

Quantify Technology Holdings Limited

ACN 113 326 524

Prospectus

Entitlement Offer

For a non-renounceable pro rata entitlement offer of 1 Share for every 4 Shares held by Eligible Shareholders as at the Record Date at an issue price of \$0.004 per Share to raise approximately \$1,492,038, together with 1 free attaching New Option for every Share subscribed for and issued (**Entitlement Offer**).

The Entitlement Offer is fully underwritten by Pinnacle Corporate Finance Pty Ltd ACN 149 263 543 (**Underwriter**). Refer to section 7.1 for details regarding the Underwriting Agreement.

Important

The Entitlement Offer closes at 5.00pm AEDT on 18 February 2020. Valid acceptances must be received before that time. Please read the instructions in this Prospectus and on the accompanying Entitlement and Acceptance Form regarding the acceptance of your entitlement.

This Prospectus is a transaction specific prospectus issued in accordance with section 713 of the Corporations Act. This is an important document that should be read in its entirety. Investors who do not understand this document should consult their stockbroker, lawyer, accountant or other professional adviser before deciding to apply for Securities under this Prospectus. The Securities offered under this Prospectus should be considered highly speculative.

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Important Information

General

This Prospectus is issued by Quantify Technology Holdings Limited ACN 113 326 524 (**Company**).

The Prospectus is dated 17 January 2020 and a copy of this Prospectus was lodged with ASIC on that date. Neither ASIC nor ASX take responsibility for the contents of this Prospectus or the merits of the investment to which the Prospectus relates.

This Prospectus is a transaction specific prospectus for offers of continuously quoted securities (as defined in the Corporations Act) and options over continuously quoted securities, and has been prepared in accordance with section 713 of the Corporations Act.

No Securities will be issued pursuant to this Prospectus later than 13 months after the date of this Prospectus.

Persons wishing to apply for Securities pursuant to an Offer, Entitlement and Acceptance Form or Placement Offer Application Form (as applicable) must do so using the Entitlement and Acceptance Form attached to or accompanying this Prospectus. Before applying for Securities, investors should carefully read this Prospectus.

Any investment in the Company should be considered highly speculative. Investors who do not understand this document should consult their stockbroker, lawyer, accountant or other professional adviser before deciding to apply for Securities under an Offer.

No person is authorised to give any information or to make any representation in relation to the Offers which is not contained in this Prospectus. Any such information or representations may not be relied upon as having been authorised by the Directors.

Prospectus availability

ASIC has confirmed that the Corporations Act allows distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

A copy of this Prospectus can be downloaded from the Company's website at www.quantifytechnology.com. There is no facility for online applications. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access this Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Entitlement and Acceptance Form or Placement Offer Application Form (or as applicable) unless it is attached to a hard copy of this Prospectus or

it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company on +61 8 6254 0200.

Risk factors

Before deciding to invest in the Company, investors should read the entire Prospectus and in particular, in considering the prospects of the Company, investors should consider the risk factors that could affect the financial performance and assets of the Company. Investors should carefully consider these factors in light of personal circumstances (including financial and taxation issues). The Securities offered by this Prospectus should be considered highly speculative. Refer to section 6 details certain risk factors which are considered to be relevant for the purposes of the Offers.

Publicly available information

Information about the Company is publicly available and can be obtained from ASIC and ASX (including ASX's website at www.asx.com.au). The contents of any website, ASIC or ASX filing by the Company are not incorporated into this Prospectus and do not constitute part of the Offers. This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest in Shares or the Company.

Financial amounts

All references in this Prospectus to "\$", "A\$", "AUD", "dollars" or "cents" are references to Australian currency unless otherwise stated.

Any discrepancies between the totals and sums of components in tables contained in this Prospectus are due to rounding.

Definitions and time

A number of terms and abbreviations used in this Prospectus have defined meanings which are set out in section 9.

All references to time relate to the time in Sydney, New South Wales unless otherwise stated or implied.

Governing law

This Prospectus and the contracts that arise from the acceptance of applications under this Prospectus are governed by the law applicable in Western Australia and each applicant submits to the exclusive jurisdiction of the courts of Western Australia.

Corporate Directory

Directors

Brett Savill
Managing Director

Peter Rossdeutscher
Non-Executive Chairman

Mark Lapins
Non-Executive Director

Gary Castledine
Non-Executive Director

Company Secretary

Neville Bassett

Registered Office

Level 4, 216 St Georges Terrace
Perth WA 6000

Phone: +61 8 6254 0200

Website

www.quantifytechnology.com

ASX Code

QFY

Underwriter

Pinnacle Corporate Finance Pty Ltd
Level 28, 140 St Georges Terrace
Perth WA 6000

Share Registry

Automic Registry Services
Level 2, 267 St Georges Terrace
Perth WA 6000

Auditor

HLB Mann Judd
Level 4, 130 Stirling Street
Perth WA 6000

Legal Adviser

AGH Law
Level 2, 66 Kings Park Road
West Perth WA 6005

1 Timetable

| Key events | Date |
|--|---|
| Announcement of Entitlement Offer Appendix 3B lodged with ASX | 13 January 2019 |
| Announcement of Placement | 16 January 2020 |
| Lodgement of Prospectus with ASIC and ASX Appendix 2A lodged with ASX applying for quotation of maximum number of Securities to be issued | 17 January 2020 |
| Ex date | 22 January 2020 |
| Record Date for determining Entitlements | 23 January 2020 |
| Issue of Shares and receipt of funds under the Placement | 24 January 2020 |
| Prospectus sent to Eligible Shareholders Opening Date of the Offers | 29 January 2020 |
| Last day to extend the Closing Date | 13 February 2020 |
| Closing Date of the Offers | 5:00pm (AEDT) on 18 February 2020 |
| Securities quoted on a deferred settlement basis | 19 February 2020 |
| Announcement of results of issue | 20 February 2020 |
| Issue date of Securities under the Offers Dispatch of holding statements | 25 February 2020 |
| If required, updated Appendix 2A to be lodged with ASX applying for quotation of actual number of Securities issued | Before 12:00pm (AEDT) on 25 February 2020 |
| Quotation of Securities issued under the Offers | 26 February 2020 |

Note: The above timetable is indicative only. The Company reserves the right, subject to the Corporations Act, the Listing Rules and other applicable laws, to vary the dates, including by extending the Closing Date or accepting late acceptances, either generally or in particular cases, without notice.

2 Chairman's Letter

Dear Shareholder,

On behalf of the Board, I am pleased to present you with the Company's non-renounceable pro rata entitlement offer. Each Eligible Shareholder is being offered the right to acquire additional Shares in the Company at an issue price of \$0.004 per Share, to raise approximately \$1,492,038. This has been determined on the basis of 1 new Share for every 4 Shares registered in your name as at the Record Date. You will also receive 1 free attaching New Option for every Share subscribed for and issued.

As announced on 16 January 2020, the Company has also agreed to a placement of 62,500,000 Shares, together with 62,500,000 free attaching New Options, on the same terms as the Entitlement Offer to raise a further \$250,000.

I joined the Company as Chairman in October 2018 as part of a re-structure of the entire Board. At that time, it was apparent that we had a technically advanced solution, but we needed to focus on commercialisation. The Company has achieved the following milestones during the past 12 months:

- Appointed leading Taiwanese manufacturer, CASwell Inc., to manufacture the Company's products. CASwell Inc. is a Taiwanese Stock Exchange listed company with US\$200 million turnover and is a subsidiary of Foxconn Technology Group which has a market capitalisation of US\$20 billion. The Company's products represents a valuable addition to CASwell's portfolio and CASwell is uniquely positioned to accelerate the Company's growth strategy.
- Entered into a three-year agreement with Harvey Norman Commercial Division (**HNCD**) to become the Company's exclusive distributor on the Australian east coast. HNCD has a team of over 400 staff and is the single largest Harvey Norman franchise, providing an extensive range of brand-name products to builders, developers, architects and designers. HNCD has committed to an initial \$500,000 stocking order for the first six months of the agreement.
- As part of the arrangement with HNCD, the Company signed exclusive three-year agreements with a series of property developers including, but not limited to, Blaq Projects (targeting an initial 267 apartments) and 3Properties (who develop 200-300 properties per year).
- Entered into agreements for the distribution of the Company's products in Western Australia, including a stocking order for \$250,000 for Fokused. Other WA distributors include Intelligent Homes, Limitless and Powerhouse Automation.
- Opened or entered into agreements for display homes in Rosebery, NSW; Brighton East, Victoria; Fremantle, Western Australia; and Subiaco, Western Australia.
- Was selected to appear on Channel 9's show Ready Set Reno due to air in 2020, and appointed the award-winning designer, Natalee Bowen, as its brand ambassador.
- Entered into a Memorandum of Understanding with Honeywell as part of their PropTech Hub.
- Passed global safety certification testing of the Company's hardware and the Company has achieved patent protection in 13 countries, including the USA.

Further to the above, the Company has been focused on rolling out its Qumulus cloud platform. The Qumulus cloud platform revolutionises installation, configuration and maintenance in the high-volume smart home market by facilitating installation and remote configuration. Previously, high installation and configuration costs have formed a barrier to mass adoption. The Qumulus cloud platform removes this barrier ensuring significant time savings for builders, installers and users. The technology also provides significant differentiation against industry competitors.

Your Board believes that the Company has met several substantial milestones in the last 12 months paving the way to commercialisation of the Company's products.

This Prospectus contains information about the Offers and the key risks associated with investing in the Company (see section 6), and it is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX. An investment in the Company should be considered highly speculative. If you do not understand this Prospectus then you should contact your professional adviser.

On behalf of the Board, I commend the Entitlement Offer to you.

Kind regards,

A handwritten signature in black ink, appearing to read 'Peter Rossdeutscher', with a stylized flourish extending from the end.

Peter Rossdeutscher
Chairman

3 Details of the Offers

3.1 Entitlement Offer

The Company is making a non-renounceable pro rata entitlement offer to Eligible Shareholders on the basis of 1 Share for every 4 Shares held at 5:00pm (AEDT) on the Record Date at an issue price of \$0.004 per Share to raise approximately \$1,492,038, together with 1 free attaching New Option for every Share subscribed for and issued (**Entitlement Offer**). The New Options are intended to be quoted, and will be exercisable at \$0.008 each on or before the date that is two years from the date of issue.

The Underwriter is Pinnacle Corporate Finance Pty Ltd ACN 149 263 543 (**Underwriter**). The Underwriter has agreed to fully underwrite the Entitlement Offer by subscribing for any shortfall. Please refer to section 7.1 for more details.

At the date of this Prospectus the Company has on issue 1,492,038,393 Shares, 19,531,800 unquoted Options with various exercise prices and expiry dates as set out in section 5.2 and 545,247,679 quoted Options exercisable at \$0.01 on or before 13 August 2021.

On the assumption that no Options are exercised before the Record Date, the Company proposes to offer 373,009,598 Shares under the Entitlement Offer. If all of the Options currently on issue were exercised before the Record Date, up to an additional 141,194,869 Shares would be offered under the Entitlement Offer.

Where the determination of the Entitlement of any Eligible Shareholder results in a fraction of a Share, such fraction will be rounded up to the nearest whole Share.

Shares issued under the Entitlement Offer will be issued as fully paid ordinary shares and will rank equally in all respects with the existing Shares on issue. Further details on the rights and liabilities attaching to the Shares proposed to be issued under the Entitlement Offer are contained in section 7.4. New Options issued under the Entitlement Offer will be issued on the terms and conditions contained in section 7.5.

3.2 Placement

As announced to the ASX on 16 January 2020, the Company has agreed to issue 62,500,000 Shares at \$0.004 per Share (the same issue price as the Entitlement Offer) to sophisticated and professional investors to raise \$250,000 (before costs), together with 1 free attaching New Option for every Share subscribed for and issued (**Placement**). The Shares issued under the Placement will be issued on or about 24 January 2020. As this date is after the Record Date for the Entitlement Offer, participants in the Placement (**Placement Participants**) will not be able to participate in the Entitlement Offer in respect of the Shares they receive under the Placement. All proceeds from the Placement will be used in accordance with Section 3.3.

In addition to the Entitlement Offer, the Company is offering 62,500,000 New Options (**Placement Options**) to the Placement Participants (and/or their nominee(s)) (**Placement Offer**).

The Company is issuing the Placement Options under this Prospectus so that they are issued with disclosure and therefore the Placement Options (including Shares issued upon any exercise of the Placement Options) will not be subject to the 12 month on-sale restriction in section 707(3) of the Corporations Act.

The Company is not offering the Placement Options for the purpose of the Placement Participants selling or transferring their Placement Options. However, the Company considers that such persons should be entitled, if they wish, to on-sell their Placement Options prior to the expiry of 12 months.

The Placement Offer will only be extended to specific persons by invitation from the Company. Placement Offer Application Forms for the Placement Offer will only be provided by the Company to

these persons. Since the Placement Options will be issued on a free attaching basis, no funds will be raised from the Placement Offer.

3.3 Proposed Use of Funds

The purpose of the Offer and the Placement is to raise approximately \$1,742,038 (before costs). The funds raised are planned to be used in accordance with the table set out below.

| Item | Amount |
|---|--------------------|
| Expenses of the Offers (excluding GST) ¹ | \$220,000 |
| Sales, marketing and commercialisation ² | \$1,185,110 |
| Working capital ³ | \$336,928 |
| Total | \$1,742,038 |

Notes:

- 1 Refer to section 7.9 of this Prospectus.
- 2 Sales, marketing and commercialisation expenses include costs in relation to production costs, research and development costs, obtaining further certifications for the distribution of its products globally, relevant labour costs, third party consultants and contractors, costs of samples for marketing purposes, costs incurred in attending conferences, trade shows, corporate events, the cost of business development staff and associated travel expenses.
- 3 Working capital may include wages, payments to contractors, rent and outgoings, insurance, accounting, audit, legal and listing fees, payments to creditors, interest payments, other items of a general administrative nature and cash reserves but excludes sales which may be used in connection with the Company's activities, as determined by the Board at the relevant time.

The above table is a statement of the Board's current intention as at the date of this Prospectus. However, Shareholders should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors, including the outcome of operational and development activities, regulatory developments, market and general economic conditions and environmental factors. In light of this, the Board reserves the right to alter the way the funds are applied.

3.4 Details of Substantial Holders

As at the date of this Prospectus those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below.

| Shareholder | Amount | % |
|--|-------------|-------|
| Mark Lapins ¹ | 142,079,001 | 9.52% |
| Morgan Stanley Australia Securities (Nominee) Pty Ltd <No 1 Account> | 109,514,889 | 7.34% |
| Big AI Investments Pty Ltd | 85,755,080 | 5.75% |

Notes:

- 1 Comprising:
 - (a) 100,000,000 Shares held by Cuda Development Corporation Pty Ltd, an entity controlled by Mark Lapins; and
 - (b) 42,079,001 Shares held by Lapins Holdings Pty Ltd <Lapins Family A/C>, an entity controlled by Mark Lapins.

In the event all Entitlements are accepted in full there will be no change to the substantial holders on completion of the Entitlement Offer (subject to any dilution caused by the Placement). The holdings of the substantial holders may increase as a result of any participation in the Shortfall Offer, however no holder will receive Shares in contravention of the takeover prohibition in section 606 of the Corporations Act. See section 5.3 for further information on the effect of the Offers on control of the Company.

3.5 Eligible Shareholders

Eligible Shareholders for the purposes of the Entitlement Offer are those persons who:

- are registered as a holder of Shares as at 5.00pm (AEDT) on the Record Date; and
- have a registered address in Australia or New Zealand.

Shareholders who are not Eligible Shareholders are **Ineligible Shareholders**.

The Company has determined, in reliance on Listing Rule 7.7.1, that it would be unreasonable to extend the Entitlement Offer to Ineligible Shareholders, having regard to:

- the small number of Ineligible Shareholders;
- the small number and value of the Shares which would be offered to Ineligible Shareholders if they were Eligible Shareholders; and
- the cost of complying with the legal and regulatory requirements in the respective overseas jurisdictions.

Accordingly, the Entitlement Offer is not being extended to any Shareholders outside Australia and New Zealand. The Company will notify all Ineligible Shareholders of the Entitlement Offer and advise that the Company is not extending the Entitlement Offer to those Shareholders.

3.6 Minimum subscription

As the Entitlement Offer is fully underwritten (subject to certain conditions), there is no minimum subscription for the Entitlement Offer.

The Placement Offer does not have a minimum subscription.

3.7 Oversubscriptions

No oversubscriptions will be accepted by the Company.

3.8 Offer period

The Offers will open on the Opening Date and close on the Closing Date.

3.9 ASX quotation

The Company will apply to ASX within 7 days after the date of this Prospectus for quotation of the Securities offered under this Prospectus. If approval for quotation of the Securities is not granted within 3 months after the date of this Prospectus (or any later time in accordance with applicable laws), the Company will not issue any Securities and will repay all Application Monies without interest as soon as practicable.

The fact that ASX may grant quotation of the Securities being offered is not to be taken in any way as an indication by ASX as to the merits of the Company or the Securities.

3.10 Application Monies

All Application Monies for Shares to be issued pursuant to the Entitlement Offer will be held in trust on behalf of applicants until the Shares are issued or, if the Shares are not issued, until the Application Monies are returned to applicants. All interest earned on Application Monies (including those which do not result in the issue of Shares) will be retained by the Company.

3.11 No Rights Trading

Entitlements under the Entitlement Offer are non-renounceable and accordingly cannot be traded on the ASX or any other stock exchange, or privately transferred.

If you do not take up your Entitlement under the Entitlement Offer by the Closing Date, the Entitlement Offer to you will lapse.

3.12 Underwriting

The Entitlement Offer is fully underwritten by the Underwriter.

The Underwriting Agreement is subject to certain conditions including circumstances under which the Underwriter may terminate its obligations. The terms and conditions of the Underwriting Agreement, including underwriting fees, are summarised in section 7.1 of this Prospectus.

If for any reason the Underwriting Agreement is terminated before completion, the Company reserves the right to place the Shortfall at its discretion within 3 months after the close of the Entitlement Offer.

3.13 Shortfall

Eligible Shareholders may, in addition to their Entitlement, apply for Additional Shares from any Shortfall that becomes available, by completing the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on that form.

It is possible that there will be few or no Additional Shares available for issue, depending on the level of take up of Entitlements by Eligible Shareholders. There is also no guarantee that in the event Shortfall Shares are available for issue, they will be allocated to all or any of the Eligible Shareholders who have applied for them.

It is an express term of the Entitlement Offer that applicants for Additional Shares will be bound to accept a lesser number of Additional Shares allocated to them than applied for, if so allocated. If a lesser number of Additional Shares is allocated to them than applied for, excess application monies will be refunded without interest. The Company together with the Underwriter reserve the right to scale back any applications for Additional Shares in their absolute and sole discretion. When determining the amount (if any) by which to scale back an application, the Company and the Underwriter may take into account a number of factors, including the size of an applicant's shareholding in the Company, the extent to which an applicant has sold or bought Shares in the Company before and after both the announcement of the Entitlement Offer and the Record Date, as well as when the application was made.

No Additional Shares will be issued to any person under this Prospectus if the issue of the Additional Shares would contravene the takeover prohibition in section 606 of the Corporations Act.

3.14 Foreign investor restrictions

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or to extend such an invitation. No action has been taken to register this Prospectus or otherwise to permit the offering of securities in any jurisdiction outside Australia and New Zealand. It is the responsibility of non-Australian resident investors to obtain all necessary approvals and comply with all relevant laws and regulations for the issue to them of Securities offered pursuant to this Prospectus. Return of an Entitlement and

Acceptance Form will constitute a representation and warranty that there has been no breach of such laws and regulations.

3.15 Nominees, Trustees and Custodians

The foreign Shareholder restrictions referred to in section 3.14 apply to the underlying beneficial holder of Shares. Nominees, trustees and custodians must not apply on behalf of any beneficial holder that would not itself be an Eligible Shareholder.

Shareholders who hold Shares on behalf of persons who are resident outside Australia or New Zealand are responsible for ensuring that accepting the Entitlement Offer and receiving Securities does not breach any laws or regulations in the relevant overseas jurisdictions. Return of a completed Entitlement and Acceptance Form or payment via BPAY® will constitute a representation by the applicant that there has been no breach of such laws and regulations with respect to the Entitlement Offer.

Shareholders who are nominees, trustees and custodians are therefore advised to seek independent advice as to how they should proceed. Failure to comply with restrictions set out in this Prospectus may result in violations of applicable securities laws and regulations.

3.16 Issues of Securities

Any issue of Securities under this Prospectus will occur in accordance with the timetable set out in section 1. Following this, holding statements will be sent to applicants as required by ASX. It is the responsibility of applicants to determine their allocation prior to trading in the Securities. Applicants who sell their Securities before they receive their holding statement will do so at their own risk.

3.17 CHESS and issuer sponsorship

The Company operates an electronic CHESS sub-register and an electronic issuer sponsored sub-register. These two sub-registers will make up the Company's register of shares.

The Company will not issue certificates to security holders. Rather, holding statements (similar to bank statements) will be dispatched to security holders as soon as practicable after allotment. Holding statements will be sent either by CHESS (for security holders who elect to hold Shares on the CHESS sub-register) or by the Company's Share Registry (for security holders who elect to hold their Shares on the issuer sponsored sub-register). The statements will set out the number of Shares allotted under this Prospectus and the Holder Identification Number (for security holders who elect to hold Shares on the CHESS sub register) or Shareholder Reference Number (for security holders who elect to hold their shares on the issuer sponsored sub-register). Updated holding statements will also be sent to each security holder following the month in which the balance of their security holding changes, and also as required by the Listing Rules and the Corporations Act.

3.18 Privacy disclosure

Persons who apply for Securities pursuant to this Prospectus are asked to provide personal information to the Company, either directly or through the Share Registry. The Company and the Share Registry collect, hold and use that personal information to assess applications for Securities, to provide facilities and services to Shareholders, and to carry out various administrative functions. Access to the information collected may be provided to the Company's agents and service providers and to ASX, ASIC and other regulatory bodies on the basis that they deal with such information in accordance with the relevant privacy laws. If the information requested is not supplied, applications for Securities will not be processed. In accordance with privacy laws, information collected in relation to specific Shareholders can be obtained by that Shareholder through contacting the Company or the Share Registry.

3.19 Taxation

It is the responsibility of all investors to satisfy themselves of the particular taxation treatment that applies to them in relation to the Offers, by consulting their own professional tax advisers. Neither the Company or the Directors accept any liability or responsibility in respect of the taxation consequences of the matters referred to in this Prospectus.

4 How to Apply

This section 4 sets out the choices for an Eligible Shareholder with respect to applying for Securities under the Entitlement Offer. Please refer to section 3.5 to determine who is an Eligible Shareholder.

Details on how Placement Participants can apply for Placement Options pursuant to the Placement Offer are set out in section 3.2.

4.1 Choices Available

Eligible Shareholders may do any of the following:

- take up all or part of their Entitlement under the Entitlement Offer (refer to section 4.2);
- if you take up all of your Entitlement, subscribe for Additional Shares (refer to section 4.3); or
- do nothing (refer to section 4.4).

The Entitlement Offer is a non-renounceable pro rata offer to Eligible Shareholders. Eligible Shareholders are entitled to 1 free attaching New Option for every Share subscribed for and issued under the Entitlement Offer.

The Entitlement Offer is fully underwritten (please see section 7.1 for further details). The issue of Shares may dilute the percentage holdings of Shareholders. For further details on the effects of the Entitlement Offer, please refer to section 5.

4.2 Take Up all or Part of Entitlement

Eligible Shareholders who wish to take up all or part of their Entitlement under the Entitlement Offer should complete the Entitlement and Acceptance Form in respect of the number of Shares they wish to subscribe for and arrange for payment of the Application Monies in accordance with section 4.5.

4.3 Subscribe for Additional Shares

Eligible Shareholders who take up all of their Entitlement, who wish to subscribe for Additional Shares (see section 3.13) should fill in the number of Additional Shares you wish to accept in the space provided on the Entitlement and Acceptance Form and arrange for payment of the Application Monies in accordance with section 4.5.

4.4 Allow All or Part of Entitlement to Lapse

If Eligible Shareholders decide not to accept all or part of their Entitlement to Shares, or fail to accept by the Closing Date, the part of their Entitlement not accepted will lapse. The Shares not subscribed for will form part of the Shortfall, which will be taken up by the Underwriter.

Eligible Shareholders should note that if they do not take up their Entitlement then although they will continue to own the same number of Shares, their percentage holding in the Company will be diluted.

4.5 Making an Application

Eligible Shareholders have 2 payment options in order to take up their Entitlement under the Entitlement Offer.

4.5.1 Option 1: Submit a completed Entitlement and Acceptance Form together with a cheque, bank draft or money order.

To follow option 1, applicants should:

- complete the personalised Entitlement and Acceptance Form accompanying this Prospectus in accordance with the instructions set out on that form, and indicate the number of Shares they wish to subscribe for; and
- return the form to the Share Registry (address details below) together with a cheque, bank draft or money order which must be:
 - in respect of the full Application Monies (being \$0.004 multiplied by the number of Shares they wish to subscribe for);
 - in Australian currency drawn on an Australian branch of a financial institution; and
 - made payable to 'Quantify Technology Holdings Limited – Application Account' and crossed 'Not Negotiable'.

Applicants should ensure that sufficient funds are held in the relevant account(s) to cover the Application Monies. If the amount of the cheque for Application Monies (or the amount for which the cheque clears in time for allocation) is insufficient to pay for the number of Shares applied for in the Entitlement and Acceptance Form in full, the applicant will be taken to have applied for the lower number of whole Shares as the cleared Application Monies will pay for (and to have specified that number of Shares in the Entitlement and Acceptance Form). Alternatively, the application will be rejected.

Cash payments will not be accepted. Receipts for payment will not be issued.

Applicants need to ensure that their completed Entitlement and Acceptance Form and cheque, bank draft or money order reaches the Share Registry at the address below by no later than 5.00pm (AEDT) on the Closing Date.

Completed Entitlement and Acceptance Forms should be returned to the Share Registry at the following address:

By post:

Quantify Technology Holdings Limited
c/- Automic Group
GPO Box 5193
Sydney NSW 2000

By hand:

Quantify Technology Holdings Limited
c/- Automic Group
Level 5, 126 Phillip Street
Sydney NSW 200

Entitlement and Acceptance Forms (and payment of Application Monies) may not be accepted if received after 5.00pm (AEDT) on the Closing Date.

4.5.2 Option 2: Pay via BPAY® payment

To follow option 2, applicants should pay the full Application Monies, being \$0.004 multiplied by the number of Shares comprising their Entitlement, or, if subscribing for only part of their Entitlement, the number of Shares the applicant wishes to subscribe for, via BPAY® payment in accordance with the instructions set out on the personalised Entitlement and Acceptance Form (which includes the biller code and the applicant's unique customer reference number). Applicants can only make a payment via BPAY® if they are the holder of an account with an Australian financial institution.

Please note that if payment is made by BPAY®:

- the applicant does not need to submit the personalised Entitlement and Acceptance Form but is taken to make the statements on that form; and
- if the applicant subscribes for less than its entitlement or does not pay for its full entitlement, the applicant is taken to have taken up its entitlement in respect of such whole number of Shares which is covered in full by the Application Monies.

Applicants need to ensure that their BPAY® payment is received by the Share Registry by no later than 3.00pm (AEDT) on the Closing Date. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. It is the responsibility of the applicant to ensure that funds are submitted through BPAY® by the date and time mentioned above.

4.6 Effect of Making an Application

Returning a completed Entitlement and Acceptance Form or making a BPAY® payment will be taken to constitute a representation by the applicant that it:

- has received a printed or electronic copy of this Prospectus accompanying the Entitlement and Acceptance Form and has read it in full;
- agrees to be bound by the terms of this Prospectus and the Constitution;
- makes the representations and warranties in sections 3.14 and 3.15 (to the extent that they are applicable) and confirms its eligibility in respect of an offer of Securities under the Entitlement Offer;
- declares that all details and statements in the Entitlement and Acceptance Form are complete and accurate;
- declares that it is over 18 years of age and has full legal capacity and power to perform all of its rights and obligations under the Entitlement and Acceptance Form;
- acknowledges that once the Entitlement and Acceptance Form is returned or a BPAY® payment is made its acceptance may not be withdrawn;
- agrees to being issued the number of Securities it applies for at the offer price (or a lower number issued in a way described in this Prospectus);
- authorises the Company to register it as the holder(s) of the Securities issued to it;
- acknowledges that the information contained in this Prospectus is not investment advice or a recommendation that the Securities are suitable for it, given its investment objectives, financial situation or particular needs; and
- authorises the Company and its officers or agents to do anything on its behalf necessary for Securities to be issued to it, including correcting any errors in its Entitlement and Acceptance Form or other form provided by it and acting on instructions received by the Share Registry using the contact details in the Entitlement and Acceptance Form.

4.7 Enquiries

This document is important and should be read in its entirety. Shareholders who are in any doubt as to the course to follow should consult their stockbroker, lawyer, accountant or other professional adviser without delay. Shareholders who:

- have questions relating to the calculation of their Entitlement;
- have questions on how to complete an Entitlement and Acceptance Form or take up their Entitlements; or
- have lost an Entitlement and Acceptance Form and would like a replacement form,

should call the Share Registry on 1300 288 664 between 9.00am (AEDT) to 5.00pm (AEDT) Monday to Friday during the Entitlement Offer period.

5 Effect of the Offers

5.1 Effect on cash reserves

Assuming full subscription under the Entitlement Offer (on the basis that it is fully underwritten), the potential effect of the Offers and the Placement will be that:

- cash reserves will increase by approximately \$1,522,038 (after costs);
- the number of Shares on issue will increase from 1,492,038,393 to 1,942,547,991; and
- the number of Options on issue will increase from 564,779,479 to 1,015,289,077.

Shareholders should note that due to rounding of entitlements under the Entitlement Offer on the Record Date, among other things, the exact number of Securities to be issued will not be known until completion of the Entitlement Offer.

Funds raised from the Placement and the Entitlement Offer are proposed to be used in accordance with the table set out in Section 3.3.

5.2 Effect on capital structure

The indicative capital structure of the Company, assuming the Offers and the Placement complete fully subscribed and no Options are exercised prior to the Record Date, is set out below.

Shares

| Shares | Number |
|--|----------------------|
| Existing Shares | 1,492,038,393 |
| Shares issued under the Entitlement Offer ¹ | 373,009,598 |
| Shares issued to the Underwriter ² | 15,000,000 |
| Shares issued under the Placement ³ | 62,500,000 |
| Total | 1,942,547,991 |

Notes:

- 1 These Shares are being offered for the purpose set out in section 3.2.
- 2 Refer to the Underwriting Agreement a summary of which is set out in section 7.1.
- 3 The Shares issued under the Placement will be issued after the Record Date and as such participants in the Placement will not be entitled to participate in the Entitlement Offer.

Options

| Options | Number |
|--|----------------------|
| Existing Options (unquoted) ¹ | 19,531,800 |
| Existing Options (quoted) ² | 545,247,679 |
| New Options issued under the Entitlement Offer | 373,009,598 |
| New Options issued to the Underwriter ³ | 15,000,000 |
| New Options issued under the Placement Offer | 62,500,000 |
| Total | 1,015,289,077 |

Notes:

- 1 This figure is comprised of the following unquoted Options:
 - (a) 1,200,000 Options exercisable at \$0.10 on or before 4 April 2020;
 - (b) 4,800,000 Options exercisable at \$0.10 on or before 4 April 2020 and subject to vesting conditions; and
 - (c) 13,531,800 Options exercisable at \$0.075 on or before 31 July 2020 and subject to vesting conditions.
- 2 Exercisable at \$0.01 on or before 13 August 2021.
- 3 Refer to the Underwriting Agreement a summary of which is set out in section 7.1.

Other securities

| Other security | Number |
|---|--------------------|
| Existing Performance Shares ¹ | 200,000,000 |
| Existing Performance Rights ² | 22,166,666 |
| Other securities issued under the Entitlement Offer | Nil |
| Total | 222,166,666 |

Notes:

- 1 This figure is comprised of the following:
 - (a) 120,000,000 Performance Shares on a 1 for 1 basis expiring 8 September 2021 and subject to certain performance milestones; and
 - (b) 80,000,000 Performance Shares on a 1 for 1 basis expiring 19 December 2023 and subject to certain performance milestones.
- 2 This figure is comprised of the following:
 - (a) 4,166,666 Performance Rights expiring on 8 March 2020 and subject to certain performance milestones; and
 - (b) 18,000,000 Performance Rights expiring on 19 March 2023 and subject to certain performance milestones.

5.3 Effect on control of the Company

The Entitlement Offer is fully underwritten by the Underwriter, up to 373,009,598 Shares and 373,009,598 free attaching New Options (together, the **Underwritten Securities**). Refer to section 7.1 for details of the terms of the underwriting.

The Underwriter currently does not hold any securities in the Company.

The extent to which Shares are issued pursuant to the underwriting will affect the Underwriter's voting power in the Company. The Underwriter is not a related party of the Company for the purpose of the Corporations Act. The Underwritten Securities may be taken up by sub-underwriter's of the Underwriter in accordance with the Underwriting Agreement.

The maximum potential increase in voting power of the Underwriter as a result of its underwriting arrangement is set out below.

| Take up by Underwriter | Underwritten Shares | Underwritten Options | Underwritten Value | Shares held post-Offers ¹ | Current voting power | Voting power post-Offers ² |
|------------------------|---------------------|----------------------|--------------------|--------------------------------------|----------------------|---------------------------------------|
| 100% | 373,009,598 | 373,009,598 | \$1,492,038 | 388,009,598 | - | 19.97% ³ |
| 75% | 279,757,199 | 279,757,199 | \$1,119,029 | 294,757,199 | - | 15.17% |
| 50% | 186,504,799 | 186,504,799 | \$746,019 | 201,504,799 | - | 10.37% |
| 25% | 93,252,400 | 93,252,400 | \$373,010 | 108,252,400 | - | 5.57% |
| 0% | - | - | - | 15,000,000 | - | 0.77% |

Notes:

- 1 These figures include the 15,000,000 Shares to be issued to the Underwriter as consideration for underwriting the Entitlement Offer. Refer to the Underwriting Agreement a summary of which is set out in section 7.1.
- 2 These calculations are on an undiluted basis and on the assumption that the 62,500,000 Shares issued pursuant to the Placement has completed.
- 3 In the event the Placement does not complete for any reason, the maximum voting power of the Underwriter post-Entitlement Offer may increase to 20.64%. However, please note the information below.

As set out in the table above, depending on the final amount raised pursuant to the Placement the level of acceptances by Eligible Shareholders of their Entitlements, the take up of Shortfall Shares and the Underwriter's ability to secure sub-underwriters, the maximum potential increase in the voting power of the Underwriter may exceed 20%.

Under section 606 of the Corporations Act, a person cannot acquire a relevant interest in the issued voting shares of a company if, because of a transaction in relation to securities of that company, a person's voting power in the company increases from 20% or below to more than 20% or from a starting point that is above 20% and below 90%.

There are certain exceptions to the above prohibition in section 611 of the Corporations Act. Item 13 of section 611 (**Underwriting Exception**) provides an exception for an acquisition that results from an issue of securities to a person as underwriter or sub-underwriter when:

- the issue is made under a disclosure document;
- the effect of the acquisition on the person's voting power is disclosed in the disclosure document.

The notes to the table above indicate that the underwriting of the Entitlement Offer by the Underwriter may result in the Underwriter increasing its voting power to more than 20% of the issued share capital of the Company.

However, the Underwriter intends to engage various sub-underwriters for the Entitlement Offer. Pursuant to the Underwriting Agreement, the Underwriter will ensure that no person will acquire, through participation in sub-underwriting the Entitlement Offer, a holding of Shares of, or increase their holding, to an amount in excess of 19.9% of all the Shares on issue on completion of the Entitlement Offer.

In any case, if for any reason the Underwriting Exception is being relied on, the Company will issue the 15,000,000 Underwriter Shares to the Underwriter immediately prior to the issue of any Underwritten Shares.

Shareholders should note that if they do not participate in the Entitlement Offer, their holdings are likely to be diluted by approximately 20% (as compared to their holdings and number of Shares on issue as at the date of this Prospectus). Examples of how the dilution may impact Shareholders, assuming no Options are exercised before the Record Date, are set out in the table below.

| Holder | Holding as at Record Date | % at Record Date | Entitlements Under the Entitlement Offer | Holdings if Entitlement Not Taken Up | % Post Offers ² |
|---------------|---------------------------|------------------|--|--------------------------------------|----------------------------|
| Shareholder 1 | 100,000,000 | 6.70% | 25,000,000 | 100,000,000 | 5.15% |
| Shareholder 2 | 50,000,000 | 3.35% | 12,500,000 | 50,000,000 | 2.57% |
| Shareholder 3 | 10,000,000 | 0.67% | 2,500,000 | 10,000,000 | 0.51% |
| Shareholder 4 | 5,000,000 | 0.34% | 1,250,000 | 5,000,000 | 0.26% |

Notes:

- 1 The dilutionary effect shown in the table is the maximum percentage on the assumption that those Entitlements not accepted are placed under the Shortfall Offer or taken up by the Underwriter.
- 2 These calculations assume that the Placement completes and an additional 62,500,000 Shares are on issue post-Offers.

No Shares will be issued under this Prospectus if the issue of Shares would contravene the takeover prohibition in section 606 of the Corporations Act.

5.4 Effect on financial position

Set out below is the audit reviewed statement of financial position for the Company at 30 June 2019, and the unaudited pro forma statement of financial position at 31 December 2019. The unaudited pro forma statement of financial position has been prepared on the basis and assumption that there have been no material movements in the assets and liabilities of the Company between 31 December 2019 and completion of the Offers other than:

- certain interim adjustments for the period between 30 June 2019 and the date of this Prospectus as described in notes 1 to 7 below;
- the issue of 373,009,598 Shares pursuant to the Entitlement Offer and 62,500,000 Shares pursuant to the Placement which, together, will raise an aggregate of \$1,742,038 before costs; and
- the estimated expenses of the Offers of approximately \$220,000, which amount is shown as a deduction against issued capital.

The pro forma consolidated statement of financial position has been prepared to provide investors with information on the assets and liabilities of the Company and pro forma assets and liabilities of the Company as noted below. The historical and pro forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

| | Quantify Audited | Adjustments | After Adjustments Pro Forma | Adjustment for Offers | After Offers Pro Forma |
|--|---------------------|----------------|-----------------------------------|--------------------------|---------------------------|
| | 30-Jun-19 | | 31-Dec-20 | | |
| | \$ | \$ | \$ | \$ | \$ |
| Current assets | | | | | |
| Cash and cash equivalents ¹ | 795 | (434) | 361 | 1,272 | 1,633 |
| Receivables ² | 1,882 | (1,822) | 60 | - | 60 |
| Prepayments | 5 | - | 5 | - | 5 |
| Total current assets | 2,682 | (2,256) | 426 | 1,272 | 1,698 |
| Non-current assets | | | | | |
| Receivables | - | - | - | - | - |
| Plant and equipment ³ | 165 | 5 | 170 | - | 170 |
| Intangible assets ⁴ | 7,947 | 912 | 8,859 | - | 8,859 |
| Total non-current assets | 8,112 | 917 | 9,029 | - | 9,029 |
| Total assets | 10,794 | (1,339) | 9,455 | 1,272 | 10,727 |
| Current liabilities | | | | | |
| Trade and other payables ² | (942) | 358 | (584) | - | (584) |
| Interest-bearing loans and borrowings ⁵ | (1,058) | 663 | (395) | - | (395) |
| Provisions ⁶ | (170) | (38) | (208) | - | (208) |
| Total current liabilities | (2,170) | 983 | (1,187) | - | (1,187) |
| Non-current liabilities | | | | | |
| Interest-bearing loans and borrowings ⁵ | - | - | - | - | - |
| Total non-current liabilities | - | - | - | - | - |

| | Quantify Audited | Adjustments | After Adjustments Pro Forma | Adjustment for Offers | After Offers Pro Forma |
|-------------------------------------|---------------------|--------------|-----------------------------------|--------------------------|---------------------------|
| | 30-Jun-19 | | 31-Dec-20 | | |
| | \$ | \$ | \$ | \$ | \$ |
| Total liabilities | (2,170) | 983 | (1,187) | - | (1,187) |
| Net assets | 8,624 | (356) | 8,268 | 1,272 | 9,540 |
| Equity | | | | | |
| Issued capital ⁷ | 31,697 | 2,604 | 34,301 | 1,272 | 35,573 |
| Unissued Share Capital ⁷ | 750 | (750) | - | - | - |
| Share based payments reserve | 2,622 | - | 2,622 | - | 2,622 |
| Accumulated losses | (26,445) | (2,210) | (28,655) | - | (28,655) |
| Total equity | 8,624 | (356) | 8,268 | 1,272 | 9,540 |

Notes:

1. Utilisation of cash reserves for manufacture of devices for commercialisation, continued development, sales and marketing and overhead costs, offset by net funds received from capital raising, R&D pre-funding activities and sales receipts.
2. Working capital movements.
3. Acquisition of further capitalised equipment.
4. Capitalisation of tools, moulds and equipment as used and consumed in development activities on the Company's product suite.
5. The Company pre-funded a part of its FY2020 R&D Tax Incentive from the Australian Government. The funds are short-term, interest-bearing and are due upon receipt of the refund, which is estimated to be September 2020.
6. Decrease in provisions notably driven by reduction in head-count as part of cost cutting activities.
7. Reflects the net proceeds from the Placement, and share issuances during the period.

6 Risk Factors

Activities in the Company and its controlled entities, as in any business, are subject to risks, which may impact on the Company's future performance. The Company and its controlled entities have implemented appropriate strategies, actions, systems and safeguards for known risks, however, some are outside its control.

The Directors consider that the matters summarised in this section 6, which is not exhaustive, represent some of the major risk factors which Shareholders need to be aware of in evaluating the Company's business and risks of increasing your investment in the Company. Shareholders should carefully consider the following factors in addition to the other information presented in this Prospectus.

6.1 Specific risks

6.1.1 Capital and Funding Requirements

Given its initial 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 through its existing technology or otherwise. Until the Company is able to realise 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.

Upon completion of the Offers and Placement, the Company is anticipated to have approximately \$1,633,000 in cash.

6.1.2 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" 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.

6.1.3 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. 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.

6.1.4 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.

6.1.5 Relationships with suppliers

The Company relies on CASwell Inc. (CASwell) for sourcing chips, sensors and other componentry (Components) and any material adverse change in the Company's relationships with CASwell or the ability of CASwell to meet orders could have a negative impact on its operations. The Company's business model revolves largely around the supply of hardware and this target revenue stream relies heavily upon the supply of these Components for hardware manufacture.

6.1.6 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.

6.1.7 Global Market Risk

The Company's future aim is to take the Q Device into global markets, thus 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.

6.1.8 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. Except as disclosed below, 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.

6.1.9 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.

The Company has notified a third party that it may be developing a product that might fall within the scope of the Company's Australian patent (Application number 2013204864), and has invited the party to engage at a commercial level to discuss a beneficial way forward. The Company may not be able to reach agreement with the party that is potentially in breach and at such stage, will have to evaluate what course of action it should take in relation to the breach.

6.1.10 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. Delays in the development or adoption of new standards and protocols to handle these increased demands may impact on the adoption of the Company and ultimately the success of the Company's business. 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. Importantly, the Company's Q device is agnostic of the transmission technology used. A wide range of wireless as well as wireline options can be used and would be dependent upon the application and development resources. This is a decision made by the manufacturer on what best suits the needs of their customers. Note that the Company's platform does not rely on access to the internet for basic functionality.

6.1.11 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. Whilst the Company have sought as part of the design of their technology to incorporate enterprise grade security aspects, at the present time this security design is still being investigated and no assurance can be given at this time that the Company's technology will be immune from the usual range of IoT technology risks. To mitigate any risks associated with this security, the Company will be implementing changes to the hardware design to include an AES encryption engine.

6.1.12 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 affecting the Company's business, financial performance and operations.

6.2 General Risks

6.2.1 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.

6.2.2 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.

6.2.3 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 Entitlement Offer and 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.

6.2.4 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.

6.2.5 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.

6.2.6 Unforeseen expenditure

Expenditure may need to be incurred that has not been taken into account in the preparation of this Prospectus. 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.

6.2.7 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.

6.2.8 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.

6.2.9 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.

6.2.10 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.

6.2.11 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.

6.2.12 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 Entitlement Offer.

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 this Prospectus 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.

7 Additional Information

7.1 Underwriting Agreement

The Entitlement Offer is fully underwritten by the Underwriter. Pursuant to the Underwriting Agreement, the Underwriter (or its nominee(s)) will be entitled to the following fees:

- (a) an underwriting fee of 4% of the Underwritten Amount;
- (b) a management fee of 2% of the Underwritten Amount;
- (c) an aggregate monthly retainer of \$10,000 for a period of 6 months; and
- (d) an aggregate of 15,000,000 New Options (**Underwriter Options**) and 15,000,000 Shares (**Underwriter Shares**).

The Company will also pay the Underwriter its reasonable costs and expenses incidental to the Entitlement Offer.

The Underwriting Agreement provides that:

- (a) the Underwriter may procure such persons to sub-underwrite the Entitlement Offer as the Underwriter, in its sole and absolute discretion, thinks fit;
- (b) the Underwriter will ensure that no person will acquire, through participation in sub-underwriting the Entitlement Offer, a holding of Shares of, or increase their holding, to an amount in excess of 19.9% of all the Shares on issue on completion of the Entitlement Offer; and
- (c) the Underwriter may terminate the Underwriting Agreement and be relieved of its obligations if certain events occur, which are usual and appropriate for agreements of this nature in the circumstances.

The Underwriter may terminate the Underwriting Agreement if:

- (a) (**Company default**): the Company fails to perform an obligation under the Underwriting Agreement;
- (b) (**Indices fall**): the S&P ASX 300 Index closes on any Business Day from the date of the Underwriting Agreement at a level that is 10% or more below the level of the Index at the close of trading on the Business Day before the date of the Underwriting Agreement.
- (c) (**Prospectus**): the Company does not lodge the Prospectus with ASIC on 17 January 2020 or the Prospectus or the Entitlement Offer is withdrawn by the Company;
- (d) (**Supplementary Prospectus**):
 - (i) the Underwriter, having elected not to exercise its right to terminate its obligations under the Underwriting Agreement, forms the view on reasonable grounds that a supplementary Prospectus should be lodged with ASIC for any of the reasons referred to in section 719 of the Corporations Act and the Company fails to lodge a supplementary Prospectus in such form and content and within such time as the Underwriter may reasonably require; or
 - (ii) the Company lodges a supplementary Prospectus without the prior written agreement of the Underwriter;

- (e) **(Non-compliance with disclosure requirements):** it transpires that the Prospectus does not contain all the information that investors and their professional advisers would reasonably require to make an informed assessment of:
 - (i) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
 - (ii) the rights and liabilities attaching to the Shares and New Options;
- (f) **(Misleading Prospectus):** it transpires that there is a statement in the Prospectus that is misleading or deceptive or likely to mislead or deceive, or that there is an omission from the Prospectus (having regard to the provisions of sections 711, 713 and 716 of the Corporations Act) or if any statement in the Prospectus becomes misleading or deceptive or likely to mislead or deceive or if the issue of the Prospectus is or becomes misleading or deceptive or likely to mislead or deceive;
- (g) **(Error in Due Diligence Results):** it transpires that any of the due diligence results or any part of the verification material was materially false, misleading or deceptive or that there was a material omission from them;
- (h) **(proceedings)** ASIC or any other person conducts any enquiry, investigation or proceedings, or takes any regulatory action or seeks any remedy, in connection with the Entitlement Offer or the offer materials, or publicly foreshadows that it may do so;
- (i) **(Unable to issue Securities)** the Company is prevented from allotting and issuing the Shares and New Options within the time required by the timetable, Listing Rules, applicable laws, an order of a court of competent jurisdiction or a government authority;
- (j) **(Future Matters)** Any statement or estimate in the offer materials which relates to a future matter is or becomes incapable of being met or, in the reasonable opinion of the Underwriter, unlikely to be met in the projected timeframe;
- (k) **(No Quotation Approval):** the Company fails to lodge an Appendix 2A in relation to the Shares and New Options with ASX by the time required by the Corporations Act, the Listing Rules or any other regulation;
- (l) **(ASIC application):** an order is made under section 1324B or any other provision of the Corporations Act in relation to the Prospectus, the shortfall notice deadline date has arrived, and that application has not been dismissed or withdrawn;
- (m) **(Takeovers Panel):** the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act, which in the Underwriter's reasonable opinion has a material adverse effect;
- (n) **(Authorisation):** any authorisation which is material to anything referred to in the Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter acting reasonably;
- (o) **(Indictable offence):** a director of the Company is charged with an indictable offence; or
- (p) **(Termination events):** any of the following events occurs:
 - (i) **(Hostilities):** there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of the Underwriting Agreement involving one or more of Australia, New Zealand, Indonesia, Japan, Russia, the United Kingdom, the United States of America, India, Pakistan, the Democratic People's Republic of Korea, or the Peoples Republic of China or any member of the European Union;

- (ii) **(Default)**: default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking;
- (iii) **(Incorrect or untrue representation)**: any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect in a material respect;
- (iv) **(Contravention of constitution or Act)**: a contravention by the Company of any provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
- (v) **(Adverse change)**: an event occurs which gives rise to a material adverse effect or any adverse change or any development including a prospective adverse change after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of the Company;
- (vi) **(Error in Due Diligence Results)**: it transpires that any of the due diligence results or any part of the verification material was materially false, misleading or deceptive or that there was a material omission from them;
- (vii) **(Significant change)**: a "new circumstance" as referred to in section 719(1) of the Corporations Act arises that is materially adverse from the point of view of an investor;
- (viii) **(Public statements)**: without the prior approval of the Underwriter a public statement is made by the Company in relation to the Entitlement Offer or the Prospectus, other than a statement the Company is required to make in order to ensure its disclosure obligations under the Listing Rules and the Corporations Act;
- (ix) **(Misleading information)**: any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Entitlement Offer or the affairs of the Company is or becomes misleading or deceptive or likely to mislead or deceive;
- (x) **(Official Quotation qualified)**: the official quotation is qualified or conditional;
- (xi) **(Change in Act or policy)**: there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy;
- (xii) **(Prescribed Occurrence)**: a prescribed occurrence occurs, other than as disclosed in the Prospectus;
- (xiii) **(Suspension of debt payments)**: the Company suspends payment of its debts generally;
- (xiv) **(Event of Insolvency)**: an event of insolvency occurs in respect of the Company or any its subsidiaries;
- (xv) **(Judgment against the Company)**: a judgment in an amount exceeding \$500,000 is obtained against the Company and is not set aside or satisfied within 14 days;
- (xvi) **(Litigation)**: litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced against the Company or any its subsidiaries, except as disclosed in the Prospectus;
- (xvii) **(Board and senior management composition)**: there is a change in the composition of the Board or a change in the senior management of the Company

before the date of issue of the Shares and New Options without the prior written consent of the Underwriter (such consent not to be unreasonably withheld);

- (xviii) **(Change in shareholdings)**: there is a material change in the major or controlling shareholdings of the Company or any its subsidiaries (other than as a result of the Entitlement Offer, a matter disclosed in the Prospectus) or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to the Company or any its subsidiaries;
- (xix) **(Timetable)**: there is a delay in any specified date in the timetable which is greater than 2 Business Days;
- (xx) **(Force Majeure)**: a force majeure affecting the Company's business or any obligation under the Underwriting Agreement lasting in excess of 7 days occurs;
- (xxi) **(Certain resolutions passed)**: the Company or any its subsidiaries passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter;
- (xxii) **(Capital structure)**: the Company or any its subsidiaries alters its capital structure in any manner not contemplated by the Prospectus;
- (xxiii) **(Breach of Contracts)**: any of the Contracts are terminated or substantially modified; or
- (xxiv) **(Market conditions)**: a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets.

The events listed in (p) above do not entitle the Underwriter to exercise its rights of termination unless, in the reasonable opinion of the Underwriter reached in good faith, it has or is likely to have, or those events together have, or could reasonably be expected to have, a material adverse effect or could give rise to a liability of the Underwriter under the Corporations Act.

The Underwriting Agreement contains a number of conditions that must be satisfied by the Company before the Underwriter obligation to underwrite the Entitlement Offer commences that are considered standard for an agreement of this type, such as procurement of sub-underwriters to the Entitlement Offer and the timely lodgement of documents by the Company in accordance with the timetable.

The Underwriting Agreement also contains a number of indemnities, representations and warranties from the Company to the Underwriter that are considered standard for an agreement of this type.

7.2 Continuous disclosure

As the Company is admitted to the official list of ASX, the Company is a “disclosing entity” for the purposes of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose to the market any information it has which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

Price sensitive information is publicly released through ASX before it is disclosed to Shareholders and market participants. Distribution of other information to Shareholders and market participants is also managed through disclosure to ASX. In addition, the Company posts information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

Investors are encouraged to check and monitor any further announcements made by the Company to ASX prior to Securities being issued under the Offers. To do so, please refer to the Company's ASX announcements platform via www.asx.com.au.

By virtue of section 713 of the Corporations Act, the Company is entitled to issue a “transaction-specific” prospectus in respect of the Offers.

In general terms, a “transaction-specific prospectus” is only required to contain information in relation to the effect of the issue of securities on the Company and the rights and liabilities attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position and performance, profits and losses or prospects of the issuing company.

As a disclosing entity under the Corporations Act, the Company states that:

- it is subject to regular reporting and disclosure obligations;
- copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an office of ASIC; and
- it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - the annual financial report of the Company for the financial year ended 30 June 2019;
 - any half-year financial report of the Company lodged with ASIC after the lodgement of the annual financial report referred to above and before the lodgement of this Prospectus with ASIC; and
 - all continuous disclosure notices given by the Company after the lodgement of the annual financial report referred to above and before the lodgement of this Prospectus with ASIC (see below).

There is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules that investors or their professional advisers:

- would reasonably require for the purpose of making an informed assessment of:
 - the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
 - the rights and liabilities attaching to the securities the subject of this Prospectus; and
- would reasonably expect to find in this Prospectus.

This Prospectus contains information specific to the Entitlement Offer. If investors require further information in relation to the Company, they are recommended to take advantage of the opportunity to inspect or obtain copies of the documents referred to above.

The following announcements have been lodged with ASX in respect of the Company since the Company lodged its annual financial report for the financial year ended 30 June 2019 on 30 August 2019.

| Date | Title |
|------------|--|
| 16/01/2020 | Top up Placement to raise an additional \$0.25 million |
| 16/01/2020 | Proposed issue of Securities - QFY |
| 15/01/2020 | Global Certification secured for Blind Controller |
| 13/01/2020 | Investor Presentation |

| Date | Title |
|------------|--|
| 13/01/2020 | Proposed Issue of Securities - QFY |
| 13/01/2020 | \$1.5 million Fully Underwritten Entitlement Issue |
| 09/01/2020 | Trading Halt |
| 17/12/2019 | New Order with The Stable Group |
| 13/12/2019 | Major ACT Projects Secured |
| 12/12/2019 | Response to Appendix 4C Query |
| 28/11/2019 | Major Order signed with Blaq Projects |
| 27/11/2019 | Results of Meeting |
| 18/11/2019 | Quantify signs MOU with Honeywell |
| 04/11/2019 | Quantify sign West Australian Stockist |
| 31/10/2019 | Appendix 4C - quarterly |
| 28/10/2019 | Quantify Integrates with Google |
| 16/10/2019 | Notice of Annual General Meeting/Proxy Form |
| 07/10/2019 | Change of Director's Interest Notice |
| 03/10/2019 | Quantify sign MOU with Energy Trade |
| 23/09/2019 | Quantify signs up ASI Electrics |
| 10/09/2019 | US Patent Granted |
| 05/09/2019 | Appendix 3B |
| 30/08/2019 | Corporate Governance Statement |
| 30/08/2019 | Appendix 4G |

7.3 Market price of Shares

The highest and lowest closing prices of Shares on the ASX during the 3 months preceding the date of this Prospectus, and the closing price on the trading day before the date of this Prospectus, are set out below.

| High – Various ¹ | Low – 23 October 2019 | Last – 16 January 2020 |
|-----------------------------|-----------------------|------------------------|
| \$0.006 | \$0.003 | \$0.004 |

Note:

- 1 28 October 2019, 29 October 2019, 2 December 2019, 3 December 2019, 20 December 2019 and 27 December 2019.

7.4 Rights and liabilities attaching to Shares

The rights attaching to Shares are described in the Constitution and, to the extent applicable, are regulated by the Corporations Act, the Listing Rules and general law. The following is a summary of certain rights attaching to Shares.

7.4.1 Voting

At a general meeting of the Company on a show of hands, every member present in person, or by proxy, attorney or representative has one vote and upon a poll, every member present in person, or by proxy, attorney or representative has one vote for every fully paid up Share held by them. In the case of a partly paid share, a fraction of a vote equivalent to the proportion which the amount paid up on that member's share bears to the total amounts paid and payable (excluding amounts credited) on that share.

7.4.2 Dividends

Subject to law and any special rights and restrictions attached to any Shares:

- the directors may declare and pay dividends as appear to them to be justified by the profits of the Company; and
- the person entitled to a dividend on a Share is entitled to:
 - if the Share is fully paid (whether the issue price of the Share was paid or credited or both), the entire dividend; or
 - if the Share is partly paid, a proportion of that dividend equal to the proportion which the amount paid on that Share bears to the total issue price of that Share. Any amounts credited without payment in money or other consideration being made to the Company and any amounts paid up in advance of the applicable due date for payment are ignored when calculating the proportion.

7.4.3 Winding up

If the Company is wound up and after payment of all debts and satisfaction of liabilities a surplus remains, it may be distributed amongst Shareholders entitled to it in proportion to the number of Shares held by each of them regardless of the amounts paid up on the Shares.

7.4.4 Further Increases in Capital

Subject to restrictions on the issue or grant of securities contained in the Listing Rules, ASX Settlement Operating Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors have the right to issue shares or grant options over unissued shares to any person and they may do so at such times as they think fit and on the conditions they think fit.

Such shares may have preferred, deferred or other special rights or special restrictions about dividends, voting, return of capital, participation in the property of the Company on a winding up or otherwise, as the directors think fit.

7.4.5 Variation of Rights

The rights attached to any class of shares may, unless their terms of issue state otherwise, be varied:

- with the written consent of the holders of 75% of the shares of the class; or
- by a special resolution passed at a separate meeting of the holders of shares of the class.

7.4.6 Transfer of securities

Generally, the shares and options in the Company will be freely transferable, subject to satisfying the usual requirements of security transfers on the ASX. The Directors may decline to register any transfer of shares but only where permitted to do so under its Constitution or the Listing Rules.

7.4.7 Sale of non-marketable holdings

The Company may take steps in respect of non-marketable holdings of shares in the Company to effect an orderly sale of those shares in the event that holders do not take steps to retain their holdings.

The Company may only take steps to eliminate non-marketable holdings in accordance with the Constitution and the Listing Rules.

7.4.8 Alteration of Constitution

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

7.5 Terms of the New Options

The terms and conditions of the New Options are:

7.5.1 Entitlement

Each New Option entitles the holder to subscribe for one Share upon exercise of the New Option.

7.5.2 Exercise Price

Subject to section 7.5.9, the amount payable upon exercise of each New Option will be \$0.008 (**Exercise Price**).

7.5.3 Expiry Date

Each New Option will expire at 5:00pm (AWST) on the date that is two years from the date of issue under the Offers (**Expiry Date**). A New Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

7.5.4 Exercise Period

The New Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

7.5.5 Notice of Exercise

The New Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each New Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

7.5.6 Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each New Option being exercised in cleared funds (**Exercise Date**).

7.5.7 Timing of issue of Shares on exercise

Within 10 Business Days after the Exercise Date, the Company will:

- (a) issue the number of Shares required under these terms and conditions in respect of the number of New Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (b) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (c) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the New Options.

If a notice delivered under 7.5.7(b) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

7.5.8 Shares issued on exercise

Shares issued on exercise of the New Options rank equally with the then issued shares of the Company.

7.5.9 Reconstruction of capital

If at any time the issued capital of the Company is reconstructed, all rights of a New Option holder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.

7.5.10 Participation in new issues

There are no participation rights or entitlements inherent in the New Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the New Options without exercising New Options.

7.5.11 Change in exercise price

A New Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the New Option can be exercised.

7.5.12 Transferability

The New Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

7.5.13 Quotation

The Company will seek to have the New Options quoted by ASX.

7.6 Director interests

Other than as set out below or elsewhere in this Prospectus, no existing or proposed Director holds at the date of this Prospectus, or has held in the 2 years prior to the date of this Prospectus, an interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or in connection with the Offers; or

- the Offers,

and no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given, to an existing or proposed Director to induce them to become, or qualify as, a Director or for services in connection with the formation or promotion of the Company or the Offers.

7.6.2 Remuneration

The cash remuneration (including superannuation) paid or to be paid to the Directors for the 2 years prior to the date of this Prospectus is set out below.

| Director | Position | Financial year ended 30 June 2018 | Financial year ended 30 June 2019 | Current financial year ⁵ |
|----------------------------------|------------------------|-----------------------------------|-----------------------------------|-------------------------------------|
| Peter Rossdeutscher ¹ | Non-Executive Chairman | - | \$81,000 | \$54,000 |
| Brett Savill ² | Managing Director | \$6,000 | \$237,000 | \$150,000 |
| Mark Lapins ³ | Non-Executive Director | \$343,769 | \$222,045 | \$36,000 |
| Gary Castledine ⁴ | Non-Executive Director | - | \$54,000 | \$36,000 |

Notes:

- 1 Peter Rossdeutscher was appointed as Non-Executive Chairman on 1 October 2018. Mr Rossdeutscher is currently paid a cash fee of \$108,000 (including superannuation) per annum.
- 2 Brett Savill was appointed as Non-Executive Director on 25 May 2018 and to the position of Managing Director on 1 October 2018. Mr Savill is currently paid a cash fee of \$300,000 (including superannuation) per annum.
- 3 Mark Lapins was appointed as non-executive director on 1 March 2017. Mr Lapins is currently paid a cash fee of \$72,000 (including superannuation) per annum.
- 4 Gary Castledine was appointed as Non-Executive Director on 1 October 2018. Mr Castledine is currently paid a cash fee of \$72,000 (including superannuation) per annum.
- 5 These figures are calculated for the period from 1 July 2019 to 31 December 2019.

7.6.3 Securities

The securities in the Company in which the Directors and their associates have relevant interests in at the date of this Prospectus are set out below.

| Director | Shares ¹ | Voting power ² | Performance Shares | Performance Rights | Options |
|---------------------|-------------------------|---------------------------|-------------------------|------------------------|-------------------------|
| Peter Rossdeutscher | 20,000,000 | 1.34% | 20,000,000 ³ | Nil | 20,000,000 ⁴ |
| Brett Savill | 20,269,887 ⁵ | 1.36% | 40,000,000 ⁶ | Nil | 20,053,978 ⁴ |
| Mark Lapins | 142,079,001 | 9.52% | 40,350,751 ⁷ | 2,083,333 ⁸ | Nil |
| Gary Castledine | 1,935,743 | 0.13% | 20,000,000 ⁹ | Nil | Nil |

Notes:

- 1 Each Directors' relevant interest in the securities of the Company will increase to the extent they take up their entitlement under the Entitlement Offer.

- 2 Figures are based on the total number of Shares on issue at the date of this Prospectus.
- 3 Comprising:
- (a) 5,000,000 performance shares which will each convert into 1 Share upon the Company securing a minimum of \$3,900,000 in long-term funding prior to 31 December 2018 expiring 19 December 2023 (**Tranche 1 Performance Share**);
 - (b) 5,000,000 performance shares which will each convert into 1 Share upon the Company and/or the Company's subsidiaries generating \$5,000,000 in accumulated revenue (excluding Government Grants and/or R&D rebates) between 1 October 2018 and 30 September 2021, and such revenue is confirmed by the signed attestation of a registered company auditor or properly included in the Company's audited financial statements expiring 19 December 2023 (**Tranche 2 Performance Share**); and
 - (c) 10,000,000 performance shares which will each convert into 1 Share upon the Company achieves a share price of at least \$0.03 and a market capitalisation of at least \$45,000,000, each based on the volume weighted average market price over 20 consecutive trading days during which the Company's shares have actually traded expiring 19 December 2023 (**Tranche 3 Performance Share**).
- 4 Exercisable at \$0.01 on or before 13 August 2021.
- 5 Brett Savill is entitled to a cash bonus of \$60,000 and has elected to be paid this bonus through the issue of such number of Shares determined by reference to the 20-day VWAP at the time of issue, subject to Shareholder approval. These Shares remain unissued as at the date of this Prospectus and the issue of these Shares will increase Mr Savill's relevant interest in the securities of the Company accordingly.
- 6 Comprising:
- (a) 10,000,000 Tranche 1 Performance Shares;
 - (b) 10,000,000 Tranche 2 Performance Shares; and
 - (c) 20,000,000 Tranche 3 Performance Shares.
- 7 Each Performance Share in the relevant Tranche will convert into 1 Share upon achievement of the following performance hurdles:
- (a) **Tranche A:** one-quarter of the Performance Shares will be convertible into Shares upon:
 - (i) certification by a recognised and accredited Australian testing facility (such as TUV Rheinland Australia) of the Company's retrofittable wall switch and power outlet known as the "Retrofit Switch" which is, as a minimum, able to switch 220-230V AC Power where such certification is:
 - (A) for installation in an applicable Australian Standards based wall box powered by the wiring in place; and
 - (B) to CISPR15 Standards; and
 - (ii) the Company receiving committed orders for \$3,000,000 by 8 September 2018.
 - (b) **Tranche B:** one-quarter of the Performance Shares will be convertible into Shares upon:
 - (i) certification by a recognised and accredited Australian testing facility, (such as TUV Rheinland Australia) for the wireless communication module installed in the Company's retrofittable wall switch and power outlet known as the "Wireless Card", which wireless module is capable of providing wireless communication based on the 802.11 wireless standard or the 802.15 Zigbee Standard, where such certification is to AS/NZS4268 Standards, and
 - (ii) the Company receiving committed orders for \$5,000,000 (in total) by 8 September 2019;
 - (c) **Tranche C:** one-quarter of the Performance Shares will be convertible into Shares upon the Company receiving committed orders for \$10,000,000 (in total) by 8 September 2020, at which time the resulting Shares will be placed in voluntary escrow with release from escrow pro rata for every \$1,000,000 of revenue received in respect of the first \$5,000,000 of committed orders received; and
 - (d) **Tranche D:** one-quarter of the Performance Shares initially issued to a Holder will be convertible into Shares upon the Company receiving committed orders for \$15,000,000 (in total) by 8 September 2021, at which time the resulting Shares must be placed in voluntary escrow with release from escrow pro rata for every \$1,000,000 of revenue received in respect of the first \$10,000,000 of committed orders received.

- 8 Each Performance Right will vest into 1 Share upon the 20 day volume weighted average per Share increasing to \$0.24 per Shares on or before 3 March 2020.
- 9 Comprising:
- (a) 5,000,000 Tranche 1 Performance Shares;
 - (b) 5,000,000 Tranche 2 Performance Shares; and
 - (c) 10,000,000 Tranche 3 Performance Shares.

7.7 Expert and adviser interests

Other than as set out below or elsewhere in this Prospectus, no expert, promoter, underwriter or other person named in this Prospectus who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus holds, at the date of this Prospectus, or has held in the 2 years prior to the date of this Prospectus, an interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or in connection with the Offers; or
- the Offers,

and no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given, to any such persons for services in connection with the formation or promotion of the Company or the Offers.

Pinnacle Corporate Finance Pty Ltd is the underwriter to the Entitlement Offer, in respect of which it is entitled to receive fees and commissions under the Underwriting Agreement as set out in section 7.1.

AGH Law has acted as the legal adviser to the Company in relation to the Offers. The estimated fees payable to AGH Law for these services are \$20,000 (exclusive of GST).

7.8 Consents

Each of the parties referred to below:

- does not make the Offers;
- has not authorised or caused the issue of this Prospectus;
- does not make, or purport to make, any statement that is included in this Prospectus, or a statement on which a statement made in this Prospectus is based, other than as specified below; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement contained in this Prospectus with the consent of that party as specified below.

Pinnacle Corporate Finance Pty Ltd has given, and has not before lodgement of this Prospectus withdrawn, its written consent to be named in this Prospectus as underwriter to the Company in relation to the Entitlement Offer in the form and context in which it is named. Pinnacle Corporate Finance Pty Ltd has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus other than references to its name.

AGH Law has given, and has not before lodgement of this Prospectus withdrawn, its written consent to be named in this Prospectus as the legal adviser to the Company in relation to the Offers in the form and context in which it is named. AGH Law has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus other than references to its name.

There are a number of persons referred to elsewhere in this Prospectus who have not made statements included in this Prospectus and there are no statements made in this Prospectus on the basis of any statements made by those persons. These persons did not consent to being named in this Prospectus and did not authorise or cause the issue of this Prospectus.

7.9 Offer expenses

The estimated expenses of the Offers (exclusive of GST) are set out below.

| Item | Amount |
|------------------------------------|-----------------------|
| ASIC fees | \$3,206 |
| ASX fees | \$20,089 ¹ |
| Legal fees | \$20,000 |
| Underwriting fees ² | \$164,522 |
| Printing, registry and other costs | \$12,183 |
| Total | \$220,000 |

Notes:

- 1 This figure includes the effect of the issue of securities pursuant to the Placement.
- 2 This figure includes the \$10,000 monthly retainer to be paid to the Underwriter for a period of 6 months and the 6% fee payable in relation to the Placement.

7.10 Litigation

As at the date of this Prospectus, the Company is not otherwise involved in any material legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

8 Authorisation

17 January 2020

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with ASIC and the issue of this Prospectus, and has not withdrawn that consent.

Signed for and on behalf of the Company.

A handwritten signature in black ink, appearing to read 'Ross', with a long horizontal stroke extending to the right.

Peter Rossdeutscher
Chairman
Quantify Technology Holdings Limited

9 Definitions

Additional Shares means Shares applied for by an Eligible Shareholder that are in excess of its Entitlement.

AEDT means Australian Eastern Daylight Time, being the time in Sydney, New South Wales.

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

Application Monies means the monies received from persons applying for Shares under the Entitlement Offer.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691 or the Australian Securities Exchange, as the context requires.

ASX Settlement means ASX Settlement Pty Limited ACN 008 504 532.

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

Board means the board of Directors.

Business Day means a day on which banks are open for business in Perth, Western Australia excluding a Saturday, Sunday or public holiday.

CHESS means the Clearing House Electronic Subregister System operated by ASX Settlement.

Closing Date means the date that the Offers close being 5.00pm (AEDT) on 18 February 2020 or such other time and date as the Company determines.

Company or **Quantify** means Quantify Technology Holdings Limited ACN 113 326 524.

Constitution means the constitution of the Company from time to time.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company.

Eligible Shareholder means a Shareholder as at the Record Date with a registered address in Australia or New Zealand.

Entitlement means the number of Shares for which an Eligible Shareholder is entitled to subscribe for under the Entitlement Offer, being 1 Share for every 4 Shares held on the Record Date, together with 1 free attached New Option for every Share issued.

Entitlement and Acceptance Form means the personalised “Entitlement and Acceptance Form” in the form accompanying this Prospectus pursuant to which a person may apply for Securities under the Entitlement Offer.

Entitlement Offer means the non-renounceable pro rata offer of approximately 373,009,598 Shares to Eligible Shareholders at an issue price of \$0.004 each to raise approximately \$1,492,038, together with 1 free attaching New Option for every Share issued.

Ineligible Shareholder means a Shareholder who is not an Eligible Shareholder.

Listing Rules means the official listing rules of the ASX.

New Option means a free attaching Option on a 1 for 1 basis exercisable at \$0.008 on or before the date that is 2 years from the date of issue under the Entitlement Offer, and otherwise on the terms set out in section 7.5.

Offers means the Entitlement Offer and the Placement Offer.

Opening Date means the first date for receipt of applications under the Offers being 8.00am (AEDT) on 29 January 2020, or such other time and date as the Company determines.

Option means an option to acquire a Share.

Pinnacle Corporate Finance means Pinnacle Corporate Finance Pty Ltd ACN 149 263 543.

Placement means the proposed issue of 62,500,000 Shares at \$0.004 per Share (the same issue price as the Entitlement Offer) to sophisticated and professional investors, together with 1 free attaching New Option for every Share subscribed for and issued, as announced to ASX on 16 January 2020.

Placement Offer means the offer of up to 62,500,000 Placement Options on a free attaching basis to the Placement Participants on the basis of one Placement Option for every Share subscribed for and issued under the Placement.

Placement Offer Application Form means the "Placement Offer Application Form" in the form accompanying this Prospectus pursuant to which a person may, by invitation from the Company, apply for Placement Options under the Placement Offer.

Placement Option means an Option issued to a Placement Participant pursuant to the Placement Offer, which is to be issued on the same terms and conditions as the New Options.

Placement Participant means a professional or sophisticated investor that participates in the Placement.

Prospectus means this prospectus dated 17 January 2020.

Securities means Shares and New Options (as applicable).

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of one or more Shares.

Share Registry means Automic Pty Ltd ACN 152 260 814.

Shortfall or **Shortfall Shares** means those Shares under the Entitlement Offer not applied for by Eligible Shareholders pursuant to their Entitlement by the Closing Date.

Underwriter means Pinnacle Corporate Finance.

Underwriting Agreement means the underwriting agreement dated 13 January 2020 between the Underwriter and the Company (as amended).

Underwriter Options means 15,000,000 New Options to be issued to the Underwriter (or its nominee(s)) as partial consideration for underwriting the Entitlement Offer.

Underwriter Shares means 15,000,000 Shares to be issued to the Underwriter (or its nominee(s)) as partial consideration for underwriting the Entitlement Offer.

Underwriter Securities means the Underwriter Shares and the Underwriter Options.

Underwritten Shares means approximately 373,009,598 Shares.