



March 2020 Quarterly Update

ASX RELEASE

28 April 2020

HIGHLIGHTS

- **Quantify records strongest sales receipts to date, up 32% for quarter**
- **Completed \$1.75 million capital raising and entitlement issue**
- **qBlind granted global certification**
- **Further patents granted**

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 31 March 2020.

Quantify Technology CEO Brett Savill commented: "It is difficult to plan for a global pandemic. However, this quarter's capital raise means that we have a strong balance sheet. The sales pipeline is strong, with near-term contract wins on the East and West Coast. Quantify Technology's Products are being enhanced with integration into the Control4 platform, one of the world's largest providers of smart home automation, which will increase opportunities in the retrofit market. Costs have been reduced by around \$1m per annum at the end of calendar year 2019 with tight cost control moving forward."

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Operations Update

Sales up 32% during quarter

The Company's sales revenue received during the quarter were \$265k, equating to a 32% increase in sales receipts as compared to the prior quarter.

With the onset of COVID-19, the market has significantly declined. However, as announced on 23 March 2020, the Company is well positioned during these uncertain times in its strong future sales pipeline, its upcoming integration into the Control4 platform, and the aforementioned reduction in overhead costs.

Quantify Technology completed its fully underwritten rights entitlement issue and capital raising

As announced on 16 January 2020 and 20 February 2020, Quantify Technology successfully completed a \$0.25 million capital raising, and its fully underwritten \$1.5 million rights entitlement issue respectively.

The capital raising resulted in the placement of 62,500,000 ordinary fully paid shares and 62,500,000 free attaching options.

The rights entitlement resulted in the issuance of 388,011,351 shares and 388,011,351 free attaching options.

The successful completion of the capital raising and entitlement issue has provided the Company with sufficient funds to assist with the sales, marketing and commercialisation of its products, and to assist with working capital into FY2021.

Quantify Technology's qBlind granted global certification

On 15 January 2020, Quantify Technology announced that its intelligent blind controller hardware device had passed compliance and had been issued certification, meeting global safety standards.

The certification for the blind controller means the product was added to Quantify Technology's suite of globally compliant products, including the qDimmer (the smart connected dimmer switch) and qPower (the smart connected power point). The blind controller, also known as the qBlind, is Quantify Technology's smart connected blind control device which has the capabilities to automate and control blinds in the home.

With the qBlind now available to the market, this will assist Quantify Technology in achieving its aim to maximise sales, and to expand internationally to participating SB Scheme Certification countries, including Australia, China, the EU and the US.



Further patents granted - Egypt

On 10 February 2020, Quantify Technology announced that it had achieved Patent protection for the Company's technology in Egypt.

Egypt is the thirteenth country to grant Patent protection, joining Australia, USA, Mexico, China, Hong Kong, Indonesia, Morocco, the Republic of Korea, Singapore, South Africa, Japan and Israel. Patents are pending in a further 52 countries / regions, including the EU.

Patent approval of the Company's technology provides a significant advantage over potential competitors. The patent protects Quantify Technology's unique selling proposition, enabling the Company's products to evolve over time without complete product replacement. This dramatically reduces the lifetime cost, and helps future proof the investment.

Corporate Update

Corporate restructure

During the quarter, the Company undertook further cost-saving activities, including a pay reduction to staff and Directors. The Company continues to utilise outsourced companies and engineering specialists, whereby allowing Quantify to scale and respond accordingly as required by product demand and development requirements.

Outlook

Sales

A significant Heads of Agreement was signed with Dilcara following the end of the quarter. The initial order, which is estimated to be in excess of \$450k, will see Quantify Technology's products be exclusively installed in the developments located 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 agreement targets an initial 36 high end luxury apartments / town houses, commencing in November 2020, and represents another major order that will be distributed via Harvey Norman Commercial Division since it announced its initial Quantify stocking order of \$500,000.

Appendix 4C – Quarterly cash flow report

The aggregate amount of payments to related parties and their associates included in the current quarter Cash flows from operating activities were \$67,000 comprising Directors fees, salaries and superannuation of \$52,000 and corporate advisory fees to a director related entity of \$15,000.

This release is authorised by the Board.



QUANTIFY
TECHNOLOGY
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CONT.

-ENDS-

Further Information:

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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")

31 MARCH 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	265	465
1.2 Payments for		
(a) research and development	(383)	(1,765)
(b) product manufacturing and operating costs	(74)	(454)
(c) advertising and marketing	(24)	(175)
(d) leased assets	(59)	(210)
(e) staff costs	(221)	(941)
(f) administration and corporate costs	(258)	(653)
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	(754)	(2,072)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(21)	(26)
(d) investments	-	-
(e) intellectual property	(21)	(91)
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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	(42)	(117)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,650	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	(171)	(298)
3.5	Proceeds from borrowings	133	518
3.6	Repayment of borrowings	-	(1,113)
3.7	Transaction costs related to loans and borrowings	(1)	(2)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	1,611	2,459

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	250	795
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(754)	(2,072)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(42)	(117)

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,611	2,459
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,065	1,065

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	1,065	199
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	51
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,065	250

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**

67

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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	518	518
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	518	518

7.5 Unused financing facilities available at quarter end

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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)	(754)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	1,065
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	1,065
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	1.4

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 made significant cost reductions which started being realised from March 2020 onwards. Further cost cutting measures have been undertaken, including 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: 28 April 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.