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The Manager  
Market Announcements Office  
Australian Securities Exchange  
Exchange Centre  
20 Bridge Street  
SYDNEY NSW 2000

### **Update on the Disposal of MyStemKits to Boxlight Corporation**

On 6 February 2020, Stemify Limited (SF1) lodged an announcement with the ASX regarding the potential disposal of its 3D printing hardware and MyStemKits K-12 curriculum business ('Business') to Boxlight Corporation ('BOXL') ('Disposal') ('Disposal Announcement'). The Disposal Announcement contained the following terms of the Disposal ('Terms'), amongst others:

*"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."*

The Disposal Announcement confirmed that the Disposal would be subject to shareholder approval for the purposes of Listing Rule 11.2 and subsequently, the Disposal was approved by SF1 shareholders on the 19<sup>th</sup> of March 2020.

On the 21<sup>st</sup> of April 2020, SF1 lodged an announcement with the ASX confirming completion of the Disposal.

On the 29<sup>th</sup> of January 2021 SF1 lodged its Quarterly Activities Report for the quarter ended 31 December 2020 ('Report') with the ASX and in the Report, SF1 stated:

*"Under the sale and purchase agreement with Boxlight, the Company was also owed US\$350,000 by Boxlight, payable in four (4) separate instalments with the first payment due end of July and quarterly thereafter. The initial two instalments, due July 31 2020 and October 31 2020 were subject to the operating performance of the acquired MyStemKits assets however the impact of COVID-19 restrictions on school purchasing resulted in significantly lower sales. Pursuant to the conditions in the asset purchase agreement, the Company does not expect to receive any payment for these instalments. The remaining two instalments of US\$87,500 due January 2021 and April 2021 are not subject to any operational performance criteria and are due and payable when they fall due."*

The Company confirms that the imposition of performance milestones in relation to the payment of the initial two quarterly payments, each for US\$87,500, was agreed between the Company and BOXL pursuant to a letter agreement dated 17 April 2020 ('Letter Agreement') which varied the original asset purchase agreement dated 3 February 2020. By way of background to the Letter Agreement,



the outbreak of the Covid-19 pandemic had resulted in there being a level of uncertainty about the ability of the Business to generate the level of revenue as had been anticipated by BOXL and the Company during the negotiations of the original Terms.

As a result, the Company agreed that the payment of the first and second quarterly cash payments, each for US\$87,500, would be contingent on the gross revenue of the Business being materially the same for the quarters ending 31 July 2020 and 31 October 2020 as the forecast revenue as set out in the management budgets for the Business for those periods. The forecast revenue of the Business in the management budgets for the quarter ending 31 July 2020 was US\$368,000. The forecast revenue of the Business in the management budgets for the quarter ending 31 October 2020 was US\$485,000. Where the actual gross revenue of the Business for these two periods was materially below the forecast revenue, BOXL reserved the right to review and discuss with the Company the potential adjustment of the first and second quarterly payments, each for US\$87,500.

Specifically, the Letter Agreement (which was executed by Jonathan Pearce and Ryan Legudi on behalf of the Company) included the following clause:

*“In addition to the potential adjustments to the Purchase Note set forth in the Purchase Agreement, the Seller has provided Boxlight with a monthly management forecast for the period from April 2020 to December 2022. Pursuant to our discussions including the impact of the Covid-19 pandemic, Boxlight has been advised that there is a degree of uncertainty over the ability of the Seller to meet these budgets for the quarter ending July 31, 2020, and the quarter ending October 31, 2020. Corresponding with these periods are two scheduled instalment payments due to be paid by Boxlight under the Purchase Note of \$87,500 for each respective period, for a total amount of \$175,000. Accordingly, the Seller acknowledges that if the actual gross revenue of the businesses of the Seller acquired by Boxlight for these periods is materially below the budget, Boxlight reserves the right to review and discuss in good faith with the Seller a potential adjustment to the outstanding payment amounts payable under the Purchase Note for those two instalments.”*

(‘Varied Terms’)

The Company did not consider the Varied Terms to be material at the time of the variation, given the size of SF1, the overall consideration for the Business and the fact that the Business had commitments for sales which would have resulted in the actual revenue of the Business for May and June being materially the same as the forecast revenue of the Business for May and June as set out in the management budgets. These committed sales did not complete due to the closure of schools as a result of the Covid-19 pandemic. The Company did not disclose the Varied Terms to the market at an earlier time as it did not consider the existence of the Varied Terms would have a material effect on the price or value of the Company’s securities and therefore did not consider that they required disclosure under Listing Rule 3.1. The only disclosure that the Company has made regarding the Varied Terms is in the Report (released on 29 January 2021). There is no other agreement relating to the Disposal which has not been disclosed to the market.

Unfortunately, the Business has not performed as well as hoped as a direct result of the Covid-19 pandemic in the United States and this has resulted in the milestones described above not being met. As a result, the first and second quarterly cash payments, totalling US\$175,000, will not be received. SF1 still expects to receive the final two quarterly cash payments from Boxl, totalling US\$175,000, as these are not subject to any milestones.



ASX has advised the Company that as a result of Varied Term the Listing Rule 11.2 approval that was obtained by SF1 on 19 March 2020 is not valid and SF1 must seek approval from shareholders in accordance with Listing Rule 11.2 for the Disposal.

If SF1 shareholders do not approve the Disposal under the new Listing Rule 11.2 resolution then SF1:

- a) proposes to continue with its proposed acquisition of Swoop and Node and re-compliance with Chapters 1 and 2 of the ASX Listing Rules; and
- b) does not propose to make any changes to the terms of the Disposal as the completion of the Disposal has already occurred.

This announcement is authorised by the Board.