



ASX ANNOUNCEMENT

ASX: SF1 | 31 October 2019

SEPTEMBER 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 September 2019.

KEY HIGHLIGHTS

- US\$400k of operating cash receipts for the quarter, c. 75% higher than the prior quarter
- Operating loss of c. US\$25k for the quarter, a 50% improvement on the prior quarter and 90% below the December 2018 quarter
- STEMify well positioned to deliver breakeven performance in the December 2019 quarter
- MyStemKits expanded into 46 States, new Tier 1 resellers onboarded and delivering sales
- Successful delivery and implementation of district-wide rollouts of 3D printers and MyStemKits setting up the Company for ongoing revenue opportunities in 2020
- Emerging revenue opportunity via strategic partnerships with several foundations focused on STEM initiatives in schools by providing equitable access to technology and instruction

CORPORATE UPDATE

On 30 July 2019, a General Meeting of the Company's Shareholders was held and Shareholders granted approval for the consolidation of its issued capital on a one (1) for forty-five (45) basis to reduce the number of Shares on issue from 558,868,914 Shares to approximately 12,419,309 and the a placement of 112,500,00 Shares at an issue price of 2 cents per Share on a post Consolidation basis to raise placement funds of \$2,250,000 (before costs) .

In addition, Shareholders also approved the conversion of approximately \$1.3m in secured and unsecured debt owed to the Company's major creditor, Denlin Nominees Pty Ltd to 25,000,000 shares on a post consolidation basis at a deemed price of 2 cents per Share. The Company and Denlin Nominees have agreed that the issue of the Conversion Securities will be in full and final settlement of the Conversion Liabilities and all security given by the Company in respect of the Conversion Liabilities will be released.

SEPTEMBER 2019 QUARTERLY CASH FLOW COMMENTARY

The September quarter reinforced the strategic decision to focus on the integrated hardware and software strategy of combining Robo's 3D printer hardware and complementary MyStemKits K-12 curriculum. Combined with its online Teacher Certification product and professional development products, this bundled “end-to-end” solution is proving to be a key differentiator for teacher, schools, districts and other out-of-school providers. MyStemKits has now been sold into 46 States across the USA, demonstrating the expanding product awareness with end user schools and channel partner sales teams

Key highlights for the quarter include:

Sales:

- Implementation of Company's largest education sale to date, with district wide roll-out of (2) Robo E3 printers and filament to each of the 69 elementary schools in Fresno Unified School District in California, in conjunction with Tier 1 reseller Troxell-CDI, with trials of MyStemKits underway.



- District wide rollout of 3D printers into 34 elementary schools in the Oklahoma City Public Schools in partnership Cal Ripken Snr Foundation, with trials for MyStemKits underway.
- 3D printing pilot launched into middle schools in Howard-Suamico School District in Wisconsin with potential for further expansion in coming months.
- Largest MyStemKits implementation since acquisition, with professional development and MyStemKits' "School Plan" rollout across Leon County in Florida facilitated by our curriculum partner, Florida State University.
- MyStemKits gaining strong traction given its unique positioning as a deep, broad curriculum offering to support the introduction and use of 3D printing as part of integrated STEM offerings.
- Establishment of strategic reseller relationship, and completion of first sale of ClassVR's VR headsets and curriculum/content for K-12 schools as part of broader STEM offering.

Customer Expansion:

- Further expansion of partnerships with Cal Ripken Snr Foundation and the Meemic Foundation with further involvement in STEM Lab rollouts planned for 2020.
- Completion of onboarding of major new resellers and first delivery of sales to their school customers from UDT, Tierney Brothers, SHI and Nasco.

Product:

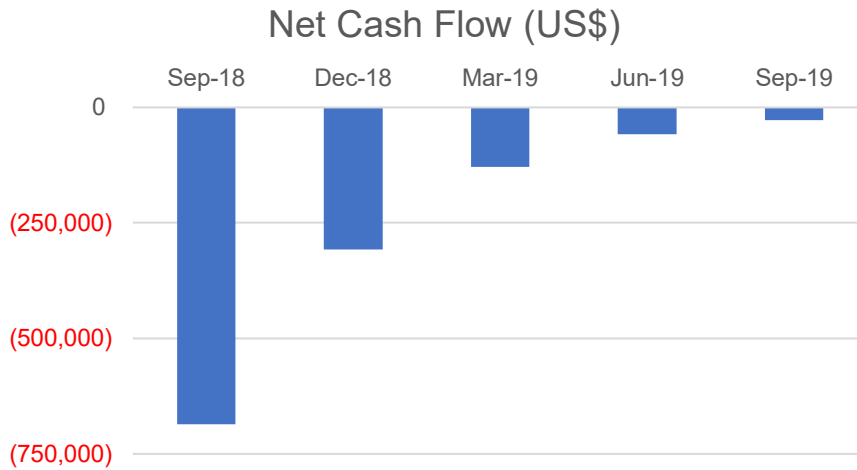
- Establishment of strategic reseller relationship, and completion of first sale of ClassVR's VR headsets and curriculum/content for K-12 schools as part of broader STEM offering.
- Additional integration of MyStemKits lesson plans and Robo into projects with other STEM products including Sam Labs (www.samlabs.com) and the Labdisc from Boxlight (www.boxlight.com) providing cross-technology leverage for schools and our resellers.
- Development and first sale of professional development workshops from Edusape (www.edusape.com), a specialist professional development company based in New York. This is expected to drive new business opportunities as budgets for professional development for STEM subjects increases in importance.

Operating Net Cash Flow

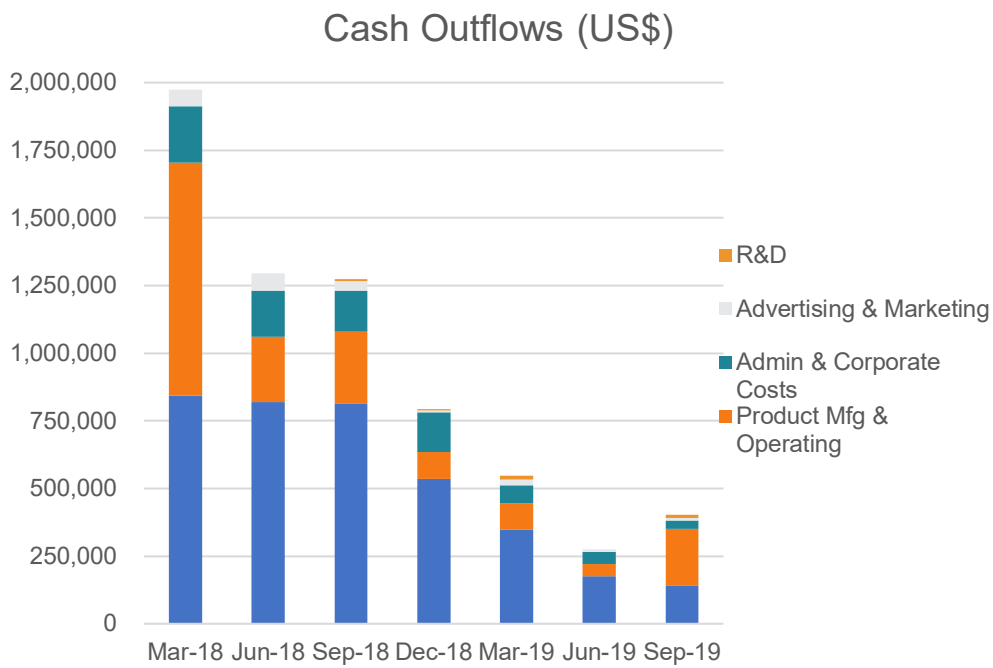
The Company's strategic focus on K-12 education market, the Company has continued to gather momentum generating almost US\$400k of operating cash receipts for the quarter, c. 75% higher than the prior quarter. There has been continued focus on streamlining of operations which have now delivered beyond the full impact originally proposed, with fixed operating costs in the USA operating company now stable at around US\$60k per quarter. As a result, the Company has been able to generate strong cash operating flows resulting in an operating loss of c. US\$25k for the quarter, a 50% improvement on the prior quarter and 90% below the December 2018 quarter.

The completion of the capital raising in September combined with the purchase order financing and accounts receivable factoring facilities in place means the USA operating company is sufficiently capitalised to fund the working capital requirements as sales volume grows.

Given the improved gross margins with the Robo E3 and the MyStemKits software bundles, the USA operating company is well positioned to become cash flow positive during the December quarter provided the current sales pipeline converts as expected.



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



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

— 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

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 September 2019

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	578	578
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(296)	(296)
(c) advertising and marketing	(9)	(9)
(d) leased assets	-	-
(e) staff costs	(238)	(238)
(f) administration and corporate costs	(550)	(550)
1.3 Dividends received (see note 3)	-	-
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	(514)	(514)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	(51)	(51)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 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)	-	-
2.6 Net cash from / (used in) investing activities	(51)	(51)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	2,213	2,213
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	-	-
3.5 Proceeds from borrowings	18	18
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)	-	-
3.10 Net cash from / (used in) financing activities	2,231	2,231

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	12	12
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(514)	(514)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(51)	(51)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	2,231	2,231

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(2)	(2)
4.6	Cash and cash equivalents at end of quarter	1,676	1,676

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	1,676	12
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)	1,676	12

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**

93

Payments to Stemify Limited directors and related entities for the September 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**

-

-

NA

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	-	-
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.		
NA		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	(346)
9.3 Advertising and marketing	(12)
9.4 Leased assets	-
9.5 Staff costs	(349)
9.6 Administration and corporate costs	(110)
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	(817)

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	-	-

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.



31 October 2019

Sign here:
Director

Date:

Print name: Tim Grice
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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.