
- 2.26 Our opinion on Tranche 2 of the Performance Rights is therefore consistent with our opinion on the overall Proposed Transaction, being **not fair but reasonable**.



3. Summary of Proposed Transaction

Overview

- 3.1 On 30 September 2020, QFY announced that it had entered into a binding terms sheet ("Agreement") to acquire 100% of the issued capital in GSM-I, a private company which has developed an Internet of Things ("IoT") platform for smart homes.
- 3.2 The Vendor of GSM-I is owned and controlled by members of the Gerard family. The Gerard family has been associated with various entities supplying electrical products in Australia for 100 years.
- 3.3 The GSM-I business is complementary to QFY's existing business, with a focus on smart home technology devices and controllers.
- The initial consideration for the Proposed Transaction is stated to be \$4.8m, settled by issue of 240,000,000 fully paid ordinary shares in QFY (on a post-consolidation basis) to the Vendor, at a deemed issue price of \$0.02 per share ("Consideration Shares").
- 3.5 In addition, QFY will issue 110,000,000 performance rights in QFY (on a post-consolidation basis) ("Performance Rights") to the Vendor, which will convert into fully paid ordinary shares on a one-for-one basis on satisfaction of the following vesting conditions:

Tranche	Vesting Condition	Number of Performance Rights
	Design and manufacture each of the following glass fronted devices, each of which must be controlled by the GSMI-Zimi cloud platform and be available for sale, within 12 months of the Proposed Transaction completing:	
1	 Dimmable light switch; General purpose outlets (General power outlet or power points); and Blind controllers. 	55,000,000
	For the avoidance of doubt, 'available for sale' means a third party is capable of purchasing. 'controlled by the GSMI-Zimi cloud platform' means: • the devices listed above, successfully collect usage data, which is available and accessible using the GSMI-Zimi cloud platform; and • the devices can be remotely switched on or off using the Zimi App.	
2	Sales of 30,000 Zimi-controlled/Powermesh units or \$3,000,000 in Sales Revenue derived from Zimi-controlled /Powermesh units (whichever occurs first) within 12 months of the Proposed Acquisition completing.	55,000,000
Total P	erformance Rights	110,000,000

- 3.6 If the vesting conditions are not satisfied within 12 months of the Proposed Transaction completing, each tranche of Performance Rights will automatically lapse and will be cancelled.
- 3.7 The sales revenue condition in Tranche Two of the Performance Rights excludes revenue derived by the following:
 - one-off or extraordinary items;
 - revenue from government grants, allowances, rebates or hand-outs; or
 - revenue from sale of units at below cost, created to achieve the performance milestone.
- 3.8 On completion of the Proposed Transaction, the Vendor will hold approximately 40% of total QFY shares on issue, and up to a maximum of 49.2% if all Performance Rights are converted to ordinary shares and no other QFY options and/or rights are exercised.



- 3.9 The other key terms of the Agreement are:
 - QFY will undertake a share consolidation of its issued capital by consolidating every 25 existing shares into two (2) new shares, prior to the Proposed Transaction;
 - QFY will offer 200,000,000 ordinary Shares (on a post-consolidation basis) at an issue price of \$0.02 per share, to raise \$4.0 million (before costs of raising);
 - Mr Simon Gerard and Mr Jordan Tentori of the Vendor, will be appointed as directors of QFY;
 - Mr Jordan Tentori will also be appointed as Chief Technology Officer of QFY; and
 - The contractors of GSM-I will enter into employment or service agreements with QFY.

Key conditions of the Proposed Transaction

- 3.10 Completion of the Proposed Transaction is subject to and conditional upon a number of conditions precedent, including:
 - Completion of satisfactory due diligence enquiries by QFY;
 - QFY shareholders approving the Acquisition Resolutions as per the Notice of Meeting;
 - QFY shareholders approving and QFY completing the Consolidation;
 - QFY successfully undertaking the Capital Raising;
 - QFY shareholders approving the issue of the Consideration Shares and the Performance Rights;
 - GSM-I to enter into a distribution agreement with GSM Electrical (Australia) Pty Ltd, a company 100% owned by the Vendor, for the exclusive right to distribute and sell GSM-I products in Australia and New Zealand to the electrical wholesale market;
 - Mr Jordan Tentori entering into an employment contract with QFY;
 - The contractors of GSM-I entering into employment contracts or service agreements with QFY; and
 - QFY obtaining any other approvals required pursuant to ASX listing rules and Corporations Act and/or from any government agency for completion to occur.

Rationale for the Proposed Transaction

- 3.11 The purpose of the Proposed Transaction is to create Australia's leading electrical Internet of Things provider by bringing together two complementary businesses specialising in smart home technology.
- 3.12 The directors of QFY and GSM-I anticipate that the Proposed Transaction will also create substantial synergies to accelerate growth, by way of the following:
 - Cross-sell additional smart home products in the Vendor's current range;
 - Create a single powerful platform for all connected products to enable growth and stability;
 - Enable expansion into new international markets, by preparing a strategy to license IP and technology;
 - Deliver a flexible business model for both supply of products and the licensing of intellectual property (through existing agreements with GSM Electrical (Trader), Beacon Lighting and Steel-Line);
 - Reduce operating costs and manufacturing costs as QFY devices are migrated to contract manufacturing facilities used by GSM-I;
 - Capitalise on the Vendor's existing relationships within the electrical wholesale market;



- Increase ability to service a larger portion of the smart home Internet of Things market, with a diversified product portfolio; and
- Strengthen the QFY team with Mr Simon Gerard and Mr Jordan Tentori being appointed as QFY Board members, and Mr Jordan Tentori also being appointed as Chief Technology Officer.

Impact of Proposed Transaction on QFY's Capital Structure

- 3.13 The table below sets out a summary of the capital structure of QFY prior to and post the Proposed Transaction.
- 3.14 GSM-I is a 100% subsidiary of Gerard Private Holdings (Finance) Pty Ltd ("Vendor"). The Vendor of GSMI-I and its directors do not currently hold any issued capital of QFY.
- 3.15 The Vendor of GSM-I will hold an interest of 40% in QFY immediately after the Proposed Transaction on an undiluted basis (i.e. without conversion of performance rights). Assuming conversion of the Vendor Performance Rights but no other Performance Shares or Options of QFY are exercised, the Vendor will hold a maximum interest of up to 49.3%.
- 3.16 On a fully diluted basis, assuming that all Performance Rights, Performance Shares and Options are exercised and converted into ordinary shares of QFY, the Vendor will hold an interest of approximately 44% in QFY. It is noted that the existing QFY Options are significantly out-of-the-money based on the current traded share price.

Table 3 Share structure of QFY pre and post the Proposed Transaction

	Prior to Propo Transaction		Post Propos Transaction	
Ordinary Shares				
Pre-Consolidation QFY Shareholders	2,008,549,744		2,008,549,744	
Post-Consolidation QFY Shareholders (25:2)	160,683,980	100%	160,683,980	26.8%
Vendor - Consideration Shares	-	0%	240,000,000	40.0%
Capital Raise	-	0%	200,000,000	33.3%
Total undiluted shares on issue (Post-Consolidation)	160,683,980	100%	600,683,980	100%
Options				
Pre-Consolidation Options	995,759,030		995,759,030	
Post-Consolidation Options (25:2)	79,660,722	100%	79,660,722	100%
Total options (Post-Consolidation)	79,660,722	100%	79,660,722	100%
Performance Shares and Rights				
Pre-Consolidation Performance Shares	110,000,000		110,000,000	
Post-Consolidation Performance Shares (25:2)	8,800,000	100%	8,800,000	7%
Vendor - Performance Rights	-	0%	110,000,000	92.6%
Total performance shares and rights (Post-Consolidation)	8,800,000	100%	118,800,000	100%
Fully Diluted Position				
Existing holders	249,144,702	100%	249,144,702	31%
Vendor holders	-	0%	350,000,000	44%
Other new holders	-	0%	200,000,000	25%
Total diluted shares on issue (Post-Consolidation)	249,144,702	100%	799,144,702	100%

Source: Company estimates



4. Scope of the Report

Corporations Act

- 4.1 Section 606 of the Act prohibits a person from acquiring a relevant interest in the issued voting shares of a public company if the acquisition results in that person's voting interest in the company increasing from a starting point that is below 20% to an interest that is above 20%. Completion of the Proposed Transaction will result in the shareholder of GSM-I increasing its interest in QFY from nil to 40% immediately, and up to 44% if all options and rights are exercised. In addition, if the Performance Rights vest within 12 months and no other QFY options and/or rights are exercised, the Vendor will hold a 49% interest in QFY.
- 4.2 Under Item 7 of Section 611 of the Act, the prohibition contained in Section 606 does not apply if the acquisition has been approved by the Shareholders of the company.
- 4.3 Accordingly, the Company is seeking approval from the QFY Shareholders for the Acquisition Resolutions under Item 7 of Section 611 of the Act.
- 4.4 Section 611(7) of the Act states that shareholders must be given all information that is material to the decision on how to vote at the meeting. ASIC Regulatory Guide 111 ("RG 111") advises the requirement to commission an Independent Expert's Report in such circumstances and provides guidance on the content.

Basis of evaluation

- 4.5 In determining whether the Proposed Transaction is "fair" and "reasonable" we have given regard to the views expressed by ASIC in RG 111.
- 4.6 RG 111 provides ASIC's views on how an expert can help security holders make informed decisions about transactions. Specifically, it gives guidance to experts on how to evaluate whether or not a proposed transaction is fair and reasonable.
- 4.7 RG 111 states that the expert's report should focus on:
 - The issues facing the security holders for whom the report is being prepared: and
 - The substance of the transaction rather than the legal mechanism used to achieve it.
- 4.8 Where an issue of shares by a company otherwise prohibited under section 606 is approved under item 7 of section 611 and the effect on the company's shareholding is comparable to a takeover bid, RG 111 states that the transaction should be analysed as if it was a takeover bid.
- 4.9 RG 111 applies the fair and reasonable test as two distinct criteria in the circumstance of a takeover offer, stating:
 - A takeover offer is considered "fair" if the value of the offer price or consideration is equal to or greater than the value of the securities that are the subject of the offer; and
 - A takeover is considered "reasonable" if it is fair, or where the offer is "not fair" it may still be reasonable if the expert believes that there are sufficient reasons for security holders to accept the offer.
- 4.10 Consistent with the guidelines in RG 111, in determining whether the Proposed Transaction is fair and reasonable to the Non-Associated Shareholders, the analysis we have undertaken is as follows:
 - A comparison of the Fair Market Value of an ordinary Share in QFY prior to (on a control basis) and immediately following (on a non-control basis) the Proposed Transaction – fairness; and



- A review of other significant factors which Non-Associated Shareholders might consider prior to approving the Proposed Transaction reasonableness.
- 4.11 The other significant factors to be considered include:
 - Other prospects of the Company if the Proposed Transaction does not proceed; and
 - any other commercial advantages and disadvantages to the Non-Associated Shareholders as a consequence of the Proposed Transaction proceeding.
- 4.12 Our assessment of the Proposed Transaction is based on economic, market and other conditions prevailing at the date of this Report.

ASX Guidance Note 19: Performance Securities

- 4.13 ASX Guidance Note 19: Performance Securities ("GN 19") was revised on 28 August 2020 and includes a new requirement, in certain circumstances, for companies to commission an independent expert when issuing performance securities.
- 4.14 An Independent Expert Report is required in the following two situations:
 - For a listed entity that proposes to issue performance securities covered by GN 19, where the number
 of ordinary shares that will be issued upon achievement of the milestone is greater than 10% of the
 number of ordinary shares on issue at the date the performance securities will be issued; or
 - For an entity that is applying to be listed, that proposes to issue performance securities covered by GN 19, where the number of ordinary shares that will be issued upon achievement of the milestone is greater than 10% of the number of ordinary shares on issue at the date of admission to quotation.
- 4.15 GN 19 states that an entity must obtain a report from an independent expert that complies with RG 111 and that opines on whether the issue of the performance securities in question is fair and reasonable to non-participating shareholders.
- 4.16 In expressing this opinion, ASX expects the independent expert to assume that the relevant performance milestones have been met, assess the impact that would have on the value of the entity, and then determine whether the resulting number of ordinary shares to be issued by the entity to the holder of the performance shares is fair and reasonable in the circumstances.
- 4.17 GN 19 notes that the independent expert can express a broader view on an issue of performance shares in circumstances where they are unable to conclude that the issue is fair or reasonable, but could be regarded as in the best interests of the entity and non-associated shareholders to proceed with the issue.



5. Profile of Quantify Technology Holdings Limited

Background

- Quantify Technology Holdings Limited is an Australian public company listed on the ASX, following a reverse take-over of WHL Energy in 2017. QFY is focused on IoT smart home technology and services the home automation sector.
- 5.2 QFY supplies and sells "qDevices" which replace standard power outlets and light switches, and can be controlled by voice, application and/or touch. QFY's devices include:
 - qDimmer a three channel light dimmer;
 - qPower power points which monitor energy consumption;
 - qBlinds wireless control of blinds, window shutters and curtains through standard cabling; and
 - qBridge auxiliary controller that allows its smart products to connect to other smart products on the market.
- 5.3 qBlinds are not actively being supplied at the date of this Report following a recall in July 2020 and further development work being required before re-commencing commercial supply.
- 5.4 The QFY cloud service, Qumulus, is responsible for the pre-configuration, secure validation and onboarding of the qDevices. Qumulus allows connection of the qDevices via two apps:
 - QCommission enables a qualified electrical contractor to configure and test the electrical settings of the qDevices; and
 - qLiving enables a home-owner to control and interact with the smart home.
- Harvey Norman is the exclusive stockist and distributor for QFY products on the east coast of Australia, through its commercial division. In Western Australia, Intelligent Homes Technology Centre, Limitless Automation and Powerhouse Home Automation & Innovation Centre are the distributors of QFY products and Fokused Pty Ltd is the exclusive stocking distributor. QFY's products are displayed in showrooms around the country.
- 5.6 QFY products are primarily targeted at the new build and premium apartment markets, providing tailored home automation solutions which are commissioned by professional installers.



Directors and management

5.7 The directors of QFY are summarised in the table below.

Table 4 QFY Directors

Name	Title	Experience
Mr Peter Rossdeutscher	Chairman	Mr Rossdeutscher has been a non-executive and chair of various boards. A Fellow of the Australian Institute of Company Directors since 2008, he is a regular speaker on innovation, digital transformation and the core drivers to grow and protect stakeholder value. Mr Rossdeutscher was previously a Managing Director and led multinational companies in 12 countries, delivering annual income >\$500 million.
Mr Brett Savill	CEO	Mr Savill has held senior operational roles in Australia, as well as being a former PricewaterhouseCoopers partner in the UK, focusing on technology, media and telecommunication. Mr Savill brings 25 years' experience across strategy, innovation, regulation, business development, start-up growth and innovation.
Mr Gary Castledine	Non- Executive Director	Mr Castledine is the founder of Westar Capital, a corporate advisory firm. Mr Castledine has participated in a range of capital raisings and IPOs, and his expertise lies in the ability to organise the capital and corporate structuring of each transaction, to facilitate the investment banking required to take a project to market.

Source: Company website



Financial information of QFY

- The information in the following section provides a summary of the financial performance of QFY for the three years ended 30 June 2020, as extracted from the audited financial statements of the Company.
- 5.9 The auditor of QFY, HLB Mann Judd, has issued an unqualified audit opinion on the financial statements for the year ended 30 June 2020.
- 5.10 The audited financial statements of QFY are prepared on a consolidated basis for QFY and its five whollyowned subsidiaries.

Financial performance

5.11 The following table sets out a summary of the financial performance of QFY for the three years ended 30 June 2020.

Table 5 QFY historical financial performance

		Year ended	Year ended	Year ended
		30-Jun-20	30-Jun-19	30-Jun-18
\$'000	Ref	Audited	Audited	Audited
Revenue	5.13	469	121	-
Cost of sales		(360)	(93)	-
Gross profit		108	28	-
Grant income	5.14	1,035	1,571	1,403
Other income		99	156	45
Operating expenses	5.15	(4,374)	(6,714)	(8,192)
Financing costs		(112)	(116)	(47)
Depreciation and amortisation		(2,185)	(132)	-
Impairment of capitalised intangibles	5.16	(6,475)	-	-
Reversal of listing premium expense	5.17	1,089	-	-
(Loss) before income tax expense	5.12	(10,814)	(5,207)	(6,791)
Income tax expense		-	-	-
(Loss) after income tax expense		(10,814)	(5,207)	(6,791)

Source: Company Financials

- 5.12 QFY recorded a net loss before income tax of \$10.81 million in the year ended 30 June 2020, following losses before income tax of \$5.21 million and \$6.79 million in the years ended 30 June 2019 and 30 June 2018, respectively.
- 5.13 Following the product development phase, revenue has increased from \$121k in FY19 to \$469k in FY20. The gross profit margin has been consistent at 23%.
- 5.14 The grant income of \$1.04 million in FY20 comprises research & development grant income and an Australian Taxation Office cashflow boost due to COVID-19.
- 5.15 The largest operating expense primarily relates to employee benefits, comprising 67% of total operating expenses in FY18 and FY20, and 75% of total operating expenses in FY19. Included in employee benefits are share-based payment expenses of \$292k in FY20, \$618k in FY19 and \$1.31 million in FY18. Administration and corporate expenses are the second highest operating expense, being between 16% and 25% of total operating expenses.



- 5.16 The most significant expense incurred during the year ended 30 June 2020 relates to the impairment expense of \$6.48 million. This impairment arose due to the assessed impact of global events in 2020 and the recall of a key product on QFY's carrying amount of development expenditure, patents and trademarks.
- 5.17 The reversal of the listing premium expense relates to the FY20 re-assessment of performance shares which were issued in FY17 as part of the consideration paid on the reverse takeover. On acquisition, it was determined that two of the four tranches were likely to vest. During FY20, it was determined that all four tranches were unlikely to vest. QFY has recognised the difference between the fair value of the consideration paid and the consideration that would have been paid had the performance shares not been included as consideration.

Financial position

5.18 The table below sets out a summary of the financial position of QFY as at 30 June 2020 and 30 June 2019.

Table 6 QFY historical financial position

		30-Jun-20	30-Jun-19
\$'000	Ref	Audited	Audite
ASSETS			
Cash and cash equivalents		695	79
Trade and other receivables	5.20	1,138	1,88
Prepayments		5	
Total Current Assets		1,838	2,68
Property, plant and equipment		128	16
Intangible assets	5.21	125	7,94
Right of Use asset	5.22	226	
Total Non-Current Assets		480	8,11
Total Assets		2,317	10,79
LIABILITIES			
Trade and other payables		845	94
Interest-bearing loans and borrowings	5.23	776	1,05
Provisions		154	17
Lease liability		110	
Total Current Liabilities		1,886	2,17
Lease liability		126	
Total Non-Current Liabilities		126	
Total Liabilities		2,012	2,17
Net Assets	5.19	305	8,62
EQUITY			
Contributed equity		34,694	31,69
Unissued share capital		60	75
Reserves		1,699	2,62
Accumulated losses		(36,148)	(26,445
Total Equity		305	8,62

Source: Company Financials



- 5.19 As at 30 June 2020, QFY had net assets of \$305k and a net current assets deficit of \$48k.
- 5.20 Trade and other receivables at 30 June 2020 comprise \$78k trade receivables and other amounts owing by unrelated parties, and an R&D rebate government refund of \$1.06 million.
- 5.21 QFY capitalises all applicable expenditure to intangible assets, aside from wages and salaries. As noted above, the 30 June 2020 impairment review resulted in a significant write-down of the carrying value of intangible assets.
- 5.22 The right-of-use asset of \$226k as at 30 June 2020 relates to a property lease for the QFY office.
- 5.23 Interest bearing loans and other liabilities, with a balance of \$776k as at 30 June 2020, relate to pre-funded R&D. The debt is a short-term facility, secured only against the R&D government refund. The facility incurs interest at a rate of 15% pa and will be repaid immediately once the refund is received.



Capital structure

5.24 QFY has 2,008,549,744 ordinary shares on issue. The top 20 shareholders of QFY as at 7 October 2020 are set out below.

Table 7 QFY Top 20 shareholders

Rank	Name	Total Units	% Issued Share Capital
1	BIG AL INVESTMENTS PTY LTD	141,709,625	7.06%
2	CUDA DEVELOPMENT CORPORATION PTY LTD	54,360,583	2.71%
3	ZW 2 PTY LTD	34,144,473	1.70%
4	CS THIRD NOMINEES PTY LTD <hsbc 13="" a="" au="" c="" cust="" ltd="" nom=""></hsbc>	30,090,116	1.50%
5	MRS KAREN LEE EASTOP	30,000,000	1.49%
6	JANE ELIZABETH MARY SAVILL <savill a="" c="" family=""></savill>	25,337,359	1.26%
7	THE REALLY USEFUL IDEAS COMPANY PTY LTD	25,000,000	1.24%
8	BNP PARIBAS NOMINEES PTY LTD <ib au="" drp="" noms="" retailclient=""></ib>	24,696,269	1.23%
9	CARPE DIEM ASSET MANAGEMENT PTY LTD <lowe a="" c="" family=""></lowe>	20,833,333	1.04%
10	CS FOURTH NOMINEES PTY LIMITED <hsbc 11="" a="" au="" c="" cust="" ltd="" nom=""></hsbc>	20,800,000	1.04%
11	MR PETER ALAN ROSSDEUTSCHER & DR EVELYN DE SILVA- ROSSDEUTSCHER <pebi a="" c="" fund="" super=""></pebi>	20,000,000	1.00%
11	CAROLINE KAFROUNI	20,000,000	1.00%
12	CITICORP NOMINEES PTY LIMITED	17,820,262	0.89%
13	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	16,685,411	0.83%
14	GUINA NOMINEES PTY LTD <byass a="" c="" fund="" super=""></byass>	15,497,500	0.77%
15	MORGAN STANLEY AUSTRALIA SECURITIES (NOMINEE) PTY LIMITED <no 1="" account=""></no>	15,349,147	0.76%
16	SOLEQUEST PTY LTD	15,169,652	0.76%
17	MEDITERRANEAN INVESTMENTS (AUST) PTY LTD < MEDITERRANEAN INVESTMNT A/C>	15,000,000	0.75%
17	MR GREGORY JAMES HANSEN	15,000,000	0.75%
18	DOMAEVO PTY LTD <the a="" c="" jcs="" no2=""></the>	14,000,678	0.70%
19	INDAH ISLAND PTY LTD <the bowlife="" trust=""></the>	14,000,000	0.70%
20	STATE ONE CAPITAL GROUP P/L <cjz -="" a="" c="" csaba=""></cjz>	13,247,494	0.66%
	Total Top 20 Shareholding	598,741,902	29.81%
	Others	1,409,807,842	70.19%
	Total issued capital	2,008,549,744	100.00%

Source: Company



- 5.25 QFY had 995,759,030 options on issue at the date of this report, as detailed below:
 - 545,247,679 quoted options (ASX: QFYOB) exercisable at \$0.01 (on a pre-Consolidation basis) on or before 13 August 2021; and
 - 450,511,351 quoted options (ASX: QFYOC) exercisable at \$0.008 (on a pre-Consolidation basis) on or before 26 February 2022.
- 5.26 The latest traded share price of QFY at the date of this Report was \$0.002 therefore the above options are currently out-of-the-money.
- 5.27 In addition, QFY has the following performance shares on issue:
 - 30,000,000 performance shares which were granted on 3 March 2017 and will vest on the condition that \$15 million committed orders have been received by 3 September 2021; and
 - 80,000,000 director performance shares, of which 20,000,000 vested during FY20, but were not exercised, and 60,000,000 remain unvested. The vesting conditions of the performance shares are as follows:

Tranche	Vesting Condition	Number of Performance Shares
А	Immediately upon QFY securing a minimum of \$3.9 million in long-term funding prior to 31 December 2018	20,000,000
В	Immediately upon QFY generating \$5 million in accumulated revenue between 1 October 2018 and 30 September 2021	20,000,000
С	Immediately upon QFY achieving a share price of at least \$0.03 and a market capitalisation of at least \$45 million, each based on the volume weighted average market price over a 20 consecutive trading day period during which the shares have actually traded	40,000,000

Share price performance

- 5.28 The market capitalisation of QFY at the date of this Report was \$4.02 million and closing share price was \$0.002
- 5.29 The figure below sets out a summary of QFY closing share prices and traded volumes for the 12 months to 10 September 2020, as QFY was put into a trading halt on the ASX on 10 September 2020 pending the release of the announcement of the Proposed Transaction.



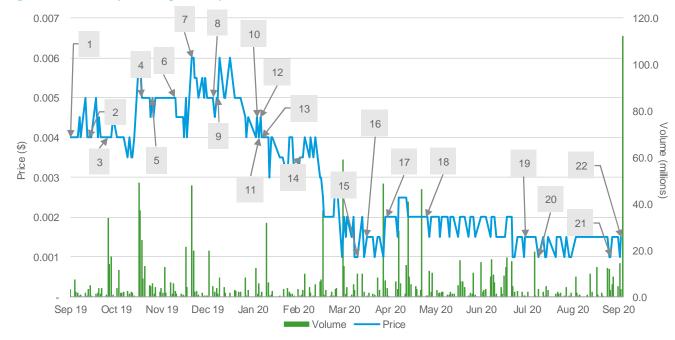


Figure 2 QFY daily closing share price and traded volumes

Source: S&P Capital IQ/ ASX

- 5.30 In the twelve months period to QFY's trading halt on 10 September 2020, QFY Shares traded between \$0.001 and \$0.006 per share. The most significant trading day during this period was on 10 September 2020, when approximately 5% of QFY's total volume of shares were traded.
- 5.31 The most significant trading days that have been summarised in the chart above are described as follows:

No.	Date	Comment
1	10-Sep-19	US Patent Granted QFY announced that it had been granted patent protection for its technology in the United States.
2	23-Sep-19	Quantify Signs Up ASI Electrics QFY announced that it had entered into an agreement with ASI Electrics for the distribution of its products in VIC. ASI Electrics is one of VIC's leading electrical contracting businesses and Victoria represents 26% of Australia's population.
3	3-Oct-19	Quantify Signs MOU with Energy Trade QFY announced that it had signed a MOU with Energy Trade Pty Ltd for the inclusion of its products into Energy Trade's sales. Energy Trade is an Australian owned and operated energy provider that delivers and manages embedded energy networks. QFY's products will differentiate Energy Trade's offering, while accelerating its own growth strategy.
4	28-Oct-19	Quantify Integrates with Google QFY announced that it had integrated Google's intelligent voice technology into its devices. Working with Google strengthens QFY's platform as it maximises its sales nationally and looks to secure distribution overseas.
5	4-Nov-19	Quantify Sign West Australian Stockist QFY announced that it has entered into an agreement with Fokused Pty Ltd, to become the exclusive stocking distributor in WA, with Fokused having committed to an initial stocking order of \$250k in year one as part of a four year purchasing agreement.
6	18-Nov-19	Quantify Signs MOU with Honeywell QFY announced that it has signed a MOU with Honeywell to participate in the PropTech Hub program. The PropTech Hub Program supports technology and innovation that drives solutions for the future of the building industry.
7	28-Nov-19	Major Order signed with Blaq Projects QFY has signed a HoA with Blaq Projects to deliver devices to 267 apartments in Wollongong, NSW. This three-year commitment would see Blaq Projects using QFY's devices for its home automation. The order is in excess of \$500k and will be distributed via QFY's stocking distributor, Harvey Norman and represents Harvey Norman's first major supply order for QFY devices.



Major ACT Projects Secured QFY and Harvey Norman Commercial Division have signed an exclusive, three-year HoA with ACT based 3 Property Group, which would see all future 3PG projects feature QFY products. The HoA targets an initial 53 townhouses across three separate developments. With the ACT market thriving, population numbers are predicted to increase by around 32k over 4 years and thereby create a high demand for innovative housing. New Order with The Stable Group QFY have agreed to install their products in 18 luxury townhouses in Sydney's northern beaches with Sydney-based Stable Group. Stable is an innovative, award-winning Australian development and property services company with a vision to create vibrant, environmentally sustainable developments. The specification will be the third major order distributed via Harvey Norman Commercial Division since it announced its initial stocking order of \$500k in May 2019. Trading Halt QFY is placed in trading halt, pending an announcement. \$1.5 million Fully Underwritten Entitlement Issue QFY raising up to \$1.5m by way of fully underwritten entitlement issue on the basis of 1 new share for every 4 held at an issue price of \$0.004 per share to raise gross proceeds of approximately \$1.5m. Participants in the entitlement issue will receive 1 new option for every 1 share subscribed (expiry 2 years from the date of issue, exercisable at \$0.008). The Company will apply for the options to be listed on the ASX.
QFY have agreed to install their products in 18 luxury townhouses in Sydney's northern beaches with Sydney-based Stable Group. Stable is an innovative, award-winning Australian development and property services company with a vision to create vibrant, environmentally sustainable developments. The specification will be the third major order distributed via Harvey Norman Commercial Division since it announced its initial stocking order of \$500k in May 2019. Trading Halt QFY is placed in trading halt, pending an announcement. \$1.5 million Fully Underwritten Entitlement Issue QFY raising up to \$1.5m by way of fully underwritten entitlement issue on the basis of 1 new share for every 4 held at an issue price of \$0.004 per share to raise gross proceeds of approximately \$1.5m. Participants in the entitlement issue will receive 1 new option for every 1 share subscribed (expiry 2 years from the date of issue, exercisable at \$0.008). The Company will apply for the options to be listed on the ASX.
QFY is placed in trading halt, pending an announcement. 11 13-Jan-20 \$1.5 million Fully Underwritten Entitlement Issue QFY raising up to \$1.5m by way of fully underwritten entitlement issue on the basis of 1 new share for every 4 held at an issue price of \$0.004 per share to raise gross proceeds of approximately \$1.5m. Participants in the entitlement issue will receive 1 new option for every 1 share subscribed (expiry 2 years from the date of issue, exercisable at \$0.008). The Company will apply for the options to be listed on the ASX.
11 13-Jan-20 \$1.5 million Fully Underwritten Entitlement Issue QFY raising up to \$1.5m by way of fully underwritten entitlement issue on the basis of 1 new share for every 4 held at an issue price of \$0.004 per share to raise gross proceeds of approximately \$1.5m. Participants in the entitlement issue will receive 1 new option for every 1 share subscribed (expiry 2 years from the date of issue, exercisable at \$0.008). The Company will apply for the options to be listed on the ASX.
40 AF Inc 00 Olahal Cartification account for Disc 10 AF
12 15-Jan-20 Global Certification secured for Blind Controller QFY's blind controller hardware has passed global safety certification testing which is a critical step towards global product sales. This marks the third device to received global CB Scheme Certification, alongside the Dimmer and GPO hardware.
13 17-Jan-20 Prospectus QFY releases prospectus for entitlement issue.
14 10-Feb-20 Egyptian Patent Granted QFY has been granted patent protection for its technology in Egypt. The Egyptian market is growing at a rate of 26% p.a. and is worth US\$150m. This patent has now been approved in 13 countries.
15 17-Mar-20 Director Resignation QFY announced that Mr Mark Lapins has resigned as Non-Executive Director of the Company.
QFY Well Positioned in Uncertain Times QFY released statement expressing that it has a strong sales pipeline, with expected contract wins in the near-term. Furthermore, the statement indicates that costs were reduced by around \$1m per annum at the end of calendar year 2019, with tight cost control moving forward.
17 6-Apr-20 Major Order Signed QFY signed a HoA with Dilcara to deliver to 36 locations in Sydney. This is an exclusive three-year commitment, with the initial order being estimated to be in excess of \$450k.
18 1-May-20 NDIS Apartments roll out in WA QFY releases statement indicating that 'Fokused', its stocking distributor in WA, has reached an agreement to install Quantify devices in 10 NDIS apartments being built in Cannington in Perth's inner south.
19 10-Jul-20 Quantify placed in trading halt QFY placed in trading halt pending an announcement.
20 14-Jul-20 Blaq Project Product Recall QFY has discovered a technical issue with one of its devices, the Blind Controller, and has issued a recall notice as Blaq determined that the devices were not fit for purpose. QFY agreed to reimburse Blaq for the devices and any labour costs incurred.
21 31-Aug-20 Appendix 4E and Annual Report QFY released its annual report to shareholders indicating a comprehensive loss of \$10.8m for the year ended June 2020.
22 10-Sep-20 Trading Halt QFY is placed in trading halt, pending an announcement.



6. Profile of GSM Innovations Pty Ltd

Background

- 6.1 GSM Innovations Pty Ltd, a private company based on the Gold Coast, has developed and manufactured an advanced IoT platform, with two key products:
 - Powermesh hardware; and
 - Zimi software.
- A wholly owned subsidiary of Gerard Private Holdings (Finance) Pty Ltd ("Gerard Private"), GSM-I owns the patents pending and trademarks for the GSM-I products Zimi and Powermesh, although historically the products have been sold through a related entity. The business comprises the supply and sale of connected smart home electrical devices required to control electrical applications and devices in the home.
- 6.3 Gerard Private is owned and controlled by members of the Gerard family. Various historical Gerard-related entities have supplied electrical products in Australia for 100 years. This legacy includes the development of Clipsal C-Bus automation (now known as Clipsal Australia), which was acquired by Schneider Electric in 2003. Gerard Private also includes the following related businesses:
 - GSM Retail Group supplies into the electrical retail market; and
 - GSM Electrical (Australia) supplies into the electrical wholesale market under the Trader brand name.

Products

- Powermesh is an advanced wireless mesh system that enables device to device communication via Bluetooth. It is embedded into dimmable light switches, multi purpose power points and double power points. Powermesh also allows bandwidth to increase as more devices are added and enables the network to continue to operate in the event of an outage.
- 6.5 The Powermesh range comprises:
 - Dimmable light switch single light switch allowing for adjusting light levels, managing energy use and setting a schedule;
 - Multi-purpose switches one to four button switches suitable for controlling lighting, appliances and devices;
 - Fan and light controller multi speed fan controller with light switch;
 - Double power points controlling and monitoring energy usage of appliances; and
 - Garage controller hand free control of any garage door.
- 6.6 The garage controller is exclusively produced for and sold through Steel-Line Garage Doors Australia Pty Ltd ("Steel-Line"), Australia's largest garage door manufacturer.
- 6.7 GSM-I products are also certified by Google to work with Google Assistant, providing Zimi users voice control of all Powermesh products.
- 6.8 Zimi is a software platform that enables consumers to communicate with the electrical accessories by way of an app on their mobile phone or tablet. It enables consumers to manage, monitor and control their Powermesh enabled devices.



6.9 Powermesh and Zimi products are suitable for both new and existing homes (retro-fit), as well as commercial and industrial environments. All electrical wiring devices are required to be installed by a licensed electrician, however no additional training is required and end-users can set-up and configure their system.

Distribution Agreements

- 6.10 A draft distribution agreement has been agreed between GSM-I and GSM Electrical (Australia) Pty Ltd ("GSM Electrical"), which appoints GSM Electrical as the exclusive re-seller to electrical wholesalers in Australia and New Zealand of GSM-I products. GSM Electrical is a wholly owned subsidiary of Gerard Private and has historically sold GSM-I products through its distribution channels. The distribution agreement is for an initial term of 36 months and may be extended for further periods, each of 12 months' duration, by agreement of both parties. The execution of this distribution agreement is a condition precedent of the Proposed Transaction.
- 6.11 Following completion of the Proposed Transaction, GSM-I will manufacture the units and supply the products to GSM Electrical, which will distribute them under the "Trader" brand to electricians and electrical wholesalers. Trader has sales representatives around Australia and supplies to approximately 900 wholesale groups.
- 6.12 In addition to the proposed distribution agreement with GSM Electrical, GSM-I has agreements with Steel-Line and Beacon Lighting, for the supply of GSM-I products.
- 6.13 The Memorandum of Understanding entered into with Beacon Lighting Group Ltd ("Beacon") on 9 December 2019, advises that GSM-I appointed Beacon as its nominated Powermesh products retail distributor in Australia. The agreement with Steel-Line included financial contributions towards development costs of tailored GSM-I products for Steel-Line garage doors.

Directors and management

6.14 The key management of GSM-I are summarised in the table below. Both are being appointed to the QFY board, following the Proposed Transaction.

Table 8 GSM-I Management

Name	Title	Experience
Mr Simon Gerard	Managing Director	Mr Gerard is the Managing Director of Gerard Private, which owns Trader, Gerard Sourcing & Manufacturing and Bell Total Logistics.
Mr Jordan Tentori	General Manager	Mr Tentori is the founder and General Manager of GSM-I, with a demonstrated history of working nationally and internationally with electrical and lighting industries to evolve technology into commercial realities

Source: Quantify Investor Presentation September 2020

6.15 Following the Proposed Transaction, Mr Gerard will be appointed as a Non-Executive Director of QFY and Mr Tentori as a board member and Chief Technology Officer of QFY.



Financial performance

6.16 The following table sets out a summary of the unaudited financial performance of GSM-I for the two years ended 30 June 2020.

Table 9 GSM-I historical financial performance

		Year ended	Year ended	
		30-Jun-20	30-Jun-19	
	Ref	Management	Management	
Product sales to external customers	6.18	100,278	-	
Cost of sales		(70,877)	-	
Gross profit		29,401	-	
Other income		86,336	117,676	
Amortisation - product development	6.19	(485,918)	(170,031)	
Audit Fees		-	(8,200)	
Company subscriptions & levies		(12,235)	(9,292)	
Consultants fees		-	(8,182)	
Depreciation - plant & machinery		(4,924)	-	
Foreign currency gains and losses		(4,298)	-	
Freight costs		(5,251)	-	
Legal expenses		-	(2,475)	
Marketing expenses		(5,864)	-	
Product improvements and quality		(6,500)	(5,335)	
Warehouse handling costs		(604)	-	
Loss before income tax expense	6.17	(409,858)	(85,838)	
Income tax expense		-	-	
Loss after income tax expense		(409,858)	(85,838)	

Source: Company Financials

- 6.17 GSM-I recorded net losses before income tax of \$86k and \$410k for the years ended 30 June 2019 and 30 June 2020, respectively.
- 6.18 Historically, the sales and cost of sales of GSM-I products were recorded through GSM Electrical (Trader), the distributor. The product sales recorded in the GSM-I financials above only relate to development costs recovered from Steel-Line for the development of the Powermesh Garage Door controller. Based on information provided by GSM-I management, GSM-I product sales recorded through Trader totalled \$1.73 million for the period between 1 July 2018 and 1 April 2020, with an average gross margin of approximately 50% excluding demos and free product.
- 6.19 All engineering and product development costs have been capitalised, including labour costs, as noted in paragraph 6.22.



Financial position

6.20 The table below sets out a summary of the financial position of GSM-I as at 30 June 2020 and 30 June 2019.

Table 10 GSM-I historical financial position

		30-Jun-20	30-Jun-19
\$	Ref	Management	Management
ASSETS			
Trade and other debtors		45,386	-
Stock - finished goods		38,344	-
GST		10,038	4,384
Other prepayments		928	845
Total Current Assets		94,697	5,229
Product development - completed projects	6.22	2,854,808	2,040,369
Project development - amortisation	6.22	1,173,533	927,804
Product development - WIP	6.22	(655,949)	(170,031)
Plant and equipment (less accumulated depreciation)		51,429	-
Total Non-Current Assets		3,423,821	2,798,142
Total Assets		3,518,518	2,803,371
LIABILITIES			
Gerard Private Holdings (Finance) - Ioan account	6.23	198,079	198,079
GSM Electrical (Australia) - Ioan account	6.23	3,701,146	2,691,130
Trade and other creditors		114,989	-
Total Current Liabilities		4,014,214	2,889,209
Total Liabilities		4,014,212	2,889,207
Net Assets/(Liabilities)	6.21	(495,694)	(85,836)
EQUITY			
Issued share capital		2	2
Current year earnings		(409,858)	(85,838)
Retained earnings		(85,838)	-
rtotairioa oarriirigo			

Source: Company Financials

- 6.21 As at 30 June 2020, GSM-I had net liabilities of \$495,694 and net current liabilities of \$3.92 million.
- 6.22 GSM-I capitalises Powermesh development costs (completed projects and work in progress) and amortises them over a maximum period of 5 years, commencing on the day the product is released for sale. Development costs include research and development payroll expenses, prototypes, engineering contractors, materials and other project costs. The completed projects were launched in February 2019 and December 2019.
- 6.23 GSM-I has been funded by GSM Electrical, a related party and its exclusive distributor, and the Vendor. The related party loans will be settled prior to the Proposed Transaction.



7. Valuation approach

Basis of evaluation

7.1 The valuation of QFY prior to and post the Proposed Transaction has been prepared on the basis of Fair Market Value being the value that should be agreed in a hypothetical transaction between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller, acting at arm's length.

Valuation methodologies

- 7.2 In assessing the Fair Market Value of an ordinary QFY Share prior to and immediately following the Proposed Transaction, we have considered a range of valuation methodologies. RG 111 proposes that it is generally appropriate for an expert to consider using the following methodologies:
 - the discounted cash flow ("DCF") method and the estimated realisable value of any surplus assets;
 - the application of earnings multiples to the estimated future maintainable earnings or cash flows added to the estimated realisable value of any surplus assets;
 - the amount which would be available for distribution on an orderly realisation of assets;
 - the quoted price for listed securities; and
 - any recent genuine offers received.
- 7.3 We consider that the valuation methodologies proposed by RG 111 can be split into three valuation methodology categories, as follows.

Market based methods

- 7.4 Market based methods estimate the Fair Market Value by considering the market value of a company's securities or the market value of comparable companies. Market based methods include:
 - the quoted price for listed securities; and
 - industry specific methods.
- 7.5 The recent quoted price for listed securities method provides evidence of the fair market value of a company's securities where they are publicly traded in an informed and liquid market.
- 7.6 Industry specific methods usually involve the use of industry rules of thumb to estimate the fair market value of a company and its securities. Generally, rules of thumb provide less persuasive evidence of the fair market value of a company than other market based valuation methods because they may not account for company specific risks and factors.

Income based methods

- 7.7 Income based methods estimate value by calculating the present value of a company's estimated future stream of earnings or cash flows. Income based methods include:
 - discounted cash flow;
 - capitalisation of future maintainable earnings.
- 7.8 The DCF technique has a strong theoretical basis, valuing a business on the net present value of its future cash flows. It requires an analysis of future cash flows, the capital structure and costs of capital and an assessment of the residual value or the terminal value of the company's cash flows at the end of the forecast



- period. This method of valuation is appropriate when valuing companies where future cash flow projections can be made with a reasonable degree of confidence.
- 7.9 The capitalisation of future maintainable earnings is generally considered a short form DCF, where an estimation of the Future Maintainable Earnings ("FME") of the business, rather than a stream of cash flows is capitalised based on an appropriate capitalisation multiple. Multiples are derived from the analysis of transactions involving comparable companies and the trading multiples of comparable companies.

Asset based methods

- 7.10 Asset based methodologies estimate the Fair Market Value of a company's securities based on the realisable value of its identifiable net assets. This approach is particularly appropriate for businesses with relatively high asset values compared to earnings and cash flows.
- 7.11 Asset based methods include:
 - orderly realisation of assets method;
 - · liquidation of assets method; and
 - net assets on a going concern basis.
- 7.12 The value achievable in an orderly realisation of assets is estimated by determining the net realisable value of the assets of a company which would be distributed to security holders after payment of all liabilities, including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner.
- 7.13 The liquidation of assets method is similar to the orderly realisation of assets method except the liquidation method assumes that the assets are sold in a shorter time frame. The liquidation of assets method will result in a value that is lower than the orderly realisation of assets method and is appropriate for companies in financial distress or where a company is not valued on a going concern basis.
- 7.14 The net assets on a going concern method estimates the market values of the net assets of a company but, unlike the orderly realisation of assets method, it does not take into account realisation costs. This method is appropriate when companies are not profitable, a significant proportion of the company's assets are liquid, or for asset holding companies.

Selection of valuation methodologies

Valuation of a QFY Share pre the Proposed Transaction (control basis)

- 7.15 In assessing the value of a QFY Share prior to the Proposed Transaction we have utilised the net assets on a going concern basis.
- 7.16 We have also utilised the quoted market price methodology.
- 7.17 Our valuation methodologies were selected on the following basis:
 - The FME approach is not considered appropriate as the QFY business has been operating at a loss for the last three financial years, therefore we do not have reasonable grounds from which to base a future maintainable earnings figure.
 - We have been provided with a 12-month forecast for QFY which shows continued investment in product development and therefore negative cashflows. We do not consider that we have a reasonable basis from which to undertake a DCF valuation of QFY.
 - We consider the net assets on a going concern methodology to be a suitable valuation approach given the nature of the continuing business operations and recent audited financial information.



- As QFY's shares are listed and traded on the ASX, we have considered the quoted market price
 methodology as a secondary valuation methodology. We note that for the quoted market price
 methodology to be considered a suitable approach, the market should be informed of QFY's activities
 and its shares should be liquid.
- 7.18 We have assessed the value of a QFY Share prior to the Proposed Transaction on a controlling basis, as the Non-Associated Shareholders hold a 100% interest in the Company.

Valuation of a QFY Share post the Proposed Transaction (non-control basis)

- 7.19 In assessing the value of QFY post the Proposed Transaction, we have used the pre-Proposed Transaction value of QFY and included the impact of the Proposed Transaction assuming it proceeds. In particular, we have considered the following:
 - the assessed fair market value of a 100% interest in GSM-I;
 - the consolidation of QFY's share capital on a 25:2 basis;
 - the issue of 240,000,000 consideration shares and 110,000,000 performance rights to the Vendor;
 - the cash raised from the Capital Raising and the relevant number of shares to be issued;
 - potential synergies identified by the Company; and
 - other effects of the Proposed Transaction.
- 7.20 In accordance with the guidance in RG111, we have then assessed the value of a QFY Share post the Proposed Transaction on a non-controlling basis by adjusting for a minority discount as the Vendor of GSM-I will obtain a 40% interest in QFY following the Proposed Transaction.
- 7.21 In assessing the fair market value of GSM-I, we considered the following valuation approaches:
 - We consider the DCF approach to be the most appropriate valuation methodology in valuing technology companies such as GSM-I. We have been provided with a three-year cashflow projection, prepared by the management of GSM-I. In our opinion, the cashflow projections provide a reasonable basis to apply the DCF methodology.
 - The FME approach is not considered suitable as the sales and associated production costs of GSM-I products were previously recorded through Trader, its distributor, and therefore the historic financial information of GSM-I does not represent a reasonable basis for estimating its future maintainable earnings.
 - As a result of the fragmented and early stage nature of the home automation technology sector, there
 are limited comparable listed companies or publicly reported comparable transactions.
 - GSM-I is a privately owned company that is not listed on the ASX, therefore the quoted market price methodology is not appropriate.



8. Valuation of QFY prior to the Proposed Transaction

8.1 As stated at paragraph 7.15 we have assessed the value of a QFY Share prior to the Proposed Transaction on the net assets on a going concern basis and have also considered the quoted price of its listed securities. In the latter case, we have included a premium for control.

Net assets valuation

We have assessed the value of a QFY Share on a control basis to be approximately \$0.0013 per Share (undiluted), prior to the Proposed Transaction, based on the net assets on a going concern valuation methodology, as summarised in the table below.

Table 11 Assessed Fair Market Value of a QFY Share

	30-Jun-20	Adjustments	Assessed
\$'000			Value
Cash and cash equivalents	695	(110)	585
Net working capital	298	-	298
Non-current assets	480	(226)	254
Liabilities	(1,167)	236	(931)
Net Assets	305	(100)	205
Number of shares on issue (pre-consolidation)	2,008,549,744		2,008,549,744
Assessed value per share			0.0001
Number of shares on issue (post-consolidation)	160,683,980		160,683,980
Assessed value per share			0.0013

Source: RSM Analysis

- 8.3 Our assessment has been based on the audited net assets of QFY as at 30 June 2020 of \$305k as set out in QFY's Annual Report.
- 8.4 In order to calculate the current market value of QFY's Shares, we have made an adjustment to the carrying value of the assets and liabilities included in the Statement of Financial Position. These adjustments are set out below:

Cash and cash equivalents

8.5 We have adjusted the cash balance to \$585k, to reflect the amount of \$110k paid to Blaq Projects for reimbursement of recalled blind controller devices and labour costs as set out in the QFY announcement dated 14 July 2020.

Non-current assets

- 8.6 We have adjusted the non-current assets of QFY by \$226k, to remove the right of use asset, as this is not considered to be a recoverable asset.
- 8.7 We have reviewed and relied on the 30 June 2020 audit impairment review of intangible assets and not adjusted the carrying value of intangible assets.



Liabilities

8.8 We have adjusted the liabilities by \$236k to remove the lease accounting liabilities, consistent with our treatment of the right-of-use asset above.

Quoted price of listed securities

8.9 We have also considered the recent quoted market price for QFY shares on the ASX prior to the announcement of the Proposed Transaction.

Analysis of recent trading in QFY Shares

8.10 The figure below sets out a summary of the closing Share price and volume of QFY Shares traded in the 12 months to 10 September 2020, being the day QFY was placed in a trading halt.

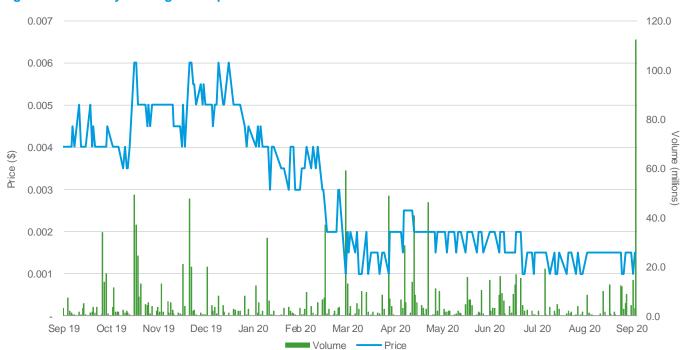


Figure 3 QFY daily closing Share price and traded volumes

Source: S&P Capital IQ/ ASX

- 8.11 During the 12-month period prior to the announcement of the proposed transaction, QFY shares traded between \$0.001 and \$0.006 per Share.
- 8.12 We note that the All Ordinaries Index fell by over 35% in the period from 21 February 2020 to 23 March 2020, reflecting the global impact on stock markets of the COVID-19 pandemic, although it has recovered most of this decline with the Index currently sitting around 15% below the peak of January/February 2020.
- 8.13 The QFY share price has declined steadily since January 2020, falling to a low of \$0.001 in March 2020 and trading in the range of \$0.001 to \$0.002 since that time.



8.14 To provide further analysis of the quoted market prices for QFY Shares, we have considered the VWAP over a number of trading day periods ending 10 September 2020. An analysis of the volume in trading in QFY's Shares for the 1, 5, 10, 30, 60, 90, 120 and 180-day trading periods is set out in the table below:

Table 12 Traded volumes of QFY Shares to 10 September 2020

# of Days	1 Day	5 Day	10 Day	30 Day	60 Day	90 Day	120 Day	180 Day
VWAP	0.0020	0.0019	0.0018	0.0017	0.0016	0.0017	0.0018	0.0022
Total Volume (000's)	112,371	143,409	175,761	222,165	332,026	475,278	733,897	1,026,304
Total Volume as a % of total shares	9.19%	11.72%	14.37%	18.16%	27.14%	38.86%	60.00%	83.90%
Low Price	0.0010	0.0010	0.0010	0.0010	0.0010	0.0010	0.0010	0.0010
High Price	0.0030	0.0030	0.0030	0.0030	0.0030	0.0030	0.0030	0.0060

Source: S&P Capital IQ/ ASX

8.15 The analysis shows that QFY shares are highly liquid, with 83.90% of the issued capital being traded in the most recent 180-day trading period.

Value of QFY Share on a non-control minority basis

8.16 In our opinion, the weighted average share price of QFY over the last 30 days is reflective of the underlying value of a QFY Share. As such, we consider a range of values of between \$0.0017 and \$0.0019 (5 – 30 day VWAP) reflects the quoted market price valuation of a QFY Share on a minority basis prior to the Proposed Transaction. We have excluded the traded price on 10 September 2020 as a significant volume was traded on that day immediately prior to the announcement of the Proposed Transaction.

Value of QFY Share on a control basis

8.17 Our valuation of a QFY Share, on the basis of the recent quoted market price including a premium for control is between \$0.0021 and \$0.0025 on a pre-consolidation basis and is between \$0.0266 and \$0.0309 on a post-consolidation basis, as summarised in the table below.

Table 13 Assessed value of a QFY Share – quoted price of listed securities

\$A	Low	High	Midpoint
Quoted market price - minority basis (pre-consolidation)	0.0017	0.0019	0.0018
Calculated market price (post consolidation 25 for 2)	0.0213	0.0238	0.0225
Control premium	25%	30%	27.5%
Quoted market price controlling value (pre-consolidation)	0.0021	0.0025	0.0023
Quoted market price controlling value (post-consolidation)	0.0266	0.0309	0.0287

Source: RSM Analysis

Key assumptions

Control Premium

8.18 The value derived at paragraph 8.17 is indicative of the value of a marketable parcel of shares assuming the Shareholder does not have control of QFY. RG 111.11 states that when considering the value of a company's Shares the expert should consider a premium for control. If the Proposed Transaction is successful, GSM-I Shareholders will hold an interest of at least 40% in the issued capital of QFY. Therefore, our assessment of the Fair Market Value of a QFY Share must include a premium for control.



- 8.19 RSM has conducted a study on 463 takeovers and schemes of arrangement involving companies listed on the ASX over the 11 years ended 30 June 2016¹. In determining the control premium, we compared the offer price to the closing trading price of the target company 20, 5 and 2 trading days pre the date of the announcement of the offer. Where the consideration included shares in the acquiring company, we used the closing share price of the acquiring company on the date prior to the date of the offer.
- 8.20 This study showed that companies in the telecommunications, IT and software sectors averaged a control premium of 30%. In valuing an ordinary QFY Share prior to the Proposed Transaction using the quoted price of listed securities methodology we have reflected a premium for control in the range of 25% to 30%.

Valuation summary and conclusion

8.21 A summary of our assessed values of an ordinary QFY Share on a control basis pre the Proposed Transaction, derived under the two methodologies, is set out in the table below.

Table 14 QFY Share valuation summary

\$A	Ref	Low	High	Midpoint
Net assets on a going concern basis	Table 11	0.0013	0.0013	0.0013
Quoted market price	Table 13	0.0266	0.0309	0.0287
Preferred valuation		0.0266	0.0309	0.0287

Source: RSM Analysis

- 8.22 We consider that the characteristics of a liquid market for shares includes the following indicators:
 - · Regular trading in securities;
 - Average of 1% of total shares traded on a weekly basis; and
 - Spread of ownership, i.e. Top 10 shareholders do not control more than 50%.
- 8.23 Trading in QFY shares displays all of the above characteristics and therefore we consider that the market is deep enough to rely on for valuation purposes.
- 8.24 In our opinion, we consider that the quoted market price valuation methodology provides a better indicator of the Fair Market Value of a QFY Share as we consider that the net assets on a going concern methodology does not reflect the value of the existing business operations of QFY and the potential value of new opportunities which may be available to shareholders. In particular, we note that the carrying value of product development costs had been written down to \$125k at 30 June 2020 and therefore minimal value has been attributed to the IP and technology assets of QFY.
- 8.25 Therefore, in our opinion, the Fair Market Value of a QFY Share prior to the Proposed Transaction is between \$0.0266 and \$0.0309 on a controlling, post-consolidation and undiluted basis.

36

¹ RSM Control Premium Study 2017



9. Valuation of QFY after the Proposed Transaction

9.1 We summarise our valuation of a QFY Share after the Proposed Transaction on a sum of parts basis in the table below.

Table 15 Assessed value of QFY post the Proposed Transaction

\$	Ref		d Value
		Low	High
Assessed Value of QFY share pre-Proposed Transaction	Table 13	0.0266	0.0309
Number of QFY shares (post consolidation)		160,683,980	160,683,980
Implied value of QFY pre-Proposed Transaction (control basis)		4,274,194	4,965,135
Assessed value of GSM-I	9.7	8,637,000	9,186,000
Cash raised from Capital Raising	9.5	4,000,000	4,000,000
Less: Capital raising costs	9.6	(240,000)	(240,000)
Value of QFY post Proposed Transaction		16,671,194	17,911,135
Number of shares on issue (post consolidation)		600,683,980	600,683,980
Assessed value per Share on a controlling basis (post consolidation)		0.0278	0.0298
Discount for minority interest		-23%	-20%
Minority value per share (undiluted)	9.2	\$ 0.0213	\$ 0.0239

Source: RSM Analysis

- 9.2 We consider that the minority value of a QFY Share post the Proposed Transaction is between \$0.0213 and \$0.0239 on a post-consolidation, undiluted basis and including the Capital Raising that is a condition precedent.
- 9.3 Our assessment of the value of a QFY post the Proposed Transaction does not incorporate any expected synergies which may accrue to the combined entity, in accordance with the guidance at RG111.11. We note that the Board anticipate significant cost savings and operational efficiencies to be realised, being a key strategic reason for pursuing the Proposed Transaction.
- 9.4 We have adjusted the assessed value and shares on issue of QFY prior to the Proposed Transcation for the following:

Capital Raising

- 9.5 We have included the condition precedent Capital Raising which requires QFY to allot and issue 200,000,000 Shares (on a post-consolidation basis) at an issue price of \$0.02 per Share, to raise an amount of \$4 million.
- 9.6 We have deducted capital raising costs of \$240k, based on the agreed 6% capital raising fee for the Lead Manager on funds raised.

Value of GSM-I

- 9.7 We have assessed the value of GSM-I using the discounted cash flow methodology.
- 9.8 Our discounted cash flow is based on a three-year forecast prepared by the Vendor with assistance from KPMG ("Forecast"). We have reviewed the Forecast and discussed key assumptions with the Vendor, however we have not completed a detailed review and do not provide an assurance opinion on the Forecast or underlying model.



- 9.9 We have assumed a long-term growth rate of 2.5% beyond the 3-year forecast period in line with target inflation rates, in order to allow for the full utilisation of accumulated tax losses. The resulting cash flow forecast is shown in Appendix G.
- 9.10 The three-year Forecast prepared by GSM-I is summarised in the table below:

Table 16 GSM-I Forecast

\$'000	Ref	Year 1	Year 2	Year 3
Sales	9.12	3,824	7,456	15,142
Gross profit margin %	9.15	17%	18%	18%
Overhead expenses	9.16	(926)	(737)	(894)
EBITDA		(281)	594	1,873
Product development costs (capitalised)	9.20	(995)	(1,015)	(1,036)
Net cashflow before tax		(1,277)	(422)	837

Source: Vendors

Key Assumptions

9.11 The key assumptions in the Forecast are shown below.

Sales and Gross profit margin

- 9.12 Sales have been determined on the basis of the number of existing and new residential dwellings, from national figures reported by the Australian Bureau of Statistics ("ABS"). ABS records show there are approximately 10 million dwellings in Australia and approximately 140,000 new dwellings are built every year (Source: Housing Institute of Australia, 2020).
- 9.13 The Forecast assumes that a growing percentage of these dwellings will adopt smart home products, reaching 15% of all new dwellings by Year 3 which compares to data from Statista which currently estimates 25% of all homes have some form of smart home automation. Assumptions on market capture by GSM-I are then applied to estimate the volume of dwellings into which GSM-I products will be installed (ranging between 2% and 10%). Based on historic sales data, it is assumed that each dwelling will generate sales of 12 switches, 4 power-points and 1 cloud connect on average.
- 9.14 The sales prices for each product incorporate the impact of the proposed Distribution Agreement with GSM-Electrical and are based on market analysis, feedback from major builder customers and actual results achieved through Trader over the previous 18-month period.
- 9.15 The forecast assumes that the gross profit margin will increase marginally year on year due to volume efficiencies on unit costs. The unit cost of production assumed in the Forecast is based on actual data.

Overhead expenses

- 9.16 The overhead expenses primarily comprise non-engineering salaries and wages and advertising.
- 9.17 The Vendor advises that a significant part of the business plan is to raise awareness of the Zimi/Powermesh product resulting in higher marketing spend in the initial year of the Forecast. In addition, Steel Line and Beacon require sales and marketing contributions from GSM-I.
- 9.18 Salary and wages expenses are based on market salaries for four employees, and comprise superannuation, payroll tax, annual leave and workcover.



9.19 Also included within overhead expenses is IoT server hosting, which is based on the number of Google cloud users, and forecast occupancy costs for the engineering team based in Queensland.

Product development costs

- 9.20 The product development costs relate to the capitalised salaries and wages of seven engineers for the first three years.
- 9.21 We have assumed a stand-still position beyond the 3-year forecast period provided by the Vendor, with developed products taken to market and future growth at inflation rates only. This provides a basis for determining the net cashflow after tax at standard rates (i.e. after all tax losses have been utilised) and a maintainable trading EBITDA for adoption in the terminal value calculation below.

Cashflow timing

9.22 We have assumed the cash flow timings to occur at mid-year for discounting purposes.

Terminal value

- 9.23 The terminal value has been determined by applying an earnings multiple to the final year EBITDA in the Forecast. We have assessed an appropriate earnings multiple to be 8.5 times based on the trading multiple of Xped Limited, being the most comparable company to QFY which is currently profitable.
- 9.24 The specialised nature of QFY and GSM-I operations means there are a limited number of comparable companies listed on the ASX and most are still heavily involved in product development. We have identified the following comparable companies (details in Appendix F) however they are all loss-making, with the exception of Xped Limited.

Table 17 Comparable Companies

Company	Market Cap \$m	EV \$m	EBITDA FY20	EV/EBITDA Multiple LTM
BuildingIQ, Inc. (ASX: BIQ)	3.36	4.46	(6.14)	n/a
Buddy Technologies Limited (ASX: BUD)	145.66	152.76	(13.06)	n/a
Simble Solutions Limited (ASX: SIS)	8.82	8.81	(2.68)	n/a
Xped Limited (ASX: XPE)	3.59	3.50	0.398	8.81x

Source: Capital IQ

9.25 Allowing for the application of a control premium to the traded multiple and consideration of differences between Xped as a listed company and GSM-I as a privately-held business, we consider that an earnings multiple of 8.5 times is appropriate to be applied in the terminal value calculation.

Discount rate

- 9.26 The discount rate we have selected allows for both the time value of money and the risks attached to the future cash flows. We have assessed the appropriate weighted average cost of capital ("WACC") which should be applied to the forecast cashflows.
- 9.27 We have adopted a discount rate in the range of 14.9% (low) and 16.2% (high) with a midpoint of 15.5% in assessing the present value of the forecast cash flows of GSM-I, as set out in Appendix E.



Minority interest discount

9.28 In selecting a minority discount to apply to the value of a QFY Share post the Proposed Transaction, we have given consideration to our control premium applied to QFY Shares in paragraph 8.20, where we established a range for a control premium of between 25% and 30%. The resulting corresponding minority discount range based on said control premiums is between 20% and 23%.

Options on issue

- 9.29 We have not considered the impact of the existing Options on issue following completion of the Proposed Transaction because their exercise prices are significantly in excess of our assessed value of a QFY Share and therefore any exercise would not be dilutive to Shareholders.
- 9.30 The options to be issued to the Lead Manager of the Capital Raising are exercisable at \$0.0001 but are to be held in escrow for two years and therefore we have not reflected the impact of these options post the Proposed Transaction.

Performance Shares on issue

- 9.31 We have considered the impact of Performance Rights to be issued to the Vendor separately in Section 12.
- 9.32 The likelihood of the existing Performance Shares on issue achieving the required vesting conditions is uncertain and therefore we have not considered their dilutive impact. There is no requirement to provide an opinion on existing Performance Shares on issue.



10. Is the Proposed Transaction Fair to QFY Shareholders?

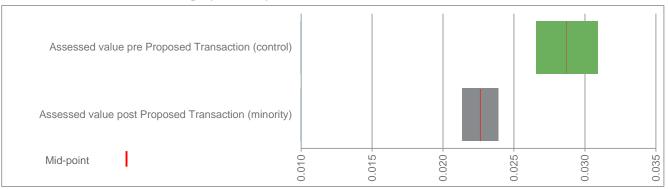
10.1 Our assessed values of a QFY Share prior to and immediately after the Proposed Transaction, are summarised in the table and figure below.

Table 18 Assessed values of a QFY Share pre and post the Proposed Transaction

Assessment of fairness		Valu	ıe per Sha	are
\$		Low	High	Midpoint
Fair Market Value of a QFY Share prior to Proposed Transaction - control basis	8.25	0.0266	0.0309	0.0287
Fair Market Value of a QFY Share post Proposed Transaction - minority basis	9.2	0.0213	0.0239	0.0226

Source: RSM analysis

Table 19 QFY Share valuation graphical representation



Source: RSM Analysis

- 10.2 The range of values of a QFY Share post the Proposed Transaction is lower than the range of values of a QFY Share prior to the Proposed Transaction.
- 10.3 The Proposed Transaction will result in the Vendor holding approximately 40% of the issued share capital of QFY post completion, and therefore the transaction has been assessed comparing the control value of a share in QFY prior to the Proposed Transaction (i.e. including a control premium) to the minority interest value of a share in QFY after the Proposed Transcation (i.e. after applying a minority interest discount). This reflects the change in control of the Company from the perspective of the existing Shareholders.
- 10.4 We note that the assessed value of a QFY Share after the Proposed Transaction before applying the minority interest discount is broadly consistent with the assessed value prior to the Proposed Transaction at \$0.0278 to \$0.0298.
- 10.5 In accordance with the guidance set out in ASIC RG 111, and in the absence of any other relevant information, for the purposes of complying with s611 of the Act, we consider the Proposed Transaction to be **not fair** to the Non-Associated Shareholders of QFY as the value of a QFY Share post the Proposed Transaction is less than the value of a QFY Share pre the Proposed Transaction.



11. Is the Proposed Transaction Reasonable to Shareholders?

- 11.1 RG111 establishes that an offer is reasonable if it is fair. If an offer is not fair it may still be reasonable after considering the specific circumstances applicable to the offer. In our assessment of the reasonableness of the Proposed Transaction, we have given consideration to:
 - The future prospects of QFY if the Proposed Transaction does not proceed; and
 - Other commercial advantages and disadvantages to the Non-Associated Shareholders as a consequence of the Proposed Transaction proceeding.

Future prospects of QFY if the Proposed Transaction does not proceed

- 11.2 If the Proposed Transaction does not proceed the board will continue operating the existing business of QFY and explore other acquisition or merger opportunities.
- 11.3 Given the high level of operating expenditure incurred by QFY and the current cash holdings, it is highly likely that additional funding will need to be sought in the short to medium term which may dilute existing shareholders. There is no guarantee that funding will be obtained, or on favourable terms.

Trading in QFY shares following the announcement of the Proposed Transaction

11.4 QFY was in a trading halt from 10 September 2020 until the Proposed Transaction was released to the market on 1 October 2020. Since that date, there has been a comparable level of trading to pre-announcement and the share price has increased marginally to \$0.002. We do not consider this to be significant enough to draw any conclusions.

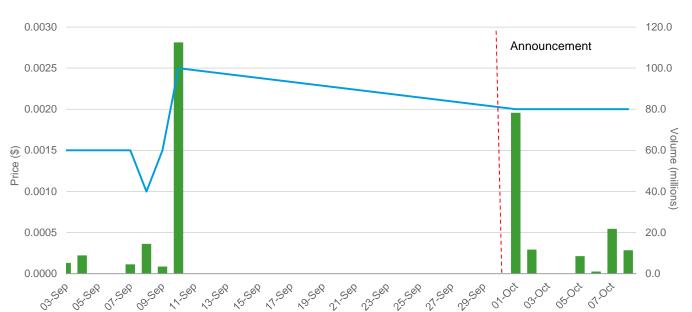


Figure 4: Trading Post Announcement

Advantages and disadvantages

11.5 In assessing whether the Non-Associated Shareholders are likely to be better off if the Proposed Transaction proceeds, than if it does not, we have also considered various advantages and disadvantages that are likely to accrue to the Non-Associated Shareholders.

■ Volume •

Price



Advantages of approving the Proposed Transaction

Advantages	Details
Complementary business to drive market penetration and sales growth	The Directors have been actively seeking opportunities to improve Shareholder value and believe the Proposed Transaction is such an opportunity, with GSM-I being a complementary business to QFY with a focus on smart home technology devices and controllers.
	The Proposed Transaction is expected to bring operational synergies and create a single platform to enable growth across multiple market segments by way of:
	 cross-selling connected products into existing distribution channels of QFY and GSM-I, with wholesale retrofit supply through GSM Electrical (Trader), retail through Beacon Lighting and high end new build supply through Harvey Norman Commercial Division;
	 ability to service a larger portion of the smart home IoT market, with a diversified product portfolio covering retrofit, new build and Original Equipment Manufacturers ("OEMs"); and
	 QFY devices will be migrated to the contract manufacturing facilities used by GSM-I, therefore reducing operating and manufacturing costs.
Opportunities for IP Licensing	Creating a single technology platform and raising sufficient funds will enable a strategy to be prepared for licensing of the IP and technology which would permit expansion into international markets.
Addition of industry experience and technical skills to QFY team	Two new appointees will sit on the QFY Board, Simon Gerard and Jordan Tentori, bringing additional skills and industry experience to the Company. Mr Tentori will also take on the Chief Technology Officer role in QFY after the Proposed Transaction.
Increase cash position and provide development funding	The Proposed Transaction and associated Capital Raising will increase the cash position of QFY, providing funding for product development and growth initiatives.
Restructure capital base	The Proposed Transaction and associated Consolidation and Capital Raising will restructure the issued capital of QFY and net asset base.

Disadvantages of approving the Proposed Transaction

Disadvantages	Details
The Proposed Transaction is not fair	The Proposed Transaction is not fair to the Non-Associated Shareholders
Dilution of shareholding	The Proposed Transaction will dilute the shareholding of the current shareholders, reducing their voting power from 100% to 27.3%.
Exposure to future development risks and funding requirements	If the Proposed Transaction is approved, it will result in the Company increasing in scale and committing to future development and marketing costs to integrate the QFY and GSM-I product ranges, which will increase the ongoing operational cost base of the Company. The Company may be required to raise additional equity funding to fund business activities in the future, which would be dilutive to existing shareholders.
	In addition, the new business will expose the Company to new risks including commercial and execution risk associated with the successful integration and commercialisation of the existing QFY products and GSM-I technology platform. Consequently, improved financial performance is not guaranteed and the ability to achieve forecast levels of growth is uncertain.
Vendor of GSM-I will have a significant shareholding in QFY	Following the Proposed Transaction, the Vendor will hold approximately 40% of the issued share capital of QFY and this may increase further if the Performance Rights vest and convert after 12 months up to a maximum of 49.2% (if no other Performance Rights or Options are converted).
	A significant shareholding of greater than 25% allows a shareholder to block compulsory acquisitions and special resolutions of the Company, and may also deter potential takeover bids.



Alternative proposal

11.6 We are not aware of any alternative proposal at the current time which might offer the Non-Associated Shareholders of QFY a greater benefit than the Proposed Transaction.

Conclusion on Reasonableness

- 11.7 In our opinion, the position of the Non-Associated Shareholders if the Proposed Transaction is approved is more advantageous than the position if it is not approved. Therefore, in the absence of any other relevant information and/or a superior offer, we consider that the Proposed Transaction is **reasonable** for the Non-Associated Shareholders of QFY.
- 11.8 An individual Shareholder's decision in relation to the Proposed Transaction may be influenced by his or her individual circumstances. If in doubt, Shareholders should consult an independent advisor.



12. Assessment of Proposed Performance Securities

Approach

- 12.1 The Proposed Transaction includes the issue of Performance Rights which would convert into aggregate shares greater than 10% of the issued share capital, ASX Guidance Note 19: Performance Securities ("GN 19") requires an expert to opine on whether the issue of the performance securities is fair and reasonable to the Non-Associated Shareholders.
- 12.2 In expressing this opinion, ASX expects the independent expert to assume that the relevant performance milestones have been met, assess the impact that would have on the value of the entity, and then determine whether the resulting number of ordinary shares to be issued by the entity to the holder of the performance shares is fair and reasonable in the circumstances.
- 12.3 The proposed Performance Rights consist of two tranches:
 - Tranche 1 (55 million) vest on completing the design and manufacture of glass fronted devices controlled by the GSMI-Zimi cloud platform, and having the product available for sale within 12 months of the Proposed Transaction.
 - Tranche 2 (55 million) vest on achieving sales of 30,000 Zimi-controlled/Powermesh units or \$3.0 million in sales revenue within 12 months of the Proposed Transaction.
- 12.4 We have addressed each tranche separately in our assessment.

Tranche 1

- 12.5 The development of glass-fronted Zimi-Powermesh devices is a key objective to realise the synergistic benefits of the Proposed Transaction, integrating the high end look of QFY products with the underlying technology platform of GSM-I. Management has estimated the operational cost savings from achieving these synergistic benefits to equate to \$635,000 per annum, through elimination of duplicated technical roles, use of GSM-I contract manufacturing facilities and other efficiency savings.
- 12.6 We consider that the achievement of the Tranche 1 performance conditions would indicate the successful realisation of those synergies and therefore we have included them in our value assessment of QFY on the basis of Tranche 1 Performance Rights vesting. As noted in our assessment of the value of a QFY Share post the Proposed Transaction in Section 9, we have valued QFY and GSM-I on a standalone basis with no consideration of synergistic benefits.
- 12.7 We have incorporated these synergies into our assessed value of a QFY Share post the Proposed Transaction by applying a perpetuity growth discount factor to the annual savings on a post-tax basis. We consider that an appropriate discount rate would be in the range of 25% to 30% to reflect the risk of not realising the projected level of cost savings, and we have adopted a long-term growth rate of 2% per annum in line with expected wage inflation. We note that this effectively equates to c3 years' worth of cost synergies being factored into our value assessment of QFY assuming Tranche 1 performance conditions are met.
- 12.8 The table below illustrates the impact on our assessed value of a QFY share post the Proposed Transaction. The assessed value of a QFY Share after vesting of the Tranche 1 Performance Shares is greater than the assessed value prior, being an increase of between 0.83% and 2.05%, therefore we have assessed that the number of proposed Performance Rights to be issued as Tranche 1 Performance Rights is fair to the Non-Associated Shareholders of QFY.
- On the basis that the number of proposed Performance Rights is assessed as fair, we consider them to also be reasonable. In addition, the performance condition will incentivise management to achieve the expected product synergies within a short timeframe. Therefore, we assess that the number of proposed Performance Rights to be issued as Tranche 1 Performance Rights is **fair and reasonable** to the Non-Associated Shareholders of QFY.



Table 20 Assessed value of QFY post the Proposed Transaction – assuming Tranche 1 Performance Rights vest

\$	Ref			l Va	Value	
			Low		High	
Assessed Value of QFY post Proposed Transaction	Table 15		16,671,194		17,911,135	
Add: Value of operational synergies	12.7		1,677,070		2,041,673	
Value of QFY post Proposed Transaction – Tranche 1 vested			18,348,264		19,952,807	
Number of shares on issue (post consolidation)	Table 3		600,683,980		600,683,980	
Number of Vendor performance rights share – Tranche 1	Table 3		55,000,000		55,000,000	
Number of shares on issue – Tranche 1 vested			655,683,980		655,683,980	
Assessed value as Ohere as a serielling basis. Translated as	- (I		0.0000		0.0004	
Assessed value per Share on a controlling basis – Tranche 1 ves	stea		0.0280		0.0304	
Discount for minority interest			-23%		-20%	
Minority value per share (undiluted)		\$	0.0215	\$	0.0243	
Differential to Assessed Value of a QFY Share in Section 9			0.83%		2.05%	

Source: RSM Analysis

Tranche 2

12.10 Our valuation of GSM-I in Section 9 is based on a 3-year Forecast provided by GSM-I Management which shows projected product sales of \$3.7 million in the first year; therefore we conclude that our assessed value of GSM-I in Section 9 already incorporates the value impact of achieving the performance condition of Tranche 2 of the Performance Rights being annual sales of \$3.0 million within 12 months.

12.11 The table below illustrates the impact on our assessed value of a QFY share post the Proposed Transaction:

Table 21 Assessed value of QFY post the Proposed Transaction – assuming Tranche 2 Performance Rights vest

\$	Ref	Assessed Value			lue
			Low		High
Assessed Value of QFY post Proposed Transaction	Table 15		16,671,194		17,911,135
Value of QFY post Proposed Transaction – Tranche 1 vested			16,671,194		17,911,135
Number of shares on issue (post consolidation)	Table 3	6	00,683,980		600,683,980
Number of Vendor performance rights share – Tranche 1	Table 3		55,000,000		55,000,000
Number of shares on issue – Tranche 1 vested		6	55,683,980		655,683,980
Assessed value per Share on a controlling basis – Tranche 1 v	vested .		0.0254		0.0273
Discount for minority interest			-23%		-20%
Minority value per share (undiluted)		\$	0.0196	\$	0.0219
Differential to Assessed Value of a QFY Share in Section 9			-8.39%		-8.39%

Source: RSM Analysis



- 12.12 The assessed value of a QFY Share after vesting of the Tranche 2 Performance Shares is less than the assessed value prior, therefore we have assessed that the number of proposed Performance Rights to be issued as Tranche 1 Performance Rights to be not fair to the Non-Associated Shareholders of QFY. However, the performance condition will assist in incentivising Management to achieve the projected sales level of \$3.0 million within the first year post-acquisition and achieving the milestone will provide support to future sales growth expectations.
- 12.13 Our opinion on Tranche 2 of the Performance Rights is therefore consistent with our opinion on the overall Proposed Transaction, being **not fair but reasonable**.

Yours faithfully

NadiMu

RSM CORPORATE AUSTRALIA PTY LTD

N MARKE J AUDCENT

Director Director



APPENDICES



A. DECLARATIONS AND DISCLAIMERS

Declarations and Disclosures

RSM Corporate Australia Pty Ltd holds Australian Financial Services Licence 255847 issued by ASIC pursuant to which they are licensed to prepare reports for the purpose of advising clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate reconstructions or share issues.

Qualifications

Our report has been prepared in accordance with professional standard APES 225 "Valuation Services" issued by the Accounting Professional & Ethical Standards Board.

RSM Corporate Australia Pty Ltd is beneficially owned by the partners of RSM Australia Pty Ltd (RSM) a large national firm of chartered accountants and business advisors.

Ms Nadine Marke and Mr Justin Audcent are directors of RSM Corporate Australia Pty Ltd. Both Ms Marke and Mr Audcent are Chartered Accountants with extensive experience in the field of corporate valuations and the provision of independent expert's reports for transactions involving publicly listed and unlisted companies in Australia.

Reliance on this Report

This report has been prepared solely for the purpose of assisting Shareholders of the Company in considering the Proposed Transaction. We do not assume any responsibility or liability to any party as a result of reliance on this report for any other purpose.

Reliance on Information

Statements and opinions contained in this report are given in good faith. In the preparation of this report, we have relied upon information provided by the Directors and management of Quantify Technology Holdings Limited and we have no reason to believe that this information was inaccurate, misleading or incomplete. RSM Corporate Australia Pty Ltd does not imply, nor should it be construed that it has carried out any form of audit or verification on the information and records supplied to us.

The opinion of RSM Corporate Australia Pty Ltd is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

In addition, we have considered publicly available information which we believe to be reliable. We have not, however, sought to independently verify any of the publicly available information which we have utilised for the purposes of this report.

We assume no responsibility or liability for any loss suffered by any party as a result of our reliance on information supplied to us.

Disclosure of Interest

At the date of this report, none of RSM Corporate Australia Pty Ltd, RSM, Nadine Marke, Justin Audcent, nor any other member, director, partner or employee of RSM Corporate Australia Pty Ltd and RSM has any interest in the outcome of the Proposed Transaction, except that RSM Corporate Australia Pty Ltd are expected to receive a fee of approximately \$27,500 based on time occupied at normal professional rates for the preparation of this report. The fees are payable regardless of whether Quantify Technology Holdings Limited receives Shareholder approval for the Proposed Transaction, or otherwise.

Consents

RSM Corporate Australia Pty Ltd consents to the inclusion of this report in the form and context in which it is included with the Notice of Extraordinary General Meeting and Explanatory Memorandum to be issued to Shareholders. Other than this report, none of RSM Corporate Australia Pty Ltd or RSM Australia Pty Ltd or has been involved in the preparation of the Notice of Extraordinary General Meeting and Explanatory Memorandum. Accordingly, we take no responsibility for the content of the Notice of General Meeting and Explanatory Statement.



B. SOURCES OF INFORMATION

In preparing this Report we have relied upon the following principal sources of information:

- Drafts and final copies of the Notice of Meeting;
- Audited financial statements for Quantify Technology Holdings Limited for the years ended 30 June 2018, 30 June 2019 and 30 June 2020;
- Management financials of GSM Innovations Pty Ltd for the years ended 30 June 2019 and 30 June 2020;
- Management prepared three year forecast for GSM Innovations Pty Ltd;
- · ASX announcements of Quantify Technology Holdings Limited;
- Issued capital report at 7 October 2020;
- Quantify Technology Holdings Limited Investor Presentation September 2020;
- Business Plan Principles paper;
- S&P Capital IQ database;
- Statista Smart Home report;
- IBISWorld reports; and
- Discussions with Directors and Management Quantify Technology Holdings Limited and GSM Innovations Pty Ltd.



C. GLOSSARY OF TERMS

Term or Abbreviation	Definition
\$	Australian dollar
Acquisition Resolutions	The resolutions that comprise the Proposed Transaction
Act	Corporations Act 2001 (Cth)
Agreement	Binding Terms Sheet between QFY and GSM-I
APES	Accounting Professional & Ethical Standards
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
ASX Listing Rules	The listing rules of ASX as amended from time to time
Beacon	Beacon Lighting Group Ltd
Capital Raising	Raising approximately \$4.0 million through the issue of shares at \$0.02 per share, after the Consolidation
Company	Quantify Technology Holdings Limited
Consideration Shares	240,000,000 fully paid ordinary QFY shares issued to the Vendor as consideration
Consolidation	Share consolidation of every 25 existing QFY Shares into 2 new QFY Shares
Control basis	As assessment of the Fair Market Value on an equity interest, which assumes the holder or holders have control of the entity in which the equity is held
Directors	Directors of the Company
Explanatory Statement	The explanatory statement accompanying the Notice
Fair Market Value	The amount at which an asset could be exchanged between a knowledgeable and willing but not anxious seller and a knowledgeable and willing but not anxious buyer, both acting at arm's length
FME	Future Maintainable Earnings
FOS	Financial Ombudsman Service
FSG	Financial Services Guide
Gerard Corporation	Gerard Corporation Pty Ltd
Gerard Private	Gerard Private Holdings (Finance) Pty Ltd
GN 19	ASX Guidance Note 19 Performance Securities
GSM Electrical	GSM Electrical (Australia) Pty Ltd
GSM-I	GSM Innovations Pty Ltd
IER	This Independent Expert Report
IoT	Internet of Things
Non-Associated Shareholders	Shareholders who are not a party, or associated to a party, to the Proposed Transaction
Notice	The notice of meeting to vote on, inter alia, the Proposed Transaction
OEM	Original Equipment Manufacturer
Option or Options	Unlisted options to acquire Shares with varying vesting conditions



Performance Rights	110,000,000 performance rights in QFY issued to the Vendor as consideration
Proposed Transaction	The acquisition of 100% of the issued capital of GSM Innovations Pty Ltd
QFY	Quantify Technology Holdings Limited
Report	This Independent Expert's Report prepared by RSM dated 1 October 2020
Resolution	The resolutions set out in the Notice
RG 111	ASIC Regulatory Guide 111 Content of Expert Reports
RSM	RSM Corporate Australia Pty Ltd
S&P Capital IQ	An entity of Standard and Poors which is a third party provider of company and other financial information
Share or QFY Share	Ordinary fully paid share in the capital of the Company
Shareholder	A holder of Share
Steel-Line	Steel-Line Garage Doors Australia Pty Ltd
VALMIN Code	Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (2015)
Vendor	Gerard Private Holdings (Finance) Pty Ltd
VWAP	Volume weighted average share price



D. INDUSTRY OVERVIEW

The outlook and sales demand for QFY and GSM-I products is predominantly driven by the number of dwellings that take up smart home automation devices.

Statista Smart Homes in Australia

Overview

Statista identifies the Smart Home market as the sale of devices that are connected directly or indirectly to the internet, enabling home automation for private end users. The main purpose of this industry is to control, monitor and regulate functions in residential homes.

The devices and services included within this industry are:

- Controlled devices that are digitally connected and can be remote controlled;
- Cloud services and sensors that support automation; and
- Control hubs to connect sensors with remote controls.

Outlook

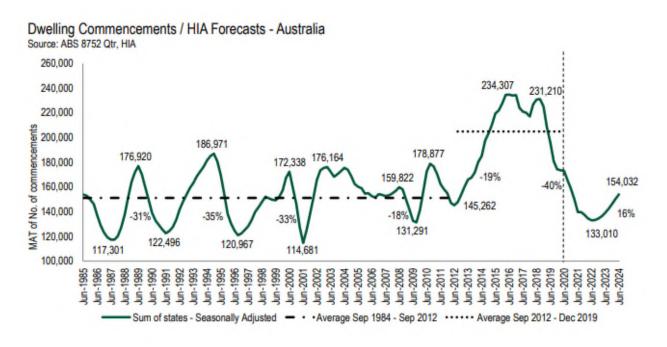
Statista estimates that total market revenue will increase from \$1.66 billion in 2020 to \$3.43 billion in 2025 in Australia as adoption rates increase.

Statista predicts the percentage of total dwellings adopting home automation will increase from 25.4% in 2020 to 49.1% in 2025.

There are approximately 10 million dwellings in Australia (Australian Bureau of Statistics) and around 140,000 new dwellings expected to be built in 2020/21 (Housing Institute of Australia, 2020).

QFY products in particular are targeted at new builds and therefore we consider the outlook for the Australian residential construction industry to be relevant. The Housing Institute of Australia forecast in August 2020 that new commencements will begin to recover from a trough between September 2021 and March 2022, with starts increasing to 163,500 by 2025. Multi-unit dwelling starts are expected to be hardest-hit by COVID-19 and economic factors.

Figure 5 – Housing Institute of Australia Dwelling Commencements



Source: HIA August 2020 Forecast



We also have access to the IBISWorld Industry Reports and have considered E3011 House Construction in Australia, issued in June 2020, and E3019 Multi-Unit Apartment and Townhouse Construction in Australia issued in September 2020.

E3011 House Construction in Australia

Overview

IBISWorld defines companies in this industry to be firms who primarily construct houses (excluding multi-unit apartments and townhouses), or carry out alterations, renovations, additions, or general repairs to houses and also include operators that manage and organise these activities as a prime contractor.

The record-low residential home loan rates coupled with Australia's strong population growth have underpinned housing demand over the past 5 years. The COVID-19 outbreak has stifled demand conditions as shown by the sharp decline of 15.6% during 2019-20. In addition, changes to work practices and supply chain disruptions resulting from COVID-19 have affected the industry.

IBISWorld indicates that there was an annualised 2.2% contraction in industry revenue to \$51.3 billion for five years through 2019-20, while the forecasted revenue growth rate is expected to be an annualised 1.2% reaching \$54.5 billion for the next five years through 2024-25.

Key External drivers

IBISWorld identified the key external drivers for this industry to be:

- Dwelling commencements;
- Number of households;
- Mortgage affordability;
- · Residential housing prices; and
- Residential housing loan rates.

Outlook

The demand conditions for the house construction industry are projected to sharply contract throughout 2020-21. IBISWorld attributes these conditions to the economic effects of COVID-19 as well as the excess supply conditions in aligned multi-unit apartment property market. The industry is expected to experience a slump during the latter half of 2020, as projects get deferred.

E3019 Multi-Unit Apartment and Townhouse Construction Industry

Overview

IBISWorld defines the operators in this industry to be the firms that primarily construct multi-unit apartment and townhouse buildings, such as flats, apartments, and condominiums as well as firms that perform alterations, additions, general renovations and repairs to multi-unit residential buildings. However, this industry excludes commercial or public building construction.

Industry performance has fluctuated substantially over the past five years from the peak in 2015-16 of 118,059 multi-unit residential commencements to decline sharply as major apartment developments completed and the COVID-19 outbreak occurred. These factors along with tighter regulations governing foreign real estate is expected to reduce dwelling commencements to just 42,800 in 2020-21.

This decline is expected to reduce industry revenue by 31.4% during the current year, representing an annualised decline of 9.1% over five years through 2020-21, to \$30.9 billion.

Products and Services

Data derived from IBISWorld indicate that the primary source of revenue in the industry is from the construction of large multistory apartment complexes, making up around half of total industry revenue. Townhouses and semi-detached terrace houses make up around 30% of industry revenue and represents an increase in the demand for quality higher density homes in convenient inner-urban locations.



Key External Drivers

IBISWorld identifies the most important key external drivers for this industry to be:

- Capital Expenditure on private dwellings;
- Number of households;
- Mortgage affordability;
- · Residential housing loan rates;
- Dwelling Commencements; and
- Net migration.

Outlook

IBISWorld forecasts industry revenue performance to continue declining over the short term as the COVID-19 pandemic further reduces investment. Excess housing stock absorption and continued household formation are forecast to boost industry demand from 2022-23. Federal Government stimulus are expected to support new housing construction recovery, with revenue forecast to grow at annualised 9.0% over the years through 2025-26 to \$47.5 billion.



E. DISCOUNT RATE

The WACC represents the weighted rate of return required by providers of both debt and equity to compensate for the time value of money and the perceived risk of the associated cash flows. The discount rates required by providers of both debt and equity are weighted in proportion to the optimal proportions of debt and equity.

The WACC is calculated as follows:

 $WACC = [Re \times E/V] + [Rd \times (1 - tc) \times D/V]$

Where:

WACC = post tax weighted average cost of capital

Re = required rate of return on equity capital

E = market value of equity capital

V = market value of debt and equity capital (D + E)

Rd = required rate of return on debt capital

D = market value of debt capital

tc = corporate tax rate

It should be noted that our assessment of the WACC has been prepared in isolation of the preparation of the associated Forecasts. We understand that the cash flows have factored in any ongoing impact of COVID-19 and, therefore, to avoid double counting risk, we have not factored a specific COVID-19 risk factor.

Required Rate of Return on Equity Capital (Re)

The Capital Asset Pricing Model (CAPM) can be used to estimate the cost of equity, being the required rate of return or cost of equity of a business.

The CAPM determines the cost of equity by the following formula:

$$Re = Rf + \beta(Rm - Rf) + \alpha$$

The components of the formula are as follows:

Re = Required return on equity;

Rf = Risk free rate of return;

Rm = the expected return from a market portfolio;

 β = Beta, a measure of the systematic risk of a stock; and

 α = specific company risk premium.

Risk Free Rate

The risk free rate of return compensates investors for the time value of money.

The Australian Government Bond rate is widely used and is an accepted benchmark for the risk free return. We have used the 10 year bond rate as this provides the best match against the timeframe of the cash flows being valued.

The 10 year Australian Government Bond rate as at 30 September 2020 was 0.84% (Source: Capital IQ). However, given the recent volatility in the global economy and the current historically low Government bond rates, we have also observed the yield on the 10 year Australian Government bond over a longer period.



The average 10 year Government bond rates for the 1 to 5 years to 30 September 2020 are set out in the table below.

Table 22 Risk-free rates

Historical Average Risk-free Rate	%
1 year to 30 September 2020	0.98
2 years to 30 September 2020	1.42
3 years to 30 September 2020	1.84
4 years to 30 September 2020	2.03
5 years to 30 September 2020	2.10

Source: Reserve Bank of Australia

Based on the average yield for the 5 years to 30 September 2020, we consider it reasonable to adopt a risk free rate of 2.10% in the calculation of the WACC.

Market rate (Rm)

This represents the additional risk in holding the market portfolio of investments. The term (Rm–Rf) represents the additional return required, above the risk free rate, to hold the market portfolio of investments. (Rm–Rf) is known as the Equity Market Risk Premium.

There are a number of studies around the Equity Market Risk Premium with, generally, most estimates falling within a range of 6% to 8%.

Using our professional judgement, RSM has assessed the Equity Market Risk Premium (Rm-Rf) for GSM-I to be 6.0%.

This is consistent with the standard premium applied by most valuation practitioners when assessing the Market Rate as at the date of this report.

Whilst the current EMRP is generally considered to be higher than 6% as a result of the economic uncertainty generated by COVID-19, as our assessment of the WACC has been based on adopting a long-term average risk free rate as an initial starting basis and, we have, for consistency adopted a longer term average EMRP at 6%, notwithstanding the shorter term impact of COVID-19.

An alternative approach that can be adopted to assess WACC can be to use the current lower spot RFR and the current EMRP (considered to be around 7.25% to 7.75%). We consider that either approach would broadly derive the same WACC.

Beta (β)

The beta coefficient measures the systematic risk of a company compared to the market as a whole. A beta of 1 indicates that the company's risk is comparable to that of the market. A beta greater than 1 represents higher than market risk and a beta below 1 represents lower than market risk.

In assessing beta, we have considered the betas for companies comparable to GSM-I (Column A). The equity betas are adjusted to remove the effect of company specific debt levels resulting in an ungeared beta (Column B). The ungeared betas are then "regeared" based upon an assessment the average industry gearing ratio and the assessed optimal capital structure which is discussed in more detail below (Column C).



The table below sets out the equity beta analysis in relation to the comparable companies.

Table 23 Equity Beta analysis

Comparable Company Betas	Country of domicile	Market Value of Net Debt \$m	Market Value of Equity \$m	Net Debt / Equity	Notional Tax Rate	(A) Levered Beta	(B) Unlevered Beta	(C) Relevered Beta
BuildingIQ, Inc.	Australia	2.1	3.7	56.6%	30.0%	2.47	1.77	2.14
Buddy Technologies Limited	Australia	12.3	176.9	7.0%	30.0%	2.11	2.01	2.43
Simble Solutions Limited	Australia	1.1	5.7	20.2%	30.0%	0.95	0.83	1.01
Xped Limited	Australia	(0.1)	3.6	(2.3%)	30.0%	0.33	0.33	0.33
Mean				20.4%		1.47	1.24	1.48
Median				13.6%		1.53	1.30	1.57
Min				7.0%		0.95	0.83	1.01
Max				56.6%		2.47	2.01	2.43

Source: Capital IQ and RSM calculations

The comparable company descriptions are included in Appendix F.

We have also given consideration to the industry average beta, published by Rozetta Institute Limited, in the Risk Measurement Service Report dated June 2020. The resulting beta (β) for the technology, hardware and equipment class was 1.2 in June 2020.

We have adopted 1.24 as the unlevered beta in our assessment of the appropriate WACC for GSM-I.

Specific company risk and size premium (α)

In considering appropriate the WACC for GSM-I, we have considered the specific risks which are not experienced by the listed comparable companies and are therefore not reflected in the reported betas or implied multiples derived from publicly available market data.

We have specifically considered the risk inherent with the size of GSM-I, stage of product development and diversification of revenue streams (including existing sales channels, distribution agreements and relationships with the broader Gerard Private group).

Thomson Reuters' Australian valuation handbook states that the pre-tax risk premium for a privately-owned company which is established, with highly predictable earnings and a strong trade position, is generally 6% to 10% higher than the market equity pre-tax risk premium (noting that we are assessing the specific risk premium on a post-tax basis).

On the basis of the above, using our professional judgement, we have adopted a specific company risk factor of 6.5% to 8.0% for GSM-I.

Required rate of return on debt (Rd)

The rate of return required by providers of debt includes a risk premium over and above the risk free rate that reflects the debt risk that is specific to the business being valued. This risk effectively represents the risk of default on payments.

In assessing an appropriate debt premium, we have considered a number of factors including:

- GSM-I's debt mix and current cost of debt;
- the cost of debt for Australian companies similar to GSM-I (small, privately held with minimal tangible assets);
- the gearing levels adopted for the purposes of calculating the WACC; and
- the prevailing economic conditions as at the date of this report.

We have adopted a risk premium of 205 to 255 basis points over the risk free rate. Based on the risk free rate of 2.10%, this equates to a pre-tax cost of debt of 4.15% to 4.65%.



Capital structure or Gearing Level (D/V)

The capital structure or gearing level adopted for the purposes of undertaking the valuation should generally reflect the level of debt that can be reasonably sustained by any company operating in a particular industry as opposed to the actual capital structure adopted by the business.

The optimal capital structure of a business is driven by two main considerations:

- the tax benefits of debt finance i.e. the deductibility of interest payments for the purposes of assessing corporate tax liabilities; and
- the financial risk to equity holders i.e. the risk of financial distress as a result of over-gearing.

In assessing the optimal capital structure of GSM-I, we have considered the following:

- the gearing levels of comparable companies as set out in Table 23; and
- the level of debt sustainable by the forecast earnings and cash flows of GSM-I.

For the purposes of this valuation we have assessed the optimal net debt to equity ratio (D/V) as 15% (resulting in E/V of 85%).

Corporate tax rate (tc)

We have utilised the Australian corporate tax rate of 27.5% for base rate entities.

Assessment of WACC

Based on the assumptions set out above, we have assessed the WACC of GSM-I to be in the range of 14.9% and 16.2%, with a mid-point of 15.5%, as set out in the table below:

Table 24 Assessment of WACC

WACC	Low	High
Target Capital Structure		
Debt to Total Capitalisation	15.0%	15.0%
Equity to Total Capitalisation	85.0%	85.0%
Cost of Debt		
Risk-free Rate	2.1%	2.1%
Debt Premium	2.1%	2.6%
Corporate Tax Rate	27.5%	27.5%
Post-Tax cost of Debt	3.0%	3.4%
Cost of Equity		
Risk-free Rate	2.1%	2.1%
Market Risk Premium	6.0%	6.0%
Levered Beta	1.4	1.4
Company Specific Risk Factor	6.5%	8.0%
Cost of Equity	17.0%	18.5%
WACC (Post Tax, Nominal)	14.9%	16.2%

Source: RSM Analysis



F. COMPARABLE COMPANIES

Comparable Company	Company Description
BuildingIQ, Inc. ASX: BIQ	BuildingIQ, Inc. designs, develops, engineers, sells, and installs integrated software projects primarily in North America and Australasia. Its software solutions are used for the reduction of energy, operations, and maintenance costs of various building systems, such as heating, ventilation, and air conditioning systems. BuildingIQ, Inc. was founded in 2012 and is headquartered in Fargo, North Dakota.
Buddy Technologies Limited ASX: BUD	Buddy Technologies Limited operates as an IoT and cloud-based technology company in Australia. It operates through Commercial Business and Consumer Business segments. The company offers Buddy Ohm, a resource monitoring and analytics solution that provides energy monitoring, reporting, and auditing services for commercial and industrial customers; and Buddy Managed Services that license Buddy's technology platforms to customers for integration into their own products. It also provides Buddy Cloud that enables access to and storage of data from recreational vehicles, schools, commercial buildings, or cities; and Parse on Buddy, a mobile backend as a service built on the BaaS technology. In addition, the company offers Wi-Fi enabled lights for homes through distributors, retailers, and ecommerce platforms under LIFX brand. The company was formerly known as Buddy Platform Limited and changed its name to Buddy Technologies Limited in April 2019. Buddy Technologies Limited was incorporated in 2006 and is headquartered in Adelaide, Australia.
Simble Solutions Limited ASX: SIS	Simble Solutions Limited provides and develops Software as a Service for businesses and organizations in Australia, New Zealand, and the United Kingdom. The company offers mobility and energy management solutions. It provides SimbleSense, an integrated hardware and real-time software solution, help businesses to automate, mobilize, monetize, control, and visualize operations. The company has a strategic partnership with Sylvania Lighting. Simble Solutions Limited was founded in 2009 and is headquartered in Sydney, Australia.
Xped Limited ASX: XPE	Xped Limited provides technology and solutions based on IoT infrastructure for smart home, professional health and smart building. The company operates Auto Discovery Remote Control, a technology platform that allows users to control and monitor various electronic devices through their smartphones. It also offers Xped, a device browser application that allows to interact with many devices irrespective of type, brand, and standard. In addition, the company provides accessories, cameras, controllers, gateways, hubs, infrared, kits, lighting, plugs, power, relays, security, safety, sensors, switches, and sound products. It serves manufacturers, retailers, service providers, and consumers. The company is based in Payneham, Australia.



G. DISCOUNTED CASH FLOW FORECAST

Our assessed value of GSM-I, based on the assumptions and discount rate set out in Section 9 and Appendix E, is in the range of \$8.64 million to \$9.19 million with a midpoint of \$8.91 million.

\$'000		Year 1	Year 2	Year 3	Year 4	Year 5	Terminal Value
Cash inflows		3,824	7,456	15,142	15,520	15,908	Value
Cash outflows		(5,101)	(7,878)	(14,304)	(13,600)	(13,940)	
Net cashflow before tax		(1,277)	(422)	837	1,920	1,968	
Income tax expense (after utilisation of tax le	osses)	-	-	-	(291)	(541)	
Net cashflow after tax		(1,277)	(422)	837	1,629	1,427	16,727
Discount Period		0.50	1.50	2.50	3.50	4.50	5.00
Discount rate (High)	16.2%						
Period Discount Factor		0.93	0.80	0.69	0.59	0.51	0.47
Present value of future cash flows (Low)	-	(1,184)	(337)	575	963	726	7,894
Cumulative Net Present Value (Low)		(1,184)	(1,521)	(946)	17	743	8,637
Discount rate (Mid-point)	15.5%						
Period Discount Factor		0.93	0.81	0.70	0.60	0.52	0.49
Present value of future cash flows (Midpoint)	-	(1,188)	(339)	584	982	745	8,124
Cumulative Net Present Value (Mid-point)		(1,188)	(1,527)	(943)	39	784	8,908
Discount rate (Low)	14.9%						
Period Discount Factor		0.93	0.81	0.71	0.62	0.54	0.50
Present value of future cash flows (High)	-	(1,191)	(342)	592	1,002	764	8,361
Cumulative Net Present Value (High)		(1,191)	(1,533)	(941)	61	825	9,186
NPV (High)	9,186						
NPV (Mid-point)	8,908						
NPV (Low)	8,637						

THE POWER OF BEING UNDERSTOOD AUDIT | TAX | CONSULTING

RSM Australia Pty Ltd is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network.

Each member of the RSM network is an independent accounting and consulting firm each of which practices in its own right. The RSM network is not itself a separate legal entity of any description in any jurisdiction.

The RSM network is administered by RSM International Limited, a company registered in England and Wales (company number 4040598) whose registered office is at 11 Old Jewry, London EC2R 8DU.

The brand and trademark RSM and other intellectual property rights used by members of the network are owned by RSM International Association, an association governed by article 60 et seq of the Civil Code of Switzerland whose seat is in Zug.

© RSM International Association

rsm.com.au

Liability limited by a scheme approved under professional standards legislation





Quantify Technology Holdings Limited | ACN 113 326 524

Proxy Voting Form

If you are attending the meeting in person, please bring this with you for Securityholder registration.

Holder Number:

Your proxy voting instruction must be received by **3.30pm (WST) on Saturday, 28 November 2020,** being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY

Complete the form overleaf in accordance with the instructions set out below. YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: https://investor.automic.com.au/#/home Shareholders sponsored by a broker should advise their broker of any changes.

STEP 1 - APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at https://automic.com.au.

Lodging your Proxy Voting Form:

Online:

Use your computer or smartphone to appoint a proxy at

https://investor.automic.com.au/#/loginsah

or scan the QR code below using your smartphone

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting Form.



BY MAIL:

Automic GPO Box 5193 Sydney NSW 2001

IN PERSON:

Automic

Level 5, 126 Phillip Street Sydney NSW 2000

BY EMAIL:

 $\underline{meetings@automicgroup.com.au}$

BY FACSIMILE:

+61 2 8583 3040

All enquiries to Automic:

WEBCHAT: https://automicgroup.com.au/

PHONE: 1300 288 664 (Within Australia) +61 2 9698 5414 (Overseas)

4

S	TE	P 1	- H	low	to	vote	
							Τ

Λ	DD(TINIC	Λ	DDC	1YV :

I/We being a Shareholder entitled to attend and vote at the Annual General Meeting of Quantify Technology Holdings Limited to be held at 3.30pm (WST) on Monday, 30 November 2020 at Ground Floor, 216 St Georges Terrace, Perth WA 6000 hereby:

Appoint the Chair of the Meeting (Chair) OR if you are not appointing the Chair of the Meeting as your proxy, please write in the box provided below the name of the person or body corporate you are appointing as your proxy or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit and at any adjournment thereof.

The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote.

Unless indicated otherwise by ticking the "for"," against" or "abstain" box you will be authorising the Chair to vote in accordance with the Chair's voting intention.

AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolution 1 (except where I/we have indicated a different voting intention below) even though Resolution 1 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

STEP 2 – Your voting direction

Re	solutions	For	Against	Abstain
1.	Adoption of the Remuneration Report			
2.	Re-election of Peter Rossdeutscher as a Director			
3.	Approval of Share Consolidation			
4.	Approval to issue the Consideration Shares to the Vendor for the Acquisition of GSM Innovations Pty Ltd			
5.	Approval to issue Performance Rights to the Vendor for the Acquisition of GSM Innovations Pty Ltd			
6.	Approval to issue Capital Raising Placement Shares			
7.	Approval to issue Lead Manager Options to PAC Partners			
8.	Approval to amend Company Constitution			
9.	Approval of Additional 10% Placement Facility			

STEP 3 – Signatures and contact details

Individual or Securityholder 1	Securityholder 2	Securityholder 3	_
Sole Director and Sole Company Secretary Contact Name:	Director	Director / Company Secretary	
Email Address:			
Contact Daytime Telephone		Date (DD/MM/YY)	