



ASX ANNOUNCEMENT
ASX: SF1 | 6 June 2019

Placement & Company Update

HIGHLIGHTS

- Commitments received for Placement to sophisticated and professional investors of A\$1.75m, with over-subscriptions of up to \$500k available.
- Proposed consolidation of capital.
- Conversion of Secured Loan from Denlin Nominees to equity.
- Calendar year to date revenue of A\$1.3m with USA operating costs reduced to A\$100-110k per month.
- STEMify well positioned to deliver revenue growth during key US purchasing period for schools through variety of avenues through sales of 3D printer hardware and MyStemKits curriculum.
- Exit of manufacturing business (as previously advised) for Robo 3D, Inc. formally underway without affecting the ability to sell white labeled 3D printers as part of bundled product sale.

OPERATIONAL UPDATE

- Calendar year-to-date sales (of 3D printer hardware and MyStemKits curriculum) of A\$1.3m with MSK now sold in 25 states, up from 2 states at acquisition in August 2018.
- Gross margin improvement with hardware product (3D printers) and software (MyStemKits curriculum) bundle offering gross profit margins of 50-70%, with software component sold as annual licenses payable upfront.
- Strong sales pipeline leading into key sales period for USA education segment.
- Capital raising will provide funds to continue sales and marketing efforts focused on providing a turnkey STEM education solution, selling the combination of E3 printer and 3D printing hardware and MyStemKits K-12 curriculum into the education sector.
- The acquisition of MyStemKits in August 2018 has expanded potential sources of revenue, opening up licensing opportunities, partnership with large corporations, charitable foundations, and large after-school/out-of-school organisations.
- The interoperability of the MyStemKits software also offers potential cross selling opportunities to resellers carrying other leading 3D printers such as Makerbot.
- Planned release of c. 15 new lesson plans created and licensed from curriculum research specialists at Florida State University under existing exclusive license agreement.
- Cost rationalisation plan has significantly reduced USA annual operating costs by around US\$3.0m to c. US\$75k per month.

CAPITAL RAISING & CONSOLIDATION

STEMify Limited (“**STEMify**” or the “**Company**”) has received firm commitments to complete a capital raising of up to A\$1.75 million through a Share Placement (**Placement**). The proposed Placement will be conducted on a post consolidation basis. The proposed consolidation of capital will be carried out on a 1 for 45 basis, subject to approval by shareholders at an upcoming general meeting of shareholders.

The Company is focused on developing and marketing STEM education solutions curriculum in various countries, substantially the USA, utilising the MyStemKits K-12 curriculum with 3D printing, including



MyStemKits' E3 printer. The E3 printer is designed with air filters making it suitable for the targeted education market.

\$1.75 million placement completed to sophisticated and professional investors

STEMify has received firm commitments to raise \$1.75 million via the placement of 87,500,000 fully paid ordinary shares at a price of \$0.02 (2 cents) per share (**Placement**), on a post consolidation basis. Completion of the Placement will be subject to shareholder approval being sought over the coming months.

Proceeds from the Placement will fund the development and marketing of STEM education curriculums, costs of the Placement and working capital purposes.

Lead Manager to the Placement was Forrest Capital Pty Ltd (**Forrest Capital**). The Lead Manager will receive a fee of 6% on all funds raised and 30,000,000 unlisted options exercisable at \$0.025 (2.5 cents) per option, on a post consolidation basis, with each option expiring on 31 December 2022.

In addition, the Company will seek shareholder approval to convert up to \$50,000 owed to various creditors of the parent company to new shares at \$0.02 (2 cents) per share, on a post consolidation basis.

Finally, the Company will also look to offer over-subscriptions on the same terms as the Placement of up to \$500k through the issue of up to 25,000,000 new fully paid ordinary shares to professional and sophisticated investors. Shareholders who qualify and wish to be considered for participation should contact the Company.

All proposed capital raisings will be subject to shareholder approval at a general meeting of shareholders expected to be held during July. Upon receiving approval from shareholders for the proposed consolidation of capital and Placement, it is expected that the Company will resume trading on ASX shortly thereafter.

SECURED LOAN FACILITY UPDATE & NEW BRIDGE FACILITY

The Company has also negotiated new terms with its secured lender Denlin Nominees Pty Ltd (**Denlin**), a Company associated with significant shareholder, Mr Tony Grist. In accordance with the negotiated terms, the parties have agreed that Denlin will convert all outstanding amounts payable by the Company at \$0.02 (2 cents) per share on a post consolidation basis subject to a maximum of 25,000,000 new fully paid shares being issued on conversion, subject to shareholder approval.

The existing secured loan facility will remain payable as at 31 July 2019. Denlin has requested the option to extend the existing security position to include MyStemKits, Inc., subject to ASX granting a waiver to allow the granting of the security and the Company obtaining all other relevant approvals necessary to grant the security. In addition, the default provisions have been extended to include MyStemKits as a group entity.

In addition, Denlin has agreed to provide a bridge facility to provide the working capital necessary to continue to operate the business of the Company until the proceeds of the Placement become available and accordingly, it does not have an express facility limit. The bridge facility is unsecured, has a maturity date of 31 July 2019, is interest free and will convert as part of the arrangements detailed above.

The proposed conversion will include the existing secured loan facility of \$1 million drawn down, all interest accrued on the secured loan, any other outstanding liabilities to entities associated with Denlin



and interim funding provided by Denlin via the bridge finance facility until completion of proposed capital raising around mid - July 2019. At the date of this announcement amounts owed to Denlin and related parties total approximately \$1.31 million.

In accordance with the negotiated conversion and settlement, Denlin will also be issued with the following unlisted options:

- 12,500,000 unlisted options, vesting immediately, with an exercise price of \$0.05 (5 cents) and expiry on or before 30 June 2023;
- 12,500,000 unlisted options, vesting upon the Company's share price reaching a 5-day Volume Weighted Average Price (**VWAP**) of \$0.075 (7.5 cents), with an exercise price of \$0.05 (5 cents) and expiry on or before 30 June 2023; and
- 12,500,000 unlisted options, vesting upon the Company's share price reaching a 5-day Volume Weighted Average Price (**VWAP**) of \$0.10 (10 cents), with an exercise price of \$0.05 (5 cents) and expiry on or before 30 June 2023.

ROBO 3D, INC. UPDATE

Following a strategic decision to pursue the accelerating STEM education market via hardware product (3D printers) and new software (MyStemKits curriculum content) bundle offering following the acquisition of MSK in August 2018, the Company completed an operational review and subsequent internal restructure of its design and engineering capability. This review was driven by the slowing adoption of 3D printers by consumers, the negative impact on margins from highly competitive pricing from Chinese manufacturers, and challenges in maintaining quality control and technical support for the C2 and R2 printers.

As part of this the previous manufacturing business of designing, engineering and developing proprietary consumer 3D printers conducted by Robo 3D, Inc. has been wound back resulting in significant cost reductions and a simpler but stronger focus on the delivery of hardware product (3D printers) and software (MyStemKits curriculum) bundled offerings to the STEM education market. The founders and directors of Robo 3D, Inc., Braydon Moreno & Coby Kabili, have stepped down from their executive roles with Robo 3D, Inc. Executive directors Mr Ryan Legudi and Mr Tim Grice continue with the Company.

As part of this process, the US based former manufacturing subsidiary Robo 3D, Inc. has appointed Robo 3D (ABC), LLC as Assignee for the Benefit of Creditors (ABC). The ABC is a process by which all of the assets of Robo 3D, Inc. will be sold and the proceeds distributed to the creditors of Robo 3D, Inc. following which Robo 3D, Inc. will be dissolved and cease to exist. The ABC process will not affect the operations of MyStemKits, Inc., which will continue to have employees, MyStemKits curriculum, and inventory including the E3 3D printer and other 3D printing hardware to sell to its K-12 education customers.

The Assignee is an unaffiliated entity of Robo 3D, Inc. and is controlled and managed by a professional accounting firm which has extensive experience in managing ABC processes. As the Assignee, Robo3D (ABC), LLC will have fiduciary responsibilities for control of the assets for the benefit of creditors of Robo 3D, Inc. The ABC will be undertaken under the laws of California, including Civil Code of Procedure Sections 1204, 1800 through 1802, and 493.010 through 493.060. The Assignee, Robo 3D (ABC), LLC, is a special purpose entity unaffiliated with the Robo 3D, Inc., and is charged with notifying creditors, collecting claims, monetizing assets and making distributions to creditors according to the priorities established under the law. Creditors, as per the requirements of the California Code, are mailed a



formal notice of the ABC within 30 days of the ABC date, along with direction to an online claim form, and they then have six months to file a claim for amounts owed. Initially, the Assignee will seek to realise value for the assets of Robo 3D, Inc. via a sale process with any proceeds distributed to secured and unsecured creditors. The Assignee is in charge of the liquidation and dissolution of Robo 3D, Inc. and is authorised as the Liquidation Agent to execute all documents and to take any and all actions which it, in its discretion and business judgment, deems appropriate to effect the liquidation and dissolution of Robo 3D, Inc. For the purposes of accounting and audit reporting the Company may receive from the Assignee formal advice detailing the value to be written off and a Certificate of Dissolution for the Company's records.

-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 STEMify, 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 STEMify that could cause actual results to differ from the results expressed or anticipated in these statements.

Further information

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