



June 2020 Quarterly Update

ASX RELEASE

30 July 2020

HIGHLIGHTS

- **Major order signed with East Coast developer, Dilcara**
- **Fokused, Quantify's stocking distributor in Western Australia, has reached an agreement to install Quantify devices in ten (10) NDIS apartments**

Quantify Technology Holdings Limited (ASX:QFY) ("Quantify Technology", the "Company"), a unique and disruptive player in the multi-billion-dollar IoT market, is pleased to provide its quarterly update for the period ending 30 June 2020.

Quantify Technology CEO Brett Savill commented: "This has been a quiet quarter as the construction and construction services industry adjusts to the new normal. We signed a Heads of Agreement with Dilcara, a major property developer on the East Coast. We have begun the roll out of NDIS apartments in WA and come to the end of the six-month PropTech hub program. Costs remain tightly controlled and operating costs are \$0.6M in comparison to \$1.0M for the prior quarter, as measured by the cash outflows from operating activities.

Operations Update

Heads of Agreement signed with Dilcara

As announced on 6 April 2020, Quantify Technology signed a heads of agreement with Dilcara to deliver devices into 36 high-end apartments and townhouses in Sydney, New South Wales.

Dilcara is fast becoming one of NSW leading residential builders with a range of projects underway across Sydney and Newcastle. Focusing on innovation and quality, Dilcara is leading the way in the construction of high and medium density apartments, as well as delivering quality, high-end project homes around Australia.

The three-year Heads of Agreement ("**HoA**") targets an initial 36 high-end luxury apartments and townhouses, and the order is in excess of \$450K (final figure to be confirmed as apartment final designs are not yet confirmed).

Under the HoA, Quantify Technology will honour a three-year fixed pricing scheme, and Dilcara will install a turn-key solution, consisting primarily of Quantify devices, in addition to smart speakers and Wi-Fi.

NDIS apartments roll out in WA

As announced on 1 May 2020, Quantify Technology's stocking distributor in Western Australia, Focused, reached an agreement to install Quantify devices in ten NDIS apartments, which form part of the original stocking order. This represents the Company's first new roll out into the NDIS market since the installation for St John of God Account.

Smart home automation is ideal for those less able to look after themselves. Scenes control multiple devices at one time, meaning less physical touching. Moreover, voice activation and apps mean the residents do not need to touch the devices at all. With less touching comes a lower risk of infection, both for residents and for those caring or visiting.

The development includes ten assisted living apartments under development to NDIS standards by Sana Living and certified by Optimal Living Therapy. Focused, and its installer Limitless Automation, chose Control4 with Quantify Technology qDimmers, qBlinds and qPower products. The Quantify smart switch complies with the NDIS standards and, with voice control via the Google Assistant or Amazon Alexa, is a perfect solution for hygienic device control.

Appendix 4C – Quarterly cash flow report

During the quarter:

- Payments for research and development of \$250,000 represented salary allocations of Quantify team members who are 100% focused on R&D activities;
- Product manufacturing and operating costs totalled \$28,000;



- Payments for staff costs represent salaries for administration, sales and general management activities;
- Payments for administration and corporate costs and other costs represent general costs associated with running the Company, including ASX fees, legal fees, rent, advertising, etc;
- The aggregate amount of payments to related parties and their associates included in the current quarter Cash flows from operating activities were \$51,000 comprising Directors fees, salaries and superannuation of \$36,000 and corporate advisory fees to a director related entity of \$15,000.

Cash outflows for the quarter were in line with management expectations. Refer to the attached Appendix 4C for further details on cash flows for the quarter.

This release is authorised by the Board.

-ENDS-

Further Information:

Investor Relations & Media Enquiries

Caelie Jones

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

About Quantify Technology

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

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

QUANTIFY TECHNOLOGY HOLDINGS LIMITED

ABN

25 113 326 524

Quarter ended ("current quarter")

30 JUNE 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	15	480
1.2 Payments for		
(a) research and development	(250)	(2,015)
(b) product manufacturing and operating costs	(28)	(482)
(c) advertising and marketing	(18)	(193)
(d) leased assets	(39)	(249)
(e) staff costs	(177)	(1,118)
(f) administration and corporate costs	(78)	(731)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	1
1.5 Interest and other costs of finance paid	-	(83)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	1,743
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(575)	(2,647)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(2)	(28)
(d) investments	-	-
(e) intellectual property	(8)	(99)
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(10)	(127)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	3,354
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(298)
3.5	Proceeds from borrowings	216	734
3.6	Repayment of borrowings	-	(1,113)
3.7	Transaction costs related to loans and borrowings	(1)	(3)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	215	2,674

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,065	795
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(575)	(2,647)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(10)	(127)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	215	2,674
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	695	695

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	695	1,065
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	695	1,065

6. Payments to related parties of the entity and their associates

6.1 Aggregate amount of payments to related parties and their associates included in item 1

6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

51

-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	737	737
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	737	737

7.5 **Unused financing facilities available at quarter end** -

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

Financing facility relates solely to R&D pre-funding from Radium Capital. The loan is secured against the R&D refund from the Government, following lodgement of the annual return; anticipated to be September 2020. The interest accrues at 14% p.a.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(575)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	695
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	695
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	1.2

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: The Company has continued to make significant cost reductions which started in the prior quarter and continued through Q4. Further cost cutting measures have been undertaken, including further stand-downs as a result of COVID-19.

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: The Company is pursuing debt financing for its manufacturing costs, and will continue to pre-fund against eligible R&D expenditure.

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Notwithstanding the overall downturn in the retail market as a result of COVID-19, the Company expects to make further sales, participate where possible in Government initiatives, and undertake further pre-funding of eligible R&D expenditure.

Compliance statement

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

Date: 30 July 2020

Authorised by: By the Board

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.