

## ASX Release

### COMPANY UPDATE & APPENDIX 4C QUARTER ENDED 30 JUNE 2017

Novita Healthcare Limited (ASX: NHL) (“**Novita**” or the “**Company**”) has today released its Appendix 4C Quarterly Consolidated Statement of Cash Flows for the period ending 30 June 2017.

#### KEY HIGHLIGHTS

- **Strong progress made towards commercial launch of TALI**
  - Enrolled the first Victorian school in the beta version of TALI Train Generation 0.1 to extend application beyond clinics and develop additional distribution models.
  - Increased number of user licenses assigned to clinics and number of training courses completed.
  - Product development of Tali Train on schedule for launch in Q2 FY18.
  - Received \$50,000 Innovation Connection Grant from Department of Industry, Innovation and Science to fund further TALI Detect research trials.
- **Acquisition of Newly (completed on 21 July 2017)**
  - Newly is an innovative online marketplace providing an enhanced recruitment solution for the aged/community and disability care sector.
  - Newly was acquired for an initial payment of \$1.0 million in new fully paid ordinary shares in Novita and a deferred cash earn out.
- **Announced \$3.5 million equity raising in July to fund growth**
  - The Company successfully raised \$0.5 million in the first tranche of an oversubscribed two tranche placement to sophisticated and institutional investors. The second tranche of \$2.0 million will be issued following shareholder approval at an EGM to be held on 18 August 2017.
  - Up to an additional \$1.0 million via a Non-Renounceable Rights Issue.
  - Funds provide balance sheet support for the accelerated commercialisation of Novita’s assets.
- **Finalised new corporate structure and competed rationalisation of cost base to set a strong foundation for future growth**
  - Net operating cash outflows down 33% from previous quarter (from \$0.3 million to \$0.2 million), continuing the program initiated in the December quarter.

## FINANCIAL UPDATE

- Net operating cash outflows for the June quarter were \$0.2 million, a 33% reduction from Q3 FY17 the March quarter, reflecting ongoing benefits from the cost reduction program initiated in the December quarter.
- The Company held cash reserves of \$0.9 million at 30 June 2017 (down from \$1.2 million as at 31 March 2017).
- Following the completion of the announced equity raising, Novita's balance sheet will be \$3.5m stronger, and is well positioned to support the commercialisation of Newly and TALI.

## OUTLOOK

- Wider domestic launch of TALI Train Generation 0.1, which should generate initial revenue for the Company, with commercial roll-out targeted for Q2 FY18.
- Integration of Newly, with continued development to accelerate the national roll-out of the business.
- Expected synergies from acquisition of Newly driven by leverage of common infrastructure including R&D, distribution and finance.
- Ongoing scoping of R&D and design requirements for new technology, TALI Detect (a next generation attention screening and assessment tool).
- Continued focus on additional investment opportunities to leverage core R&D competencies and to capitalise on innovative community care technologies.

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+ See chapter 19 for defined terms.

## ABOUT NOVITA

*Novita Healthcare is a Melbourne-based health technology company focusing on innovation, development and commercialisation of healthcare technologies. Novita Healthcare's flagship products are the revolutionary **TALI** system, which uses cutting edge technology to treat and monitor cognitive problems such as attention difficulties in early childhood and **Newly**, an online marketplace connecting care and support professionals with people and organisations in need.*

## CONTACT

### General:

#### **Iain Kirkwood**

Executive Chairman

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## 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**

NOVITA HEALTHCARE LIMITED

**ABN**

53 108 150 750

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

30 June 2017

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	(32)	(755)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(3)	(35)
(d) leased assets	-	(13)
(e) staff costs	(125)	(503)
(f) administration and corporate costs	(23)	(228)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	5	17
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	50	353
1.8 Other (provide details if material)		
- GST refunds/(payments)	(10)	(42)
- Legal & professional	(17)	(158)
- Insurance	-	(32)
- Intellectual property	(10)	(44)
- Consulting	(22)	(54)
- Sundry	(32)	(33)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(219)</b>	<b>(1,527)</b>

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(2)	(42)
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(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	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	(1)	(1)
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(3)</b>	<b>(43)</b>
<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	-	2,209
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	-	(84)
3.5 Proceeds from borrowings	-	100
3.6 Repayment of borrowings	-	(100)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>-</b>	<b>2,125</b>

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>4. 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	1,165	388
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(219)	(1,527)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(3)	(43)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	2,125
4.5 Effect of movement in exchange rates on cash held	(2)	(2)
<b>4.6 Cash and cash equivalents at end of quarter</b>	<b>941</b>	<b>941</b>

<b>5. 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	28	57
5.2 Call deposits	913	1,108
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>941</b>	<b>1,165</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>
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| <ul style="list-style-type: none"> <li>- Year to date cash payments for Staff Costs include director fees \$123k.</li> <li>- Year to date cash payments for Research &amp; Development include \$535k paid to Grey Innovation Pty Ltd, an associate entity of Jefferson Harcourt. These arrangements reflect normal commercial terms.</li> </ul> |
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7. <b>Payments to related entities of the entity and their associates</b>	Current quarter \$A'000
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	

N/A

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	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify) - Bank guarantee	10	-
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.		

- Bank guarantee funds secured in accordance with premises lease terms.

9. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Research and development	(500)
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	(80)
9.4 Leased assets	-
9.5 Staff costs	(200)
9.6 Administration and corporate costs	(100)
9.7 Other (provide details if material)	
- Legal & professional	(38)
- Intellectual property	(2)
- Transaction costs related to issues of shares, convertible notes or options	(200)
<b>9.8 Total estimated cash outflows</b>	<b>(1,120)</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	N/A	N/A
10.3 Consideration for acquisition or disposal	N/A	N/A
10.4 Total net assets	N/A	N/A
10.5 Nature of business	N/A	N/A

### **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.

Signed:

Date: 31 July 2017

Mr Iain Kirkwood  
Executive Chairman

### **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.