



March Quarter Update: Significant progress in commercialising technology in Australia and China

ASX RELEASE

28 APRIL 2017

Highlights:

- **Major commercial milestone achieved with certification of Q Device in Australia and New Zealand**
- **Quantify's technology included in the building specifications of two commercial projects in Western Australia and one in New South Wales**
- **Company has accepted an invitation by industry peak body IOTAA to take a position on its executive council to sit alongside tech-leaders like Telstra, IBM, Intel and CSIRO**
- **Quantify Chairman, Aidan Montague, invited to China as a guest of the Linyi National High-Tech Industrial Development Zone, to discuss the establishment of a Quantify showcase facility and distribution hub, in the city of Linyi**
- **Appoints Microsoft veteran and China smart city technology expert Alan Boyd as advisor to assist with entry to the Chinese market**
- **Quantify is on track to achieve commercial scale production and delivery of the Q Device in the second half of 2017 and is anticipating signing new partnership and sales agreements with local and international parties**

Quantify Technology Holdings Limited (ASX: QFY) ('Quantify' or the 'Company'), a unique and disruptive player in the multi-billion dollar IoT market, is pleased to provide its quarterly update for the period ending 31 March 2017.

Review of operations

The Company has made strong progress on its commercialisation plans for its flagship product, the Q Device, following its relisting on the ASX in March.

A major milestone for the Company was achieved during the quarter when it received its Australian and New Zealand certification (AS/NZS CISPR 15 and AS/NZS 4268) for the Q Device, a major step on its path to commercialisation.

The certification clears the way for the Company to further progress its strategy of securing large commercial and enterprise projects for the Q Device. Quantify has already made good progress in building a large sales pipeline to support the high-volume, cost efficient manufacture of the Q Device.

In March, the Company reported that the Q Device had been included in the building specifications for two building projects in Western Australia – the Medical and Dental Library at the University of Western Australia and the Crest Apartment project in Burswood. The Q Device has also been included in the building specifications for an apartment project in Lindfield, Sydney.

The inclusion in the building specifications means that the Q Device has been incorporated into the electrical engineering plans for the projects and brings the Company closer to signing a sales contract for the supply of the devices.

The Company's efforts to lead and help shape the Internet-of-Things (IoT) market has been recognised by the industry. Quantify has accepted an invitation by IoT Alliance Australia (IoTAA) to take a position on its executive council, which includes organisations like Telstra, CSIRO, IBM and Intel, just to name a few. IoTAA is the peak Australian IoT body that is seeking to accelerate IoT innovation and adoption.

Chinese expansion and appointment of Microsoft veteran Alan Boyd

Subsequent to the reporting period, Quantify announced its intention to enter the Chinese market through China's 300 Smart City program – a Chinese government initiative to build more than 300 new smart cities across the country.

The smart city vision involves the integration of multiple information and communication technology and Internet-of-Things (IoT) solutions in a secure fashion to manage a city's assets, such as its schools and municipal information systems.

As part of this strategy, the Company appointed software pioneer and Microsoft veteran, Mr Alan Boyd, as a key adviser. Mr Boyd is one of the world's most knowledgeable technology and intellectual property (IP) specialists with more than 40 years' experience in the industry.

Mr Boyd also co-founded SmartCity Software, the first Chinese software company to focus on the design, development, acquisition and licensing of software needed to design, build and operate modern smart cities. His experience will be invaluable in helping Quantify break into this large emerging market.

Discussions have already commenced between Quantify and parties in China for the Q Device to be used in the Smart City developments in China and the Company will advise the market as material agreements are entered into.

Separately, Quantify Chairman, Aidan Montague, visited China at the invitation from senior officials at the Linyi National High-Tech Industrial Development Zone, to discuss the establishment of a Quantify presence in the city of Linyi which would showcase Quantify products, and the potential to establish Linyi as a hub for the distribution of Quantify products throughout China.

Corporate and Financials

Quantify is well funded to meet its commercialisation plans and pursue new opportunities following its oversubscribed capital raising at 6 cents a share in February which raised \$5 million.

In addition to the capital raising, during the quarter the Company also received \$449,000 in respect to its entitlement under the Research and Development tax incentive program.

The Company finished the quarter with a cash balance of \$4.9 million.

Outlook

Quantify remains on track to deliver on the large-scale production and planned product delivery for its innovative technology in the second half of 2017. Following the certification, the Company is now focused on securing additional large commercial and enterprise projects across Australia following its success in getting the Q Device included in the building specifications of three commercial projects in Western Australia and New South Wales.

Furthermore, Quantify is also expecting to achieve significant adoption of its technologies in China through the Government's 300 Smart City program and is anticipating a number of partnership and sales agreements in that market over the short to medium term.

"We have achieved a number of important milestones since relisting, including the certification of the Q Device, a major step on our path to commercialisation that has set us up for a strong 2017," said Quantify's Managing Director, Mark Lapins.

"We continue to hold discussions with a number of parties as we look to form strategic partnerships, both in Australia and overseas, where we see enormous potential for our technology to be applied to the smart cities of the future. We remain focused on building a strong sales pipeline through the next quarter as we aim to become one of the key infrastructure players that will facilitate and shape the future growth of the IoT market."

-ENDS-

Further Information:

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About Quantify

Quantify develops hardware and software devices that enable the monitoring and management of the next generation of internet-enabled devices installed in buildings. Its patented flagship product, the Q Device, provides real-time evaluation of environmental and risk factors for building occupants and proactively manages services and utilities to ensure the highest levels of efficiency are achieved to create truly intelligent buildings. The Company aims to redefine the Internet of Things industry standard with a view to making its solution the platform of choice.

More about Quantify – Quantify Videos:

<http://info.quantifytechnology.com/videos>

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Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

QUANTIFY TECHNOLOGY HOLDINGS LIMITED

ABN

25 113 326 524

Quarter ended ("current quarter")

31 MARCH 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	(329)	(897)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(129)	(175)
(d) leased assets	(2)	(2)
(e) staff costs	(468)	(1,367)
(f) administration and corporate costs	(406)	(1,047)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	5
1.5 Interest and other costs of finance paid	(7)	(7)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	449	449
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(890)	(3,041)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(35)	(80)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
	(d) intellectual property	(44)	(98)
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other	428	428
	(a) Cash acquired on acquisition of WHL Energy Ltd	-	100
	(b) WHL Energy Ltd signing fee	-	-
2.6	Net cash from / (used in) investing activities	349	350

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	5,000	5,549
3.2	Proceeds from issue of convertible notes	408	1,500
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(340)	(401)
3.5	Proceeds from borrowings	70	70
3.6	Repayment of borrowings	-	(49)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	5,138	6,669

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	329	948
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(890)	(3,041)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	349	350

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	5,138	6,669
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	4,926	4,926

On 28 February 2017, the Quantify Technology Holdings Ltd (the Company), formerly WHL Energy Ltd, completed its acquisition of 100% of Quantify Technology Limited (Quantify) together with a \$5m capital raising (Acquisition Transaction). The acquisition of Quantify resulted in shareholders of Quantify obtaining control of the merged entity. In addition, the board of directors of the merged entity was restructured such that the Company's three directors stepped down and were replaced by Quantify's nominees.

The combination of these factors resulted in the Acquisition Transaction being treated as a reverse acquisition for accounting purposes. Consequently, the Company (the legal parent) has been accounted for as the subsidiary and Quantify (the legal subsidiary) has been accounted for as the parent entity.

As a result, the statement of cash flows for the current quarter and YTD comprises the cash transactions for Quantify for the full quarter and YTD and the cash transactions of the Company from the date of acquisition being 28 February 2017 to the period ended 31 March 2017.

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	4,926	329
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,926	329

6. Payments to directors of the entity and their associates

- | | Current quarter
\$A'000 |
|--|----------------------------|
| 6.1 Aggregate amount of payments to these parties included in item 1.2 | 129 |
| 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3 | - |
| 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2 | |

Salaries, director's fees and consulting fees at normal commercial rates. Excludes GST where applicable

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	510
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	80
9.4 Leased assets	8
9.5 Staff costs	480
9.6 Administration and corporate costs	300
9.7 Other (provide details if material)	35
9.8 Total estimated cash outflows	1,413

10.	Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1	Name of entity		
10.2	Place of incorporation or registration		
10.3	Consideration for acquisition or disposal		
10.4	Total net assets		
10.5	Nature of business		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: N J Bassett
(Company secretary)

Date: 28 April 2017

Print name: Neville John Bassett

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.