

ASX Code: MYQ

ABN 85 602 111 115

#### Corporate Structure

Issued Capital: ~109M

Options Issued: ~11.45M

Perform Rights: ~15.75M

Share price: \$0.165 (24 Apr '20)

#### CORPORATE DIRECTORY

##### *Non-Executive Directors*

Peter Wall (Chairman)

Mike Melby

Nick Prosser

##### *Chief Executive Officer*

Vlado Bosanac

##### *Company Secretary*

& Chief Financial Officer

Steven Richards

#### CONTACT DETAILS

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## Product Launches, Generating Revenue Top of the Agenda for MyFiziq

**MyFiziq Limited (ASX: MYQ) (MyFiziq or Company)** has today released its Appendix 4C and is pleased to provide its shareholders with an update on its activities for the quarter ending 30 March 2020.

### HIGHLIGHTS

- MyFiziq's **business model** capable of withstanding the impact of COVID-19 and has experienced increased commercial enquiries
- The Company is progressing **product launches** at Evolt, Stryde and Bearn, which are all at an advanced stage, with Mayweather and McGregor FAST, Fitocracy & Boditrax all anticipated to follow by Q3 2020
- Joint venture partner, BCT, launches the Company's **first consumer-facing insurance application** with The CareVoice in Hong Kong
- **46% reduction in net cash used** in operating activities expected over the next quarter, which will reduce the Company's cash burn from \$1,023k to \$550k, without a material impact to business operations
- **Growth on the horizon** with a focus on the conversion of new business to revenue and making enhancements to the MyFiziq technology

### Vlado Bosanac, Chief Executive Officer of MyFiziq said:

"As mentioned in our update to shareholders which was announced on the ASX platform on 30 March 2020 ('Shareholder Update'), with the current world events and ongoing uncertainty around financial markets falling due to the COVID-19 pandemic, MyFiziq's share price has not been immune to negative impacts.

Supported by an experienced board and senior management team, I am extremely pleased with the way our leadership group has responded to these events with substantial cost reductions and no disruption to our team's delivery of release ready applications for our partners. Our cohesion and ability to stay focused has put us in a strong position to identify and action several new opportunities which have come our way.



In accordance with the recent Shareholder Update, the Company has seen an increase in business activity in recent weeks and many of our partners have decided to bring forward their go-live dates.

The increase in business activity has kept our technology team productive. We have also made the necessary reduction in cash burn by reducing overhead expenses by 46% and we have been successful in doing so without impact to operational activities. We believe this will allow us to weather the current storm, whilst also allowing our technology team to progress at maximum capacity on the upcoming product launches.

The current COVID-19 events have heightened the need for quality, reliable telemedicine applications and the Company has had several new enquiries from developers of telemedicine solutions who are dedicated to achieving optimal patient care and outcomes.

The resulting increased demand for MyFiziq's, and BCT's, technology solutions promises a strong end to the current financial year and a promising start to 2020/2021."

## **IMPACT OF COVID-19**

On 15 April 2020, the Company announced that it had signed a Letter of Intent ("LOI") with Serfaty Clinic to identify obesity in Brazil. The LOI will see the Serfaty Clinic commence testing and adapt the MyFiziq application in readiness to entry into the Brazilian market for the identification of the overweight and obese population in Brazil.

The most pleasing aspect of the LOI, is the potential of the Company's technology to make a meaningful contribution to the lives of millions of obesity sufferers by helping identify and monitor the at-risk population relatively quickly and at an affordable price. The breadth of use of the Company's technology once again evident.

What can be gleaned from the above is that the Company's technology is proving its versatility across business verticals. MyFiziq's business model is dynamic and a combination of these factors appears to have created a protective shield around the organisation. This is most invaluable given the macro and socio-economic problems impacting the world today.

## **PRODUCT LAUNCHES**

On 20 April 2020, the Company announced that Body Composition Technologies Pte Ltd ("BCT"), MyFiziq's 50% owned joint venture partner, has launched the Company's first consumer-facing insurance application with The CareVoice in Hong Kong.

Additionally, MyFiziq's technology is in the process of being integrated with several of our partners' consumer facing apps, ready to go-live over the coming quarter. Included, is the launch of the Evolt app through Evolt360, who has a current 600,000+ active user base with an initial target of 100,000 active monthly users. As this will be the group's second public facing app to be revenue generating, we anticipate this to have a positive impact on cash flow as users subscribe.

Our software implementation team is also in the process of interfacing our software with several other partners, namely Bearn, Boditrax, Mayweather, McGregor FAST, Fitocracy & Stryde. Bearn and Stryde are expected to launch their consumer-facing apps by the end of the financial year, with the others scheduled for the next 3 to 6 months, depending on the strategic roadmaps adopted by our partners.

## CONTRACTS

Over the last quarter, the Company signed a binding term sheet with Bearn, LLC and formalised all binding agreements with Fitness Capital (Stryde app).

In addition, the Company's joint venture partner, BCT, not only executed a formal binding contract with The CareVoice, but with the assistance of the MyFiziq development team managed to embed its technology into The CareVoice app to facilitate an extraordinarily rapid product launch. This is a perfect example of our rapid deployment capability with partners that have their technology ready for market. The CareVoice go-live is BCT's first consumer-facing insurance application and the incredible response time mentioned is testament to the development processes we have in place, which governs MyFiziq's drive for effectiveness, efficiency, and superior quality.

## CASHFLOW UPDATE

Net cash used in operating activities is \$1m, compared to \$1.2m last quarter after adjusting for one-off items. However, as mentioned earlier in this report, the Company has not been immune to the impact of current world events. With uncertainty now becoming the norm, the Company has been able to adjust to this *new equilibrium* by reducing its cash burn by 46%.

As Table 1. suggests, the Company has been able to reduce net cash used in operating activities (post-March 2020) by leveraging stimulus packages that have become available, as well as by reducing operating expenses and taxes. This includes negotiating new payment terms with suppliers to effectively reduce non-salary overheads by as much as 90%.

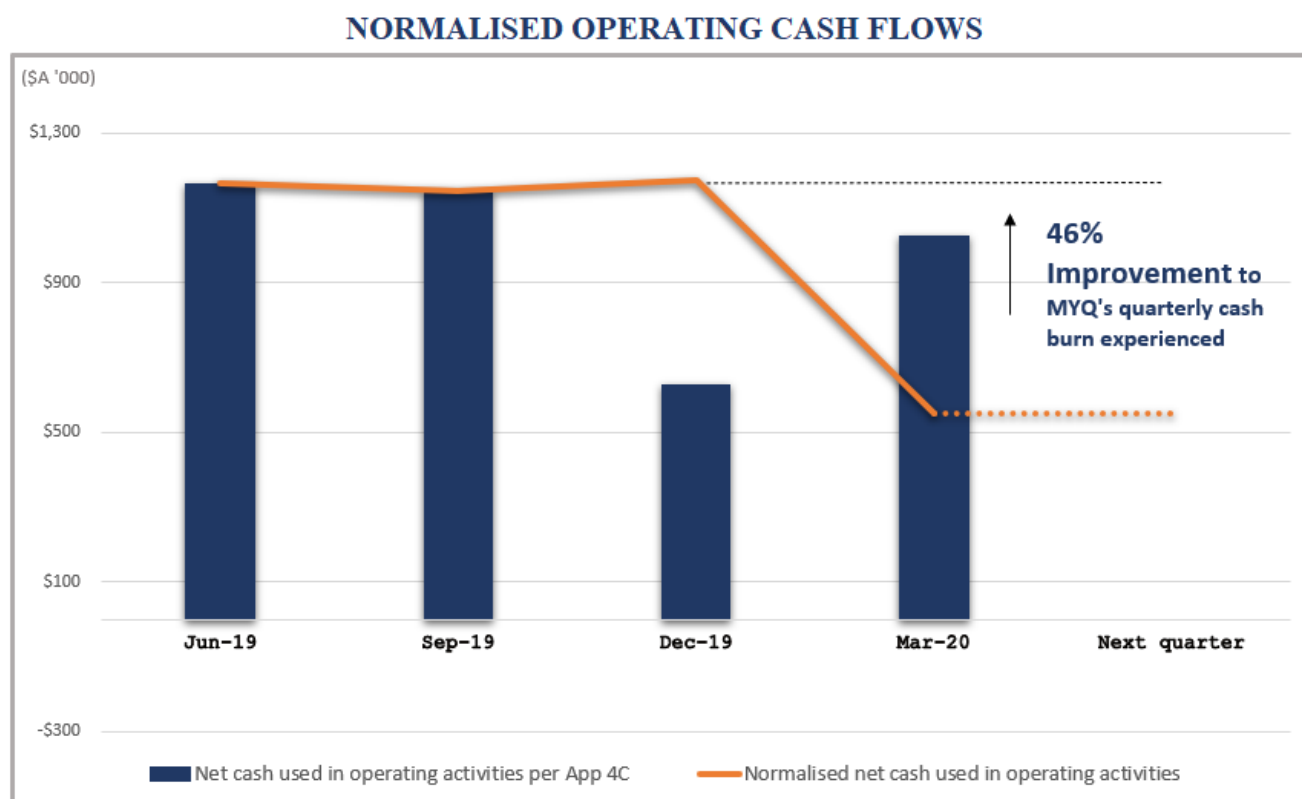
As a result of the cash flow strategies mentioned above, the Company has been able to reduce cash burn to approximately \$550k per quarter from April 2020, down from the \$1m reported this quarter.

IMPACT OF CURRENT WORLD CONDITIONS ON QUARTERLY CASH BURN		\$A '000
Net cash used in operating activities		1,023 <sup>T</sup>
Add-back: reduction in overheads due to current world conditions:		
JobKeeper stimulus		-144
Deferral/ reduction in operating expenses and taxes		-329
Adjusted (normalised) net cash used in operating activities		<u>550</u>
<sup>T</sup> = As per Appendix 4C (March 2020), which includes PAYG and payroll tax deferrals		

Table 1. Impact of current world conditions on quarterly operational cash burn

As a result of a reduced cash burn, which has not had a material effect on operations, the Company can commit enough resources to the increased business activity mentioned earlier in this report.

The graphic below clearly shows how the Company's normalised operating cash flows post-March 2020 is substantially lower than prior to the start of the current pandemic.



As indicated under section 8 of the Appendix 4C schedule, the Company estimates that it will have enough funding available to cover operating activities for the next quarters (2.9 quarters available vs. 2 required). The Company expects spending to increase gradually and return to previous levels as the global economy commences its recovery. Offsetting these rising costs, will be the revenue generated from future product launches, as mentioned earlier in this report.

This will, in effect, balance the cash flow scales and safely allow the Company to reposition itself in the new equilibrium.

#### **NEXT QUARTER PLANNED ACTIVITY:**

- **Product launches**

The focus over the next quarter will be on accelerating product launches of the current partner builds being completed, as well as executing our go-to-market strategy. The product launches we are currently working on are at various stages of completion and while they are pending final launch dates from our partners, they are likely to materialise in the short to medium term. The revenue generated will have a positive impact on cash flows as users subscribe to our partners service offering.

- **Product enhancement**

Whilst it is important to note our application is completely market ready. Our development team continues to make further enhancements to our technology's capabilities, some of which are in the process of being patented. Ultimately, this will make our technology more consumer friendly, ensure rapid return and produce results which are more accurate, repeatable and with new functionality.

Additionally, solutions around the refinement in our data will soon be processed on-device, which will lead to greater privacy and the improved performance will ultimately enhance the user-experience.

This announcement has been approved for release by the board of directors of MyFiziq Limited.

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## **Forward-Looking Statements**

This document may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning MyFiziq Limited's planned partner integrations, forecast partner revenue, and other statements that are not historical facts. When used in this document, the words such as "could," "plan", "estimate," "expect," "intend," "may", "potential", "should," and similar expressions are forward-looking statements. Although MyFiziq Limited believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements.

## **About MyFiziq**

Our mission is to globalize our technology and assist individuals, communities and populations to live better healthier lives by working with governments, healthcare providers and the best health & fitness identities and solutions available worldwide with the data we can provide in the palm of their consumers hands.

Our software as a service solution (SAAS) offering allows flexibility and pricing scale reductions for our partners. MyFiziq partners with highly scaled or scalable new and existing applications and provides them with a deeper insight into the data they wish to retrieve from their users to empower them in their journeys.

Consumers engage daily with multiple needs that require the use or ability to track individual dimensions. Such as dieting, exercising, assessing their health, or simply buying clothing online, the result is a drive toward understanding their personal dimensions or the changes they are undergoing. MyFiziq provides that missing link in other ecosystems.

MyFiziq is a patented technology we have developed with a proprietary image capturing system within a consumer's smartphone, we empower a consumer with the ability to create a representation of their structure in the form of a 3D avatar with accurate circumference measurements. Partners embed our Software Development Kit's (SDK's) into their new or existing applications, and then customize the experience to meet their brand requirements.



MyFiziq has developed this capability by leveraging the power of Computer Vision, Machine Learning and patented algorithms, to process these images on secure, enterprise-level infrastructure, delivering an end-to-end experience that is unrivalled in the industry. Body measurements provide more useful information about physical changes than simply measuring weight. MyFiziq simplifies the collection of these measurements and removes the margin of human error present in traditional methods.

For more information please visit: [www.myfiziq.com](http://www.myfiziq.com)

**For more information contact:**

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## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

MyFiziq Limited

**ABN**

85 602 111 115

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

31 March 2020

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	32	112
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(10)	(33)
(d) leased assets	-	-
(e) staff costs	(628)	(2,174)
(f) administration and corporate costs	(416)	(1,361)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(1)	(3)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	666
1.8 Other (PAYG timing difference)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,023)</b>	<b>(2,793)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(37)	(63)
(d) investments	-	-
(e) intellectual property	(6)	(85)
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	(50)	82
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(93)</b>	<b>(66)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	2,050
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(122)
3.5	Proceeds from borrowings	600	600
3.6	Repayment of borrowings	(78)	(149)
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>522</b>	<b>2,379</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 period	688	574
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,023)	(2,793)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(93)	(66)



Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	522	2,379
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of period</b>	<b>94</b>	<b>94</b>

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	94	688
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)		
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>94</b>	<b>688</b>

**6. Payments to related parties of the entity and their associates**

6.1 Aggregate amount of payments to related parties and their associates included in item 1

6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter  
\$A'000**

35

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Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

The amount under 6.1 includes directors fees (\$34.5k) paid to non-executive directors, as well as legal fees (\$0.5k) paid to an entity related to a director.

**7. Financing facilities**

*Note: the term "facility" includes all forms of financing arrangements available to the entity.*

*Add notes as necessary for an understanding of the sources of finance available to the entity.*

	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1 Loan facilities	2,810	1,310
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	2,810	1,310

7.5 **Unused financing facilities available at quarter end** 1,500

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

The Company has a convertible loan facility of \$2m with Prosser Enterprises Pty Ltd as Trustee for the Prosser Family Trust, of which \$500k has been drawn down. Interest accrues daily on each advance at a rate of 8% per annum. On the new termination date of 30 June 2020, any advances plus accrued interest that has 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 also secured a \$900k convertible note facility with a number professional investors, who are not related parties, which has been fully drawn down. The company repaid \$40k on this facility during the current quarter (\$50k repaid last quarter). Under the terms of the agreement, interest accrues at a rate of 8% and is payable quarterly in arrears with the final repayment due on the new maturity date of 30 June 2020, or such earlier date if the principal is repaid. As approved by shareholders on 27 November 2018, the notes will be converted at an issue price the greater of \$0.30 per share and at a 30% discount to the volume weighted average price for Shares traded on ASX for the period of 14 trading days up to and including the trading day prior to conversion. The investor may elect to redeem the principal in cash. (Refer ASX Announcement 28/9/2018)

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	(550)*
Net cash used per 1.9 (\$1,023k <sup>T</sup> )	
<sup>T</sup> = includes PAYG and payroll tax deferral	
Reduction in overheads due to current world conditions:	
JobKeeper stimulus	\$144k
Deferral/ reduction in operating cash outflows	\$329k
Adjusted Item 1.9	(\$550k)*
8.2 Cash and cash equivalents at quarter end (Item 4.6)	94
8.3 Unused finance facilities available at quarter end (Item 7.5)	1,500
8.4 Total available funding (Item 8.2 + Item 8.3)	1,594
8.5 <b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	<b>2.9</b>

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/a – item 8.5 is greater than 2 quarters

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: Answer: N/a – item 8.5 is greater than 2 quarters

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Answer: N/a – item 8.5 is greater than 2 quarters

### 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.

Date: .....30 April 2020.....

Authorised by: .....By Order of the Board.....  
(Name of body or officer authorising release – see note 4)

### Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.