

ROBO 3D

Company Update & Strategic Acquisition of MyStemKits

June 2018



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1. CORE BUSINESS



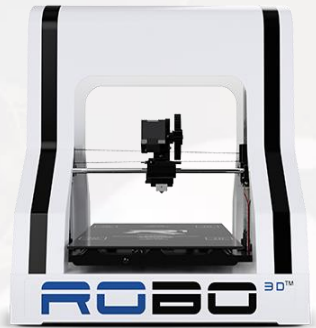
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Company Overview



- **3D printing business** that designs and distributes desktop 3D printers, which arrive assembled and are plug-and-play.
- **Diverse customer base in 40 countries**, including educational institutions, corporate clients, and large retailers.
- **Top 15 globally by revenue** in the desktop 3D printer market.
- **Product suite has won awards** including the CES Innovation Award and Australia's Good Design Award.
- **Broad range** of complementary products including filament, consumables, and printing kits.
- **Strategic focus** on capturing global Science, Technology, Engineering and Maths ("STEM") education trend.

Current Hardware Suite



Robo R1+
US\$499

Maker & Home User
Large 8 x 9 x 10" print size
Heated print bed
Open filament selection



Robo C2
US\$799

Prosumer & Education
5 x 5 x 6" print size
WiFi connectivity
Removable print bed
On-board slicing



Robo R2
US\$1499

Business & Education
Large 8 x 8 x 10" print size
WiFi connectivity
Removable heated print bed
On-board slicing



Filament
US\$20-50

Full Colour & Material Suite
PLA & ABS
Wood-filled
Carbon-fibre



Kits
US\$50-100

Designer Project Kits
Quadcopter Drone
Guitar
Clock

Blue-chip USA Distribution Network

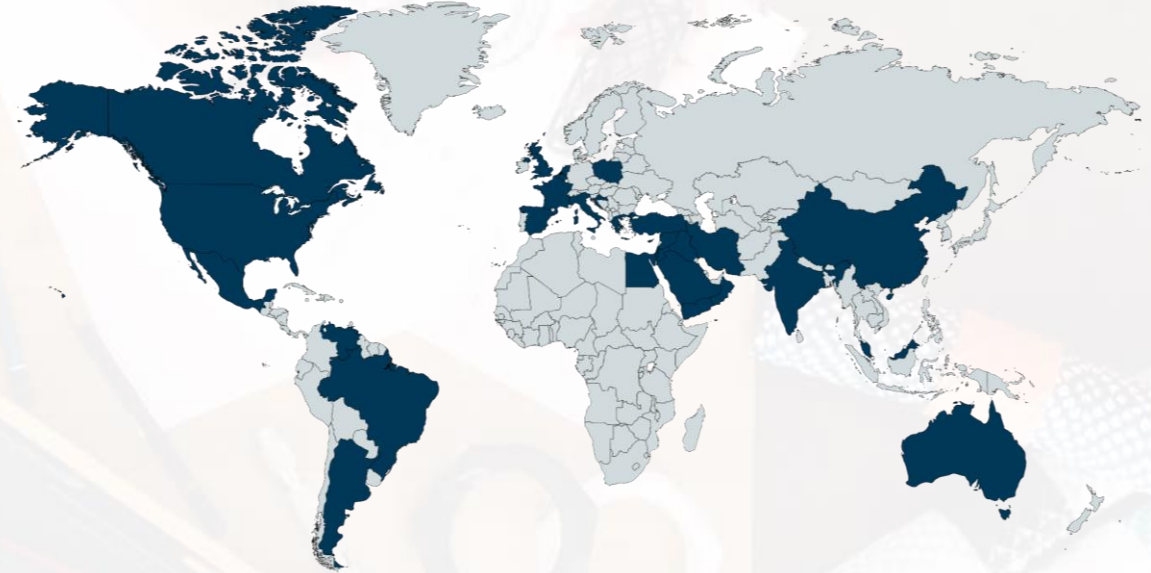
- **Amazon**
- **Best Buy**
 - Largest specialty retailer in the US consumer electronics retail industry.
 - Substantial distribution network in the education market.
- **Troxell**
 - Largest privately held EdTech distributor in the USA
 - 60 national offices.
- **Fischer Scientific Education**
 - Division of Thermo-Fischer Scientific, a large NYSE biotech product development company.
 - 60 national offices.
- **Douglas Stewart**
 - Hosts 250 manufacturers and 4,000 resellers in the USA and Canada.
- **Synnex**
 - One of the largest 3D Printer distributors in the USA.

Rapid International Expansion



Jan 2017

**USA, Australia, Canada, Mexico and
Poland**



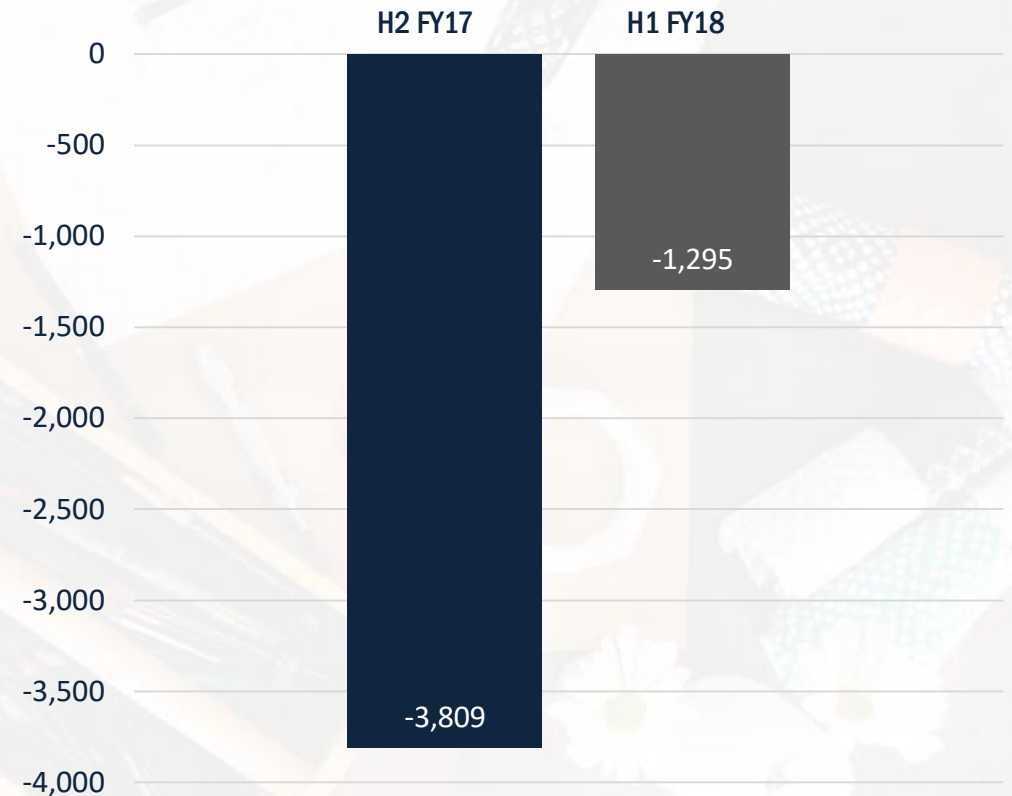
Apr 2018

40 Countries Globally

Revenue and Earnings Growth

- **\$4.2m Revenue** in H1 FY18.
- **66% Improvement** in Underlying EBITDA relative to H2 FY17.
- **67% Revenue Increase YoY** for the first 3 quarters of FY18.
- **Record cash receipts of \$2.2m** in December 2017 Quarter.
- **\$1.2m revenue** in Q3 FY18.

Underlying EBITDA (US\$ '000)



* Earnings before interest, taxation, depreciation, amortization, one-offs and share based payments

Strategy Realignment

Planned ~\$1m reduction in expenses to accelerate path to profit and modify strategic focus to growth opportunities in education.

- **Reduction** in managing director salary.
- **Reduction** in executive director and co-founders salaries.
- **Re-alignment** of sales leadership to focus on opportunity in software and education.
- **Removal** of external contractors.
- **Termination of 10%+** of roles in USA operational team.

At current gross margins, the \$US70,000/month reduction in operating expenses reduces monthly revenue required to hit breakeven by c. US\$220k/month.

Growing Education Opportunity

- **Focus on 21st century skills** such as design thinking and project based learning are leading to an increased adoption of 3D printers in K-12 schools.
- **3D printers, coding and robotics** are emerging as critical STEM education tools to prepare students for a digital world.
- **Education market** currently lacks a true end-to-end solution incorporating 3D printing: a reliable, user-friendly hardware suite combined with a complementary curriculum of practical lessons and professional development and training.
- **Potential addressable market** in the USA education system alone is c. **300,000+ units in c. 100,000 schools.**

2. MYSTEMKITS TRANSACTION



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Opportunity

Acquisition of a STEM curriculum developer
to create an **end-to-end** 3D printing
solution for the global **education market**

MyStemKits Company Background

- **MyStemKits (MSK) is an EdTech business** that develops and markets the world's largest library of STEM curriculum with 3D printable kits for K-12 schools.
- **Five years of research and testing** into development of curriculum and content library and software platform.
- **Standards-aligned product suite** enables teachers to utilise 3D printers to conduct lessons that comply with standards adopted in 41 US states.
- **240+ lessons** and 170+ printable kits
- **Products are readily adaptable** for other countries moving towards a STEM-focused education system.
- **Unaudited revenue of US\$2.0m (\$2.66m) and US\$0.8m (\$1.08m) EBITDA** in 2017 on a pro forma basis.

Developed by Academics

- **Curriculum** developed from over 5 years of educational research at the Florida Center for Research in STEM (FCR-STEM) within Florida State University.
- **FCR-STEM** was first directed by a Nobel Laureate and is a leading research and development center for mathematics and science education in the USA.
- **Awarded >\$100m in contracts and grants** to support the research and development initiatives including those related to the development and testing of MSK.
- **Each MSK lesson is the result of an academic study** conducted by researchers in consultation with teachers.
- **Lessons are scalable:** they were developed to support the implementation of Common Core State Standards that are being implemented across the US.
- **Research partnership with FCR-STEM will continue** for the development of new lesson plans and curriculum, including computer science subject matter.

Large US Market Opportunity

- **The US STEM education market has a \$1.25bn Total Addressable Market (“TAM”).**
 - **~50.7m students in ~130,000 K-12 schools in ~13700 districts.**
 - **\$1.25bn TAM at \$9,750 average licence fee per school based on current MSK rates.**
- **Heavily concentrated market allows Robo 3D to target key locations with a high ROI.**
 - **22% of students are located in 1% of school districts.**
 - **50% of schools are located in 10 states.**
 - **4.3% of schools are in Florida, where MSK was developed and thoroughly tested to local standards.**
 - **45% of the top 100 largest school districts are in 3 states: Texas, Florida and California.**

Accelerating Adoption of STEM Curriculum

- **STEM education policy is driving STEM Curriculum adoption.**
 - Common Core Standards for Maths and Science Education are adopted in 41 states.
 - Next Generation Science Standards are adopted in 28 states.
- **Curriculum companies have generated strong STEM sales.**
 - Accelerate Learning expanded from 0-6000 schools from 2015-16 with \$10m of Series A Funding.
 - Non-profit Project Lead the Way has sold STEM lesson plans into 10,500 schools in its 20-year lifespan.

PRODUCT OVERVIEW

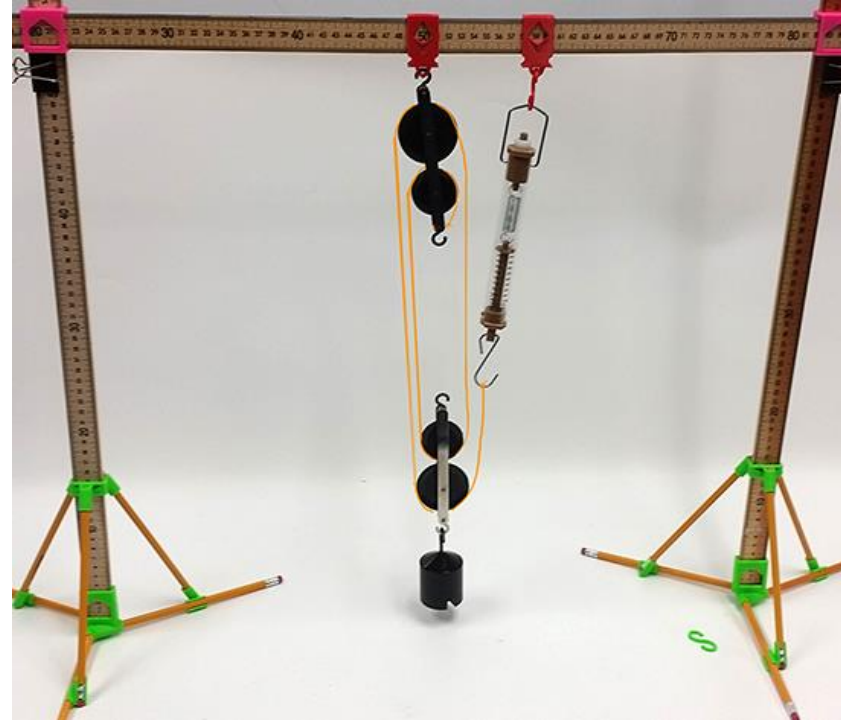


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150+ Model Kits

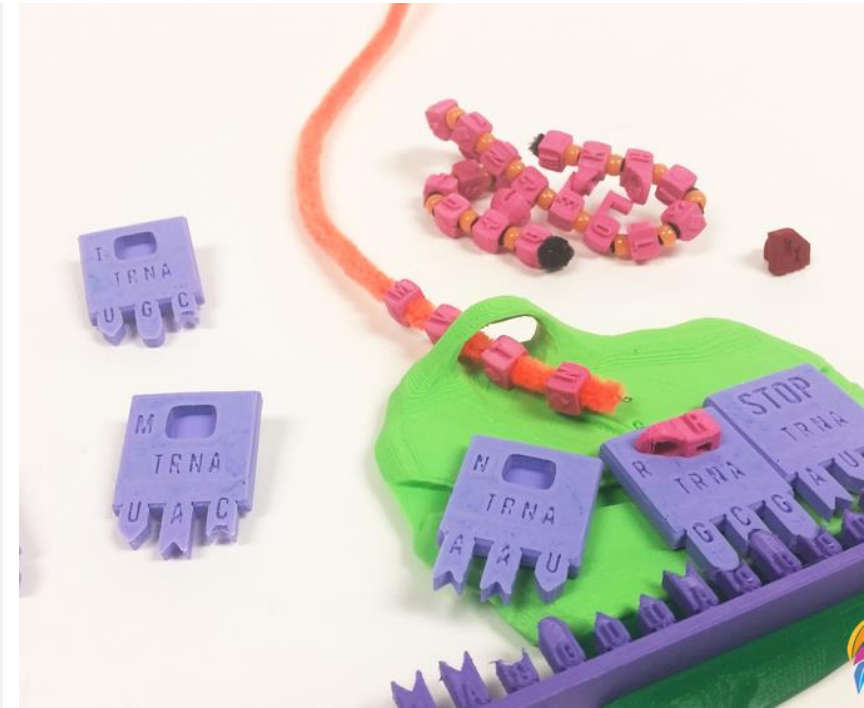
Hominid Skull Kit

Students examine trends in hominin evolution, including brain size, jaw size and tool use



Ribosome Kit

Students investigate the role of the ribosome in protein synthesis and peptide creation



Pulley System Kit

Students examine the effect pulleys have on the amount of force needed to lift an object

240 Lesson Plans

Each curricular lesson plan is accompanied by:

- Ready-to-print 3D model and assembly guide.
- Teacher guide that details the Common Core and NGSS standards that each lesson addresses.
- Student activities and handouts.
- Student assessments.



Case Study – Windfarm Kit

- Kit provides sample wind farm blades and instructions on how students can create their own using 3D printing software, such as Tinkercad.
- Uses a fan to test the efficiency of each design as it lifts a weight.
- Classes build and test students' designs to determine the optimal blade which balances cost and efficiency. They investigate surface area, renewable energy sources, and the iterative design process.

MARKET POSITION



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Customer Base

- **MSK** has developed a large customer base through its partnership with FCR-STEM, reaching 2,000+ teachers and 100,000+ students in the US since 2014.
- **78% of 1500 teachers** surveyed said that they planned to replace the traditional curriculum with MSK lessons they used.
- **Pipeline** of new government-funded programs with FCR-STEM and significant licence renewals underpins revenue.
- **Shift to commercialisation** has yielded major distribution partner Konica Minolta in the USA, one of the leading international education technology distributors, with several more in the pipeline.

Product Differentiation

Company	Number of STEM Lesson Plans	Source of Lesson Plans	Typical # Standards Addressed by Each Plan
Robo 3D	240+	FCR-STEM	10+
Makerbot	>100	Teacher Submissions	1
Ultimaker	57	Teacher Submissions	3
XYZ Printing	40	Company	1-2
Dremel	10	MSK	10+
Variquest	6	The Curriculum Corner & STEM Fuse	3-5

STRATEGIC RATIONALE



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Advantage One

End-to-End Solution

- **Tuck-in IP asset purchase is faster, easier and cheaper** than in-house curriculum development.
- **Successful acquisition will considerably differentiate** Robo 3D's existing education offering from other 3D printer vendors.
- **Robo** will become the leading end-to-end 3D printer hardware and standards-compliant curriculum solution in the market.
- **Relationship with Florida State University and FCR-STEM** will continue for development of new lesson plans and content and delivery of professional development.
- **Robo 3D printers can be bundled** with a curriculum licence and sold as a turn-key solution for STEM education in K-12 schools.
- **Bundling of software** provides defensive positioning for Robo's hardware business.

Advantage

Two

Enterprise Contract

Potential

- **Bundling** of a standards-compliant curriculum with reliable, user-friendly hardware will substantially improve the probability of securing large contracts with school districts throughout the USA.
- **Robo 3D can leverage** FCR-STEM's reputation in STEM education research to differentiate itself from rivals in competitive tender process.
- **MSK lessons are proven** in over 200 schools in Florida; 97% of 1,500 surveyed teachers would recommend the 'highly effective' lessons to other teachers. This provides Robo 3D with a strong precedent case.

Advantage

Three

Attractive revenue profile
and gross margins

- **End-to-end education solution** may generate more sales at a higher average value and gross margin.
- **Current incremental revenue** from an education sale is the once-off purchase of a 3D printer and the possibility of recurring filament purchases.
- **Recurring license revenue and upfront payments** improves revenue visibility and cash flow.
- **Diversifies business model post-transaction** adding recurring license revenue, professional development for teachers, and sales of 3D printed kits at a higher gross margin.

3. GROWTH TARGETS



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Target One

MSK Penetration into Robo 3D Customer Base

- **Direct Education Customers**
 - Robo has printers in over 500 schools in the USA.
 - Opportunity to directly target new schools, school districts, and other related areas (e.g. after-school programs, clubs) with MSK offering.
- **Education Resellers and Distributors**
 - Expand portfolio of Robo products promoted by Robo's education-focused reseller network to include MSK.
- **Existing School and District Tenders**
 - Target larger school tenders with end-to-end education solution.

Target **Two**

International Expansion

- **Germany**
 - Advanced discussions with new regional reseller.
- **United Kingdom**
 - Advanced discussions to finalise resale agreement with one of the largest 3D printing distributors in the UK.
- **Japan**
 - Advanced discussions with new regional reseller.
- **MSK International Growth**
 - Active discussions in Brazil, Dubai, and Canada.

Target Three

Government Grants

Institution	Grant	Amount
US Federal Government	Student Support and Academic Enrichment Grant	\$400m
US National Education Department	STEM and Computer Science Education Grant Suite	\$200m
Australian Federal Government	Inspiring all Australians in Digital Literacy and STEM	\$65m
US National Science Foundation	Stem + Computing K-12 Education	\$50m
US National Science Foundation	Innovative Technology Experiences for Students and Teachers	\$20m

** total amount to be allocated to all participants*

Target Four

Corporate Grants

Company	Grant	Amount
Verizon	K-12 STEM Education	\$400m
Salesforce	School Ready and Tech Ready STEM Programs	\$50m
Lockheed Martin	STEM Education Grant Suite	\$25m
General Electric	Additive education program to subsidise 3D printers for schools	\$10m
General Motors	STEM Education Grant Suite	\$10m

** total amount to be allocated to all participants*

4. CORPORATE UPDATE



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Proposed Chairman



Experienced ASX executive and existing cornerstone shareholder Tony Grist to become Chairman* to lead the implementation of Robo 3D's growth strategy.

- Co-founder, former CEO then Chairman of Amcom Telecommunications (ASX: AMM).
- Led Amcom's merger with Vocus Communications (ASX: VOC) to create a A\$5.0bn major Trans-Tasman fibre-optic carrier business.
- Whilst Chairman of Amcom led purchase of 19.9% of iiNet at ~A\$85m market cap, which became 23.5% after follow-on financing. Subsequently joined the board of iiNet, which made 21 Acquisitions over 6 years before TPG's acquisition at a ~A\$1.6bn market cap.
- Current Principal of Albion Capital Partners, an active VC business which had founding cornerstone positions in Spookfish (ASX: SFI), Oncosil Medical (ASX: OSL), and Cynata Therapeutics (ASX: CYP).
- Tony has had directorships in Canada, United Kingdom and Australia in the healthcare, mining and energy industries.

The Company is continuing to review the composition of its Board and will make further announcements in due course.

** Subject to completion of due diligence, placement and acquisition*

5. FINANCING



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Acquisition and Capital Raise

- **Total Consideration of US\$2.0m (\$2.63m)** representing multiple of:
 - 1.0x unaudited pro-forma CY17 revenue of US\$2.0m (\$2.66m) including US\$0.6 million (\$0.73 million) of license revenue
 - 2.4x pro-forma CY17 EBIT of US\$0.8m (\$1.08m)
- **Vendors receive US\$1.2m (\$1.58m) cash at completion and an additional US\$0.8m (\$1.05m) of equity subject to 12-month voluntary escrow period following completion.**
- **Royalty of 5%** for license revenue generated for five years after completion.
- **Minimum capital raising of A\$3.0m**, subject to shareholder approval.
- **\$1.58m cash used to acquire MSK (excluding costs).**
- **Minimum \$1.42m** used to finance working capital of combined business.
- Completion subject to shareholder approval at EGM.



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