

ASX ANNOUNCEMENT

ASX: RBO | 31 October 2018

September 2018 Quarterly Report, Robo 3D Inc 2018 Results Commentary, MyStemKits acquisition Update, and Name Change

Robo 3D Limited (“**Robo**” or the “**Company**”), soon to be named **STEMify Limited**, provides the following operational and financial highlights to accompany the 4C report for the three months ending September 2018.

KEY HIGHLIGHTS

Annual Results:

- Audited FY18 revenue of US\$4.6m, up 84% on prior year of US\$2.5m.
- Underlying EBITDA loss reduced from US\$4.5m to US\$3.3m.

September Quarter Highlights:

- Appointment of experienced ASX Executive and existing cornerstone shareholder Tony Grist as Chairman of Robo in August to lead cost rationalization and implementation of the Company’s growth strategy.
- August completed the strategic acquisition of MyStemKits, LLC (“MSK”), owner of the world’s largest library of USA education standards-aligned projects and curriculum for K-12 Science, Technology, Engineering and Maths (“STEM”) that incorporates 3D printing.
- Completed A\$3.5m capital raising to complete MSK acquisition.
- Strategic focus on capturing rapidly emerging global STEM education trend.
- Implementation of new MSK centric national US sales strategy into K-12 schools via national resellers, alignment of the MSK software and education content with other 3D printer vendors, training and onboarding of new sales staff and incentive structure.
- MSK has delivered immediate sales impact with 233 subscriptions sold to schools across 13 states in the USA (including 11 new states) since the announcement of the acquisition.
- US\$376k of software subscription sales (excluding accompanying printer and filament sales) has been recorded since the announcement of the acquisition.
- New sales pipeline includes quotes for schools and districts in four new states with longer term growth opportunities from international markets including Canada and LATAM.
- Proposed name change to STEMify Limited to reflect the strategic focus on STEM education.

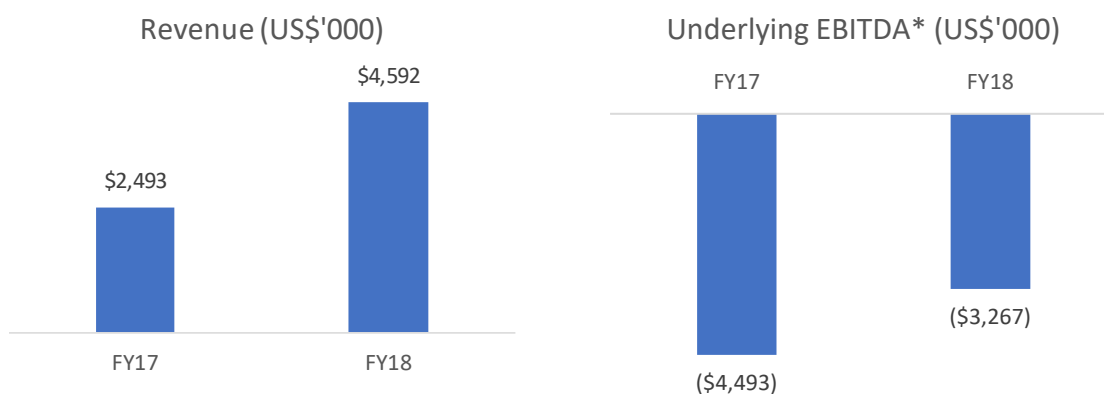
September Quarter Cash Flow Commentary:

- Cost Reduction Plan enacted to remove c. US\$3.3m of annualised operating costs in the US operating subsidiaries, from the FY18 total of US\$5.2m to annualised run rate of US\$1.8m, before sales commission and KPI bonus structure, by the end of December 2018, based on new budget.
- Cost optimisation strategy reflects strategic pivot away from a core focus on printer manufacturing to education software utilising 3D printing and other interactive methods. Majority of the cost savings will be evident in the December quarter.

- September quarterly report showing operating cash outflows of A\$1.6m for staff and admin costs forecast to drop to approximately A\$0.65m per quarter in the US subsidiary plus approx. A\$0.2m for the listed holding company per quarter based on new budget by end of November 2018.
- US\$0.30m in education subscription receivables owing to MSK at completion were offset against the US\$1.2m completion cash payment at settlement.

SUMMARY OF ROBO 3D INC FINANCIAL INFORMATION

Below is a summary of the revenue and underlying EBITDA for the Company's wholly owned subsidiary, Robo 3D Inc, for the last two financial years.



Note: Financials of Robo 3D, Inc. only. FY17 annual unaudited figures (acquired on 14 December 2017, audited only for 14 December 2016 to 30 June 2017 period), FY18 audited.

** Earnings before interest, taxation, depreciation, amortization, one-off adjustments to manufacturing runs, other non-cash items and share based payments.*

Revenue:

- Audited revenue of US\$4.6m for the year was 84% higher than the previous year unaudited revenue.
- Combined with the acquisition of MSK, and the expected synergies that are expected to flow into the existing 3D printer business, the Company has established a strong platform for growth into FY19 and beyond.

MYSTEMKITS UPDATE:

The Company has focused its strategy primarily on the K-12 education market which is being driven by a broadly based, significant global focus on STEM based curriculum. The MSK acquisition enables the Company to offer the only true “end-to-end” hardware and software solution for 3D printing in education and with MSK’s focus on math and science, significantly strengthens the group’s strategic positioning in the education market.

In the short time since the announcement of the acquisition, the Company has validated the value proposition of the MSK product offering with strong demand and sell-through from strategic partnerships and its education-focused value-added reseller network in the USA. In addition, the pipeline of new opportunities continues to build strongly, both in the USA and internationally.

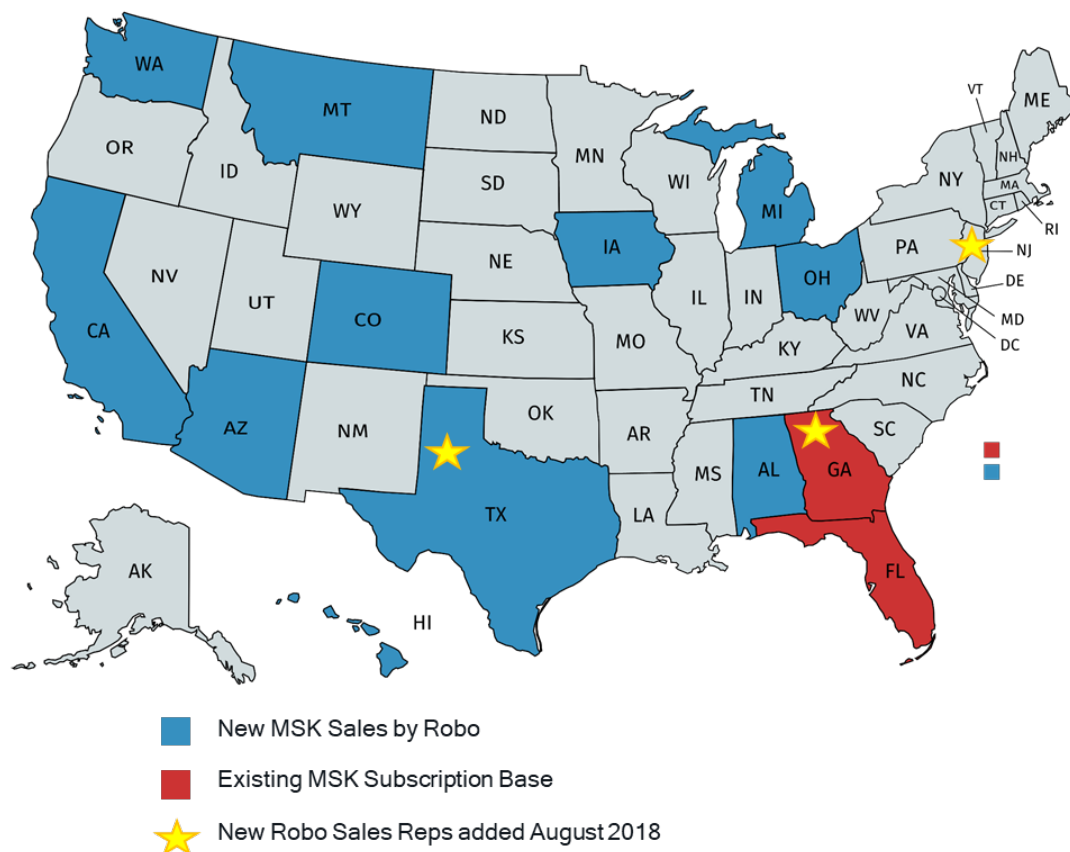
Strategic Plan:

In August and September MSK has undertaken the following:

- Resetting of KPIs and remuneration and bonus structure for the leadership group.
- Onboarding of new education focused sales personnel.
- Introduction of new sales commission structure.
- Selection and onboarding via conference engagement of national resellers, including establishment of deal registration and margin negotiation.
- De-emphasis on consumer printer sales, and run down of consumer inventories.
- The focus of the Company will now be on a build-up of marketing development activities leading up to the launch of the US fall school sales season beginning January 2019.

Since the announcement:

- MSK has been sold into schools in 13 different states across the USA, including 11 states that MSK has not previously sold to.
- Sold 233 software subscriptions for a sales value of c. US\$376k (excluding accompanying printer and filament sales).
- Added new internal sales team members with education experience in new geographic locations.
- Developed new product plans to provide an entry point for single teacher use. Activated its value-added reseller network with new sales and marketing materials, and training and support materials.
- MSK currently has 345 paid subscribers and 201 trial subscribers.



PROPOSED NAME CHANGE

The Company has sent its notice of Annual General Meeting to shareholders and will be seeking approval for a name change to “**STEMify Limited**” and proposed ASX ticker, **SF1**. The name change will reflect the important shift in the Company’s strategic direction following the recent acquisition of MSK.

CLOSING COMMENTS

The Company will continue to expand its focus on the STEM education market and will explore a range of strategic partnerships, joint ventures, and potentially further strategic acquisitions that accelerate its position in this large and fast-growing market.

Whilst it is too early to make sales and financial forecasts, we believe the company is well positioned to deliver strong growth into the next traditionally busy spring window for the Education sector in 2019.

— ENDS —

FORWARD LOOKING STATEMENTS

All statements other than statements of historical fact included on this announcement including, without limitation, statements regarding future plans and objectives of Robo, are forward-looking statements. Forward-looking statements can be identified by words such as ‘anticipate’, ‘believe’, ‘could’, ‘estimate’, ‘expect’, ‘future’, ‘intend’, ‘may’, ‘opportunity’, ‘plan’, ‘potential’, ‘project’, ‘seek’, ‘will’ and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, its directors and management of Robo that could cause actual results to differ from the results expressed or anticipated in these statements.

Further information

INVESTORS:	
Ryan Legudi Managing Director Robo 3D Limited ryan@robo3d.com	Tim Grice Executive Director Robo 3D Limited tim@robo3d.com

Or email investors@robo3d.com

About Robo 3D Limited

Robo 3D Limited (**ASX.RBO**) is a company based in California, USA, focused on the design and distribution of 3D printers and associated products for the desktop segment of the 3D printing industry (**Robo**).

The company was founded in 2012 by a group of students from San Diego State University and delivered its first model to customers in 2013. Since then, Robo has grown into a leading brand in the desktop segment of the 3D printing industry, gaining significant traction online and through retail partners including Amazon and Best Buy. Robo commenced trading on the ASX on 22 December 2016.

To learn more about Robo 3D, visit: www.robo3d.com

About MyStemKits

MSK was established in 2013 and has grown into a leading USA “EdTech” business that develops and markets the world’s largest library of Science, Technology, Engineering and Math (“**STEM**”) curriculums incorporating 3D printed project kits for K-12 schools, all aligned to USA national science and mathematics standards. It was recently recognized as a finalist for the best STEM Solution by EdTech Digest at the 2018 EdTech Awards.

MSK’s lesson plans were developed over five years in conjunction with The Florida Center for Research in Science, Technology, Engineering and Mathematics at the Florida State University (“**FCR-STEM**”). An estimated \$20 million was invested into the development and extensive testing in the classroom.

To learn more about MyStemKits, visit: www.mystemkits.com

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

ROBO 3D LIMITED

ABN

20 009 256 535

Quarter ended ("current quarter")

30 September 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers ¹	829	829
1.2 Payments for		
(a) research and development	(8)	(8)
(b) product manufacturing and operating costs	(354)	(354)
(c) advertising and marketing	(48)	(48)
(d) leased assets	-	-
(e) staff costs	(1,163)	(1,163)
(f) administration and corporate costs	(416)	(416)
1.3 Dividends received	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,159)	(1,159)

¹ Receipts from customers do not include US\$300k in receipts of subscription receivables owing to MSK which were netted off against the payment of acquisition consideration of US\$1.8m.

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10) ¹	(1,239)	(1,239)
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received	-	-
2.5 Other (cash acquired in acquisition transaction)	-	-
2.6 Net cash from / (used in) investing activities	(1,239)	(1,239)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	3,250	3,250
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(201)	(201)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other	-	-
3.10 Net cash from / (used in) financing activities	3,049	3,049

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	351	351
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,159)	(1,159)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(1,239)	(1,239)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	3,049	3,049
4.5 Effect of movement in exchange rates on cash held	(13)	(13)
4.6 Cash and cash equivalents at end of quarter	989	989

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	989	351
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)	989	351

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	150
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Payments to Robo 3D Limited Directors and related entities for the September 2018 quarter.

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	
-	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	750	750
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

Trade Finance Facility provided by Denlin Nominees Pty Ltd, an entity associated with Chairman, Mr Anthony Grist (see ASX announcement 19 June 2017 titled "Sales Growth to Accelerate with Completion of A\$1.8m Funding" and ASX announcement dated 15 June 2018 for full loan details).

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	10
9.2 Product manufacturing and operating costs	117
9.3 Advertising and marketing	56
9.4 Leased assets	-
9.5 Staff costs	711
9.6 Administration and corporate costs	399
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	1,293*


* The above estimated cash outflows for the next quarter does not take into consideration any cash inflows from the normal course of business.

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions*	Disposals
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	-

* During the quarter, the Company completed the acquisition of the MyStemKits business from MyStemKits, LLC (refer to ASX announcement dated 15 June 2018 for further information).

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.

Sign here:  Date:31 October 2018.....
(Company secretary)

Print name:Justin Mouchacca.....

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.