



## ASX ANNOUNCEMENT

ASX: SF1 | 6 February 2020

# STEMIFY to dispose of main undertaking

STEMify Limited (ASX:SF1) (**STEMify** or **Company**) advises it has entered into an asset purchase agreement (**Agreement**) with Boxlight Corporation (**BOXL**) to dispose of the Company's 3D printing hardware and the MyStemKits K-12 curriculum business (**Business**) to BOXL (**Proposed Transaction**).

BOXL is a leading provider of technology solutions for the global learning market, is listed on the NASDAQ (NASDAQ:BOXL) and generated revenue of US\$39.7m for the 12 months ended 30 September 2019. BOXL provides whole-class learning, small-group collaboration, formative assessment and STEM-based learning solutions to the global K-12 education market. These solutions include software and classroom technology that enable teachers to easily and effectively enhance student outcomes and build essential skills such as critical thinking, collaboration, communication, and creativity.

BOXL CEO, Harold Bevis commented:

*"The acquisition of STEMify's 3D printing hardware and MyStemKits K-12 curriculum business supports our strategic expansion of solutions for K-12 classrooms, and our specific focus on STEM education. 3D printing is a foundational STEM technology that students of today can leverage in their future professions. We are now uniquely positioned to offer a comprehensive suite of STEM solutions, complete with our Labdisc portable STEM lab, Mimio Mybot robotics and coding solution, STEM specific training and professional development, and both the Robo 3D and MyStemKits branded 3D printing hardware and curriculum."*

Under the Agreement, which is subject to shareholder approval and other conditions precedent, BOXL will acquire the Business for US\$600,000, comprising a US\$250,000 cash payment at completion and US\$350,000 to be paid in 4 equal quarterly cash payments after completion and commencing 28 April 2020 (accrues interest at 7% pa). Additional key terms of the Agreement are set out in more detail below.

As the Business is the only undertaking of the Company, shareholder approval pursuant to Listing Rule 11.2 is required for the Proposed Transaction. The Company is currently finalising a Notice of Meeting in relation to the Proposed Transaction, which will be dispatched to shareholders shortly.

### Additional key terms of Proposed Transaction

1. BOXL will acquire the Business by acquiring or assuming substantially all of the assets and liabilities comprising the Business from the Company. The assets being acquired by BOXL include all equipment and inventory, material contracts, licenses, accounts receivable after completion and intellectual property relating to the Business. The liabilities being assumed by BOXL include all payables and expenses with respect to the material contracts and licenses being assumed by BOXL from completion, and the accrued entitlements of certain employees transferring to BOXL at completion (approx. US\$25K at 31 Dec 2019). Assets excluded from the sale include existing and new accounts receivable of the Business up to completion (approx. US\$72K at 31 Dec 2019) and excluded liabilities include accrued entitlements of certain employees (approx. US\$3K at 31 Dec 2019) and other operational liabilities in the ordinary course of business (approx. US\$74K at 31 Dec 2019), which will be retained by the Company.
2. An adjustment will be made to the consideration payable by BOXL for the Business at completion to account for payables and expenses assumed by BOXL under the Proposed Transaction (approx. US\$25K at 31 Dec 2019).
3. The Proposed Transaction is subject to a number of conditions precedent by 31 March 2020, including:
  - the Company's existing license agreement with the Florida State University Research Foundation Inc. being assigned to BOXL, with all future obligations to be assumed by BOXL for the remaining 4 years of that agreement;



- BOXL assuming the obligation to make all future revenue share payments under the MyStemKits purchase agreement to MyStemKits.com LLC (the original vendors of the MyStemKits business into the Company);
  - no material adverse changes with respect to the Business prior to completion; and
  - the Company obtaining all necessary shareholder approvals, including approval under Listing Rule 11.2.
4. The maximum amount recoverable by either the Company from BOXL or by BOXL from the Company is the consideration for the Proposed Transaction (other than to the extent of fraud or wilful deceit of the defaulting party).
  5. The Company makes representations and warranties in favour of BOXL which are customary for a transaction of this nature.

### **Rationale for Proposed Transaction**

The Company has recently been focused on sales and marketing efforts in the K-12 STEM education market, principally in the USA, as a provider of hardware product (3D printers) and software (MyStemKits curriculum) bundled offerings to the STEM education market. While the Company is confident the Business can be successfully scaled, the time and capital required to do so in the current STEM education market (featuring long sales cycles, greater seasonality and an increasing demand for broader, multi product, solutions) may be greater than anticipated. The consideration payable by BOXL for the Business represents a significant premium to the carrying value of the assets of the Business and disposing of the Business would provide the Company the opportunity to look for other suitable assets and businesses which may be more accretive to shareholder value.

A general meeting of shareholders will be held around mid-March and, assuming shareholders approve the Proposed Transaction, it is expected that the cash position of the Company will be approx. AU\$1.5m following the upfront BOXL payment of US\$250K and payment of working capital liabilities incurred prior to completion. A further US\$350K will be received by the Company from BOXL in 4 equal quarterly payments in the year following completion (representing approx. AU\$520K). As the operating assets of Business will have been acquired by BOXL, the Company does not expect any revenue in the June quarter and beyond if the Proposed Transaction proceeds. Operating costs associated with the Business will also cease. Further details in relation to impact of the Proposed Transaction on the Company, including a pro-forma statement of the Company's financial position, will be included in the Company's Notice of Meeting in relation to the Proposed Transaction.

The funds received from the Proposed Transaction will provide capital to the Company which will be used to contribute to the funding required to sourcing and acquiring a suitable new business opportunity including conducting due diligence and ASX re-compliance costs.

The Proposed Transaction will not result in any changes to the Board of the Company.

### **Disposal of main undertaking**

ASX will generally continue quotation of the Company's securities for up to six months from the date of the agreement to dispose of its main undertaking to allow the Company time to complete the disposal and to identify, and make an announcement of its intention to acquire, a suitable new business. There may be other reasons why ASX may suspend quotation of the Company's securities prior to the expiry of this six month period. The acquisition of a suitable new business will require the Company to re-comply with Chapters 1 & 2 of the Listing Rules and include a requirement for shareholder approval under Listing Rule 11.1.2.

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

— ENDS —



## Further information

### INVESTORS:

**Tim Grice** — Chairman

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**Maggie Niewidok** – Company Secretary

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## 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)