



## MYFIZIQ LIMITED APPENDIX 4C COMMENTARY

31 MARCH 2018

### Highlights:

- **WellteQ partnership announced**
- **Prudential Proof of Concept ("PoC") announced**
- **MyFiziq granted patent in the USA**
- **Body Composition Technologies Pte Ltd ("BCT") prototype app, completed by MyFiziq**
- **BCT has commenced marketing to insurance partners globally**
- **Preliminary Testing of body fat calculation showing significant results**
- **Stepathlon (Ravi Krishnan, India strategic partnership) / MyFiziq platform integration commenced**
- **Android software development kit build underway**
- **Single user application tutorial video launch**

The Board of MyFiziq Limited (ASX:MYQ) ("**MyFiziq**" or the "**Company**") is pleased to provide shareholders with an overview of activities for the quarter ending 31 March 2018.

**Vlado Bosanac, Chief Executive Officer of MyFiziq said:** "It has been a very focused quarter for the Company having multiple builds underway for BCT, WellteQ, Fitocracy and Mayweather. We are well placed across multiple market segments ranging from, fitness, Insurance (BCT), and Wellness (WTQ). We will be looking to further enhancing our offering in the coming quarters as we go to market with new applications such as body fat calculation and Android."

### **WellteQ partnership**

As released to the ASX on the 9<sup>th</sup> of March 2018, the Company announced that it signed a binding term sheet with Australian corporate wellness platform WellteQ to expand the MyFiziq digital tracking capabilities into the 43-billion-dollar global corporate wellness market. Under the commercial terms, MyFiziq will integrate its platform into a number of the existing corporations already utilising WellteQ's state-of-the-art wellness analytics platform. The initial application will be embedded into the WellteQ platform in readiness to be offered and applied to an initial 50 corporate clients and their employees already engaged in the platform. The parties then anticipate that MyFiziq will provide a bespoke Software Development Kit ("SDK") solution to multiple verticals in corporate wellness around the globe.

WellteQ has an existing corporate clientele with both Australian multinationals and Global fortune 500 companies including but not limited to Motorola, NEC, Toll, Qantas, Prudential, Telstra, Sydney Trains, Credit Suisse, Deakin University, King & Wood Mallesons, Northern Trust, and GWSW AFL.

### **Prudential PoC**

Whilst announced to the ASX on the 4<sup>th</sup> of April 2018, much of the ground work for the Prudential Singapore PoC was completed during the previous quarter. The Proof of Concept (PoC) delivers Prudential employees an experience via an integrated MyFiziq / WellteQ wellness smartphone app and real time analytics dashboard. Users have access to create a MyFiziq health avatar which along with, telemedicine, rewards and gamification on a wearable agnostic smartphone app that coaches each user towards better health practices. The benefits of this integrated app extend from the individual into the organization with a data-driven approach to supporting employees to reduce health risk and costs, ultimately improving company bottom line.

**MyFiziq Limited**

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### **MyFiziq granted full patent status for the USA**

Whilst announced to the ASX on 26<sup>th</sup> of April 2018, much of the final work on the US patent (US patent number: 9,949,697) was performed by the Company in the previous quarter. With both the US and Australian patents now issued, MyFiziq will continue work to finalise patents in the following jurisdictions: Canada, China, Europe, India, Japan, New Zealand, Singapore and South Korea.

### **Preliminary Testing of body fat calculation showing significant results**

MyFiziq, on behalf of joint venture partner BCT, has started analysing data collected in collaboration with the University of Western Australia. The aim of this analysis is to enable a prototype of body-fat percentage estimation via proprietary regression techniques we have developed and run through our machine learning models. In parallel, the data is also being used to further refine body circumference measurements for MyFiziq.

Dr Amar el-Sallam said: “Preliminary results from this data collection are very encouraging. We have some very exciting results from the MyFiziq model and the propriety protocol used to estimate total body composition. This will further assist with a number of health risk indicators that have an extremely high correlation to disease and other health conditions.”

### **Body Composition Technologies app development completed and marketing commenced**

Version 1 of the BCT app has been developed by MyFiziq and delivered to the BCT joint venture as planned in Q1 calendar year 2018. Using Version 1 of the app, BCT has commenced marketing to potential insurance partners across Asia Pacific where the technology has been well received. The BCT app is intended to be made available to insurers, followed by consumers, via a SDK to allow insurance companies (or other potential partners) to directly link MyFiziq / BCT technology into their existing eco-systems or via a white label application.

As previously disclosed to the ASX, the new joint venture company (50% owned by MyFiziq), BCT, will work closely with MYQ to develop and deliver a revolutionary diagnostic tool for the medical sector. The first application to be developed using the MYQ technology is intended to deliver body shape and dimension, followed shortly after by body fat estimates.

The initial goal is for this technology to replace Body Mass Index (BMI) as a measure of an individual's body composition for the health and life insurance sector. Access to such a technology will enable insurers to more accurately assess a policy holder's health risk and understand how their policy holders are trending with their body weight and composition. This directly correlates to the management and risk identification of developing chronic health conditions. The technology will also provide insurers and policy holders with a tool that delivers accurate and up-to-date feedback on their current and future health status.

### **Stepathlon (Ravi Krishnan, India strategic partnership) / MyFiziq platform integration**

During the quarter, MyFiziq and Stepathlon commenced working together on an integrated product offering with the view to incorporate the MyFiziq avatar and circumference measurement technology into Stepathlon's wellness platform to provide Stepathlon's existing 340,000 + participants with a re-engagement tool to track their body circumference changes as a direct result of their Stepathlon steps, fitness and wellbeing activities.

Under the commercial terms of the agreement, MyFiziq was to receive a license fee of USD\$1,000,000 subject to Mr Krishnan successfully completing financing by 31 March 2018. Furthermore, an amount of USD\$500,000 was to be paid to the Company to expedite the development of the Android

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application. The Company has entered into a Variation Agreement with Mr Krishnan which has extended the financing funding date from 31 March 2018 to 31 May 2018.

Vlado Bosanac, Chief Executive Officer of MyFiziq, said: “India is a sport driven culture ready for new innovation such as the MyFiziq platform. MyFiziq is currently testing the android applications in house with a view to transform the capability into the cheaper high-volume android smart phones used in India. We look forward to updating the market on our progress in the coming months.”

### **Android SDK build underway**

MyFiziq expanded its Android Development team in January with a view of creating the Android MyFiziq SDK. The team has a wealth of experience in Java and GPU development and has hit the ground running. Whilst still in early stages, the core functionality of the iOS SDK has been replicated in an Android environment and has moved rapidly with in house testing now underway.

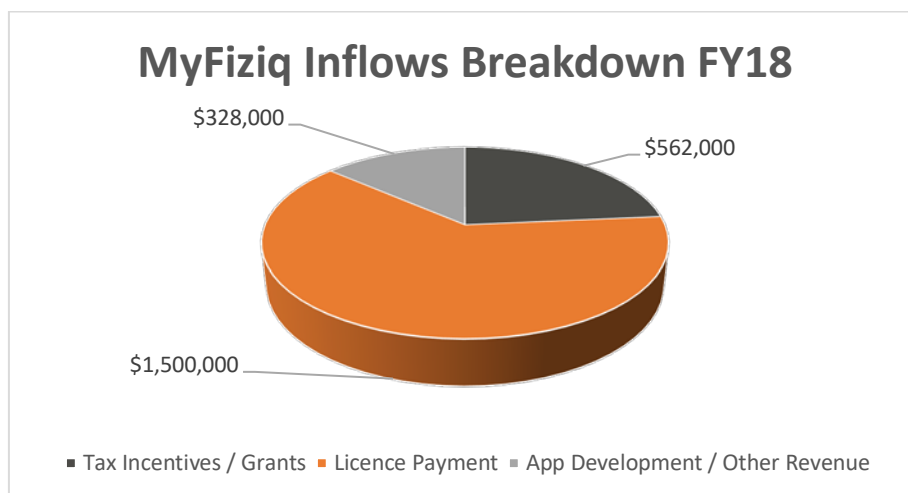
CEO Vlado Bosanac stated: “Our initial plan is to get the Android up to the same level as iOS. My team needs to work through the differences in hardware and what challenges that may present across the multiple android devices we will enable. This is especially crucial with current research and development work focussing on in-device processing as Apple and Android are optimised for different libraries. Once we have achieved this we will look at creating SDK Boilerplate applications for our partners prior to creating a white label version.”

### **Single user application tutorial video launch**

As released to the ASX on the 6<sup>th</sup> of March 2018, MyFiziq announced the launch of the single user application tutorial video. The launch of this video completes MyFiziq’s initial SDK for partners, ready for partner rollouts in 2018 with markets set to adopt this new technology.

### **Quarterly financials**

The Company spent \$860,000 during the quarter, with cash on hand at 31 March 2018 being \$492,000. At the end of the quarter, the \$2,000,000 Convertible Loan facility with Prosser Enterprises Pty Ltd as Trustee for the Prosser Family Trust remained undrawn. In April 2018, the Company made an initial \$500,000 drawdown on the facility as announced to ASX on 18<sup>th</sup> April 2018. For the financial year to 31 March 2018 the Company has received cash inflows of \$2,390,000 (excluding draw down on the facility described in this paragraph), the breakdown of this is below.



## 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**

MyFiziq Limited

**ABN**

85 602 111 115

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

March 2018

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	(7)	1,825
1.2 Payments for		
(a) research and development	(30)	(196)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(68)	(148)
(d) leased assets	-	-
(e) staff costs	(540)	(1,609)
(f) administration and corporate costs	(255)	(1,019)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	3
1.5 Interest and other costs of finance paid	(1)	(1)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	40	562
1.8 Other	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(860)</b>	<b>(583)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(5)	(27)
(b) businesses (see item 10)	-	-
(c) investments	(1)	(1)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
(d) intellectual property	2	(57)
(e) other non-current assets	-	-
<b>2.2</b> Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
<b>2.3</b> Cash flows from loans to other entities	-	-
<b>2.4</b> Dividends received (see note 3)	-	-
<b>2.5</b> Other (provide details if material)	-	-
<b>2.6</b> <b>Net cash from / (used in) investing activities</b>	<b>(4)</b>	<b>(85)</b>

<b>3.</b> <b>Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	-	-
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	-	-
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</b> <b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>-</b>

<b>4.</b> <b>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	1,356	1,160
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(860)	(583)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(4)	(85)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>492</b>	<b>492</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	492	1,356
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>492</b>	<b>1,356</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

<b>Current quarter \$A'000</b>
(145)
-

\$142k - Directors fees/salaries including superannuation

\$ 3k - Legal fees paid to Steinepreis Paganin, an entity associated with Mr Peter Wall

**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

<b>Current quarter \$A'000</b>
-
-

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities	2,000	-
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.		

The Company has a convertible loan facility with Prosser Enterprises Pty Ltd as Trustee for the Prosser Family Trust (the nominee/assignee of NCMAO Investments Pty Ltd as trustee for NCMAO Investments Trust. The maximum facility limit is \$2m and interest accrues daily on each advance at a rate of 8% per annum. On the termination date of 31 December 2019, any advances plus accrued interest that have not yet been repaid will be convertible into shares at an issue price equal to the greater of \$0.30 per share or the 14 trading day volume weighted average price of the Company's shares as traded on ASX prior to the termination date. The Company has made an initial drawdown of \$500k on this facility as announced to ASX on 18<sup>th</sup> April 2018.

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Research and development (including patents)	(65)
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	(55)
9.4 Leased assets	-
9.5 Staff costs	(580)
9.6 Administration and corporate costs	(170)
9.7 Other (provide details if material)	(10)
<b>9.8 Total estimated cash outflows</b>	<b>(880)</b>

<b>10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	<b>Acquisitions</b>	<b>Disposals</b>
10.1 Name of entity	n/a	n/a
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: .....  
Company Secretary

Date: 30 April 2018

Print name: Kevin Hart

**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.