



## September 2019 Quarterly Update

ASX RELEASE

31/10/19

### HIGHLIGHTS

- **Spokesperson and Media Agreement signed with WA interior designer Natalee Bowen**
- **Quantify successfully delivers its first projects for FY2020 at Kyle Bay and Oatley**
- **Quantify's West Australian distributor secures its first FY2020 sales**
- **Austrade selects the Company to participate in U.S. Market Entry program**
- **Capital raising of \$2.5m, via a placement and an entitlement issue, successfully completed**
- **Intelligent Home, WA's largest home and building automation provider, signed on as distributor**
- **Quantify expand distribution into Queensland, signing on 8Digital as distributor**
- **U.S. Patent granted to Quantify, protecting the Company's technology in the United States of America**
- **Quantify sign up ASI Electrics, one of Victoria's leading electrical contractors**

**Quantify Technology Holdings Limited (ASX: QFY)** ("**Quantify Technology**", 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 30 September 2019.

**Quantify Technology CEO Brett Savill Commented:** "This has been an important quarter for the business. Stock is being delivered to Harvey Norman as part of the \$500,000 stocking order. We have successfully delivered our first projects of the financial year; signed up distributors to give us national coverage and Natalee Bowen of Indah Island to be our brand ambassador. Internationally, we have achieved patent protection in the US and been selected for the Austrade Landing Pad program in San Francisco.

"Quantify completed the \$2.5m capital raise that was announced last quarter. Both myself and Quantify Chairman Peter Rossdeutscher subscribed for \$100,000 each in the Placement."



"We look forward to another positive quarter for Quantify Technology and I would like to thank shareholders for their support to date."

### **Operations Update**

#### Indah Island appointed as Spokesperson and Media representative

Quantify Technology entered into a Spokesperson and Media Agreement with award-winning West Australian interior designer Natalee Bowen and her Company, Indah Island Pty Ltd.

Under the 12-month agreement, Natalee will represent and promote the Company through both her own channels and media, as well as at industry events.

Indah Island Pty Ltd has been commissioned both in Australia and internationally, and has been featured in magazines globally, across social media, newspapers and television programs, such as Ready Set Reno, Open Homes Australia and Through the Front Gate, which was viewed by over 40 million people in the United States alone.

With an Instagram following of over 170,000, Natalee has worked alongside top New York architects and has recently completed work on the home of Australian media personality, Deborah Hutton.

Quantify has engaged Natalee and Indah Island Pty Ltd for 12 months. The partnership will assist in building awareness for Quantify and its products within the industry, whilst also serving to educate opinion-formers, such as architects, designers, developers and electricians. Importantly, the partnership will accelerate Quantify's growth, with Indah Island Pty Ltd well positioned to help create demand for the Quantify product suite.

#### Quantify Technology successfully delivers its first two installations in Sydney for FY2020

On 16 July 2019, Quantify Technology announced that it was completing the installation of its devices in Kyle Bay and Oatley, both luxury homes in south Sydney. The installation was undertaken by Quantify's Sydney-based electrical contractor partner, Cambridge Electrical Services.

The two projects represent the first sales that have been delivered since Quantify signed the exclusive agreement with Harvey Norman Commercial Division, and represent a further extension of the existing partnership with Cambridge Electrical Services.

The Kyle Bay home is a fully refurbished three-storey luxury modernised dwelling with water views. The second home is a new build located in Oatley, Sydney. Quantify's devices enable these homeowners to gain the benefits of home automation at a fraction of the cost of competing products. Benefits include the ability to layer "Touch, Tap and Talk", that is 'Touch' the Quantify devices which respond the same as a normal switch, 'Tap' control with an app, and 'Talk' to Amazon Alexa, to control devices through voice command.

#### First FY2020 projects flowing through West Australian distributor

As announced on 30 July 2019, Quantify Technology's first two Western Australian installation projects for FY2020 were to be completed by mid-August 2019.



They are the first projects delivered through Powerhouse Home Automation, and are both conversions of existing homes, rather than new builds, whilst still allowing the ability to pay "Touch, Tap and Talk". This represents a significant and important milestone for the Company, as the market for the nearly 10 million existing homes in Australia is significantly greater than the market for new builds.

Quantify Technology selected for Austrade program in San Francisco as part of U.S. market entry

As announced in August 2019, the Company was selected for a three-month Austrade Landing Pad Program in San Francisco, along with a small number of Australian scale-ups.

Quantify Technology will benefit from Austrade's extensive global network of contacts and tailored business development assistance, with Austrade assisting in introducing Quantify Technology to an extensive range of businesses and partners to accelerate its expansion.

Being close to Silicon Valley and Seattle, the Landing Pad provides easy access to major technology companies, as well as potential partners in the building automation space. The Company's aim is to use this program to develop a short list of partners to work with for entry into the U.S. in 2020.

Intelligent Home Signed as WA Distributor

On 16 August 2019, the Company announced that it had signed an agreement with Intelligent Home for the distribution of the Company's products in Western Australia.

Intelligent Home have completed over 50,000 installations in Perth, making them one of the largest smart wiring, home and building technology providers in Australia. They currently work with 8 of the 10 largest builders in Western Australia. The agreement with Intelligent Home, coupled with the agreements with Powerhouse Home Automation and Limitless Automation Pty Ltd, result in the Company now having three distributors actively selling Quantify's products in Western Australia.

Quantify expand distribution into Queensland

On 23 August 2019, Quantify Technology announced it had entered into an agreement with 8Digital, for the distribution of the Company's products in Queensland.

8Digital has a strong sales pipeline in Queensland, while maintaining a focus on integrating technology into high-end residential properties. The agreement is part of Quantify's strategy to create a national footprint of leading distributors focused on the new build and retrofit market.

U.S. Patent granted

During the quarter, Quantify Technology was granted Patent protection for the Company's technology in the United States of America.

The approval coincided with the Company's launch into the U.S. market, with staff already based in San Francisco furthering the Company's preparations for entry into this market.

The patent protects Quantify Technology's unique selling proposition, which enables the Company's products to evolve over time, without complete product replacement – dramatically reducing the



lifetime cost of technology adoption. An advantage in mature technology markets, such as the U.S., is that this 'future-proofing' enables the Company's products to stand out from the competition, and has been recognised as a significant advantage by the U.S. companies that Quantify is already in discussions with.

The U.S. market is the largest smart home market in the world, with revenue of over US\$27B in 2019, an annual growth rate of 13%, and expected to grow to around US\$45B by 2023.

Combined with the ability to be retrofitted onto existing wiring, Quantify Technology's products are well positioned for the U.S.

Quantify sign up ASI Electrics, one of Victoria's leading electrical contractors

As announced on 23 September 2019, Quantify signed up ASI Electrics as a distributor in Victoria.

ASI Electrics is one of Victoria's leading electrical contracting businesses, with over 200 direct employees, who have expertise in electrical design and installation, engineering and value enhanced solutions. Victoria is home to 26 percent of Australia's population, and represents approximately the same percentage of the new build market.

The agreement furthers Quantify's growth strategy, with the Company focused on signing up leading distributors and installers across Australia to capture a significant proportion of the \$1.8B pa market that is expanding at 30% pa.

**Corporate Update**

\$2.5 Million Capital Raising

During the quarter, the Company completed its \$2.5m capital raising, through its appointed Joint Lead Managers, Pinnacle Corporate Finance Pty Ltd and RM Corporate Finance Pty Ltd, via a placement and an entitlement issue.

On 3 July 2019, the placement settled, with the Company's CEO, Brett Savill, and Chairman, Peter Rosseutscher, purchasing \$100,000 each in the placement (as approved by Shareholders at the General Meeting on 12 August 2019). The \$1.0m placement included the issuance of 200m shares, and 200m attaching options.

On 6 August 2019, the Company completed the fully underwritten entitlement issue, raising a further \$1.4m, via a one for four rights issue, resulting in the issuance of a further 285m shares and 285m options.



## **Outlook**

### Research & Development grant receipt

After the end of the September 2019 quarter, the Australian Government made payment on the Research and Development grant of \$1.74m, as recorded at 30 June 2019, repaying the pre-funding loan in place to nil; the Company received a net total of \$0.54m.

### Marketing and Sales

We have run a series of events with our brand ambassador in Sydney and Perth. These were well attended and are designed to build the brand, deliver sales and set the business up for the TV show, Ready Set Reno. This TV program is due to be aired on FreeTV at the end of January. At the same time, there are a series of partnerships due to be announced over the quarter that will enhance the platform and drive further sales: this includes signing an MOU with embed energy provider, Energy Trade, and integrating with Google.

### Organisational restructure and cost-cutting

After the end of the quarter, and in line with previous communication, the Company undertook further cost-cutting activities, resulting in the reduction in overall annual overhead costs in excess of \$1.5m. These moves represent a recognition much of the development work has been completed and the business is now focused on commercialisation.

## **Further Information:**

Investor Relations & Media Enquiries

Caelie Jones

E: [caelie.jones@quantifytechnology.com](mailto:caelie.jones@quantifytechnology.com) | P: +61 (8) 6254 0200

## **About Quantify Technology**

Quantify Technology is an Australian-based company, focused on making lives better in homes, workplaces, and communities with their Internet of Things (IoT) smart home technology. Their qDevices replace standard power outlets and light switches and can be controlled by voice, app and touch. Quantify has the opportunity to be the first truly mass-market smart home product because of its simplicity, the innovative nature of its technology, and its limitless platform. Its strategic priorities are to maximise sales domestically, secure distribution internationally and strengthen its platform.

## 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")**

30 SEPTEMBER 2019

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	(708)	(708)
(b) product manufacturing and operating costs	(220)	(220)
(c) advertising and marketing	(108)	(108)
(d) leased assets	(94)	(94)
(e) staff costs	(378)	(378)
(f) administration and corporate costs	(258)	(258)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,765)</b>	<b>(1,765)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(3)	(3)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(d) intellectual property	(40)	(40)
	(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	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(43)</b>	<b>(43)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	1,704	1,704
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(127)	(127)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>1,577</b>	<b>1,577</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	795	795
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,765)	(1,765)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(43)	(43)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,577	1,577

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>564</b>	<b>564</b>

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	513	513
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	51	51
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>564</b>	<b>564</b>

Other includes restricted cash from unissued share capital, and long-term Term Deposits held with Tier One banking institutions.

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 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

Current quarter \$A'000
78
-

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**

- 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

Current quarter \$A'000
-

N/A



8. <b>Financing facilities available</b> <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.		

N/A
-----

9. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Research and development	554
9.2 Product manufacturing and operating costs	267
9.3 Advertising and marketing	37
9.4 Leased assets	63
9.5 Staff costs	222
9.6 Administration and corporate costs	303
9.7 Other (provide details if material)	-
<b>9.8 Total estimated cash outflows</b>	<b>1,446</b>

Note: The above cash outflow estimate does not include approximately \$537k R&D rebate anticipated to be received during the next quarter. This also does not include any estimated sales receipts expected to be received for the next quarter.

10. <b>Acquisitions and disposals of business entities</b> <b>(items 2.1(b) and 2.2(b) above)</b>	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: 31 October 2019

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.