



ASX ANNOUNCEMENT

ASX: SF1 | 31 January 2020

December 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 31 December 2019.

KEY HIGHLIGHTS

- Stablisation of operating cost base for the USA business, with quarterly operating cash flow loss of c. US\$35k for the quarter, in line with prior quarter (-US\$27k) and c. 90% lower than the prior corresponding December 2018 quarter.
- US\$250k of operating cash receipts for the quarter, down 33% to prior quarter broadly in line with expectations due to seasonality of school buying seasons (and leading into end of term and school holidays).
- Expanding relationships with several foundations focused on providing equitable access to technology and instruction.

CORPORATE UPDATE COMMENTARY

During the December quarter, the Company established a buyback facility for unmarketable parcels held by shareholders and held its annual general meeting.

Further to its announcement on 30 October 2019 the Company is pleased to advise that today it has completed the Unmarketable Parcel Sale Facility (**Facility**).

This offer applied to shareholders who at 5.00pm (AWST) on 25 October 2019 (**Record Date**) were holders of shares in STEMify with a market value of less than \$500 based on the price of STEMify shares trading on ASX of \$0.027 per share on the Record Date. The Facility enabled shareholders with less than a marketable parcel the opportunity to sell their shares without incurring any brokerage or handling costs.

The Company received share retention forms from 132 shareholders holding 226,368 shares, who chose to retain their shares despite being eligible to participate in the Facility. The number of shares eligible to be sold under the Facility was 1,820,523 from 2,701 shareholders. The shares were sold at a price of \$0.023 per share and the proceeds from the sale will be distributed to shareholders who participated in the Facility shortly by the Company’s registry, Advanced Share Registry.

Following the sale, the total number of shareholders has reduced from approximately 3,050 to 310 resulting in significant ongoing savings to the Company associated with maintaining the register.

At the Company’s AGM, held in Sydney 30 November all resolutions were passed including the placement of 5 million new shares at \$0.02 to non-executive director, Jonathan Pearce.

DECEMBER 2019 QUARTERLY CASH FLOW COMMENTARY

In the December quarter operations were focused 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



solution is being positively received by teachers, schools, districts and other out-of-school providers. MyStemKits has now been sold into 46 States across the USA.

Key Highlights for the quarter include:

Sales:

- First significant sales in Florida (home to 4 of the 10 largest school districts in the USA) with UDT, the leading education technology reseller in Florida, with Robo 3D printers standardized across two of the school districts.
- Continued growth of national USA reseller Mackin, a leading provider of technology and curriculum solutions into libraries.
- Development of educational opportunities with sales into Italy and particularly Mexico, with a phase 1 rollout in Monterrey (capital of the state of Nuevo León).

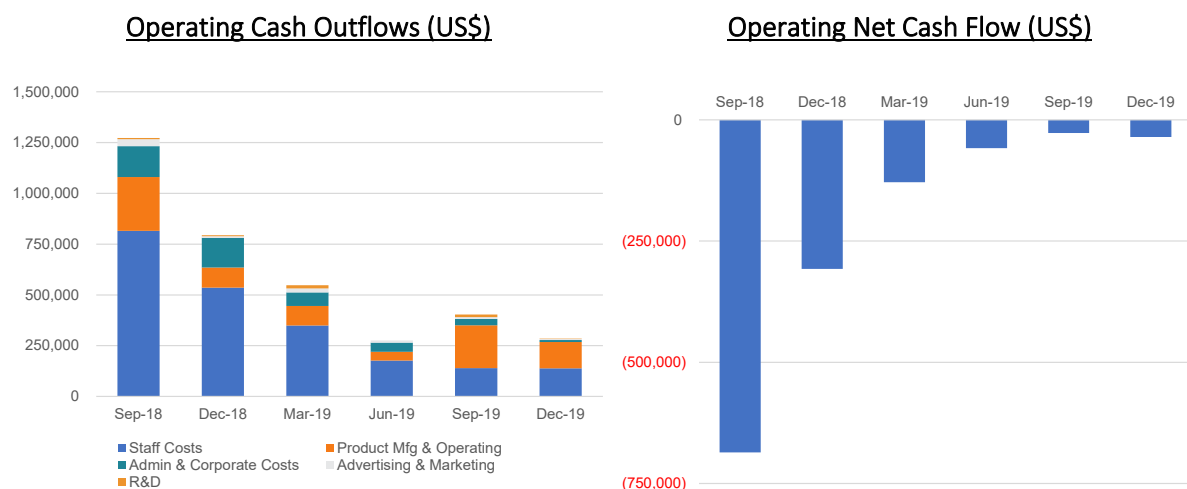
Product:

- Release of 25 new design challenges on the MyStemKits platform, each incorporating the use of 3D printing into student-focused design challenges.
- Further development of 200+ new “Ideas for Implementation” that leverage existing MyStemKits lesson plans to all grade levels (where lessons are currently targeted at a sub-set of the K-12 population).

Operating Net Cash Flow

The Company generated c. US\$230k of operating cash receipts for the quarter, 33% below the prior quarter and generally in line with expectations given the seasonality of the school purchasing cycles. The lower cash flows were offset by lower inventory purchases compared to the prior period, as inventory levels were managed in line with expected demand.

The streamlining of fixed operating costs, which have now delivered beyond the full impact originally proposed, is now stable at around US\$60k per quarter. As a result, despite the USA operating business generating lower cash inflows than the prior quarter, it was still able to record operating cash flow loss of c. US\$35k for the quarter (vs. US\$27k for the Sept-19 quarter), and c. 90% below the prior corresponding December 2018 quarter.



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

This announcement is authorised by the Board of Directors of the Company.

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")

31 December 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	336	914
1.2 Payments for		
(a) research and development	(3)	(3)
(b) product manufacturing and operating costs	(189)	(485)
(c) advertising and marketing	(8)	(17)
(d) leased assets	-	-
(e) staff costs	(223)	(461)
(f) administration and corporate costs	(267)	(817)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	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)	-	-
1.9 Net cash from / (used in) operating activities	(353)	(867)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	(51)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 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)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	100	2,313
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
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	100	2,331

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	1,676	12
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(353)	(867)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	(51)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	100	2,331

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	(2)
4.6	Cash and cash equivalents at end of quarter	1,423	1,423

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	1,423	1,676
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)	1,423	1,676

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**

21

Payments to Stemify Limited directors and related entities for the December 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	(3)
9.2 Product manufacturing and operating costs	(218)
9.3 Advertising and marketing	(8)
9.4 Leased assets	-
9.5 Staff costs	(224)
9.6 Administration and corporate costs	(229)
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	(682)

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 January 2020

Sign here:  Date:

Director

Tim Grice

Print name:

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.