



ASX Code: MYQ

ABN 85 602 111 115

#### Corporate Structure

Issued Capital: ~101M

Options Issued: ~6.35M

Perform Rights: ~12M

Share price: \$0.24 (24 Oct 2019)

#### CORPORATE DIRECTORY

##### *Non-Executive Directors*

Peter Wall (Chairman)

Mike Melby

Nick Prosser

##### *Chief Executive Officer*

Vlado Bosanac

##### *Company Secretary*

Steven Richards

#### CONTACT DETAILS

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## MYFIZIQ LIMITED APPENDIX 4C COMMENTARY

### Highlights:

- Binding term sheets signed with TicTrac
- Binding term sheets signed with WellKom
- FitLab agreements novated into agreement with MVMNT
- WeSure update
- \$1 million received from ACAM
- Canadian Patent Protection Granted
- Accuracy of MyFiziq Technology Independently Validated
- Chief Financial Officer appointed

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

“This quarter’s focus has been on continuing our drive to commercialisation with new and existing partners, which included novating the FitLab agreements to MVMNT, FitLab’s newly formed digital deployment arm.

As part of our commercialisation strategy, we also hired a new CFO to take charge of the company’s financial strategy and execution. Furthermore, ACAM continued its support with an additional A\$1 million in funding as part of the Subscription Agreement announced to the ASX in June 2019.

We have established formal engagement with MVMNT, Evolt, and Boditrax teams on their specific product integrations and will provide guidance on release timing once agreed with the partner companies.

During the quarter, we received our Canadian patents. With the increased functionality of the technology, we conducted further accuracy validation studies to ensure we are maintaining the minimum previous accuracies reported. Pleasingly the outcome of which validated that our measurement accuracy is equal to, and in some cases better than a 3D Laser scanner.”

### Quarter Highlights

#### **Binding term sheets signed with TicTrac**

MyFiziq and JV partner Body Composition Technologies Pte Ltd (BCT), both signed a non-binding term sheet with Tictrac Ltd (Tictrac). Tictrac is a market-leading Health Engagement and Insurtech company that engages people on their health journey through the thoughtful use of data. The platform combines a user’s lifestyle signals from their smartphones, apps and wearables, with contextual information about their surroundings - guiding them to achieve their health goals.

Under the terms agreed, Tictrac, MyFiziq and BCT have entered into good faith negotiations to execute a formal agreement by Q4 2019, to combine their world class technologies to gamify, engage and ultimately deliver an enhanced product and user experience to all TicTrac’s clients and users.



### **Binding term sheets signed with WellKom**

MyFiziq signed a binding term sheet with UK based corporate wellness provider WellKom Corporate Services Limited (WellKom), to expand the MyFiziq digital tracking capabilities into the multibillion-dollar global corporate wellness market.

Under the binding term sheet, MyFiziq's technology will be integrated into the WellKom platform, in readiness to be offered initially to employers across the UK & Europe as part of performance, engagement and wellness solutions. WellKom will provide white-label solutions to multiple verticals in corporate wellness, insurance and Human resource organisations.

### **FitLab agreements novated into agreement with MVMNT**

MyFiziq novated all previous individual agreements with FitLab LLC into a more comprehensive agreement with MVMNT Inc. (MVMNT), which was established by FitLab LLC to assume control of and deliver all outstanding applications with MyFiziq and FitLab brand partners. Over the past 12 months, the operators and investors behind FitLab have continued to build a deep roster of iconic athlete & sport brand partners, of which MVMNT has now been tasked to deliver. Spearheading the delivery of the applications is Greg Sharp (formerly of Nike, Comcast, EA) and a world-class team of digital product executives.

The MVMNT team is now focused on the development and release of its digital training applications, which will include the MyFiziq technology. The MyFiziq team is working closely with MVMNT's CTO, Greg Sharp, to support the integration of the MyFiziq technology, including user interface designs, back-end implementations, and testing.

### **WeSure update**

During the quarter, MyFiziq provided a progress update of the work undertaken as part of the Framework Agreement with WeSure Limited ("WeSure"), under which each of the companies has agreed to assess the implementation and best user engagement protocols to potentially allow the WeSure and newly developed WeFit application subscribers access to the technology, initially for fitness, wellness and insurance related activities including engagement, origination, health monitoring, and underwriting. The agreement envisages 3 phases of collaboration: testing, validation for China, and commercialization.

MyFiziq continues to devote resources into investigating preferred integration options with the WeChat technical team. WeChat's internal mini app substructure presents complex technical considerations around capture protocols and in-app processing, which both parties are discussing potential solutions for. MyFiziq remain focused on a solution for this opportunity and will continue working with the WeSure team to achieve a result.

### **\$1 million received from ACAM**

During the quarter, MyFiziq received a further A\$1,000,000 under the placement with Asia Cornerstone Asset Management ("ACAM"), as outlined to shareholders on the 4th June 2019, under the updated Subscription Agreement, MYQ will receive A\$5,200,000 in total by December 2019. Over the tranches, the Company will issue a total of 8,666,667 fully paid shares in MYQ at A\$0.60 cents per share.

### **Granted Canadian Patent Protection**

MyFiziq achieved Canadian patent protection (patent # 2,969,762) on 27/08/2019. This adds to the existing regions where MyFiziq holds patents being the USA, China, Japan, Singapore, South Korea and Australia. MyFiziq has prior art status and patents pending in the following regions and will continue work to finalise these patents: Europe, India, and New Zealand.



## **Accuracy of MyFiziq Technology Further Validated**

During the quarter, in order to further validate the accuracy of MyFiziq's patented smartphone technology, Dr Jonathan Staynor, PhD of BCT conducted a further validation study to reaffirm the accuracy of the MyFiziq digital circumference measurements in comparison to the results achieved from a 3D laser. The results of that test confirmed that MyFiziq has excellent correlation between the MyFiziq digital measurements, and the results achieved from a 3D laser accuracy study completed by Kuehnappel et al. in 2016 (Kuehnappel Study).

Dr Jonathan Staynor, PhD said: "In my opinion, the MyFiziq technology performed as good, or better, when compared to the 3D laser scanner; which I would imagine is expensive and relatively difficult to access outside of a clinical or research environment when compared to a smart phone application."

## **New Chief Financial Officer appointed**

MyFiziq appointed Mr Steven Richards to the role of Chief Financial Officer (CFO). In addition to his role, Steven was appointed to the company secretarial role on 25 October 2019 (refer ASX Announcement 25 October 2019).

Steven is a qualified Chartered Accountant with more than 15 years' experience at CFO level. He has worked for a number of top global brands such as PUMA Sports and Quicksilver, working in profitable, high-growth environments. He has also worked for a number of fast-growing technology companies, including HealthEngine and Airscope Industries, where he developed skills as both an "enabler" and a "catalyst" for growth, with a track record of driving bottom line performance.

To round-up his executive experience, Steven also worked for Ramesys Global as a consulting lead in the business transformation space, developing skills as a change agent and business improver (including Corporate Governance). Accordingly, as a result of his diverse background, Steven brings a contemporary financial skillset to the MyFiziq leadership team.

## **Quarterly cashflow and outlook**

Net cash used in operating activities is \$1.1m, down 6.8% from the previous quarter despite an increase in administration and corporate ("Administration") costs of \$62k. The increase in Administration costs is a result of the following material once-off payments –

- Insurance, \$82k
  - ASX fees, \$52k
- TOTAL \$134k**

Taking everything into consideration, the favourable variance mentioned above is an indicator of tightly controlled expenditure, as the company progresses its transition from R&D into commercialisation. Operating activities have been funded by cash generated from financing activities (\$1m), which includes two \$500k tranches received under the placement with ACAM.

## **Cash flow outlook**

The Company had \$440k cash in bank at the end of the current quarter. In terms of cash flow planning, there is adequate cash cover to finance the estimated total cash outflows for the upcoming quarter, as follows –



### **Cash flow outlook (continued)**

- R&D refund of \$666k which has already been received in October (refer ASX announcement 14 October 2019);
- \$1m available under the Subscription Agreement with ACAM (refer ASX announcement 4 June 2019);
- \$1.5m available for drawdown on existing Convertible Note facilities;
- BCT, a company in which MYQ has a 50% interest, is currently completing a capital raising of \$3.5m. Upon completion, MyFiziq will receive cash proceeds of \$1.1m by way of repayment of receivables and license fees of \$500k.

### **Next quarter planned activity**

With our focus on commercialisation over the next quarter, MyFiziq will continue integration and delivery requirements with announced partners as well as actively market and pursue additional opportunities through our verticals and in conjunction with our Joint Venture company BCT. We will continue to cultivate the existing verticals along with the large and growing list of enquiries we are fielding to engage with our technology. 2020 will be a turning point for the company as we have multiple new partners going live with their consumer facing applications.

Ends.

### **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.

### **The MyFiziq Mission:**

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.

## 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")**

30 September 2019

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	38	38
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(3)	(3)
(d) leased assets	-	-
(e) staff costs	(647)	(647)
(f) administration and corporate costs	(532)	(532)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(1)	(1)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,145)</b>	<b>(1,145)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(7)	(7)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(d) intellectual property	(48)	(48)
	(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	77	77
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	<b>Net cash from / (used in) investing activities</b>	<b>22</b>	<b>22</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	1,050	1,050
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	(61)	(61)
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)	-	-
3.10	<b>Net cash from / (used in) financing activities</b>	<b>989</b>	<b>989</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	574	574
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,145)	(1,145)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	22	22
4.4	Net cash from / (used in) financing activities (item 3.10 above)	989	989

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of quarter</b>	<b>440</b>	<b>440</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	440	440
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>440</b>	<b>440</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

Current quarter \$A'000
38
-

Directors fees

**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
-
77

The figure in 7.2 represents cash received, following repayment of a loan to BCT Australia Pty Ltd, which is a wholly owned subsidiary of Body Composition Technologies Pte Limited, a company in which MYQ has a 50% interest.



8. <b>Financing facilities available</b> <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	2,900	1,400
8.2 Credit standby arrangements	-	-
8.3 Other	-	-
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.		

8.1 - 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 termination date of 31 December 2019, 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. 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 maturity date of 31 December 2019, 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)

9. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Research and development (including patents)	(39)
9.2 Product manufacturing and operating costs	
9.3 Advertising and marketing	(82)
9.4 Leased assets	
9.5 Staff costs	(667)
9.6 Administration and corporate costs	(511)
9.7 Other (Capital Raise Fees & Debt Movement)	(70)
<b>9.8 Total estimated cash outflows <sup>1</sup></b>	<b>(1,369)</b>

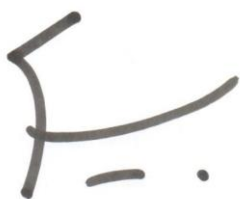
<sup>1</sup> The Company had \$440k cash in bank at the end of the current quarter. In terms of cash flow planning, there is adequate cash cover to finance the estimated total cash outflows for the upcoming quarter, as follows –

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10.	Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
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: .....

Date: 31 October 2019

Company Secretary

Print name: Steven Richards

### 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.