



ASX  
ANNOUNCEMENT  
ASX: SF1 | 29 July 2019

## June 19 Quarterly Report and Commentary

STEMify Limited (“**STEMify**” or the “**Company**”) provides the following financial highlights to accompany its quarterly cash flow report for the three months ended 30 June 2019.

### KEY 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.
- 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.
- Year to date sales for 6 months ending June 2019 of A\$1.37m, with USA operating costs reduced to A\$100-110k per month.

### CORPORATE UPDATE

#### **\$1.75 million placement completed to sophisticated and professional investors**

As announced on 6 June 2019, STEMify Limited (“**STEMify**” or the “**Company**”) 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 at an upcoming general meeting of shareholders on 30 July 2019.

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 to be held on 30 July 2019. 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

As announced on 6 June 2019, the Company 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, currently totalling approximately \$1.21M 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, or a maximum of \$500,000 in share value, 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. At the date of this announcement, Denlin has provided the Company \$226k under this facility.

The proposed conversion will include the existing secured term loan facility of \$988k 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 \$1.21 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

As announced on 6 June 2019, a review of Robo 3D, Inc was completed resulting in a decision to wind down the previous manufacturing business of designing, engineering and developing proprietary consumer 3D printers and to focus on the delivery of hardware (3D printers) and software (MyStemKits curriculum) bundled product offerings to the 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. 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 offered for sale to any party, and the proceeds distributed to the creditors of Robo 3D, Inc. following which Robo 3D, Inc. will be dissolved and cease to exist. 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.

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. The Assignee, Robo3D (ABC), LLC is a special purpose entity unaffiliated with Robo 3D, Inc., and 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 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 K-12 education customers.

## JUNE 2019 QUARTERLY CASH FLOW COMMENTARY

Following on from the sell down of all remaining legacy Robo C2 & R2 3D printers and filament throughout the March 2019 quarter, the Company focused on launching the E3 printer bundled with MyStemKits curriculum software. During the quarter, this delivered several large district level wins in states within the USA including California, Nevada, Wisconsin, Oklahoma and Florida. Each of these district level opportunities include a mix of 3D printer hardware (E3 3D printer and filament) along with the MyStemKits curriculum, validating the strategic focus towards the bundled education offering. Whilst initially only 1-2 printers were sold per school (typically "seed" units into a STEM lab or library), these sales represent a foundation for future growth over coming years as individual schools scale up their STEM programs.

### **Operating Net Cash Flow**

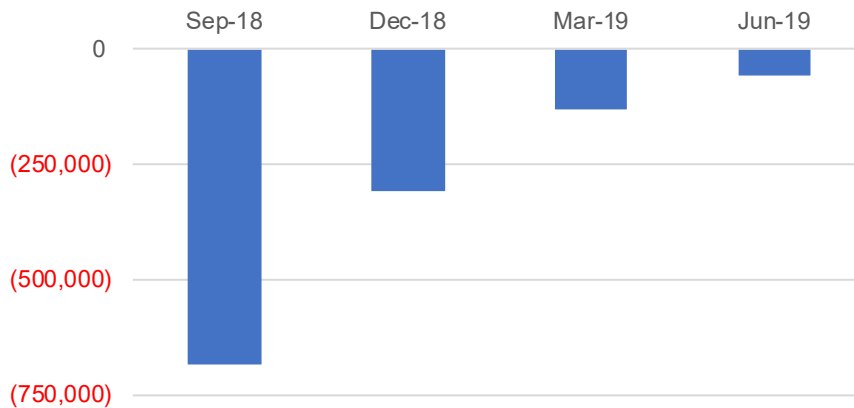
The negotiation of the Denlin facilities combined with delays to the completion of the proposed Placement contributed to unavailability of inventory to meet the demand for the Company's hardware products. As a result, the cash inflows of the Company were lower than expected as c.A\$450k of confirmed sales received in May and June 2019 were not invoiced until the first week of July, and therefore were not included in the cash flows as reported. In addition, c.A\$220k of inventory purchases were not paid for during this same period and will also fall into the next quarter's cash flow report.

As previously announced, the cost reduction plan was fully completed during the June quarter, with some non-recurring termination and exit payments totalling A\$52k included in the operating cash outflows of the USA subsidiary during the June quarter

As a result, the USA subsidiaries moved closer to cash flow breakeven in the June 2019 quarter with USA subsidiaries ahead of the key education selling season in the U.S., with "back-to-school" season commencing around the start of August.

As the graph below highlights, the US business continues to move towards breakeven:

### Net Cash Flow (US\$)

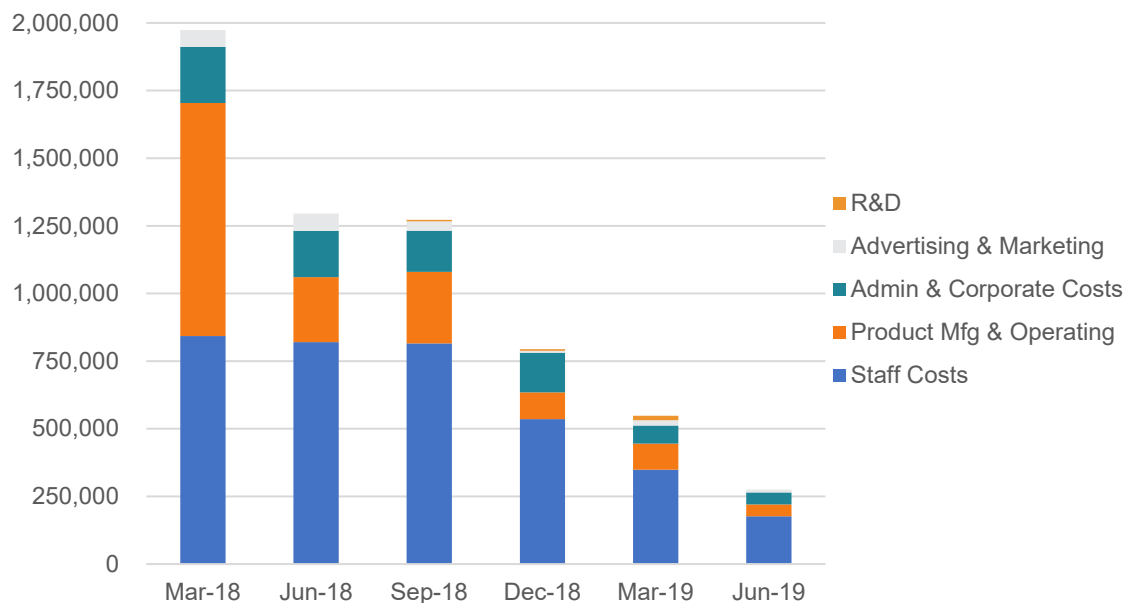


Note: Operating cash flows of USA entities only since completion of MystemKits acquisition.

### Cost Reduction Plan Completed Delivering Significant Cost Savings

The Company previously announced a major cost reduction plan to align the cost base of the business to reflect the strategic pivot towards being an integrated STEM education solution company, distributing curriculum and content delivered as software-as-a-service, along with integrated 3D printers. As shown above, the fixed cost base of the USA operating companies has substantially reduced, with the June 2019 quarter cash outflows of US\$275k vs US\$550k in the March 2019 quarter. However, as advised above, inventory purchases of US\$150k relating to inventory delivered at the end of June 2019 will fall into the next quarter’s cash flow.

### Cash Outflows (US\$)



Note: Financials of USA operating companies only, and excludes all cash flows for MyStemKits prior to completion of acquisition.



## Estimated September 2019 Quarterly Cash Flows

The Company estimates that its USA operating subsidiaries will deliver between A\$650k and A\$850k of cash receipts for the September 2019 Quarter based on current accounts receivable and the current sales pipeline. Estimated cash outflows are expected to be higher than the prior June 2019 quarter due to inventory purchases (as explained above and offset by cash inflows from the sale of same), therefore negative net cashflow is still expected. Also one-off payments relating to the company's audit, annual royalties and license fees, completion of the proposed EGM and associated capital raising (capital raising fees, legal expenses etc), and settlement of legacy creditors of the Company as notified in the Notice of Meeting will add to the negative consolidated net operating cashflow.

## MyStemKits Revenue Strategy

With the most comprehensive curriculum content STEM software utilising 3D printing technologies, the Company has identified additional potential revenue opportunities to license the MyStemKits curriculum and content including to other 3D printer manufacturers, innovative STEM product vendors, traditional education publishers, and to community & corporate organisations and foundations.

### *3D printer manufacturers*

A key feature of the MyStemKits software is its interoperability with other manufacturers 3D printers, offering a much broader market opportunity. This interoperability enables MyStemKits to offer curriculum content solutions to leading 3D printer manufacturers such as Makerbot & Dremel who can further leverage their own reseller networks and sales teams. The Company has established relationships with other 3D printer companies including Sindoh and Flashforge.

### *STEM product vendors*

Several EdTech vendors have approached MyStemKits to explore how their hardware and software solutions can be integrated into the MyStemKits platform. These vendors present an opportunity to leverage the pedagogical framework developed by Florida State University to expand beyond 3D printing applications to also include coding, robotics and AR/VR. By way of example, MyStemKits shared a booth with ClassVR at the ISTE trade show in Philadelphia showcasing MyStemKits, the E3 printer and the ClassVR AR/VR headsets and platform for education.

### *Strategic Partnerships*

The company has been exploring strategic partnerships with a number of community and corporate enterprises who are using STEM education programs as a core component of their community outreach programs. The Company announced the completion of its first such partnership during the March 2019 quarter, partnering with The Meemic Foundation to deliver the Company's STEM products to 40 selected schools. And during the June 2019 quarter, established preliminary relationships with the Boy Scouts of USA and the Cal Ripkin Senior Foundation for the rollout of 3D printing and MyStemKits.

— 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 Robo that could cause actual results to differ from the results expressed or anticipated in these statements.

## Further information

### INVESTORS:

**Tim Grice** — Executive Director  
STEMify Limited  
tim@robo3d.com

## About STEMify Limited

STEMify Limited is a company listed in Australia focused on developing and marketing STEM education curriculum in various countries, substantially the USA, utilising interactive tools including 3D printing.

The company now operates through its USA subsidiary, MyStemKits, Inc:

## 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 recognised 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 US\$20 million was invested into the development and extensive testing in the classroom.

To learn more about MyStemKits, visit: [www.mystemkits.com](http://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**

STEMIFY LIMITED

**ABN**

20 009 256 535

**Quarter ended ("current quarter")**

30 June 2019

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	311	2,407
1.2 Payments for		
(a) research and development	-	(31)
(b) product manufacturing and operating costs	(53)	(700)
(c) advertising and marketing	(15)	(104)
(d) leased assets	-	-
(e) staff costs	(266)	(2,689)
(f) administration and corporate costs	(276)	(1,287)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	2
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)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(299)</b>	<b>(2,402)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	(1,239)
(c) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
(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 (see note 3)	-	-
2.5 Other (provide details if material)	(10)	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(10)</b>	<b>(1,239)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	-	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	-	(215)
3.5 Proceeds from borrowings	293	293
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>293</b>	<b>3,328</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of quarter/year to date	27	351
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(299)	(2,402)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(10)	(1,239)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	293	3,328



<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	1	(26)
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>12</b>	<b>12</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	12	27
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>12</b>	<b>27</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 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

**Current quarter  
\$A'000**

129

-

Payments to Stemify Limited Directors and related entities for the June 2019 quarter.

**7. Payments to related entities of the entity and their associates**

- 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

**Current quarter  
\$A'000**

-

-

-

8. <b>Financing facilities available</b> <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	1,300	1,215
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 (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. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Research and development	(41)
9.2 Product manufacturing and operating costs	(329)
9.3 Advertising and marketing	(37)
9.4 Leased assets	-
9.5 Staff costs	(196)
9.6 Administration and corporate costs	(202)
9.7 Other (provide details if material)	(410)
<b>9.8 Total estimated cash outflows</b>	<b>(1,215)*</b>

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

Note to item 9.7: includes legacy creditor settlements of \$220,000 and capital raising costs of \$190,000.

10. <b>Acquisitions and disposals of business entities</b> <b>(items 2.1(b) and 2.2(b) above)</b>	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	-	-

### 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: 29 July 2019 .....

Company secretary

Print name: Maggie Niewidok .....

### 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.