



ASX : QFY

# Investor Presentation

November 2020

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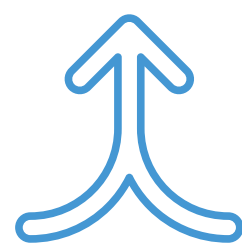
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# Executive Summary

Brings together a team of Australian industry leaders to drive an international leader in Home IoT market



Quantify Technology is merging with Zimi to create Australia’s leading home electrical IoT provider



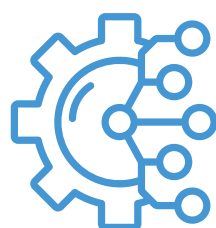
Best in-market software-based solution targeting mass market



Significantly expands Quantify's addressable market with 10 million existing dwellings and over 25 million device opportunities in Australia alone (\*)



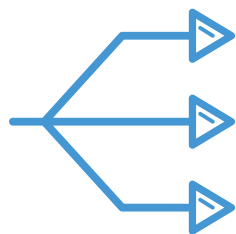
Following a 2-for-25 share consolidation Quantify will merge with Zimi and undertake a \$4m capital raise



Reduction in operating and manufacturing costs as Quantify devices are migrated to Zimi manufacturing facilities



With increased scale and cost synergies the business is expected to benefit from operational leverage



Significant cross-selling opportunities with multiple partners to accelerate adoption



Quantify anticipates a step-change in product sales across GSM, Beacon Lighting and Steel-line sales channels






Board bolstered by Gerard Private team, holding +100 years of experience in electrical lighting and electrical control

Source: ABS

# Executive Summary

Quantify Technology is merging with Zimi to create Australia's leading home electrical Internet of Things ("IoT") provider

			
FY20	Premium range of dimmers & power outlets delivering tailored automation experiences	Market leading cloud software platform supporting a range of connected devices that can be installed by any electrician	Australia's leading home electrical Internet of Things provider
Units Sold <sup>1,2</sup>	1,450 (Cumulative 1,955)	5,158 (Cumulative 14,000)	6,608
Revenue <sup>3</sup>	\$0.47m	\$0.41m	\$0.88m
Cash <sup>4</sup>	\$0.69m	-	\$4.69m
Total Assets <sup>5</sup>	\$2.32m	\$4.45m	\$10.77m

<sup>1</sup>Units sold in FY20

<sup>2</sup>Cumulative represents FY19 and FY20

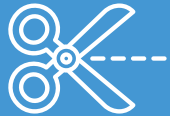
<sup>3</sup>Zimi revenue calculation based on assumption that GSM-I generates a 15% gross margin on sales to Trader totalling \$409,805 in FY20

<sup>4</sup>FY20 proforma calculation includes cash received from \$4.0m capital raising

<sup>5</sup>Zimi merged on a cash-free / debt-free basis resulting in a proforma amount of \$4.7m cash on balance sheet post capital raising including QFY FY20 cash and cash equivalents figure

# Transaction Rationale

Combined group to accelerate growth strategy and provide multiple strategic benefits and synergies

	Strategic Rationale & Synergies
<div> Revenue Synergies</div>	<ul style="list-style-type: none"><li>• Cross-sell family of connected products into existing channels of both Quantify and Zimi</li><li>• Strategy to license IP and technology, enabling expansion into new international markets</li></ul>
<div> Operational Synergies</div>	<ul style="list-style-type: none"><li>• Reduction in operating costs and significant reduction in manufacturing costs as Quantify devices are migrated to Zimi Powermesh manufacturing facilities</li></ul>
<div> Technology Benefit</div>	<ul style="list-style-type: none"><li>• Best in-market software-based solution targeting mass market</li><li>• Ability to service a significantly larger proportion of the Smart Home IoT market with a diversified product portfolio</li></ul>
<div> Enhanced Team</div>	<ul style="list-style-type: none"><li>• Board bolstered by Gerard Private team, holding +100 years of experience in electrical lighting and electrical control</li></ul>

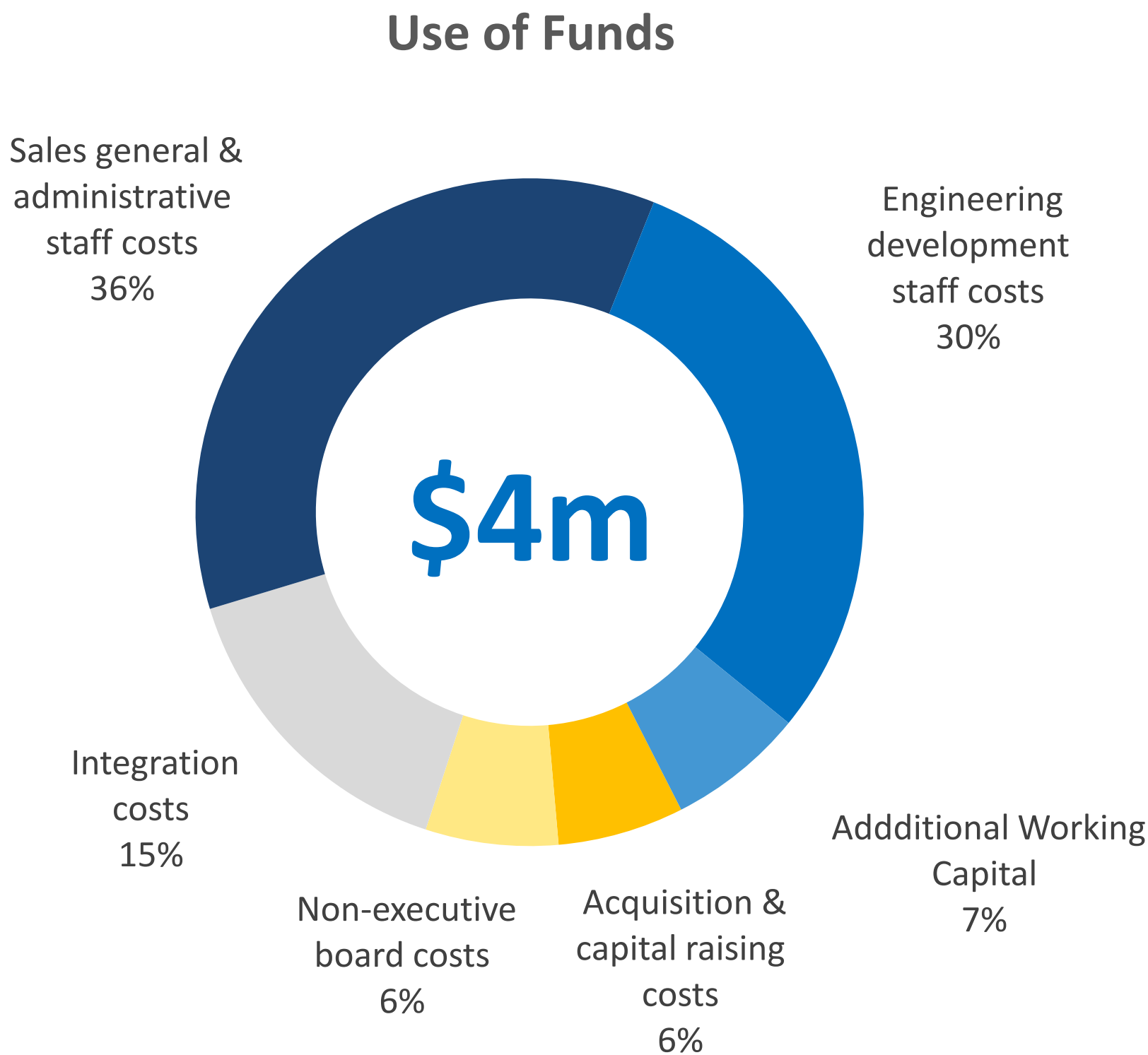
# Deal Summary

Following a 2-for-25 share consolidation QFY (40%) will merge with Zimi (60%<sup>1</sup>) and undertake a \$4m capital raise

Pre-money valuation consisting of \$8m	400m shares and 200m options (after consolidation)
New money consisting of \$4m	200m shares at 2c
Post-money valuation	\$12m
Cash at time of merger	\$4m

Example investment	\$300,000 investment represents 15m shares or 2.5% of the total shares
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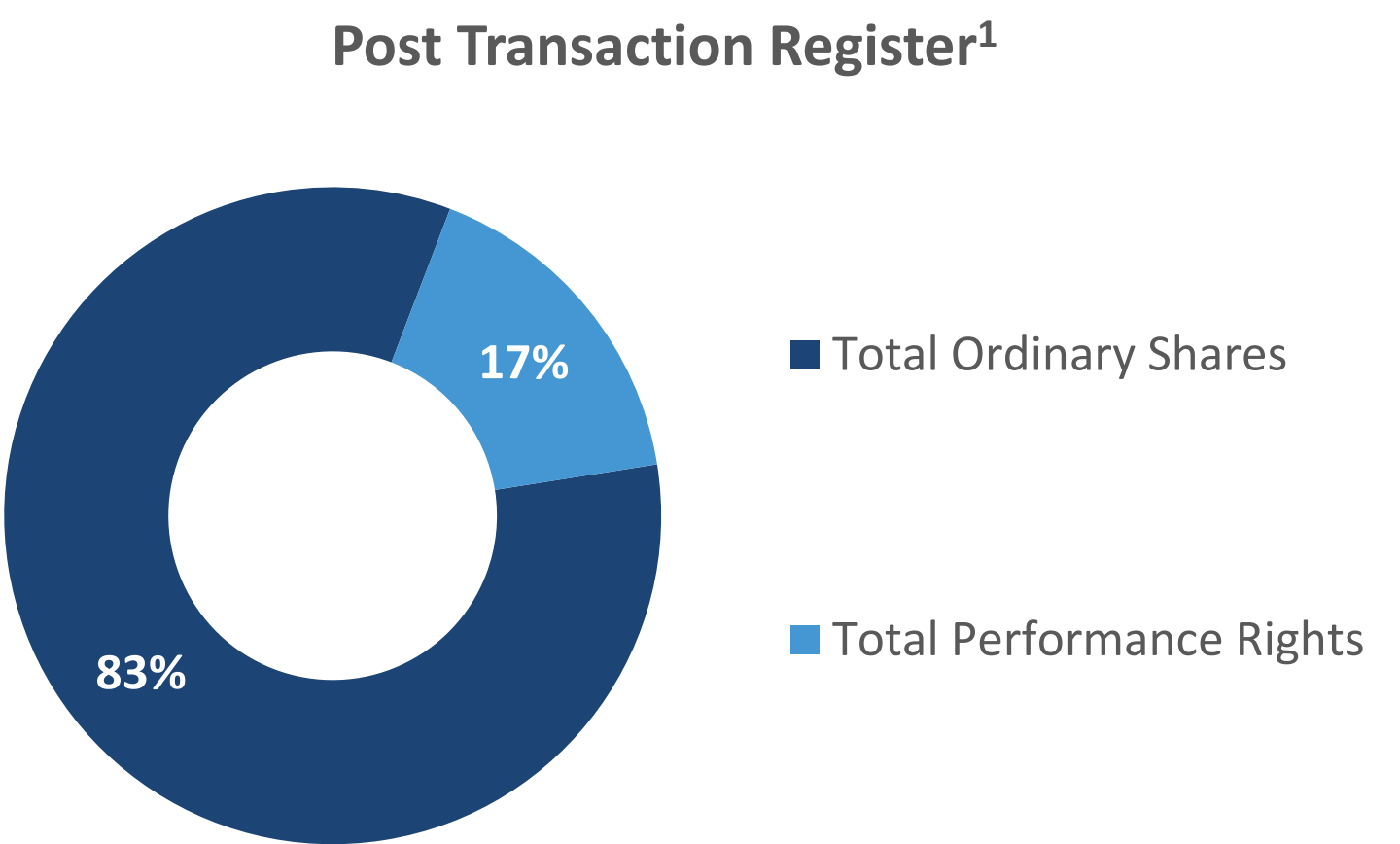


<sup>1</sup>Gerard Private also to receive Performance Shares, however holding after the raise will be less than 50%.



# Transaction Structure

Capital Structure (m)	Current Structure	% <sup>1</sup>	Share Consolidation <sup>2</sup>	% <sup>1</sup>	Post Transaction	% <sup>1</sup>
Ordinary Shares						
Ordinary Fully Paid	2,009	94%	161	94%	161	22%
Capital Raising	-	0%	-	0%	200	28%
Gerard Private Shares	-	0%	-	0%	240	33%
Total Ordinary Shares	2,009	94%	161	94%	601	83%
Performance Rights						
Performance Rights	18	1%	1	1%	1	0%
Gerard Private Performance Rights	-	0%	-	0%	110	15%
Restricted Performance Shares	110	5%	9	5%	9	1%
Total Performance Rights	128	6%	10	6%	120	17%
Shares & Performance Rights on Issue	2,137	100%	171	100%	721	100%
Options						
Various Listed & Unlisted Options	996		81		81	
Total Options	996		81		81	







Current Structure <sup>1</sup>	
Share Price <sup>3</sup>	\$0.002
Market Capitalisation (Current Structure)	\$4.3m
Net Debt <sup>4</sup>	\$0.1m
Enterprise Value	\$4.4m
Post Transaction <sup>1</sup>	
Share Price <sup>5</sup>	\$0.020
Market Capitalisation (Post Transaction)	\$14.4m
Net Cash <sup>6</sup>	(\$3.9m)
Enterprise Value	\$10.5m

<sup>1</sup>Calculated to include performance rights and shares on issue, excludes both listed and unlisted options <sup>2</sup>Following a 2-for-25 consolidation, <sup>3</sup>Based on last close price, <sup>4</sup>FY20 Net Debt figure, <sup>5</sup>Placement Price, <sup>6</sup>Based on \$4.7m cash proforma figure post capital raising, including expected QFY FY20 cash and cash equivalents figure (see page 16) at transaction closing



# Sales & Distribution

Growth & cross-selling opportunities with multiple partners to accelerate adoption

	Electrical Wholesalers	Commercial	Retail	Partnerships		
						
Scale	\$40m pa sells into Australia’s ~900 electrical wholesalers	\$350m pa franchise for developers, electricians, builders and architects.	Leading provider of lighting solutions with over 99 stores across Australia	Australia’s leading garage door business with over twenty offices country wide		
Status	Selling Zimi Powermesh for 12 months	Quantify contract signed in 2018	Commercialisation now underway for Zimi	Product launch rollout for Zimi		
	<div>← Cross-selling Opportunity →</div>					
Distributors	Installers	Architects	Builders	Developers	Electricians	Partners
End Users	Home Owners & Tenants					

# Trader's electrical wholesalers channel to market

## Wholesale Groups Supplied to by Trader

MMEM Group - Various brands nationally specialising in electrical, communications and data, solar, lighting and electrical components.

SONEPAR / Lawrence and Hanson - Independent family-owned French company with branches nationwide.

REXEL Australia - Part of a worldwide group and national network including Rexel, John R. Turk, Ideal Electrical & Lear & Smith.

MIDDENDORP ELECTRIC - Family owned and operated for over 90 years with majority of branches based in Victoria.

CNW & Sherriff - Established in 1952 and is 100% Australian owned and operated under the parent company BGW Group.

P&R - Family owned company operating in South Australia since 1977.

Lecky's - Homegrown Victorian business established in the early 1990's

Independent and Smaller Wholesalers - Stores nationally.

Branches

322

165

137

104

76

12

9

91

916  
Total  
Branches



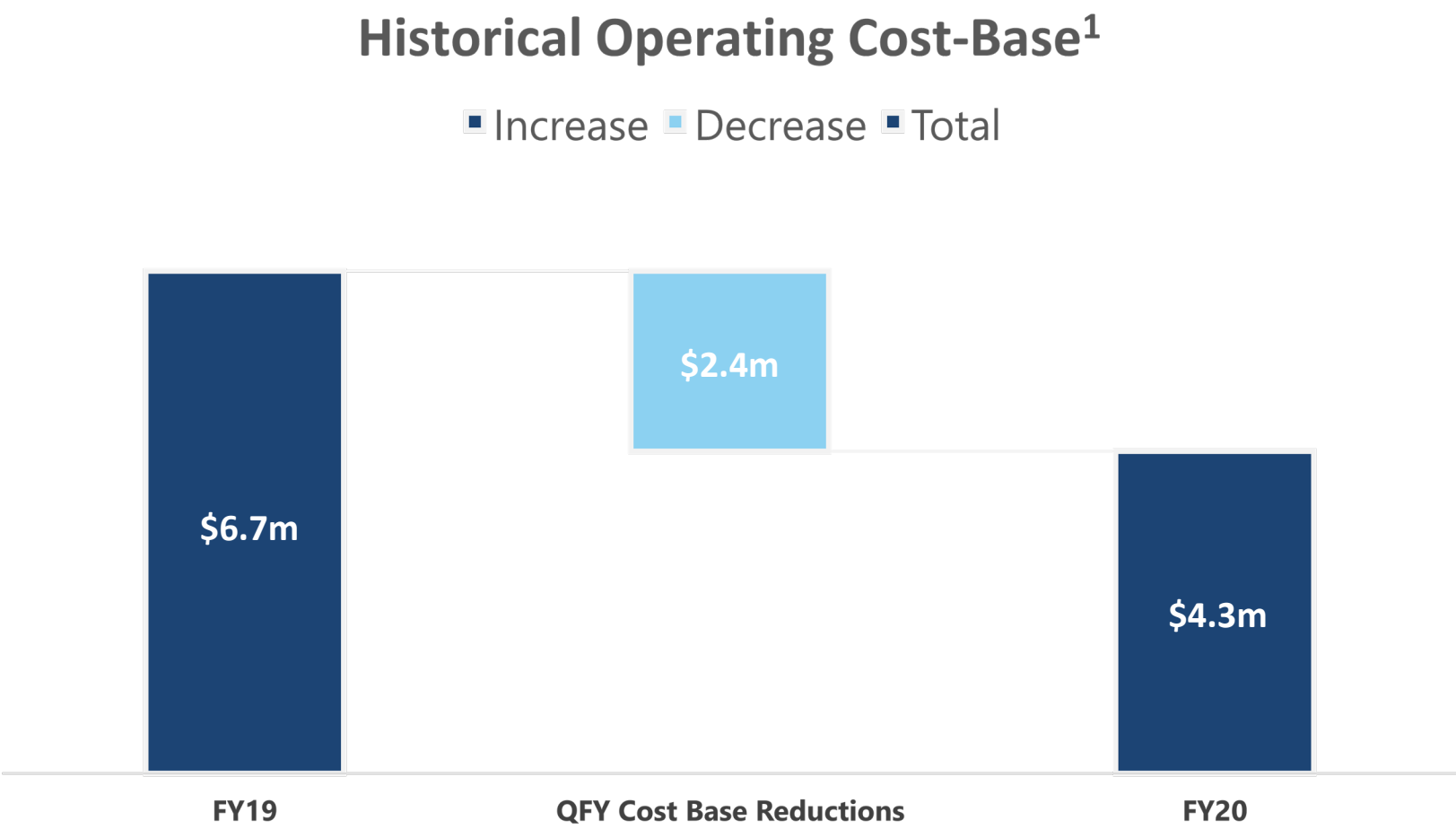
# Cost Base Rationalisation

The expanded business will enjoy the benefits of increased scale on a substantially reduced cost-base

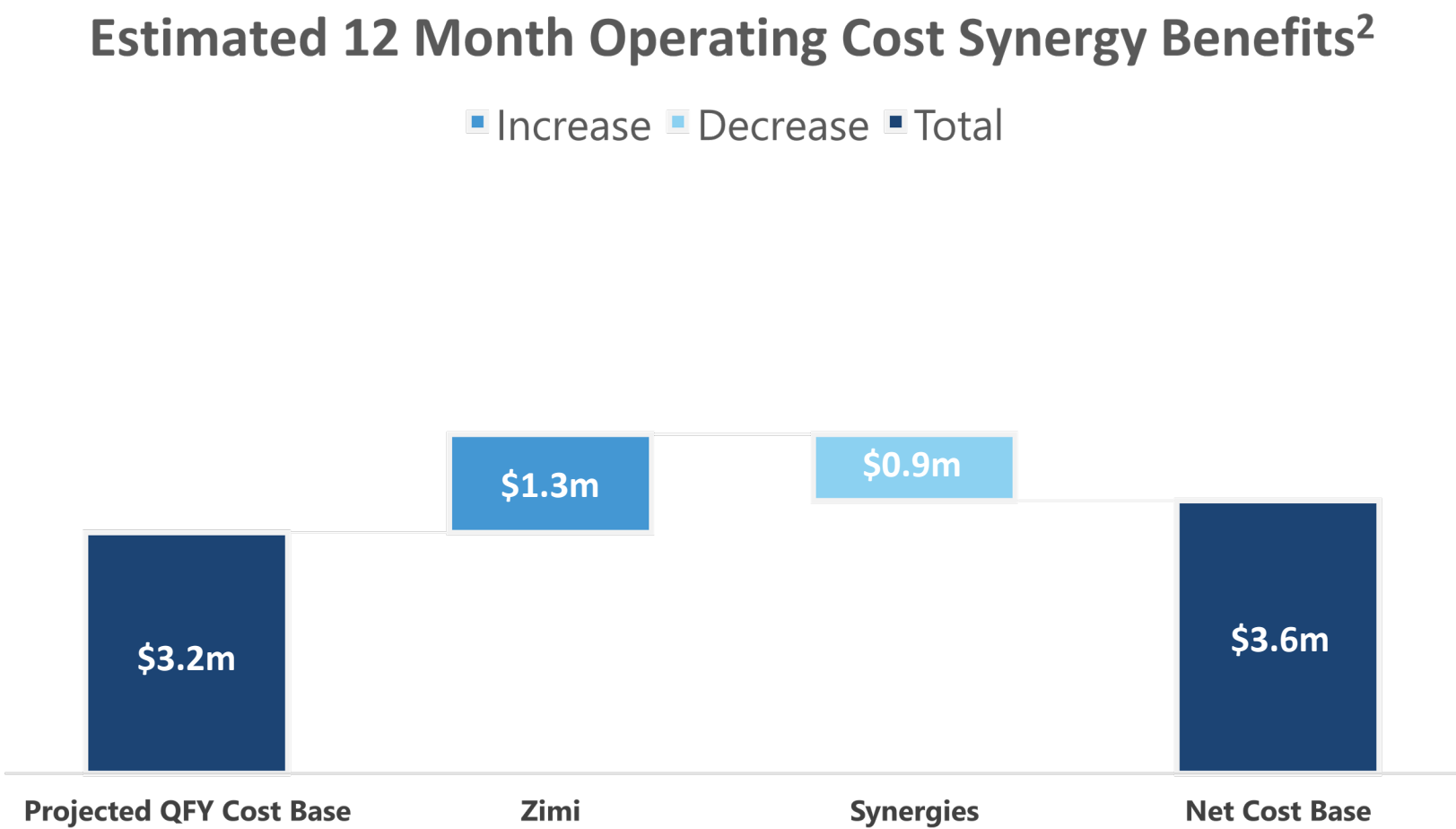
A key focus of QFY’s new management team has been to rationalise the cost-base with a 37.2% reduction made across key operational costs within the business

Material reductions have been made to Employee and Occupancy costs to deliver a rationalised cost-base for the forward looking business

With increased scale and revenue generation following the merger, in conjunction with synergies the business is expected to benefit from operational leverage



QFY has reduced its cost base significantly








The merger brings further synergy benefits

<sup>1</sup>Audited Quantify operating costs excluding depreciation expense and allowance for credit losses and cost of goods sold

<sup>2</sup>Management estimates, excluding one-off costs

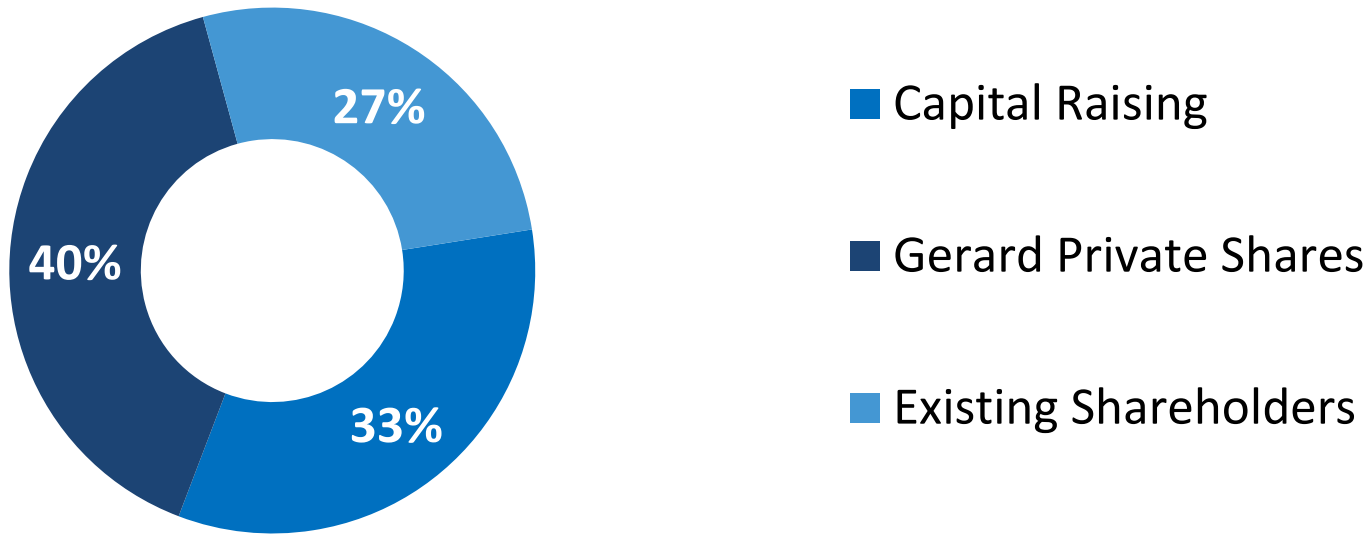
# Executive Summary

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Board & Management		
	<b>Peter Rossdeutsch</b> Non-Executive Chairman	<ul style="list-style-type: none"><li>Peter has been a Non-Executive and Chair of various boards.</li><li>He is a regular key speaker on innovation, digital transformation and the core drivers to grow and protect stakeholder value.</li></ul>
	<b>Brett Savill</b> CEO	<ul style="list-style-type: none"><li>Brett has held senior operational roles in Australia as well as being a former PricewaterhouseCoopers Partner in the UK, focused on technology, media and telecoms.</li></ul>
	<b>Simon Gerard</b> Non-Executive Director	<ul style="list-style-type: none"><li>Simon is the Managing Director of Gerard Private which owns Trader, Gerard Sourcing &amp; Manufacturing and Bell Total Logistics. The family legacy spans over 100 years of electrical heritage</li></ul>
	<b>Jordan Tentori</b> CTO	<ul style="list-style-type: none"><li>Jordan is the Founder and General Manager of Zimi with a demonstrated history of working nationally and internationally with electrical and lighting industries to evolve technology into commercial realities.</li></ul>
	<b>Gary Castledine</b> Non-Executive Director	<ul style="list-style-type: none"><li>Gary's career in capital markets spans more than 25 years. He has expertise in stockbroking, corporate advisory and investment banking.</li></ul>

Holder		Ordinary Shares <sup>1</sup>	% Of CSO
1	Gerard Private	240.0	40.0%
2	Big AI Investments	11.3	1.9%
3	Lazarus Securities Pty Ltd	3.2	0.5%
4	Cuda Development Corporation	3.2	0.5%
5	Mrs Karen Lee Eastop	2.8	0.5%
6	ZW 2 Pty Ltd	2.4	0.4%
7	The Really Useful Ideas	2.4	0.4%
8	Jane Elizabeth Mary Savill	2.0	0.3%
9	BNP Paribas Nominees Pty Ltd	2.0	0.3%
10	Carpe Diem Asset Management	1.7	0.3%
Top 10		271.1	45%

Post Transaction Register<sup>1</sup>



<sup>1</sup> Calculated using ordinary share base post-transaction, assumes no current holders participate in capital raise and excludes all performance rights and options



# In summary, what makes us different

Leading domestic player in connected lighting with extensive sales channels in place.

Cloud  
based

Reduces cost &  
complexity

Aust owned  
& designed

Tailored to local markets

IP protected

Series of patents & patents  
pending.

Data  
driven

Reduce power &  
maintenance costs.

Licensing  
model

Growth into new  
markets & overseas.

# Market and Product Overview

# Australian Market

The market for Smart Homes has exponential growth, with Google, Amazon & Apple driving the demand

In Australia alone, there are 10 million existing dwellings and over 25 million device opportunities.

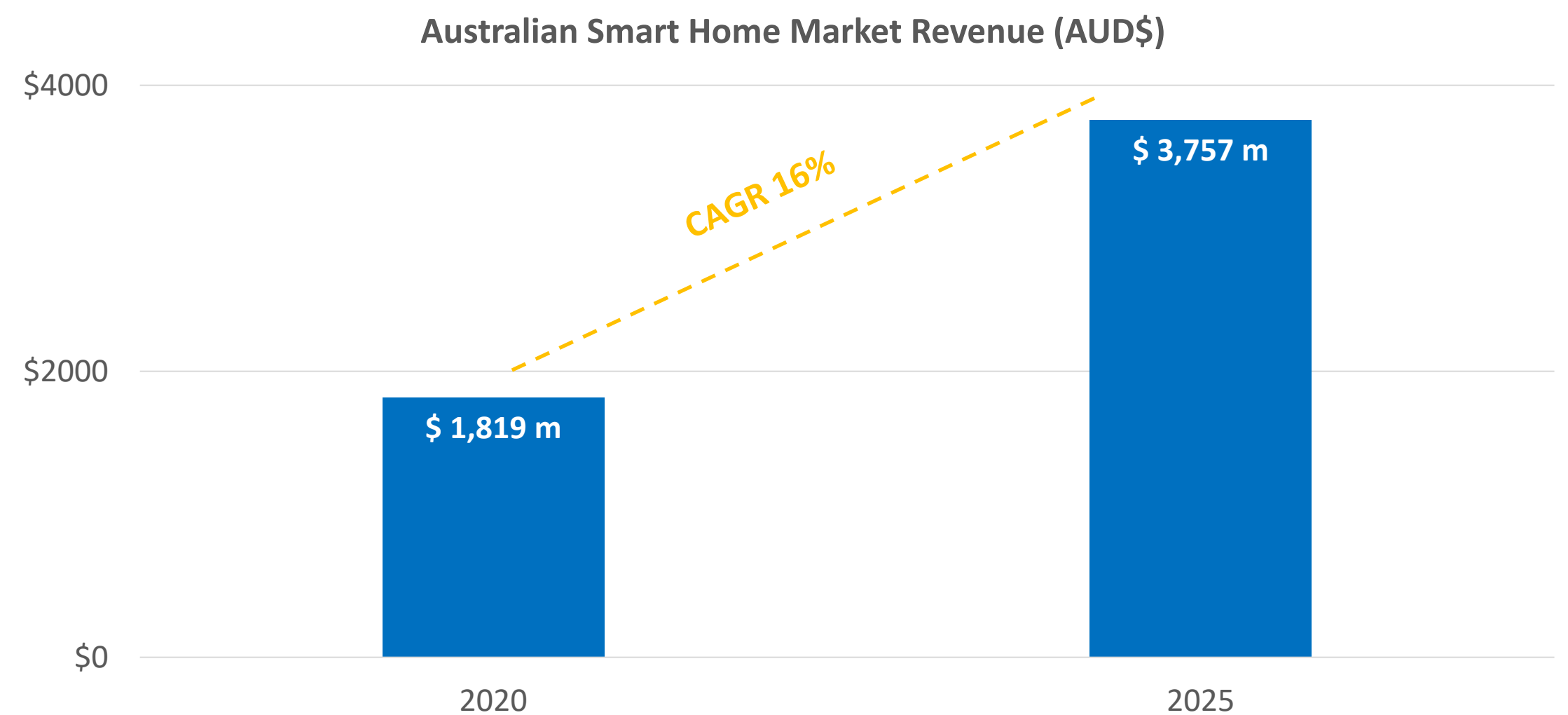
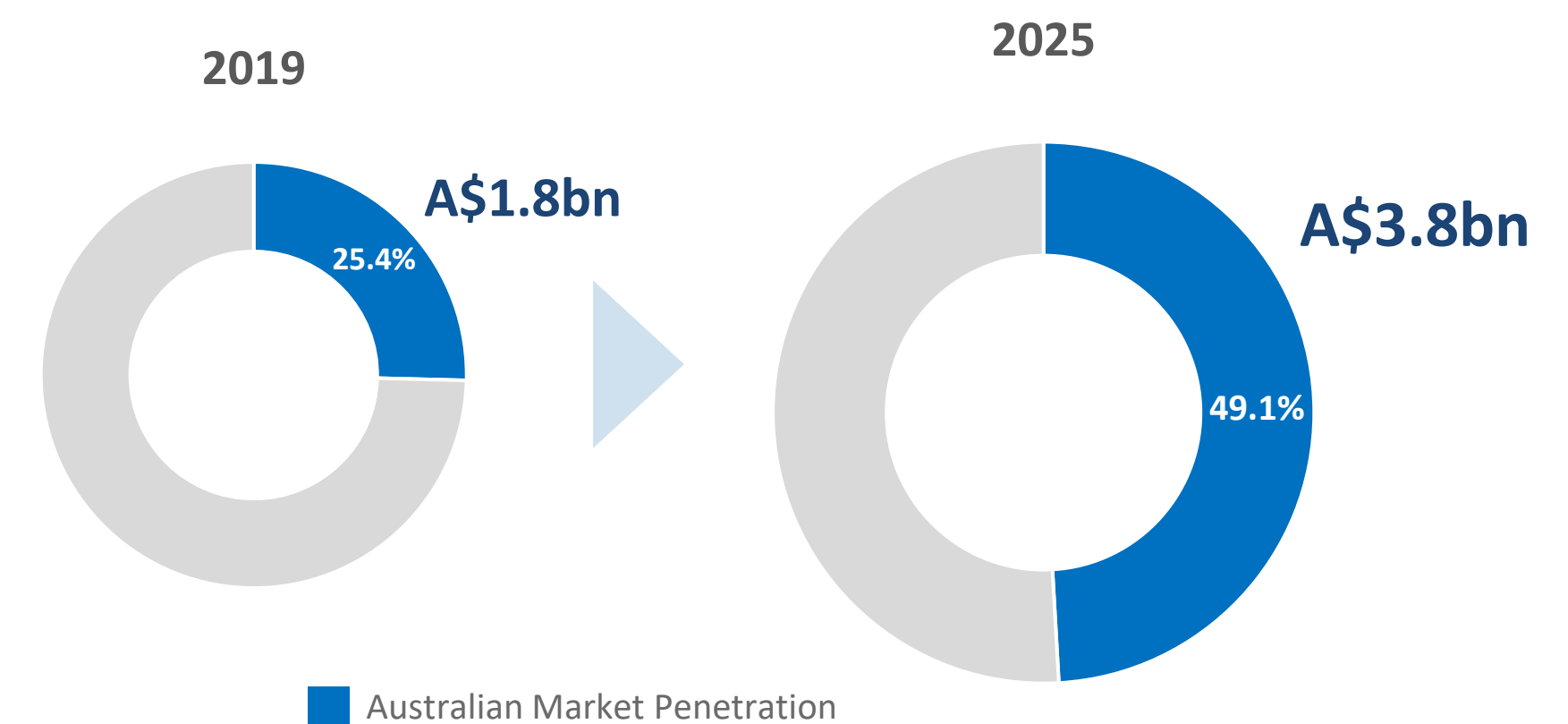
Voice will be a primary interface between people and technology



Global growth in smart speakers.

Sources: Statista

In Australia alone, there are 10 million existing dwellings and over 25 million device opportunities





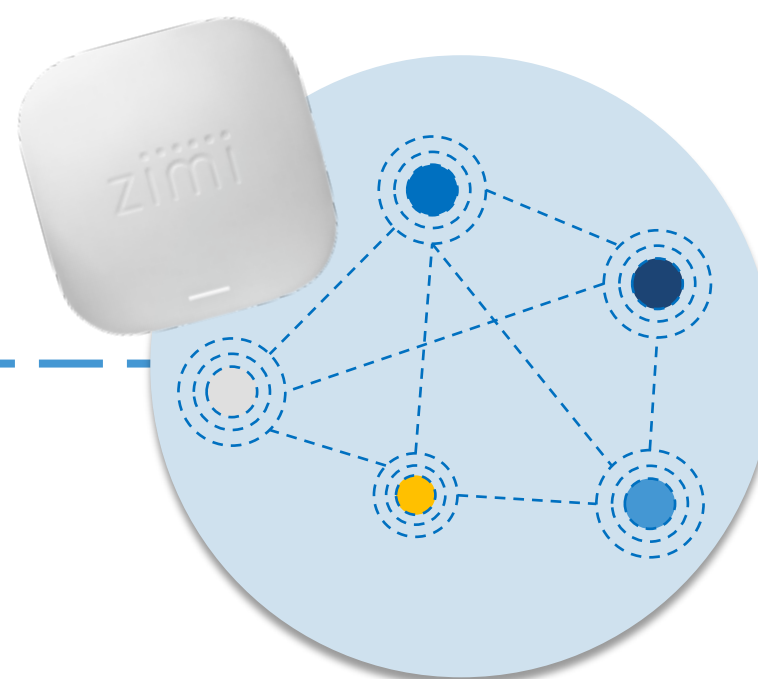
# Smart Home IoT

The Smart Home IoT market can be segmented into controllers, smart devices and connected network providers



## Voice Controller

Voice controllers are used to send commands and control devices throughout the home



## Hub & Connected Networks

More sophisticated devices are underpinned by connected networks, eliminating dropout risk and improving device bandwidth with all devices interconnected and integrating with Controllers  
The connection point is typically a Hub



## Smart Devices

Receive signals, process and store data and operate via remote control, ranging from entry level DIY products to products requiring installation by a specialist electricians



## Schedules



Set things to happen  
anytime you like.

## Timers



Never forget to turn  
it off again.

## Touch



## Tap



## Talk



## Energy



See how much  
power is being used  
and its cost.

## Simple



Installation is so  
quick and easy.

Use the switch, the app or your voice.  
The convenience of control  
like never before.



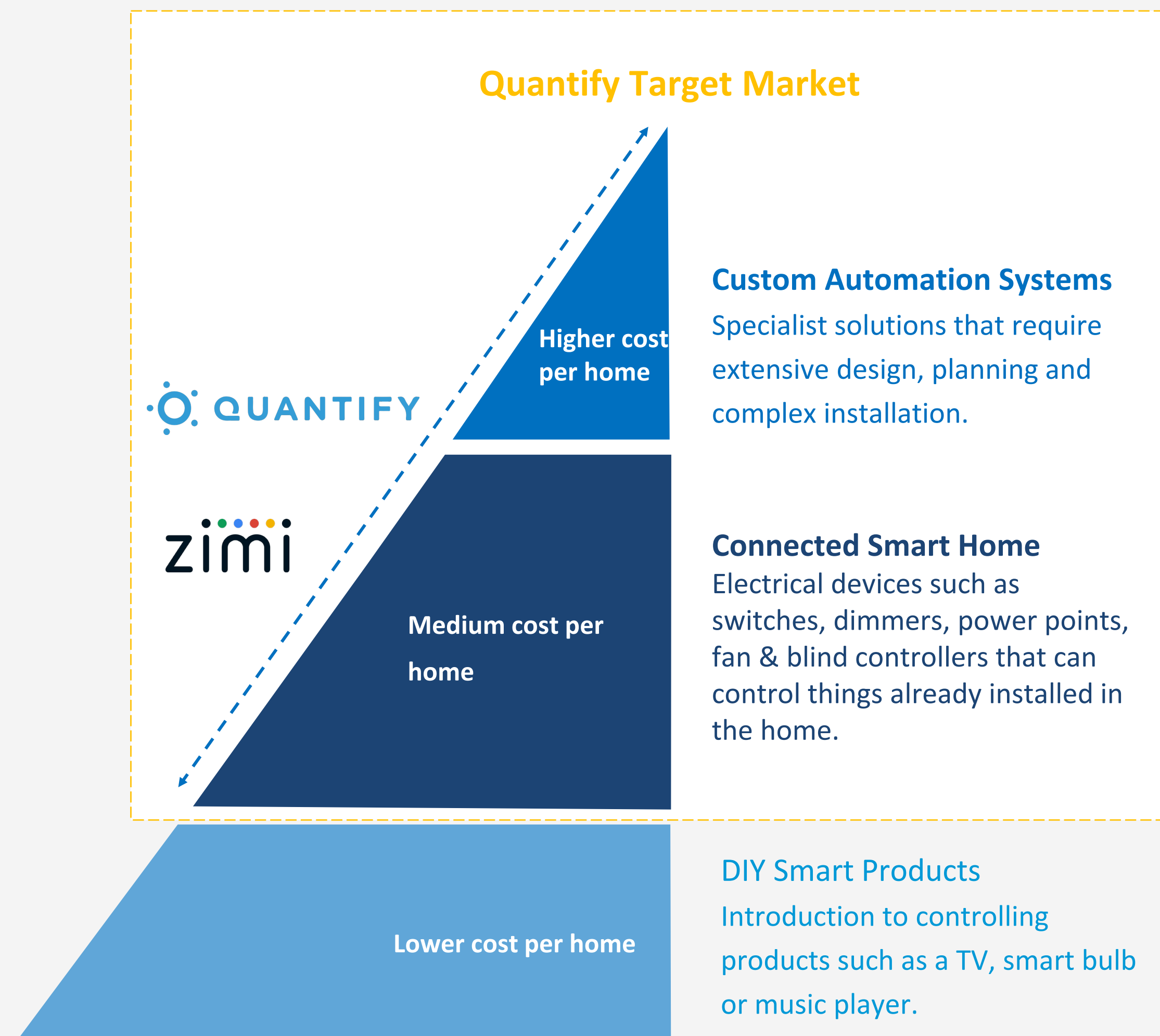
Zimi's range of switches, Dimmers, Fan Controllers, Power Points and more...



# Merger significantly expands Quantify's addressable market

Zimi's technology provides a simple solution targeted at the **Connected Smart Home Market**, the largest and highest value segment of the industry. These products are able to be installed by any electrician

Australian law requires a licensed electrician to install power points, light switches and other electrical devices therefore limiting DIY success



# Zimi Technology

Leading Home IoT technology, delivering Smart Device hardware linked to proprietary *powermesh* network, able to be controlled by the Zimi app or any other Smart Hub device

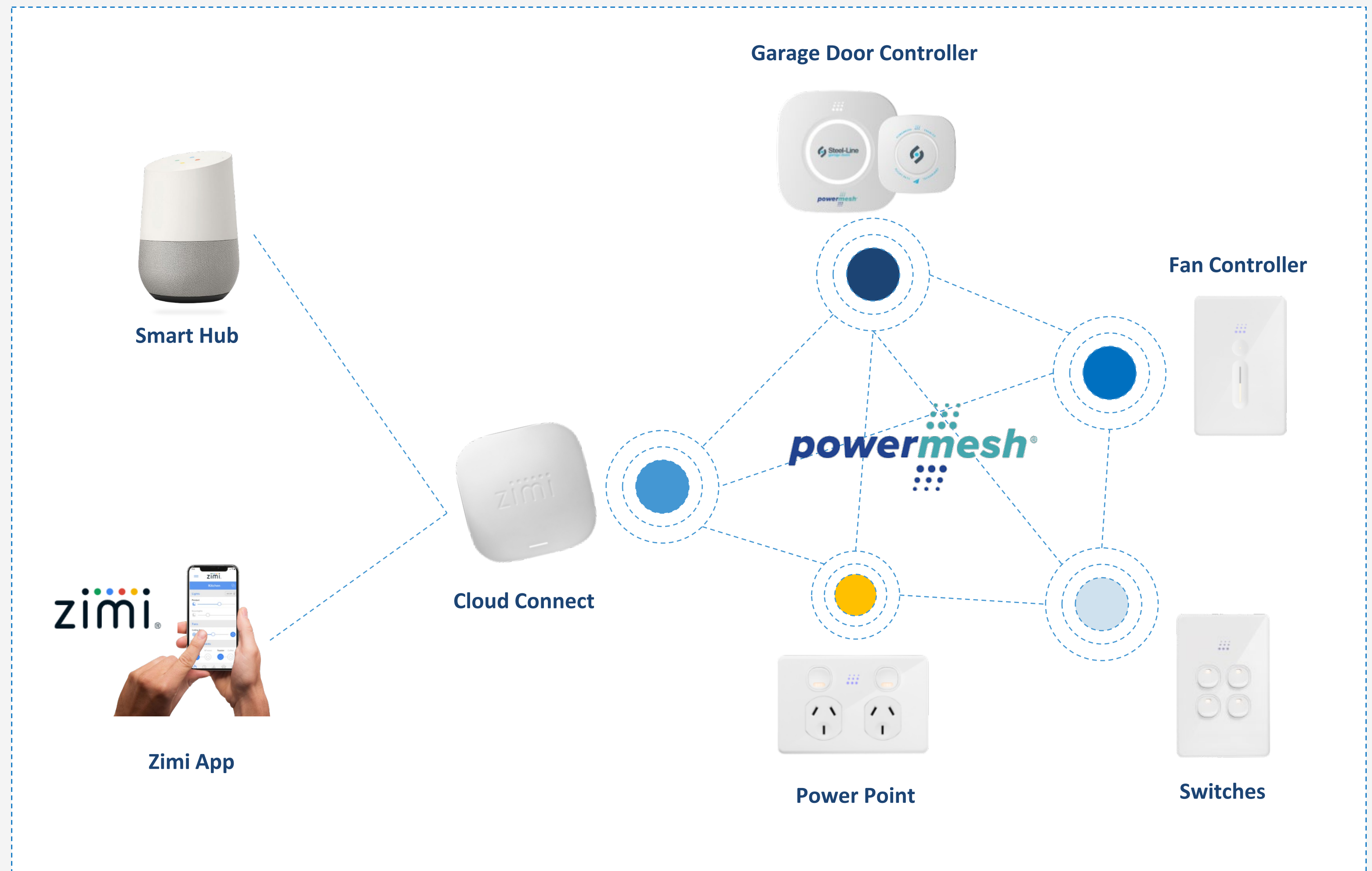
Zimi technology can be installed by any electrician and priced to target the mid-market for IoT Home Technology

Zimi's app controls the networks from any smartphone, with network also integrating with smart-home hubs such as Google Home

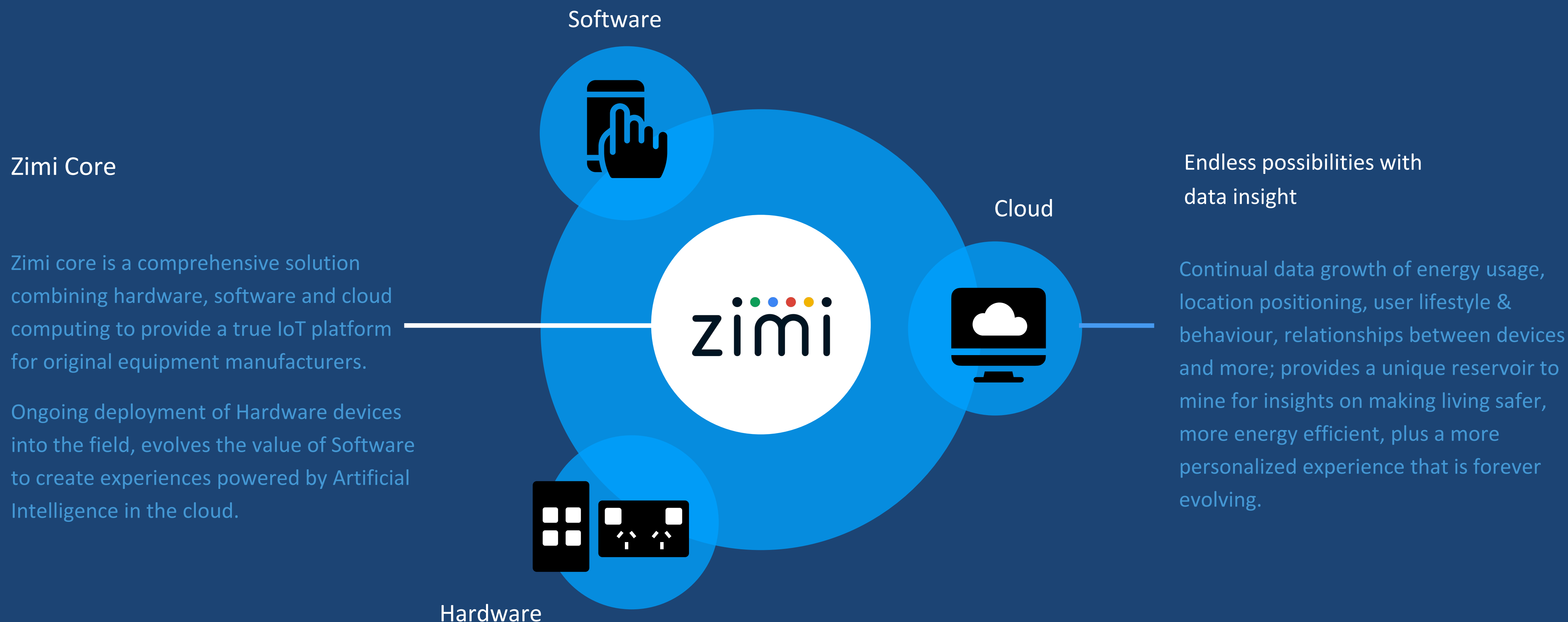
The Zimi Cloud Connect links a range of Hardware switches, controllers and dimmers to create powermesh, controlling existing lights, fans, appliances, switches, blinds and garage doors

powermesh allows bandwidth to increase as more devices are added and allows the network to continue to operate in the event of an outage

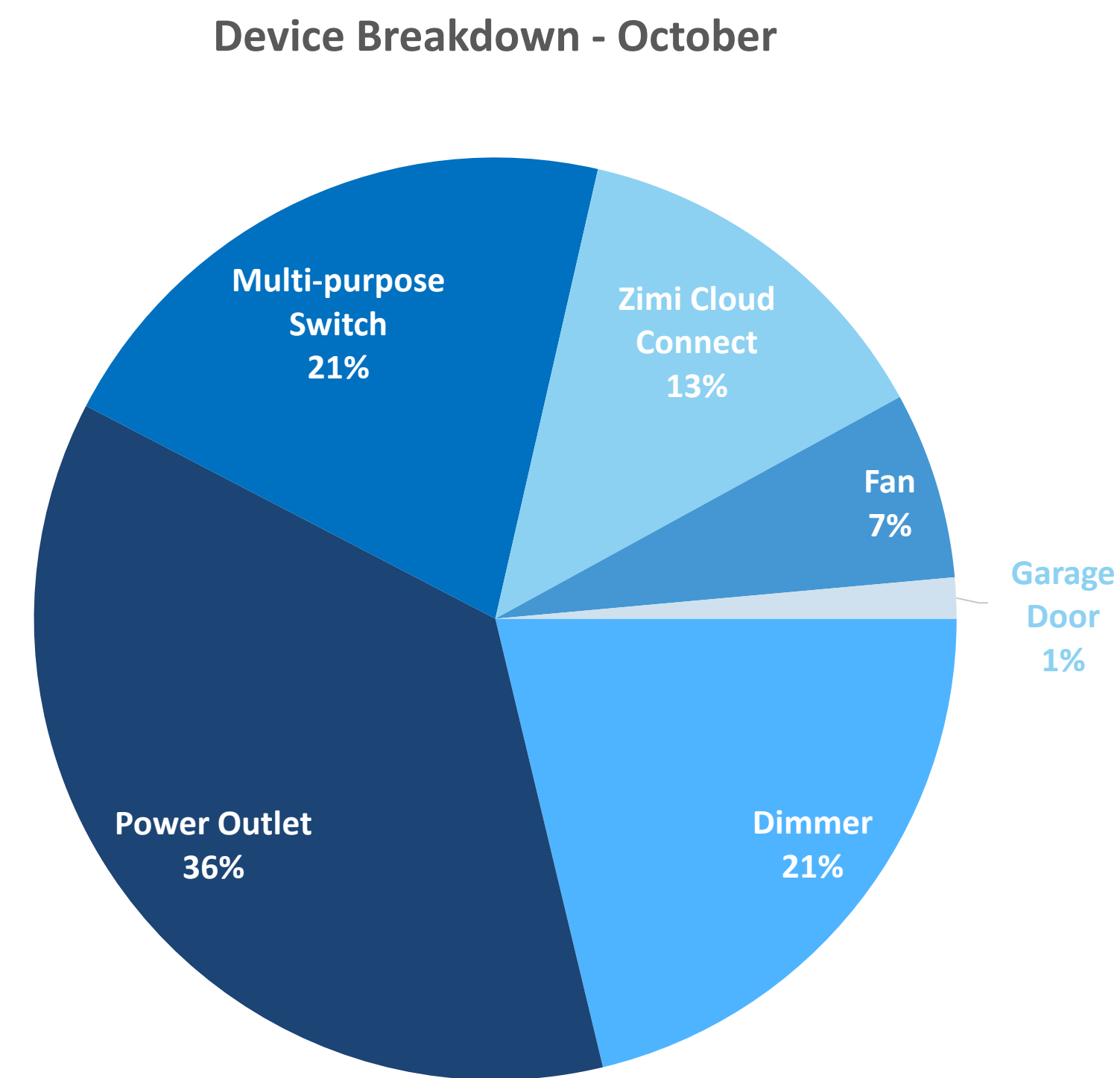
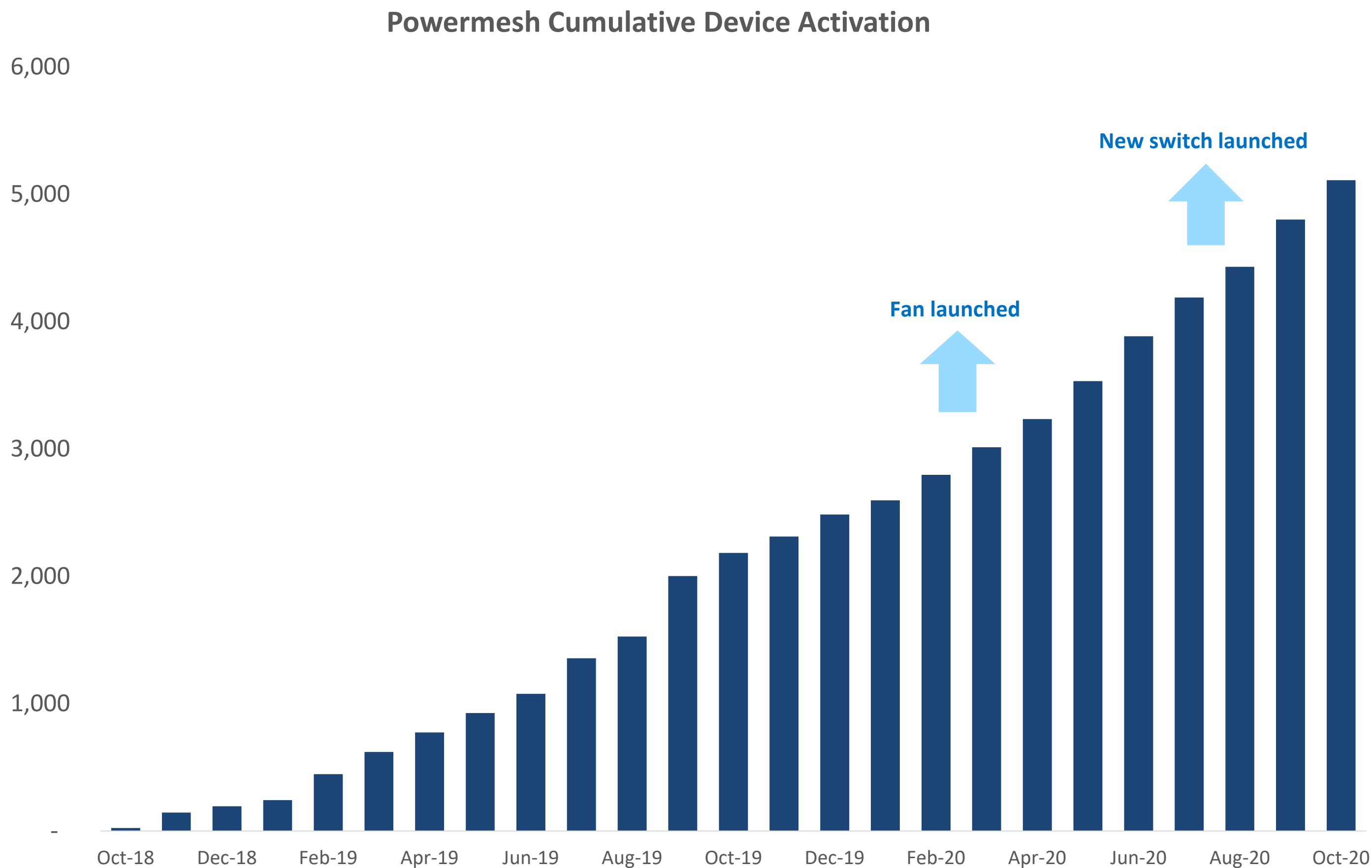
From this control Zimi generates highly valuable data able to be leveraged by Quantify



# Australia's emerging IoT solution provider of connected electrical products.



# Growing user base with 5,100 devices installed to date



# Competitive Advantage & Benefits



Benefits to Industry			Benefits to Consumer			Benefits to Partners		
Electricians	Architects	Developers	Home Owners	Residents	End Users	Beacon	Trader	Steel-line
<ul style="list-style-type: none"><li>• Simple to install, 15 minutes per switch vs hour for competitors</li><li>• No specialist training or lock-in to particular installers</li><li>• Broad product range for every situation</li><li>• Robust monitoring</li><li>• Adds value to retrofit and new build homes</li></ul>			<ul style="list-style-type: none"><li>• Easy to use – touch, tap, talk</li><li>• Personalised experience, reduce power costs and improved safety</li><li>• Puts power in hands of homeowner, not installer</li><li>• Adds value to home</li></ul>			<ul style="list-style-type: none"><li>• Improved product offering that enhances existing marketing and consumer experience</li><li>• Higher value product that is not commoditised</li></ul>		



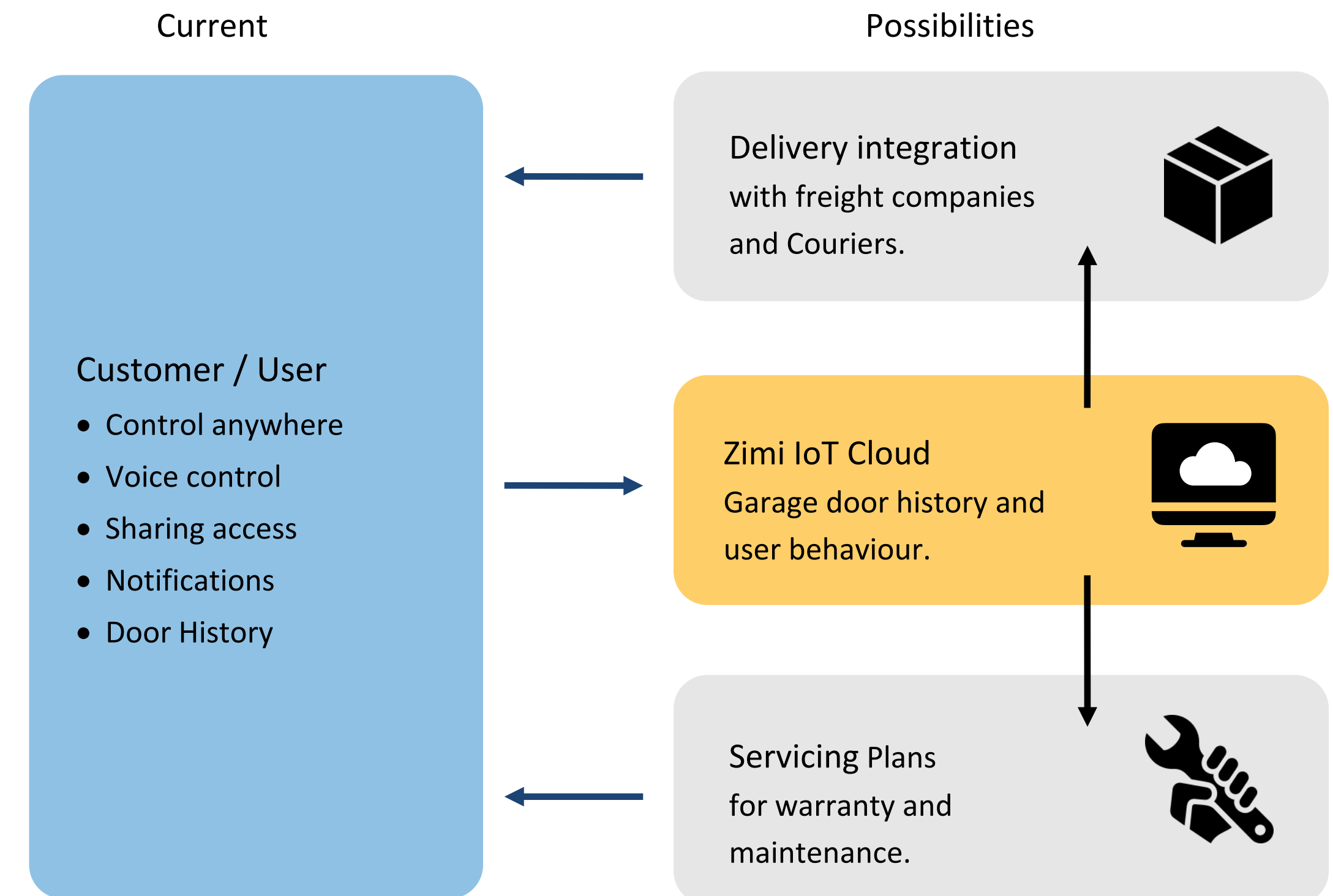
# Future opportunities – e.g. Steel-Line Garage Doors.

## Australia's largest garage door manufacturer

Design, engineering and manufacturing of a revolutionary Garage Door controller. An exciting proposition to the end user to control their door like never before, whilst laying the foundation for powerful services in the future.



Garage Door Controller and Sensor.



# Appendix

# Pro-Forma Balance Sheet

Following a capital raising of \$4.0m Quantify will be well funded to deliver on the next leg of growth

Total Current Assets increases by ~\$4.0m due to the cash from the capital raise

Total Non-Current Assets increases by ~\$4.0m to Intangibles relating to the acquisition of Zimi

Balance Sheet	FY20	Pro-forma
Cash and cash equivalents <sup>1</sup>	\$694,803	\$4,694,803
Trade and other receivables	\$1,137,746	\$1,183,132
Inventory	\$0	\$38,344
Prepayments	\$5,037	\$5,965
<b>Total Current Assets</b>	<b>\$1,837,586</b>	<b>\$5,922,244</b>
Property, plant and equipment	\$128,343	\$436,996
Intangible assets	\$125,316	\$4,186,956
Right of Use asset	\$226,128	\$226,128
<b>Total Non - Current Assets</b>	<b>\$479,787</b>	<b>\$4,850,080</b>
<b>Total Assets</b>	<b>\$2,317,373</b>	<b>\$10,772,324</b>
Trade and other payables	\$845,088	\$1,190,039
Interest-bearing loans and borrowings	\$776,400	\$776,400
Provisions	\$154,486	\$154,486
Lease liability	\$109,822	\$109,822
<b>Total Current Liabilities</b>	<b>\$1,885,796</b>	<b>\$2,230,747</b>
Lease liability	\$126,225	\$126,225
<b>Total Non - Current Liabilities</b>	<b>\$126,225</b>	<b>\$126,225</b>
<b>Total Liabilities</b>	<b>\$2,012,021</b>	<b>\$2,356,972</b>
<b>Net Assets</b>	<b>\$305,352</b>	<b>\$8,415,352</b>

<sup>1</sup>Assumes \$4.0m additional cash on balance sheet post capital raising



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